

NATO/EAPC Individual Fellowship Programme 2001/2003

Final Report

**“Prospects for Regional Co-operation in the
Baltic Sea Area”**

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2001 - 2003

Vilnius

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Introduction

This paper analyses the changes in the security situation in the Baltic Sea area, which will take place together with, and as a result of, the parallel enlargements of the European Union (EU) and the North Atlantic Treaty organisation (NATO) to the Baltic Sea region. Unless something extraordinary comes on the way, these two historic events will occur already in May 2004. After the US Senate voted 96-0 in favour of accepting seven new members into NATO and after all referenda, which were conducted in the EU candidate countries resulted in the overwhelming 'yes' vote (at the time of submission of this paper only Estonia and Latvia have not conducted their plebiscites), the most difficult hurdles for the enlargements seem to have been overcome.

No doubts, NATO and EU enlargements will introduce major changes into the situation within and around the Baltic Sea region. To start with the most obvious change, until present the Baltic Sea region was first and foremost characterised by the diversity of security affiliations of countries belonging to it. Throughout the post Cold War period, along side with Denmark and Norway, which were among the founding members of the North Atlantic Treaty Organization; there were traditional 'neutrals' (or 'non-aligned' countries as they prefer to be referred to) – Sweden and Finland; there was a group of post-communist countries, comprising Poland (which joined NATO in 1997) and the three newly independent Baltic States; and, finally, there was (and is) Russia in the category of its own. Clearly, the dual enlargement will change this picture in many important ways, which will be discussed in greater detail in the following chapters.

The meaning and the practical implications of the enlargements will be somewhat different for each group of countries. However, any impartial observer would probably agree that if one looks at the broader picture and considers the subject carefully, the enlargements will have a positive and a lasting effect on the Baltic

Sea region and far beyond it. It seems that things are getting settled in this so turbulent area located in-between Russia and Germany.

For Lithuania, Latvia and Estonia this is probably their greatest achievement since these countries regained their independence in 1990-1991. It is a symbolic mark of the final and irreversible 'return to Europe', which was the main slogan of the three Baltic countries' foreign policy over the past decade.

For a country like Denmark, Polish and Baltic membership in the EU and NATO is a vindication of its intensive political and practical assistance and co-operation policies. They should be almost as proud and happy as the Baltic states are.

Similar feelings should be prevailing in Finland and Sweden, although the positive feelings here might be tainted with further soul searching and questioning of the relevance of *their* non-alignment policies. As one could (rather ironically) remark, that Sweden, by being part of practically all major NATO's initiatives, programmes and operations, is cooperating with the Alliance in *all* possible areas *except* for the defence of Sweden.

For Poland, the current round of NATO and the European Union enlargement also gives a dual cause for celebration. Its achievement of the EU membership is combined with its foreign policy success of extending NATO security guarantees further to the East. Together with Denmark, Norway and (on the later stages) the US, Poland was among the staunchest supporters of Baltic membership in NATO and of upholding US involvement in Europe and in the Baltic region. The task for the Poles today is to prove to the less enthusiastic US friends from the EU that the label of 'US Trojan horse in Europe' is fully compatible with the EU's policies and objectives.

For Russia, the finalisation of NATO and EU enlargements is going to be a challenge and a very controversial subject high on its foreign policy agenda. For

some it will still signify a new humiliation of allowing the erstwhile enemy – NATO – to further extend its influence and to bring it yet closer to Russia's borders. Moreover, this time the enlargements are penetrating into the territory of the former Soviet Union and, to further complicate the situation, is isolating the Kaliningrad region from the mainland Russia. On the other hand, some (and, hopefully, those will be the influential ones) will view this as a new opportunity or even a compelling reason for Russia to establish yet close co-operative relations with the West in all areas, including security.

In the following the paper will explore in a greater detail these a number of other issues related to the consequences of NATO and EU enlargements to the Baltic Sea region. In the first part the paper sets the stage by describing the developments in the security environment in the region after the end of the Cold War. It then briefly examines regional security and defence cooperation around the Baltic Sea and its future prospects after the dual enlargement.

In the following, the paper will assess the long-term implications of September 11 attacks to the international community and, by extension, to the regional security around the Baltic Sea. After doing so, the rest of the paper will analyse the possible implications of the EU and NATO enlargement to different regional players as well as to the some countries well beyond the Baltic Sea region.

I Changes in the security environment after the Cold War

Throughout the Cold War period, the Baltic Sea was representing the division between the East and the West. Countries in the Baltic Sea region (those that existed at the time) were regarded as the frontline states. Moreover, any major military encounter between the two blocks was most likely to take place in the Baltic Sea region. This situation resulted in a generally high level of militarization of the region on both sides, regular contingency planning, intensive exercises,

war games and other preparations for military actions. Needless to say, this was also the region for major intelligence and counter intelligence operations. Last but not least, both superpowers – the United States and the Soviet Union - had their forces deployed in the region on both sides on the Berlin wall, which was the guarantee that any military confrontation in the region would immediately and directly involve major nuclear powers with all dire consequences.

The end of the Cold War produced radical changes on the map of Europe. The former German Democratic Republic became absorbed by the Federal Republic of Germany, while Estonia, Latvia and Lithuania reappeared as independent states after fifty years of subjugation by the Soviet Union. The territory of the Kaliningrad region of the Russian Federation became separated from the mainland Russia, thereby becoming a permanent issue on the regional and European security agenda. Poland became the central element of a reinvented geopolitical notion of the *Central Europe*. If one adds to that the two neutrals (or non-aligned countries as they prefer it) – Sweden and Finland – the Baltic Sea region enters the post-Cold War era as probably the most diversified region in terms of security affiliations of its members.

In many respects the countries and the peoples of the Baltic Sea region were the main beneficiaries of the end of the Cold War. The three Baltic nations have regained their long craved for independence; Germany succeeded in their decades-long policy of peaceful reunification; Poland has peacefully got rid of its communist rulers; Finland escaped from the Soviet influence; Denmark and Norway were no longer frontline countries and could focus their attention on projecting stability to the eastern coast of the Baltic Sea.

On the other hand, the Cold War kept frozen many of the historical problems and grievances and potential claims between countries in the region. There were grave fears in Poland about the possible German attempts to question the rights of Poland to the territories, which the latter acquired after the World War II. Many

in Lithuania were worried that the rather sizable and compactly living Polish minority could seek autonomy in or even independence from Lithuania. This and related issues, together with historical grievances, were a major obstacle for the development of cooperation relations between the two countries in the early 1990s. The new leadership in Latvia and Estonia were facing sizable and very active Russian-speaking anti-independence movements, whose demands and activities were supported by Russia. As these movements were perceived as a serious threat to the independence of Latvia and Estonia, these countries have adopted rather restrictive citizenship laws, which further aggravated interstate relations with Russia.

These are just a few of the prominent issues on the post Cold-War security agenda of the Baltic Sea region. None of these have produced (at least so far) violent outcomes and, in fact, on practically all accounts, the situation was improving with every year. Clearly the major stabilizing factors in this respect were the EU and NATO 'open door' policies, which, at least in rhetoric, were pursued since 1994.

II Overview of regional defence cooperation around the Baltic Sea

As was mentioned before, the Baltic Sea region is characterised by the very dense network of formal and informal regional cooperative arrangements developed in a very short period of time in the aftermath of the Cold War. Security and defence is one of the areas where this cooperation was especially visible and had very positive effects for reducing Cold War tensions as well as for security and stability building in general.

From the outset, the main proponents of developing this cooperation were the Nordic countries, which soon after the collapse of the Soviet Union, came to

regard the Eastern coast of the Baltic Sea as a sort of their backyard for which they felt responsible. They had therefore genuine interest in promoting democratisation as well as in enhancing security there, first and foremost, within the three Baltic countries. The Nordic countries already had long history of close cooperation despite their seemingly different security postures during the Cold War era. Thus they had a lot to offer in terms of experience. Also, being rather small and geographically located close to Russia (which for long time after the Cold War was regarded as the main potential threat or source of instability) they had a better understanding of the security environment of Estonia, Latvia and Lithuania.

On the other hand, the three Baltic countries as well as Poland, all of which have set their political course on integration into the West soon after the end of the Cold War, were open and ready to embrace all possibilities for developing ties and co-operation (especially in the security and defence area). Extremely limited funds, were the main problem on the Eastern side of the Baltic Sea. In addition, Estonia, Latvia and Lithuania has to cope with the challenge of developing their armed forces from scratch, while in Poland the main problem was the opposite – to reduce and reform its oversized and top-heavy military establishment of the Cold War period.

The critical year in this respect was 1994, when, after several years of mutual familiarisation and fact finding, NATO has launched the Partnership for Peace programme and its individual members have embarked on developing closer ties with their former enemies. This was the turning point also for the development of regional co-operation as the Nordic countries have set cooperation with the three Baltic countries as their clear priority. Since then a large number of cooperative security and defence related co-operation frameworks have been launched, which include Baltic Assembly, Baltic Council, regular Nordic – Baltic and Nordic-Baltic-US ministerial meetings, the BALTSEA (Baltic Security Assistance) forum, and others.

The military co-operation in the region was also very dynamic. Most of it focussed on the transfer of experience, expertise and hardware to the fledgling militaries of the three Baltic States. The group of supporting countries was rapidly expanding and the time the BALTSEA forum was established (end of 1997) there were 14 western countries at the table ready to discuss and to offer substantial defence related assistance to the Baltic countries. For political and practical reasons, most of the supporting nations preferred to assist trilateral Baltic projects rather than to render direct military support to the development of national forces in Estonia, Latvia and Lithuania.

The first major Baltic defence co-operation project – Baltic peacekeeping battalion (BALTBAT) - was launched in September 1994. It was a joint Nordic – Baltic initiative, which immediately received support from a large number of other Western countries, including UK, US, Germany and France. Thereby, through a very specific project, the Baltic States have established long-term cooperative links with a large number of key security players. Inspired with both political and practical successes of the BALTBAT project, Estonia, Latvia and Lithuania were ready to extend their close trilateral co-operation to other areas. Applying the BALTBAT model, the three Baltic states have launched three other major cooperative projects such as Baltic Naval Squadron (BALTRON), Baltic Air Space Surveillance Network (BALTNET), Baltic Defence College (BALTDEFCOL) and a number of smaller ones. All of the major projects have received very substantial support from a large group of Western countries.

As one could notice from the description above, the four major Baltic projects have involved into multinational co-operation all three services of the armed forces – army (BALTBAT), navy (BALTRON), and air force (BALTNET), while the Baltic Defence College was providing western quality staff training for the mid and senior ranking officers of the three countries. Thereby, the Baltic co-operation projects served as the main tool for ‘westernization’ of the fledgling

militaries of Estonia, Latvia and Lithuania. Also, as the English language and NATO standard procedures were used within Baltic projects whenever possible, the participation in the projects has greatly contributed to the NATO interoperability of the Baltic armed forces and facilitated their integration into the Alliance. Last but not least, the Baltic co-operation projects provided a format for channelling western defence assistance to the Baltic countries in a manner, which was politically acceptable to the donor states and was non-provocative towards Russia.

The question about the ways and scope of Russia's involvement into the regional co-operation was invariably loaded with political sensitivities and other complicating factors (such as legal restrictions for the presence of Russian military units in the Lithuanian territory). On the other hand, Russian military, even at times when its political leadership was supporting closer relations with the West, would have difficulties in getting funds allocated for participation in cooperative events. The Kaliningrad region of the Russian Federation stands like a natural reason and a politically attractive area for implementation of multilateral initiatives between Russia and other countries in the region, including security and defence.

Perhaps the best known effort to engage Russia into a long-term co-operation was the German-Swedish defence ministers' initiative launched during their meeting in the German port city Kiel in 1999 and hence referred to as the 'Kiel Initiative'. In the essence it was an attempt to involve Russian military into PfP and other international activities conducted in the Baltic Sea, first and foremost, as a means for confidence and security building.

As a result, a number of multilateral meetings took place involving not only the Baltic littoral countries but also those that are active security players in and around the Baltic Sea i.e. United States, United Kingdom, Norway and others. The talks have produced a general agreement on the three major areas for co-

operation at sea: demining, search and rescue, and environmental protection. However, in general, the 'Kiel initiative' could hardly be referred to as a success story as it produced little visible change and as all the participants seemed to be losing interest in it with the time.

III Implications of the dual enlargement to the regional cooperation

According to the present timetables, the processes of enlarging the European Union and NATO to the Central and Eastern Europe run in parallel and should end by May 2004. The enlargements will significantly alter the security landscape in the Baltic Sea region (see Table 1).

As one can observe from this rather superficial analysis, in terms of security policy affiliation, the region will become significantly less complex than it was after the enlargements: from the six categories that could be identified before the enlargements, only four will remain thereafter. The region will become more homogeneous and, arguably, more secure.

After the enlargements, a significant number of countries of the region will have achieved their key foreign and security policy objectives. In the course of the last decade, the preparations for the membership in the EU and NATO were focusing the attention and foreign policy energy of the candidate countries. Thus, in the coming years, after the full integration of these countries into the EU and NATO institutions, the present candidates will be able to refocus their efforts and resources towards other tasks and objectives. Among other things one could expect a more proactive of the new members towards other hopeful candidates or countries in transition.

Table 1

Composition of the Baltic Sea region according to security policy affiliation		
Category	Before the enlargements	After the enlargements
NATO, non-EU:	Norway Iceland <i>US</i>	Norway Iceland <i>US</i>
NATO and EU:	Germany Denmark (exemption ESDP)	Germany Denmark (exem. ESDP) Poland Estonia Latvia Lithuania
NATO member, EU candidate:	Poland	–
NATO and EU candidate	Estonia Latvia Lithuania	–
EU members, non-NATO	Sweden Finland <i>EU Commission</i>	Sweden Finland <i>EU Commission</i>
non-ES, non-NATO	Russia	Russia

Also, by May 2004 the EU and NATO will have completed probably the most ambitious projects of their lifetime. Although the enlargement entails a number of important risks for both organizations, it is most likely that they will remain the central players in the Baltic Sea region and, increasingly, global players as well.

Although the EU at 25 will have a considerably lower per-capita income average than the EU at 15, its sheer and influence in the world trade as well as the importance of the Euro in the world markets will certainly increase. Besides, the economies of the EU candidates are getting strength are likely to grow in the coming years at a higher pace than the EU average. Also, qualified workers from the Eastern Europe may fill in some of the skill shortages in the Western countries as well as to alleviate the problems stemming from the rapidly ageing populations in many countries of Western Europe.

From what is generally known and experienced after the first round of NATO enlargement, membership in the Alliance will not affect the daily life of the new members as well as the life of those staying outside to the same degree as in the case of the EU enlargement. However, in the Baltic region NATO's enlargement clearly has a greater psychological effect and therefore evokes much more emotions both in favour and against. There will be important psychological barriers to overcome in the coming years to establish genuine security and defence cooperation between the NATO states (especially the new ones) and countries like Russia or Belarus, where the Alliance is still viewed by parts of the population as an aggressive product from the Cold War.

Consequently, the double enlargement into the Baltic Sea region is likely to reduce the complexity of bilateral and multilateral relations and frameworks, which have been developed in the course of 1990s. Indeed, one of the key objectives and values of regional organizations and forums like Council of the Baltic Sea States (CBSS), Baltic Security Assistance (BALTSEA), the so called Kiel Initiative or, indeed, of many of PfP and in the spirit of PfP activities conducted in the region that they helped to bring together countries with different security affiliations and orientations. The plethora of organizations, institutions, forums and coordination mechanisms that were established in the Baltic Sea region was one of important factors, which has significantly contributed to stable and constantly improving security climate.

With the EU and NATO enlarged, significant part of this security cooperation will become part of inter-EU and inter-NATO cooperation. As a result, the security and defence relations, institutions, and cooperation projects that were developed among the candidates, for example among the three Baltic States, will have to be reviewed and adjusted to fit the relevant EU and NATO requirements.

Much of what will remain besides the naturally close and intense cooperation among the EU and NATO states in the region will be EU and NATO's cooperation and special partnership with Russia. Geography will certainly play a role here as well as Russian economic and security interests. The Kaliningrad region alone opens tremendous avenues for cooperation as well as poses enormous challenges, some of which will be discussed in greater detail below. The Baltic region will probably be the one, which will feel more than others the dynamics of Russia's relations with the West. It will certainly be the first to benefit (both in terms of security and economy) during the good times and the first to worry at the times of difficult relations.

The Russian factor should help to keep other major players, first and foremost the US, interested and involved in the regional affairs. However, the continuation of the US practical support and political involvement in the region after the EU and NATO enlargements cannot be taken for granted. Therefore, the states in the region, first and foremost the three Baltic countries, should make conscientious efforts in trying to remain important partners for the United States. This may require not only supporting US policies and activities in the region but also demonstrating the will and ability to actively cooperate and contribute in the areas and regions that are a priority to the US Government.

IV The impact of 11 September events

The September 11 events and their follow up have affected the Baltic Sea region in a number of ways. In the immediate aftermath of the attacks, there were fears that the United States may redirect its interests from the region, to move NATO enlargement down on its foreign policy priority list or, even worse, to sacrifice the NATO enlargement process for the sake of Russian cooperation in the war against terrorism. Thus immediate post-September 11 was very much about watching the US and trying to anticipate its actions.

This did not happen and, in fact, the Bush administration has demonstrated remarkable continuity in supporting NATO aspirations of the three Baltic countries until their formal invitation to the Alliance at the NATO Summit in Prague in November 2002. Similarly, the membership negotiations with the EU went in accordance with the schedule and were completed in December of the same year in Copenhagen. With NATO and EU enlargements – the two major security related projects – remaining firmly on track, September 11 attacks have affected the Baltic Sea region only to the extent that the global security agenda has changed in the aftermath of the attacks; and to the extent that the breakthrough in the relations between the West (US) and Russia have opened new opportunities to the countries in the Baltic Sea region.

Official reactions to the new threat of international mega-terrorism were expressed through the individual nations of the Baltic Sea region and, perhaps more importantly, through the international organizations in which they take part. The Baltic Sea region, having relatively low numbers of Muslim population, is considered rather safe from the Islamic radicalism with which the terror acts of September 11 are associated. However, they are far from immune and could also be ideal places for planning and logistics of future terror operations.

Members and candidates of NATO and the EU were affected by the reactions and outcomes of debates within those organizations. Having condemned the acts of terror in the strongest of terms all countries in the Baltic Sea region have taken actions in the US-launched international anti-terrorist campaign. Besides the enhanced security measures to protect sensitive installations within their territories, most countries of the region have contributed with troops, logistics and/or intelligence to the US-led operations in Afghanistan. Indeed, in the Baltic Sea region the US has found some of its best allies in the anti-terror campaign.

A separate mentioning deserves the positive breakthrough in the relations between Russia and the West in general and Russia and the US in particular. Despite the somewhat different understandings as to who are the worst terrorists, the US and Russia found a rather unprecedented degree of commonality of interests and both seemed to be ready to deal unceremoniously with the suspected terrorists. This led to a number of successful high-level bilateral meetings and achievement of mutual understandings on such complex issues as NATO enlargement, National Missile Defence, reduction of nuclear arsenals, and other.

The Baltic Sea region was an obvious winner from these developments. In particular, the rapprochement between Russia and the West removed the last controversies concerning NATO enlargement, helped to find a satisfactory solution for transit from Kaliningrad to the mainland Russia, and established a generally positive climate for the development of cooperation.

V Defining security interests of the Baltic Sea Region

The Baltic Sea region as was mentioned has become one of the most stable in terms of security and rapidly developing regions in Europe and in the world. However, conscientious efforts will be necessary to maintain those positive trends in the future. It seems fair to predict that after NATO and EU enlargements into the region completed, the security climate in the region will be first and foremost determined by the dynamics of relations between these two organizations and Russia. Against this background, I would argue, that the main security interests of the Baltic Sea region are in:

1. Maintaining strong NATO with a strong trans-Atlantic link and developing close NATO – Russia cooperation in the region;
2. Democracy and modernization in Russia;
3. Active efforts to project stability, democracy and market economy to all CIS countries;
4. Establishing close regional cooperation against the new security threats;

1. Transatlantic link

Given the disproportions in size and military power between Russia and the other states of the Baltic littoral, NATO's commitments (and through them the US commitments) in the region will remain a very important stabilizing and pacifying factor. The three Baltic countries especially but also the others will see a value in the hard security guarantees of the Alliance as a means to deter whatever imperial ambitions may be remaining within the motley political elite of Russia. None of them is regarding possible military aggression from Russia as a realistic option but nevertheless the Alliance provides important psychological reassurance. The transformation of NATO into a purely political organization (as many Russian politicians are suggesting) would open new opportunities, first and foremost for Russia, to further enhance its influence on the neighbours. One should note that through its energy policies in the Baltics and other countries

Russia is step by step gaining control of strategic assets, such as power plants and pipelines. As it was demonstrated in the early 1990s in the Baltic states after they have declared independence, Russia may use its position as energy supplier to pressure other countries. Thus, active NATO's and US engagement in the region is a positive stabilizing factor.

At the same time, it is not the strength of the NATO Alliance but Russia's attitudes and behaviour towards the region, which determine how secure or insecure the Baltic Sea region is. Russia should not feel isolated or encroached on due to the NATO and EU enlargements. It is therefore crucial for NATO as well as for the EU to develop closer co-operative relations with Russia as they expand. The Baltic Sea and its littoral is a natural place for the co-operation to take place and it is in the direct interest of the countries in the region to demonstrate to Russia that the enlargements are not directed against it. The Kaliningrad region of the Russian Federation, which will become EU and NATO exclave in 2004, will open new avenues for co-operation with Russia, which should be used for building mutual trust and for improving the generally depressing situation in the region.

Thus, in sum the Baltic region needs a strong and vigilant NATO, which would at the same time demonstrate to Russia that the strength and virility of the Alliance are not threatening Russia's interests. Through co-operative programmes NATO should provide an opportunity for the Russian Armed Forces to modernise and to introduce western military practices.

2. Democracy and modernisation in Russia and other CIS countries

Even though the Cold War rivalries are over and Russia is a very different country from the former Soviet Union, the Soviet successor states (with the notable exception of the three Baltic countries) are likely to remain a source of security risks in the foreseeable future. For the Baltic Sea region the key countries to watch are, of course, Russia, Belarus and Ukraine.

Without economic development and social progress the difference in the living standards in these countries and their EU neighbours will grow. This would naturally stimulate illegal migration, smuggling, and related soft security threats spilling over. One could also place high chances on internal instabilities in Belarus, where the Lukashenko's regime has tight grip on power and stagnation prevails; and even in Ukraine, where democracy has not yet taken firm root and where reforms are much slower than in most other Central and Eastern European countries.

On many accounts Russia is the most reformed and the most promising country, where Putin's administration has a healthy ambition to establish market economy and, while doing so, tries to avoid direct confrontation with the West on security related issues. However, how long this is going to last remains to be seen. Radicalism and extremism is still very much *en vogue* in Russia, with Communists invariably having most seats in the Parliament and pugnacious leader of Russia's Liberal Democrats by Mr. Zhirinovski in the post of vice-speaker of the Russian Duma.

Therefore, promotion of democratisation and modernisation in the countries like Russia, Belarus or Ukraine will clearly be in the interest of the EU and, especially, of the countries in the Baltic Sea region. NATO as an increasingly important partner in the field of security and EU in the field of trade and economic development will have substantial leverages to influence these countries and they should not hesitate to use them.

3. Regional co-operation against the new security threats

The Baltic Sea region is unique in terms of the institutionalisation of cooperation at different levels. The Council of the Baltic Sea States (CBSS) is probably the best known and the most inclusive cooperation forum in the region, which deals with a very broad range of issues from economy and customs to environment and migration. In addition, there is a network of inter-Nordic and inter-Baltic cooperation institutions dealing with subregional issues.

It is important that the intraregional cooperation, especially the CBSS, which is especially valuable as a forum having Russia as a full-fledged and active member, is preserved after the EU and NATO enlargements. In fact, with a large group of countries from the Baltic Sea region as members of these organizations, it should be possible to attract more attention and funds from these organizations. Clearly, the regional and subregional organizations are best suited coordination of strategies in dealing with soft security threats such as smuggling, human trafficking, illegal migration, environmental degradation, and others. Importantly, these security threats are also getting ever more prominent place on both EU and NATO's agenda.

Besides the direct benefits, enhanced and a well-publicised regional cooperation within CBSS or other forums with Russian participation would also help to overcome the perception of 'new dividing lines' in Europe, which are often mentioned in the Russian political rhetoric directed against NATO enlargement. By being equal and active player in the region, which is a vital part of the EU, Russia would itself become part of the mainstream European politics. This would be beneficial both for Europe and for Russia.

VI Prospects for Baltic Defence Co-operation

The results of the Prague Summit provide an opportunity and, indeed, compel the three Baltic countries to review the Baltic defence cooperation. It has to be assessed in a completely new context, with the underlying assumption that NATO countries are providing a firm security guarantee and that military reinforcements would be forthcoming when necessary.

Another key factor, which should guide our planning and defence development efforts in general and Baltic defence cooperation in particular is that NATO will expect that the Baltic states make adequate contribution to the collective defence and NATO crisis management efforts. Both elements argue in favour of mobile, NATO interoperable force rather than sizable territorial defence structures, which throughout the 1990s were at the centre of defence development in Estonia, Latvia and Lithuania.

Last but not least, one of the main near to mid term objective for the three Baltic after the accession should be to become accepted and treated as 'normal' NATO members. There is a certain risk that the new members would be regarded as 'new' and therefore different allies, which, despite the rhetoric and activism in certain areas are security consumers. This might result in a different treatment and mentoring role undertaken by some of the older members.

As actions in such cases speak better than words, Baltic cooperation should develop important assistance (or security export) dimension. The level and forms of cooperation (and at times integration) between the militaries of Estonia, Latvia and Lithuania is indeed unique. Some of the experiences of Baltic cooperation could be usefully applied to other countries or regions such as South Caucasus. Therefore the Balts should not hesitate in offering to share those experiences.

Based on the above, Baltic defence cooperation should be reassessed and reshaped along the following criteria:

Firstly, it has to be very pragmatic. For a long time the political aspect of Baltic defence cooperation was considered very important. In their bid for NATO membership the Baltic states had to prove that they are able to work together. It was also considered a powerful demonstration of solidarity vis-à-vis potential threats. As a result, the visibility of cooperation, multinationality, political correctness and other aspects of Baltic defence cooperation were often put in front of military relevance or development of capabilities. Given the situation of mid-1990s, when most of Baltic cooperation initiatives were launched, these were highly valid considerations.

Nowadays many these considerations have lost much of their previous relevance. The approach therefore should be pragmatic and the focus should be practical benefits of the trilateral defence cooperation. Joint undertakings should first and foremost aim at providing concrete results and new capabilities.

In the result of a review of their trilateral defence cooperation the Baltic countries should further enhance their common work in those areas where it allows them to save resources or to develop new capabilities. Likewise, cooperation should be scaled down in those areas, where more rational alternatives are available. One could foresee a certain pressure on the part of some of the countries, which have actively supported Baltic defence cooperation, in the case the Balts decide to close any of the projects. Many policy makers in the West still view the three Baltic countries as a single entity and tend to ignore the objective differences between them as well as the fact that multinationality may not always be the most practical solution. However, if a decision to terminate a common project is logical and pragmatic, the Baltic should resist the external pressures to maintain them.

The second important criterion in designing the future of Baltic defence cooperation is a tangible capability output, which would be relevant to the implementation of new NATO objectives. Of course, developing NATO interoperability in the common projects and, thereby, in the Armed Forces of Estonia, Latvia and Lithuania was one of the central objectives also in the previous years. However, this was done in isolation from the NATO defence planning process without any specific ideas as to how the common capabilities created would fit into the Allied structures.

In the future, new projects and initiatives should be launched only having a clear understanding of how they could be incorporated into and used by NATO. There is a great potential for the three Baltic states to further enhance their cooperation in the field of participation in international operations. It is clear that in the future each of them will be responsible for deploying and sustaining their troops in international missions. With so much of common experience and mutual familiarity of the militaries in the three countries, it would only be natural if they plan their missions together rotate their units and use the same equipment while in the mission area. This must not necessarily be infantry units. Joint deployments of military specialists in the agreed niche areas is also something to be carefully explored. This in turn would necessitate more joint planning of equipment procurement and more standardisation within the national force structures and procedures.

Last but not least, Estonia, Latvia and Lithuania should combine their efforts in providing security assistance to other countries and regions, most notably, the Western leaning CIS countries. Baltic experiences in developing regional cooperation as well as in building confidence and security with the neighbouring states could be especially valuable to the South Caucasus region, where conflicts are still rife. Some steps in that direction have already been taken in the form of consultations and conferences on regional security cooperation issues, defence planning and NATO integration. Also, officers from the countries

of South Caucasus are regularly invited to various specialist training courses conducted in the Baltic states and Lithuania is sponsoring a Georgian student at the Baltic Defence College. These forms of defence cooperation should be further enhanced in the future as for a number of reasons the Baltic countries are very well placed to assist the CIS countries, which seek to democratise their defence sector and to absorb western military traditions and practices.

VII Future of Baltic – Nordic defence cooperation

Today the Baltic Sea region is probably one of the most stable and most secure regions in Europe. None of the nations in the Baltic Sea region could consider itself being under direct or immediate threat.

Quite to the contrary, the Baltic Sea region nowadays is first and foremost characterised *by a unique level of security and defence cooperation*, (which has been conscientiously developed in the course of the past decade); and *by a complex network of institutional arrangements*, which include the Baltic Assembly, the Nordic Council and a number of other interlocking institutions. The existence and the increasing role of all these institutions provide with a confidence that open and cooperative relations between all countries in the region, and intensive Baltic-Nordic dialogue will last into the future.

Furthermore, the upcoming NATO and EU enlargements to the Baltic region is likely to further promote and strengthen Baltic – Nordic dialogue by adding internal EU and NATO issues into their regional agenda. Due to their mutual understanding and cooperative links at all levels, which have been developed in the past years, as well as due to their comparable size, close cooperation between the Baltic and the Nordic countries is likely to persist also within the NATO and EU. This is clearly the only way for the relatively small countries to have their voices heard in the ever larger organisations.

Having set this rather favourable context, one should not ignore the long – term security and defence development challenges. As security threats are becoming increasingly global, regional security arrangements are becoming increasingly less of a solution. Therefore further defence development efforts will be shaped by the new, the global security challenges. This reality will certainly open new avenues for Baltic– Nordic defence cooperation.

Practically all the topical security threats, such as terrorism or proliferation of the WMD emanate *outside* of the Baltic Sea region and even outside Europe. They are global security issues, threatening the entire European and Trans-Atlantic community to the same degree. Therefore, it is natural that responses to these threats should be worked at and delivered through international organizations like the EU or NATO and, whenever necessary, the UN. Each of these organisations has different toolboxes for dealing with different types of threats and crisis situations.

With NATO and EU enlargement, which will embrace a number of new members from the Baltic Sea region, Northern Europe could emerge as *a homogeneous subgroup within these organisations. Our militaries in particular* have developed in the past years excellent mutual relations understanding and interoperability at all levels. By working together and enlarging the scope of co-operation the Baltic Sea region may have a much stronger voice in shaping future EU and NATO policies (including in the field of crisis management). There is also much the region can contribute to the work of these organisations both by sharing regional co-operation experiences and by contributing to the implementation of EU and NATO policies in other regions.

Development of crisis management capabilities (both civilian and military) is certainly one of the areas where the countries could improve their co-

operation, involving other interested states both from *within* the Baltic Sea region and from *outside* it.

In the civilian domain, this co-operation should be aimed at establishing rules and procedures for mobilising assets and capabilities existing within our region to deal with environmental disasters, natural calamities and other transnational threats.

In the *military crisis management* the call of the day is to *maximise the effectiveness of military engagements **outside the Baltic region***, possibly in geographically distant areas. Europe and the Baltic Sea region clearly need more of deployable, sustainable and interoperable forces, able to operate together with other like-minded nations in a hostile environment. There is no easy or cheap solution to that, especially in the region which for decades was a frontline of the Cold War and where states were preparing themselves for heroic defense of the national territory (be it together with the Alliance (like Denmark, Germany or Norway), or individually (like Finland and Sweden)).

One could argue that due to the benign security environment and close military co-operation that was established in the past years between most countries in the Baltic Sea region, they could be the first ones to start serious discussions on ***regional specialisation*** of the Armed Forces. This is a way, (perhaps the only way) to optimise the use of increasingly scarce resources provided for defence purposes. NATO talks about specialisation for quite some time without any substantial progress until now. With a number of relatively small countries included in 2004, the case for specialisation will become yet stronger and the Baltic – Nordic group seems to be best placed to take a lead in that.

VIII Ripple effects of NATO and EU enlargement: Russia, Ukraine, Belarus and South Caucasus

No doubt, the most direct and most visible effect of NATO and EU enlargement will be on the countries that are directly concerned, and especially those, like the three Baltic States, which will simultaneously accede to both organizations. As every candidate had undergone extensive accession talks and negotiations most of modalities and practical implications of the membership for them are known or could be predicted with certainty. In the result, in the case of NATO, all future members have committed themselves to rather ambitious targets and timetables of defence reforms; while in the case of the EU accession, the negotiations resulted in a 5000 pages long accession protocol, in which the candidates also undertook to implement 80 000 pages of the EU legislation.

However, the impact of enlargement is less predictable to those countries, which will become new neighbours of both the EU and NATO. Countries like Russia, Belarus and Ukraine will arguably be most exposed to this 'ripple effect' of NATO and EU enlargements. Depending on circumstances, the effects of the enlargements may be felt as far as the countries of South Caucasus (Armenia, Azerbaijan and Georgia).

Chances are and hope is that the effect will be overwhelmingly positive. One could predict that 'the ripple effect' will give a new momentum for reform processes, for further transformation and 'westernization' of the post-communist societies located to the East of the future EU and NATO borders. In this context the Baltic States could be regarded as the shining example of what is possible to achieve with dedication, consistency and hard work.

On the other hand, for whatever objective or (more likely) subjective reasons the enlargements might be perceived by the leadership in those countries as potentially threatening to their positions of power. The reaction in that case is

likely to be defensive and regimes may tighten their grip against critics and proponents of further opening to the West.

The main player to watch and to work with in this regard is **Russia**. In most of the post-Soviet space Russia still commands considerable influence. It still constitutes an alternative magnet to the West and therefore a direction for political gravitation. Therefore political elites in countries like Ukraine or countries of South Caucasus perceive having a choice between joining the West and moving closer to (or staying with) Russia. Quite paradoxically, Russia is in many ways much more 'westernised' and capitalist country than most of the rest of the Soviet successor states, and this helps Russia to maintain its influence on the others.

The decisive question for the near term future is whether Russia will fully accept this new strategic environment in Europe and perhaps even seek to 'join the West' rather than be its partner on a limited number of issues. Russia's rather cooperative behaviour in settling issues related to the transit to and from the Kaliningrad region is rather inspiring. Russia's coming to terms with NATO's and EU's neighbourhood and realisation that this presents more of an opportunity than of a threat to Russia would inevitably bring about two crucial outcomes.

Firstly, it would leave no other visible alternative rather than 'joining the West' to the other post-Soviet states in the Euro-Atlantic area such as Ukraine, Moldova, Belarus and the trio of South Caucasus (whether it was ever a *viable* alternative is questionable). For the conservative forces in these countries moving closer to Russia would no longer mean holding on to the past and to the old ways. The political debate there change from *whether* to reform to *how* to implement the inevitable reforms.

Secondly, and more importantly, Russia's acceptance of its belonging to the Euro-Atlantic community would completely transform the lingering 'East-West'

security paradigm into the one of 'North-South'. Russia will no longer be seen as part of the problem but rather as part of the solution. Its remaining influence in other regions in the former Soviet Union and beyond will be a valuable asset to the West rather than a factor, which has to be delicately taken into account.

Certainly, a country like **Ukraine** may continue its very gradual and very uncertain gravitation towards the West without Russia's approval and even despite its efforts to keep Ukraine within its sphere of influence. One could hope and expect that the dual enlargement in 2004 will be a decisive factor for revitalising economic, political and military reforms in Ukraine. Unfortunately, the country, despite its very substantial potential, despite constant attention and assistance of the Western countries is not living up to the expectations neither of its society nor of the assistance providers. The evidence that corruption, dishonesty and ignorance of international rules is approved and accepted at the very highest level has recently brought Ukraine's relations to one of the lowest points of the past decade. Therefore the Presidential elections in 2004 will be the main indicator as to whether the country is prepared to follow the liberal democratic road, liberalise and reform its economy, embark on military reforms.

It seems that Ukraine as most of the Soviet successor states (with notable exception of the three Baltic countries) continue living in a declaratory culture of the Soviet times. In that system saying the right things was more important than implementing them. Therefore most of highly publicised reforms, plans and projects remain on paper and one always finds plenty of explanations why this has not happened. In Ukraine, for which the Western countries have high hopes and where developments are carefully followed, this seems to be more evident than elsewhere.

The dual enlargement, especially if followed by further improvement of NATO's and EU relations with Russia, will pose a major challenge to the regime in **Belarus**. Already being often mentioned as the last dictatorship in Europe, it will come under increased pressure to democratise and to ensure that human rights are observed in this country. The economic gap between Belarus and its neighbours will grow with every year, which will eventually shake up the infamously passive society.

If tensions start growing, the main challenge will be to ensure a peaceful transition and minimise the effects to the neighbouring countries. This is where Russia has to play a constructive role in managing the behaviour of the regime. Ironically, while most of the post Cold War period the fears of Russia's imperialism were lingering in Europe, nowadays many observers hope that Russia do more to democratise Belarus and the Russian-Belorussian union in this context is seen as not necessarily a bad thing.

Finally, the ripple effect of the NATO and EU enlargement is likely to reach as far as the three countries of **South Caucasus** – Armenia, Azerbaijan and Georgia. In contrast to the Baltic Sea region, South Caucasus is primarily characterised by its instability, insecurity, lack of trust and absence of regional co-operation. The relations between the countries are complex (to say the least), beset by mutual hatred between different national groups, and further complicated by territorial claims in the case of Armenia and Azerbaijan, and secessionist movements in the case of Georgia. In each case there are major external players involved.

Perhaps the only feature uniting Armenia, Azerbaijan and Georgia is their aspiration to develop closer ties with the West, including NATO and European. In fact, Azerbaijan and Georgia have declared in 2002 about their aspiration to join the North Atlantic Alliance. This is probably the only starting point to start to disentangling and normalising the situation and NATO has to play its role there.

After the enlargement South Caucasus will become much more 'visible' to NATO. Also, NATO membership of the Baltic States and the Baltic region could serve as an example and inspiration to Armenia, Azerbaijan and Georgia and it seems that the Baltic countries are determined to play an active role in developing co-operation with the countries in the region. Finally, one has to notice that the South Caucasus region together with the Balkans and Central Asia will become the main NATO partners within the Partnership for Peace programme after the enlargement. Of course, the Partnership itself will have to be radically transformed and tailored to meet the needs and aspirations of each of these countries.

In sum, the enlarged NATO will become a much more important factor in the South Caucasus region. The challenge for the Alliance is how to make its role a stabilising factor rather than to open new vistas for regional players who would like to challenge the status quo.

Conclusion

The paper "Prospects for regional co-operation in the Baltic Sea area" took a fresh look to the changes in the security situation that are unfolding in the Euro-Atlantic area in general and in the Baltic Sea region in particular. While for most of the post-Cold War era positive tendencies and developments prevailed, the September 11 terrorist attacks have shown that security can never be taken for granted but should aspired for by vigorous action. The new security challenges, intractable as they are, affect all in the Euro-Atlantic area to the same extent. As a result, the security agenda of countries of the Baltic Sea region, Russia including, are very similar and provide fertile ground for intraregional and interregional co-operation.

NATO and EU enlargements to the Baltic Sea region, which are set to be completed by May 2004 will embrace a number, and will profoundly affect, all countries in the Baltic Sea region. One could argue that after the enlargements the Baltic Sea region will not only achieve an unprecedented degree of security in relative terms, but will come somewhere close to the limits of the security level, which can be achieved in the world full of global risks and challenges.

The regional co-operation therefore will be primarily aimed at:

- maintaining the generally high degree of transparency, confidence and mutual trust;
- combining efforts for tackling the new security agenda (terrorism, proliferation, illegal migration, etc.);
- development of multinational capabilities for participation in crisis management operations, also in geographically distant areas.

On the other hand, it is clear that there will be no dramatic changes to the present patterns on co-operation. During the past decade there was a fairly large number of ideas and projects of a different scale and ambition initiated. Some of were rather successful, others remained on paper. Due to this constant search, discussions, brainstorming sessions, all the countries in the region by now have a rather clear understanding of how they would like see regional cooperation in the Baltic Sea region being shaped, what are their priorities and, most importantly, where are the limits of their interest and capabilities. Therefore, even the major historic event – NATO and EU enlargement will not have as dramatic impact on security and defence co-operation as one could expect.

It is most likely that the approach to regional security and defence co-operation in the future in all countries will become extremely pragmatic. One should recognise the fact that a number of projects and initiatives, which were launched soon after the end of the Cold War, were primarily driven by political considerations. The most notable among those were efforts of the Western countries to engage

Russia into defence co-operation like the earlier mentioned “Kiel Initiative”; also, the Baltic co-operation was for a long time driven by the assistance offerings and, at times, pressure of the supporting countries. As a result, some of the projects and initiatives are likely to fail passing the “pragmatism test”. Faced with severely diminished defence budgets and the need to develop expensive capabilities for rapid deployment, all countries will be looking for most cost-efficient and not for politically sound formulas. As a result, multinational or regional formats and capabilities, which were very much *en vogue* in the post Cold War period, will in the future require underpinnings in terms of their economic and efficiency value.

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