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LITHUANIAN
ANNUAL STRATEGIC REVIEW 2003

Vilnius 2004
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The main objective of this publication is to provide the readers with a wide-scale analysis and generalization of the changes, essential and significant, for the national security of Lithuania at international–systemic, regional and national levels. The book also aims to give maximum emphasis to the specificity of Lithuanian national security issues and comprehensively present them to a widely interested and concerned audience.

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# Content

## Preface

**Global International System and Lithuania**

Global and Baltic Geopolitical Situation: Review of 2001-2003
*Egidijus Motieka, Nortautas Statkūs* ................................................................. 9

Military Conflict in the Information Age and Lithuania’s Preparedness
*Nerijus Maiškevičius* ........................................................................................................... 41

## Changing European Security Space

EU’s Common Foreign and Security Policy and Lithuania
*Algirdas Gricius, Kęstutis Paulauskas* ................................................................. 65

NATO Response Force and the EU Rapid Reaction Force:
Main Challenges and Opportunities
*Margarita Šešelgytė* ........................................................................................................... 95

Enhanced co-operation in the EU and its implications for Lithuania
*Raimundas Vilpišauskas* .................................................................................................... 127

## Lithuania’s Eastern Neighbors

Russia’s Alignment with Europe: Pursuing a Euro-Atlantic Agenda?
*Janina Šlevytiūtė* .............................................................................................................. 147

Paradoxes of Belarus: Regional Security with a Transformation in Limbo
*Gediminas Vitkus, Virgilius Pugačiauskas, eds* ............................................................ 173

Geopolitical Hostage: the Case of Kaliningrad Oblast of the Russian Federation
*Raimundas Lopata* .............................................................................................................. 203

## Internal Security Issues in Lithuania

Civilian Resistance in the Security and Defence System of Lithuania:
History and Prospects
*Gražina Miniotaitė* .......................................................................................................... 223

Peculiarities of the Lithuanian Banking Sector Development and their Influence on Residents’ Economic Security
*Dalia Šukštienė* .................................................................................................................. 239

Energy (In)Dependence and National Security of Lithuania
*Živilė Šiūrniūnienė* .......................................................................................................... 259
Preface

A year ago the editorial board of the “Lithuanian Annual Strategic Review 2002” in the preface of this publication stressed: “certainly, both common global development tendencies of the international security system and the current issues of the Lithuanian national security during the last decade have stimulated the appearance of numerous interesting and valuable publications. However, in spite of relevance and importance, Lithuanian national security has been analysed as if by fits and starts, failing to find a mean which could guarantee systematic and continuous research work to bring about the best results. The existing gap within the strategic studies of Lithuania have to be filled by the “Lithuanian Annual Strategic Review”, which from now will be published in Lithuanian and English. This circumstance makes it possible to expect the Strategic Research Centre to become a continually and productively operating scientific research institution assembling “scattered” intellectual resources for creative work”.

Today we can confirm that the hopes of the editorial board to develop “Lithuanian Annual Strategic Review” into a periodical publication which might attract the attention of a wider public are beginning to come to fruition. This is proven not only by the second volume of the Review being in your hands, but also by positive comments which the editorial board received from representatives of the Lithuanian security community (politicians, analysts, the military, journalists) and from our partners abroad. Such broad endorsements support the premise that the selected modern approach of broadly expositive strategic security studies is a proper way to discover the complicated environment of Lithuanian national security. Thus it is not a surprise that “Lithuanian Annual Strategic Review 2003” continues with integrated analysis of the country’s national security environment within the context of systemic, regional and national analytical levels. This approach is reflected in both the general structure of this volume and the explicative articles which go under appropriate parts of the structure.

The “Review 2003” begins with a section on the global security environment. Within this section you will find two studies. The first one is devoted to the changes in the global and Baltic geopolitical situation. Authors investigated policy of the main geopolitical actors on the global, regional and local level in 2001-2003 and concluded that the U.S. and Israel gained predominantly after September 11 as well as Russia, which sought to weaken the structural power of the Baltic States. The second article deals with challenges of the global informational revolution for the international system and security environment, in general, and specifically on Lithuania’s readiness to respond to the threats posed.

Three studies are presented in the European “section” of the Review. Authors of the first study tried to evaluate recent development of the EU’s foreign and security policy and to provide recommendations for further Lithuanian foreign policy which was always looking for means of successful manoeuvre within the transatlantic space. The second article “NATO Response Force and the EU Rapid Reaction Force” examines the correlation of two international security policy projects and discusses the prospects of Lithuania’s participation in both of them. Finally, the third article addresses several issues linked to the enhanced co-operation and its potential impact on new member states.

Russian and Belarussian topics are investigated within the third section of the Review. The first article discusses Russia’s European policy in the wake of September 11 and in the context of the dual enlargement of NATO and the EU. The second study addresses various aspects of Belarus realities and policies and evaluates them within the context of Baltic regional and European security. Finally, the author of the study on Kaliningrad introduces the concept of “geopolitical hostage” and presents its practical application for analysis in the specific case of the Russian Kaliningrad oblast.

Three articles of the final part of the Review discuss different dimensions of Lithuanian internal security issues. The first one deals with civilian resistance in the security and defence system of Lithuania. The second paper addresses the attitudes of the population towards Lithuanian banking and public confidence in the sector regarded as an integral part of economic security. The third study examines the stage of Lithuanian energy (in)dependence and its likely outcomes to national security.

Hence, the editorial board hopes that this publication’s presented “view from Lithuania” regarding different aspects of the security environment will be a useful source of information and a valuable reference tool for those readers and researchers who are dealing specifically with Baltic regional security and particularly with the security and strategic dilemmas of the Baltic States.

Vilnius, February 2004

Editorial Board
Global International System and Lithuania

The authors present the geopolitical analysis of global, regional and local (in the Eastern Baltics) situation for the 2001-2003 period. It is asserted that during this period the United States, Israel and Russia (in some areas) have received the biggest gains, at least in geostategic terms. In the course of the counter-terrorist global campaign, EU countries have been divided on the issue of the war against Iraq and that, which has prevented consolidation of the common EU foreign, security and defence policies.

China has vigorously sought to entrench itself in the East Asia and the regions that attain less attention from the West by conducting a very rational strategy of co-operation with the USA as the only superpower. China has tried to secure its peaceful external setting, influx of foreign investments, and the arrival of innovative technologies that are necessary for the growth of its economy.

While seeking to take hold of the borders of the continental geostrategic zone (heartland), Russia has only partially restored its influence in the CIS countries. Russia still can’t do that in the Baltic States, though it attempts to weaken their structural power.

1. Theoretical and Methodological Assumptions

Geopolitics as a discipline explores geographical dimensions of political processes. Geopolitics differs from the international relations discipline in terms of perspective on the role of space. Geopolitical conceptions are based on the assumption that a spread of civilisations’ and states’ power is determined by the patterns of human movement and information communication abilities in various dimensions of space. The discipline of international relations examines the relations between

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** Article was completed on July 2003.
states and, their foreign policies; the structure and dynamics of the international system; distribution of states’ and other political subjects’ power and prestige; and regimes of the system (institutions, treaties, norms, unwritten rules), without specific reference to the geographical setting of the states and other political actors.

While international relations estimates the distribution of states’ and other political subjects’ power and its influence upon domestic politics and foreign policy in general, geopolitics is concerned about reasons of the uneven geographical distribution of power and the political consequences of it. In other words, the geopolitical analyst is concerned not only with how much and why a state has power and for what purposes are of its uses it can be used, but also about how much and why a state has power and how it uses it in specific places on the Earth.

While a scholar of international relations (no matter who he/she is – neorealist or liberal institutionalist) regards the international system as a structured whole of regularly interacting political units, a scholar of geopolitics treats the international system as a structure of geographically defined political subjects. Both for a scholar of international relations and a scholar of geopolitics, the international system consists of elements (political subjects) and links between them (functions). Although a scholar of geopolitics argues that an interaction between political subjects creates spatial political formations – regions, buffers, zones of influence, “shatter-belts”, and outposts (or barriers).

Thus, geopolitics is a different, space-systemic approach to international relations. Of course, this approach integrates the discipline of international relations. So, geopolitics can be treated as a hybrid discipline, which examines the regularities of power distribution on Earth at a qualitatively higher level, i.e. the regularities of power transformation in space.

Geopolitics combine geoeconomics (geoenergetics), geostrategy and geoculture. Geoconomics analyses a distribution of economic power and the changes of this distribution across the Earth (core – semi-periphery – periphery). Also, geoeconomics can be defined as the concentration of economic power and its projection into space to achieve political goals.

Geoenergetics analyses uneven spatial distribution of energy resources in the Earth and particularities of their transportation, which eventually determines the uneven distribution of geo economical and geopolitical power. In other words, geoenergetics analyses how this inequality gives geo economical and eventually, geopolitical supremacy for particular political subjects over others and, how this supremacy can be exploited or neutralised. On the other hand, geoenergetics is about the concentration of energy resources and projecting the project of them in space to achieve political objectives.

Geostrategy is a long-term concentration of a state’s power and its projection of it in various dimensions of space (sea, land, air, outer space, cyberspace) to achieve its own objectives. The state’s geostrategic position is its capacity to spread its power (or capacity to block others’ attempts to do so) in those spatial dimensions.

Geoculture is a concentration of cultural-civilisational power and the projection of it into space to achieve political objectives. Similarly to geo economics, geocultural studies deal with the uneven distribution of cultural-civilisational resources in space. This uneven distribution generates communicational barriers, in-
fluence the geo economical and geopolitical power of a state. Geoculture analyses civilisations, cores of civilisations, relations between semi-peripheries and peripheries, processes of cultural-civilisational innovation, application, adaptation and the spread of these innovations.

Thus, formal geopolitics analyses spatial configurations of power – the world’s (region’s, sub-region’s) geographical power structure and its dynamics. Applied geopolitics projects the concentration of all sorts of power in space to achieve political objectives.

According to the international relations discipline, a change of in the international position of a state is a change of the state’s power and prestige inside the international system (hierarchy): hegemon/superstate/great state (regional dominant), medium state, small state, mini state. For example, Russia is visibly changed from a superstate into a regional great state after the Cold War. In view of this, geopolitical status of a state is defined by the place and importance in the geopolitical structure of the world, which consists of geopolitical subjects, higher level formations (geopolitical supra-regions, regions, sub-regions), links between geopolitical subjects, and the functional attributes of the subjects (geopolitical actors, geopolitical centres, buffers, neutral regions, “zones of influence”).

Change of a state’s geopolitical position is a change of the state’s power inside a geopolitical region(s) and/or in regard to other geopolitical subjects (liberation from influence, spread of influence, control, division/sharing of influence, loss of influence, retreat, falling under influence/dependency). For example, a state can move away from other states’ spheres of influence and becomes a geopolitical ally or geopolitical centre, or separate from the geopolitical centre – neutral territory. Such dynamics of states’ geopolitical situations can be defined by terms of the growth of states’ power, projection of power in space, geopolitical orientation and gravitation.

The geopolitical process is growth (or decline) both of power and territory (or space). For example, the creation of the Warsaw Past was an establishment of the Soviet Union’s “shatter-belt” of Central and Eastern Europe. NATO enlargement means expansion of maritime states’ power over almost all parts of the European discontinual geopolitical zone and also – the enlargement of the maritime Europe geopolitical region of Europe.

Geopolitical dynamics include geo economical, geenergetical, geostrategic, and geocultural changes of a state’s position. Geoeconomical change is a transition from one geoeconomical zone to another (core/centre - semi-periphery – periphery). Geocultural change means change of a state’s production functions (only in the area of “production” of knowledge and cultural innovations) – from supplier of stock and supportive services to a producer of final products of culture. During the end of 19th century, – beginning of the 20th century, the USA turned from a semi-periphery (in terms of geoeconomy and culture) state into one of the major geo economical and geocultural centres1.

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Geoenergetical change means a change of a state’s position in a the chain of supply of energy resources: stock suppliers – transit and processing countries – states-consumers. For example, the Baltic states turned from energy consumers (in Soviet times) into energy resource transit countries.

Geostrategic change is an ability to spread one’s own power in various dimensions of space (sea, land, air, cosmos, cyberspace). For example, after building a fleet in the beginning of 20th c. Germany turned from a purely continental state into both a continental and maritime state. India, after launching its first satellite in 1998, is starting to become a cosmic state.

Map 1. Geostrategic zones of the world in sea and land

1.1. Global Geopolitical System

The position of a state from a geopolitical perspective is always estimated in the context of geopolitical supra-regions and according their geopolitical functions. A researcher needs to understand what kind of interaction structure is created by states and non-state actors in a given geopolitical context. The context can be regional, bilateral relations between two or more states, or even within the global arena.

As it was already mentioned, a global geopolitical system, as with any other system, consists of elements and relations between the elements. The elements of a geopolitical system are geopolitical subjects and geopolitical formations – sub-regions, regions, supra-regions. The geopolitical system has three levels: 1) global (main elements are hyper-states and supra-regions); 2) regional (main elements are great states and regions); 3) local (main elements are states and their administrative units, sub-regions).
Interaction between geopolitical subjects results in the creation of higher level geopolitical formations. Lower level formations are created by a highly intensive and concentrated interrelationship between geopolitical subjects. Higher the level of a system, the less the intensity and concentration of relations. Intensity of relations is measured by their regularity and volume. A concept of geopolitical region signifies that the relations (economic ties, communication channels, transport corridors, energy supply sources) between the geopolitical subjects within a group are more intense and concentrated than those relations with other geopolitical subjects (not belonging to the group). Geopolitical subjects are attributed to the same geopolitical region when tight economic, political, social, and cultural ties bind them.\(^2\) Thus, the boundaries of geopolitical regions are defined by big differences in the values of intensity and concentration of relations\(^1\). The boundaries of regions are flexible and more often they overlap more often than, less the concentration and intensity of relations between the subjects (de-regionalisation).

### Table 1. Structure of a global geopolitical system

<table>
<thead>
<tr>
<th>System level</th>
<th>Elements of a system</th>
<th>Intensity of relations</th>
<th>Concentration of relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>supra-regions</td>
<td>Low</td>
<td>low</td>
</tr>
<tr>
<td>Regional</td>
<td>regions, sub-regions</td>
<td>medium</td>
<td>medium</td>
</tr>
<tr>
<td>Local</td>
<td>states, administrative units, corporations, illegal political organisations, NGOs</td>
<td>high</td>
<td>high</td>
</tr>
</tbody>
</table>

The nature of relations between geopolitical subjects can be partially assessed by the quantitative and qualitative scale of relation intensity. Relations can only connect the subjects when the volume of regular (for example per decade) relations is not higher than 25 per cent of all subject’s relations. That state of association may be named interconnectedness. A higher volume of relations (25-44 per cent) creates some sensitivity between the subjects in case relations are broken\(^4\). A volume of 45-54 per cent indicates high sensitivity. Volumes of 55-74 per cent indicates one-way dependency; volumes of 75-89 per cent means high dependency; and volumes higher than 90 per cent – total dependency. The internal (sub-regional) structure of a region is described by lesser variations of intensity (regularity and volume) and concentration (density and variety) of relations between the subjects of a region.


\(^3\) Intensity of relations is measured by their regularity and volume. Concentration of relations is measured by density of relations, e.g. number of roads, airline flights, joint political institutions; and variety of relations (economic, political, cultural).

Table 2. Character of relations between geopolitical subjects

<table>
<thead>
<tr>
<th>Volume of relations (%)</th>
<th>Character of relations for subject A (in terms of dependency)</th>
<th>Character of relations for subject B (in terms of influence)</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-24</td>
<td>interconnectedness</td>
<td>low influence</td>
<td>Germany and USA</td>
</tr>
<tr>
<td>25-44</td>
<td>sensitivity</td>
<td>influence</td>
<td>Czech Republic and Germany</td>
</tr>
<tr>
<td>45-54</td>
<td>high sensitivity</td>
<td>high influence</td>
<td>United Kingdom and EU</td>
</tr>
<tr>
<td>55-74</td>
<td>dependency</td>
<td>control</td>
<td>Austria and Germany</td>
</tr>
<tr>
<td>74-89</td>
<td>high dependency</td>
<td>predominance</td>
<td>Canada and USA</td>
</tr>
<tr>
<td>90-100</td>
<td>total dependency</td>
<td>monopoly</td>
<td>Puerto Rico and USA</td>
</tr>
</tbody>
</table>

In essence, a geopolitical region consists of subjects, which have a high concentration of communication between them and a high intensity of communication content. The dynamic objective state of such relations is called geopolitical gravitation; dynamic subjective – geopolitical orientation. In other words, a geopolitical region is a group of political subjects bound by geopolitical gravitation and orientation.

At the moment, 11 geopolitical regions can be identified:

1. North America and Caribbean
2. Western Eurasia (Jüriche Europe)
3. Central Eurasia (Russia),
4. Central Asia
5. East Asia
6. South Asia
7. Sub-Saharan-Saharan Africa
8. South America
9. Middle East
10. Australia and Oceania
11. Southeast Asia

Geopolitical gravitation includes both cultural-civilisational ties of several states and belonging caused by material ties. Physical material gravitation reflects the more vivid communication infrastructure of some states: absence of geographical barriers, short distances, good roads, frequent air flights, telecommunication cables, etc. Energy and economic interdependency also ally some states. Cultural civilisational gravitation means the easier exchange (pickup) of communication content (information) with inhabitants of some states. This involves standards; rules and stereotypes of social behaviour; standards of political ethics and economic activity.6

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6 Sec: Statkus, N., Moticka, E., Laurinavičius, Ė., Geopolitinių kodai. Tyrino metodologija, Vilnius: Vilnius universiteto leidykla, 2003, p. 98-100. Physical material gravitation can be quite accurately measured by counting a density and permeability of communication (level of transport infrastructure, railroads and roads, number of air flights, telecommunication cables, infrastructure of gas, oil and other raw material transportation (gas and oil pipelines, ports), area of TV signal, etc.). Cultural civilisational gravitation can be described using qualitative methods, but hardly estimated quantitatively. Although, it is always possible to identify whether it exists or not, and if yes, then it is possible to say whether it is strong or weak.
A geopolitical supra-region consists of two or more geopolitical regions, bound by functional ties (geostrategic, geoeconomical, or geocultural). These ties are weaker than intraregional ties. Such geopolitical supra-regions are: 1) Euroatlantic supra-region linking North America with Maritime Europe, 2) CIS space linking Central Eurasia (and also Eastern (continental) Europe as a sub-region), South Caucasus, and Central Asia, 3) Pacific supra-region linking Australia, Oceania and Southeast Asia.

1.2. Geopolitical Functions of States (and other Political Entities)

States can be described by their constitutive and relational attributes. Constitutive attributes are those features of states, which are more or less independent of relations with other geopolitical subjects, e.g. political regime, population, terrain, military force. Relational attributes are determined by the interaction between states or other political entities, e.g. state’s international standing (hegemonic state, buffer state). Relational attributes are also functions of a state vis-a-vis other states in the geopolitical system.

States, which have global and/or regional geopolitical codes, are geopolitical actors, because they have possibilities and the will to influence processes outside their own territory, e.g. G-8 countries. States or regions/territories, which do have neither special potential, nor aspirations to acquire it, but occupying geostrategic positions, which are is important for geopolitical actors, are geopolitical centres, e.g. Singapore, Denmark, and Ukraine and Ukraine. All other states are objects of influence of geopolitical actors and their area of competition. Geopolitical centres may also perform other geopolitical functions by being an ally, outpost, barrier, gateway, or buffer.

Geopolitical allies (friendly regions) are independent states or groups of states, supporting the policy of geopolitical actors. Such a friendly region for the USA is Western Europe, especially during the Cold War years. Neutral regions are states (or a group of states) and other political entities, which do not have special importance for geopolitical actors and are not bound by political ties with them, e.g. Argentina, former Yugoslavia.7

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7 Kelly, Ph., Checkerboards and Shatterbelts, Austin: University of Texas Press, 1997, p. 33-34.

States or regions, which are controlled by geopolitical actors or their allies fall under the category of “zone of influence”. Three types of zone of influence can be distinguished: outpost, barrier, and province. Outpost is a state (or group of states), which whose territory is used by geopolitical actors to expand their own influence (former GDR, Pakistan for the USA). The opposite of an flag outpost is a barrier, which performs a function of territory preventing endeavors of geopolitical actors from expanding their influence and power, e.g. Finland, South Korea, Mongolia. However, the functions of outposts and barriers often coincide, i.e. the state is can be both an outpost and barrier. In different phases of a geopolitical actor’s power cycle, the subordinate state can perform the role of barrier (in times of decline) or the role of outpost (in times of expansion emergence). Province is a barrier or outpost, which lost its importance for geopolitical actors, but remains in their zone of influence.

A “Shatter-belt” is a region where geopolitical actors struggle for influence, e.g. the Middle East. A Buffer is a neutral state (or group of states), which separates territories or zones of influence of geopolitical actors (or their allies) thus lowering the probability of direct conflict, e.g. Sweden or, Austria. A geopolitical gateway is a spatial political entity, which connects (performs a function of a bridge) different geopolitical supra-regions, regions and/or states thus facilitating the exchange of people, ideas and goods, e.g. Singapore, Bahrain, Finland, Hong Kong.

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8 Ibid.

Geopolitical processes after 11 September 11, 2001, shows that the USA and Israel, and also Russia in some areas, have gained most in geostrategic terms. It became clear immediately after 11 September 11th that the fight against global terrorism would dominate their foreign policy agenda of the USA. Such a USA policy is beneficial both for Israel and Russia.

The vital interest of Israel is to intensify the fight against Arabs. Thus, the USA, fighting with Islam fundamentalists areis becoming more dependent on Israel. Israel has not participated in direct military action against the Taliban and Iraq. However, Israel’s intelligence services gave full support to the USA and their allies. The fall of the Hussein regime is very beneficial for Israel. After the American occupation of Iraq by Americans, the USA and Israel now are the most influential powers in the Middle East region. Arab states are unable to threaten Israel with full-scale war. Hence, Israel has solved two of its most important security problems: there is no need to fear of a long war with several Arab states simultaneously and the threat of the Palestinian guerrilla war inside Israel is also averted.

The vital interest of Russia is to become an equal actor in global politics. After V.Putin supported the US fight against global terrorism, favourable conditions to form the USA-Russia-Israel partnership were created. For Russia, this partnership is a precondition for modernising its economy and returning to status of a great power status. Therefore, Putin made concessions for to the USA. He did not object Washington’s endeavours to anchor in Southern flanks of the continental geostrategic zone (heartland) – South Caucasus and Central Asia – and the NATO expansion into East Europe, the Balkans and Baltic states. Simultaneously, Russia conducted an active policy of economic expansion (first of all in Central and Eastern Europe) and tried to become an important energy resources supplier for the West. The USA viewed Russia as a balance against China’s dominance in Central and Eastern Asia. While seeking actively and effectively seeking to fight against Islamic fundamentalists, the USA were was forced to co-operate with Russia. Hence, a global USA-Russia-Israel alliance (geopolitical triad) against Islamic fundamentalism started to develop after 11 September 11th.

Successful operations in Afghanistan, the deployment of USA troops in Central Asia, NATO expansion in Europe, and the Iraq occupation of Iraq are creating preconditions for long-term USA domination and a new geopolitical order in the world.

Fundamental geopolitical interests of the USA are: 1) military hegemony in the oceans and military supremacy in air and space; 2) the political disunity of Eurasia; 3) scientific-technological leadership.12

In order to implement these interests, the USA does not necessarily need to conduct active global policy. However, from the geostrategic point of view, the USA needs to control coastlines of Eurasia (discontinetal geostrategic zone or rimland) in order that to prevent any potential rival can from threatening the USA’s global mili-

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tary dominance in the oceans. American geopolitical scholars believe that if the USA controls rimland (also dominates in air and space), continental states, without not having access to the oceans, will not challenge USA’s global military dominance in the oceans. This, of course, plays in favour of the USA national security of the USA. At the moment, the USA troops are stationed in various conflict spots by along all of the Western and Southeastern borders of Eurasia: Bosnia, Kosovo, Macedonia, Yemen, Saudi Arabia, Oman, Kuwait, Georgia, Uzbekistan, Kyrgyzstan, Afghanistan, Pakistan, Philippines, and South Korea (see Map 3)\textsuperscript{15}.

The occupation of Iraq was another American step in striving for more control over the discontinuous zone (rimland). Now the USA has an excellent opportunity to transform part of the Middle East “shatter-belt” into its own outpost. Iraq is an excellent base for conducting special operations against Islamic terrorists and, putting a pressure upon potential rivals and “sponsors” of terrorism in the region: Syria, Saudi Arabia, and Iran. Also, such a basis is a great support for the most important geopolitical ally in the region – Israel.

We can guess that after establishing a pro-American regime in Iraq and thus anchoring in the South of Rimland (strategically important Middle East region), the USA will gradually reduce its participation in European affairs. It can be predicted that the main USA priority will be further attempts to expand influence in the Southeast and East rimland. This means that the USA can increase attempts to exacerbate social and political tensions inside China – between agrarian West and industrial coastline provinces - increase – increase pressure upon North Korea, and support ideas of Russian Far East autonomy.

\textsuperscript{15} Annual Report to the President and Congress 2001, http://www.dod.gov/pubs/almanac/unified.html; Wolfe, R. "Technology brings power with few constraints", \textit{Financial Times}, February 18 2002. Up to the moment, the following states, which control certain parts of discontinuous geostategic zone, managed to avoid direct or indirect influence from USA: Iraq, Iran, India, Myanmar, Laos, Vietnam, China, Russia (Far East region).
The successful war in Iraq severely weakened the authority of multilateral security organisations – UN, NATO, OSCE. By waging the war against Iraq without having the UN Security Council mandate, the USA demonstrated that international institutions are unable to exert considerable influence upon the behaviour of the USA behaviour. In fact, the UN is becoming almost incompetent as a multilateral international organisation and this eventually means the final end of the Cold War international order and calls for institutions, which reflect the new international distribution of states’ power. The successful war in Iraq also demonstrated for other states (irrespective of how far away from the USA they are) that the American potential to deploy military power globally are is unrivalled. Thus, it is more rational to adjust one’s own interests with the Americas ones than to neglect them.

2.1. Changes in Global Geopolitical Code of the USA

Fundamental geopolitical interests and several broad philosophical political assumptions determine the main guidelines of American foreign policy. Firstly, strive to spread Western civilizational values of civilization. Secondly, the civilizational clash of civilizations between the West and the remaining world, especially between Western civilisation and the Muslim world. Thirdly, a vision of world order with a clear hierarchy, with the USA at the top. American global hegemony creates preconditions for consolidation principles by which the USA was created – principles of civic freedoms, a market economy and democratic governance – all over the world.

These neo-conservative attitudes of the G.W. Bush administration shape the short and medium term geopolitical interests of the USA. A geopolitical vision of world order with clear hierarchy is primarily based upon the privileged power of the USA and internal resources: the leadership in new technologies, an obvious military advantage, and almost unconditional support for a new foreign policy course from American society.

Of course, American thinking about international politics is influenced by a number of external factors. The antiterrorist campaign showed once more that the existing international security and defence institutions – UN, NATO – are unable to meet the new challenges of international politics and solve contemporary security questions. Therefore, the USA geostrategy after 11 September 11th was aimed at in several directions. Firstly, to form new provisional political-military alliances to support short-term goals of fighting against terrorism. Secondly, by seeking to maintain the division of Eurasia and China in isolation, to form blocs of states bound by allied relations in important regions of the discontinental zone (rimland): Europe, the Middle East, Central Asia, South Asia, Southeast and East Asia. For the USA, it is most convenient to create such regional blocks by resting on regional dominants (i.e. states, dominating or having a potential to dominate in a region), which have enough power potential (They are trusted by the USA, can contribute to the expansion of the USA power and are important in geo economical terms.). Thirdly, the USA tries to adapt old global and regional security institutions (firstly NATO).

The National Security Strategy of the USA, adopted in 2002, essentially reflects American geostrategic aims in the first half of 21st century. By implementing the new National Security Strategy it is aimed to establish the USA as a transnatio-
nal hyperstate. The new strategy is preventively interventionist. It is declared that unilateral preventive measures (including military strikes) can be used.\(^\text{14}\) Such preventive strategy calls for the strengthening of intelligence capabilities, changes in military doctrine (special significance is given for highly mobile military units, able to conduct military missions in various regions of the world), institutional reform of security institutions, the application of advanced military technologies, fighting against terrorist organisations on a global scale (this is a function of CIA special units and USSOCOM), preventing proliferation of weapons of mass destruction, eliminating the possibility to formation of an alliance of great powers and the rise of a second superpower. Also, by seeking to guarantee a stable economic development of the world and defeat poverty, the USA will support free trade and the establishment of free market institutions on a global scale, thereby seeking to guarantee stable economic development in the world and defeating poverty.

It is has been declared that while seeking to protect its national interests, the USA can take unilateral actions and organise effective international coalitions with clear objectives. According to the authors of the Strategy, every state is responsible for the processes taking place on its territory and for the disruption of the new international order, which is shaped by the USA. When the a state is unable to meet international obligations, its sovereignty can be violated in order to neutralise the threats or sources of threats\(^\text{15}\). Thus, the strategy lays down a kind of neo-feudalist approach to international relations, where a state has the right to administrate freely its own territory to the extent its actions (or inaction) clash with the interests of the USA.

In the fight against threats for national security, the following states are named as allies: Western Europe, Canada, Japan, South Korea, and Australia. The new Strategy also calls for strengthening the role of Japan, South Korea and Australia to guarantee the security of the Pacific region.

The new Strategy is a classical empire-building strategy – maintain huge differences in power, block any attempts of allies to organise hostile conspiracy and prevent attempts of adversaries to merge forces. By implementing this strategy, even unintentionally, the USA can be transformed into a global empire. Terrorist organisations are conducting activities in many states (for example, “Al-Qaeda” has cells in 70 states). Thus, by seeking to destroy them, the USA will be forced to conduct both open and secret operations against these organisations in the territories of sovereign states without asking for their permission. The majority of states support the fight against terrorism and will co-operate with the USA. However, in order to ensure that co-operation is sincere, the USA will face a need to increase the monitoring of activity of other states’ institutional activities, especially security and military ones, interfere or even taking over the control when the need arise. The continuing reform of the USA military is only directly supporting this proposition.


Military campaigns in Afghanistan and Iraq demonstrated that joint actions by space, air, land and naval military units, supported by a large number of military satellites and other modern communication equipment, can easily defeat even large and well-equipped traditional armies. Already during the military campaign in Afghanistan, Defence Secretary Donald Rumsfeld called for the immediate installation of modern military technologies, reducing the importance of traditional military munitions, and the formation of mobile military units, able to fight effectively against terrorists in various places around the world.

The military restructuring projects, aimed at transforming the USA armed forces into a highly supermobile, global military power are already being prepared. Senior leaders designated to carry out these reforms have also been identified, as well as persons who will carry out the reforms are foreseen. The USA Army will be headed by General Peter Schoomaker, who was the chief of USOCOM in 1997-2000. He is known as an active advocate of joint operations, when air, navy and land forces co-ordinate their activities. Schoomaker is a fan of military operations by small, almost autonomous units, and active psychological information operations. After a proposal of the current chief of USOCOM, General Ch. Holland, the possibilities to opportunities for deploying the CIA’s and other institutions’ special forces (such as Delta, SEAL) were expanded. Today, these units are able to fight with terrorists in foreign countries without falling under any civil jurisdiction. He also proposes to grant more rights for USOCOM to co-ordinate joint actions together with other military units, which belong to regional commands.16

After the reform, the USA military forces will consist of relatively small (the size of a brigade or group) mobile units, which use the latest precision-guided munitions and communication technologies. This will enable them to conduct both coordinated and autonomous military operations.

The command structure for joint military operations together with NATO allies is also being transformed. Supreme Allied Command in Europe (SACEUR) was transformed into Allied Command for Operations. The Supreme Allied Command Atlantic (SACLANT) – into the Allied Command for Transformation. Thus, the USA is centralising strategic planning and tactical guidance of joint military operations together conducted with NATO allies, and enjoys even bigger influence upon over the management of the military forces of the Alliance.17. The centralisation of NATO planning and management will force Germany either to obey American demands to increase military spending and surrender independent military policy or secede from the military structure of NATO (like France did).

It is also planned that the new NATO Rapid Reaction Force (RRF) will have an authority to conduct an operation even without the consent of all NATO members, just under orders from SACEUR. This is a substantial and quite radical novel-

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ty, which is in line with the strategic interests of the USA. *De facto* the RRF will be under the USA control. On the one hand, this development enables to conduct enables RRF operations and missions to be conducted effectively and promptly. On the other hand, this creates thea conditions for a NATO split. We can predict, that NATO will split into two groups of states: those, which will agree to participate in operations without waiting for others the agreement of others (pro-American states), and those, which will wait for their Parliament’s consent, e.g. Germany. This was quite openly expressed by SACEUR General J.L. Jones. According to him, NATO will be divided into two groups: those, who will allow the quick use of using troops quickly, and those, who will wait for consultations and parliamentary approval.

Such reform of the USA military forces implies for certain changes in infrastructure and logistics. Preparing for global hegemony means that military conflicts can emerge at any place in the world. This means that the USA must be able to deploy their troops there quickly. Since the future conflict spots are harder to predict and more even more spread across the world than in during Cold War times, the Pentagon is planning to return more troops home. From the an economic point of view, it is more reasonable to keep them on American soil. Also, the number of American troops in Europe and Japan will be decreased. In Europe, somepart of the units and bases will be moved from Germany to Poland, the Balkans, and presumably, Lithuania.

Also, the USA plans to increase capabilities to deploy troops in foreign countries, i.e. strengthen air transport and, establishing forward bases in strategically important places. Such bases can be quickly transformed into real bases, able to accept a large number of troops. For example, such bases are already established in Kirgizstan and Uzbekistan. Additional forward bases will be established at important crossroads of global transport and communication lines. This means, that importance of states which, controlling strategic crossroads of global transport and communication lines, will increase become more important for the USA foreign policy. The USA will try to establish friendly relations with such states or put establish protégé regimes.

For example, the USA military establishment wants to increase the number of troops in some African states, since this continent is a potential shelter for terrorists. The Pentagon seeks to strengthen ties with such important allies as Morocco and Tunis, receive permissions to establish military bases in Mali and Algeria, and sign agreements on air transport refuelling with Senegal and Uganda.

### 2.2. Changes in European Geopolitics

After the events of 11 September 11th, European states expressed clear and strong support for the USA and pledged to make active moves in fighting against international terrorism. However, later it became clear that this support was almost

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exclusively limited to almost only diplomatic measures. There are two main reasons for that. Firstly, the USA adopted a unilateral stance: refused to accept NATO support and started to form non-institutionalised *ad hoc* antiterrorist coalitions of the “willing and capable”. Thus, the importance and influence of existing international organisations – first of all almost importantly, UN and NATO – was decreased. Secondly, already existing differences in American and European threat perceptions increased even more. In other words, European and American positions diverge in terms of tactics and methods of threat neutralisation while conducting antiterrorist campaigns. The USA is much more inclined to use military power, while Europeans – diplomatic measures.

The erosion of transatlantic relations became obvious during the Iraq crisis. After France and Germany, with having Russian support, opposed any military action in Iraq, “diplomatic war” between them and the USA have erupted. However, the stance of continental Europe did has not prevented the USA to starting military operations in Iraq. On 20 March 2003, American and British troops started began the military operations in Iraq. The first stage of military operations was swift and effective: already after only three weeks, the USA and allied troops practically controlled all of the territory in Iraq.

The Iraq crisis not only increased tensions between the USA and some European states (France, Germany, which were also supported by Belgium and Greece), but also inside Europe itself. Traditionally pro-American European states (United Kingdom, Spain, Italy, Denmark, and others) clearly supported the American position. Also, all of the Central and Eastern European countries also expressly supported American action against Iraq.

Thus, French and German attempts to form a common European foreign policy failed. The USA and its allies started military operations in Iraq, and some part of the EU Member States, as well as all of the future EU Member States, expressed political support and granted provided military support to the USA. The success of the first stage of military operations (active military action) only consolidated American unilateral policy. On the other hand, the guerrilla war in Iraq, which started later, forced the USA to rely more on its allies. However, even at this stage, only states, which expressed their support for the USA earlier, are participating in post-war reconstruction of Iraq. France and Germany in practically are not taking part in Iraq reconstruction because of both political and economic reasons.

The Iraq crisis also highlighted the importance of the United Kingdom and Poland. The United Kingdom strongly supported the American position and actions. They also and gave huge military support for operations in Afghanistan and Iraq. The United Kingdom (firstly primarily, Prime Minister Tony Blair) acted as an active advocate for the USA, and the “special relationship” between Americans and Brits was strengthened. The importance of Poland primarily increased mainly not because of Poland’s endeavour, but because of American actions. After the USA granted for Poland the right to control one of the administrative sectors in Iraq, it became clear that Poland is becoming the main country in Central and Eastern Europe, that Europe that represents American interests.

After active military action in Iraq was over, the tension between the USA and some EU Member States decreased. This “defrost” of relations became vivid
after the EU-USA Summit in Washington on 25 May 25, 2003. However, this resulted more in the EU concessions for the USA than in mutual compromise. **Main EU concessions made are the following:** firstly, the EU promised to take more active actions in the fight against the proliferation of weapons of mass destruction. On the eve of the Summit, the EU adopted **Basic principles for an EU strategy against proliferation of WMD.** Secondly, the EU surrendered to American pressure regarding Iran. Usually the EU avoided to express any strong statements concerning Iran. However, now the EU expressed concern about Iran’s nuclear programme and started to demand Iran to quickly sign an Additional Protocol of the Nuclear Non-proliferation Treaty, allow international inspections, and co-operate with the International Nuclear Energy Agency. There were even unconfirmed talks that the EU is ready to cancel free trade negotiations with Iran. Thirdly, the EU surrendered to American pressure regarding genetically modified products. The EU banned genetically modified products in 1998 and resisted American demands to lift the ban. However, in 2003, a new draft EU Directive on genetically modified food product labelling was drafted and adopted.

The only common EU action where Europeans have resisted the American pressure was has been concerning the International Criminal Court (ICC). The EU Member States and future EU Member States have clearly declared that they support the ICC and will not sign bilateral agreements with the USA on not applying ICC the jurisdiction of ICC upon the USA citizens.

Another important outcome of the Iraq crisis was **consolidation of the French and German efforts in developing the European Security and Defence Policy (ESDP).** After realising that common EU Defence Policy is almost impossible, these two states started to develop a “core”. The Brussels summit of 29 April 2003 by the leaders of France, Germany, Belgium and Luxembourg can be regarded as an embryo of such a “core”. French and German strive to formulate and control the ESDP is are clearly expressed in the draft EU Constitutional Treaty. These two countries fought for the inclusion of principles of enhanced co-operation and mutual defence in the draft Constitutional Treaty. The actual goal of these principles is to diminish political dependency of the EU on the USA by creating a EU military planning structure independent of NATO.

However, the provisions of the ESDP, outlined in the draft Constitutional Treaty give rise to some threats. Enhanced co-operation will mean recognition of a “two-speed” Europe, and this comes against the principle of equity. The establishment of mutual defence could also could have negative consequences: ESDP can could seek to become an alternative for NATO. This eventually would create problems of duplication and the effective allocation of resources. A proposal to establish the European Armament and Strategic Research Agency also could create some problems. The establishment of the Agency would have positive effects in case if its main function is the standardisation of munitions, and striving for interoperability. However, negative effects are inevitable if the EU is granted the right to establish priorities for munition munitions acquisition.

On the other hand, it is unlikely that these attempts to create a defence “core” inside the EU will prove successful in the short-term. The main obstacle to increase military power of the EU is the obvious misbalance between political will and military and financial potential. While seeking to create an effective ESDP, “core” states will inevitably face financial problems. The EU states need to moderni-
se their military forces, increasing spending on military research and munitions acquisition. This can be achieved in two ways: either by raising taxes, or cutting social programmes. Neither of these options is acceptable politically. Having in mind a prolonged economic stagnation of the EU (even having even signs of crisis sometimes), it is unlikely that the “core” states will increase military spending.

Thus, ESDP will remain mainly a political initiative without much serious content. Quantitative and qualitative gap in the military sector between the USA and the EU will only increase.

2.3. Changes in Russian Geopolitics

The partial inclusion of Russia in Atlantic military and political structures corresponds with the national interests of both Russia and the USA. Though the changes in Russia’s geopolitical orientation can be traced since from the meeting of V.Putin and G.W.Bush in June 2001, a new stage of the more rapidly including Russia’s inclusion to Russia in the most important Atlantic structure – NATO, was launched at the meeting of NATO Foreign Ministers in Reykjavik, May, 2002.

In the most general sense, the increasing convergence of Russian’s and US national interests and the growing perception of their common concerns have conditioned this dynamics. Both countries face the same threats (Islamic fundamentalism) and have the same potential geopolitical competitor – China. Common geo-economic interests also tie both countries: it is important to Washington to have an independent of Muslim countries a supply of strategic raw materials which are independent from Muslim countries. For Moscow, the openness towards the West and especially the cooperation with the USA would enable Russia to modernise its economy.

These common geopolitical and geo-economic tendencies were visible during Bush’s visit to Moscow at the end of May 2002. Signing the Treaty on Strategic Offensive Reductions was a kind of “concession” to Moscow (taking into account that the Pentagon was against signing the formal bilateral agreement). The treaty didn’t preclude the US from further developing further its antimissile defence system, and this—which meant that a US unilaterally withdraws from the ABM treaty. By the way, the possibility of Russia’s participation in the development of that system shouldn’t be discounted as well. In fact, Russia’s participation could positively impact the restructuring of its military complex and lead to its eventually adaptatin to the military structures of NATO and becoming a true member of the Alliance.

In case this scenario seems obscure, the development of a common “Energy Alliance” is real. The USA benefits from the augmentation of Russia’s oil export because that can reduce US dependence on oil supply from Arab countries and stabilise world oil prices. Russia assumed has already taken concrete measures already to develop such an alliance (the engineering of “Murmansk Pipeline Systems” and the construction of the Murmansk liquid natural gas transportation terminal have been launched; the main purpose of these projects is to supply raw energy resources to the US market)39.

Considering the above-mentioned circumstances and facts, it can be supposed that the premises for successful political and military cooperation between Russia and the US are emerging. However, it is evident that this co-operation is not, and will not be, on equal grounds. **Still, Russia can claim to become be the main US ally in Eurasia if the geopolitical code of integration into Western security and economic institutions prevails among Russia’s elites.**

It is difficult to talk about the prospects of such a development of events. The first reason is political uncertainty in Russia. Putin’s pro-Western politics aren’t very popular among the military and is are often criticized by the society. That raises the question as to whether if Russia will be able to maintain its pro-Western orientation and implement the necessary administrative, military and economic reforms, even so that political and military leaders would continue their pro-Western course.

On the other hand, it is not completely evident what kind of the ultimate goals Russia aims to achieve by its pro-western politics are not completely evident:

- **Pragmatic transcontinental** – to join completely the transcontinental security community from Vladivostok to Vancouver and to become the main partner of the U.S. in Eurasia; to divide with the USA the areas of influence in Europe or to build the European balance of powers, where Russia would be an arbiter.
- **Euro-continental** – eventually to eliminate American influence in Europe and to build the European balance of powers, where Russia would be an arbiter; to strengthen integration of Russian and Western European energy infrastructures, as well as economic and security structures, while creating joint political institutions, in this way turning “EuroRussia” into an alternative global power centre to the USA and China.
- **Eurasian** – to exclude the USA from Europe and even Eurasia, to attain control of the discontinental geostrategic zone together with the allies and, eventually, to challenge the global domination of the USA.

### 2.4. Geopolitics of China

In 2002 China has vigorously sought to entrench itself in the East Asia and the regions that attain less attention from the West. Strong economic growth, a stable political system and ambitions of the great power encourage China to pursue a more active regional and global policy. Still, China extends its influence especially reservedly and delicately. In 2002 China has undertook a relatively flexible policy towards the USA.

China supported the US’ position on Iraq: in the UN Security Council China approved the sending of inspectors to Iraq and latter it didn’t particularly oppose the US military operation against Iraq. Besides, China co-operated with the USA regarding the nuclear program of North Korea and didn’t particularly rebuke the US for the export of weapons to Taiwan. That may seem strange, especially after the USA has implicitly named China as its strategic adversary in the US national security strategy.

Nevertheless, Beijing’s strategy of co-operation with the USA as the only superpower is very rationale as China seeks to secure its a peaceful external setting, an influx of foreign investments, and the arrival of innovative technologies that are necessary for the economic growth its economy.
Steady economic growth is a substantial prerequisite condition of social and political stability in China because of the disparity in living standards between China’s agrarian West and industrial East and Southeast coast regions is sufficiently sharply significantly different.

**It might be assumed that China has chosen the politics of non-confrontation** (as long as the US does not interfere in China’s internal affairs) and **temporarily tolerates the global leadership of the US** in order to mask its own hegemonic aims in the East and Southeast Asia. Besides, China seeks to gain some economic benefits from the co-operation with the US as well, because investments from the US and other Western countries are vital for China’s economic growth.

On the other hand, economic advantages achieved while pursuing such kinds of foreign policy will enable China to modernise its army and to achieve its long-term goal of domination in the East and Southeast Asia.

**First of all,** China is still further attempting to strengthen and extend its influence in the East Asia and to become an uncontestable pre-dominant power of the region. The current conditions are favourable for just that. Currently there are favourable conditions for that. Japan can’t pursue an active policy because of recession. Beijing is attempting to seize every opportunity to strengthen its influence in the region. It is likely that the region of East Asia will become more dependent on China, now that after China has joined the WTO.

At the same time, China seeks to expand its global influence. While it can’t entrench itself in the regions where Western countries and companies dominate, China expands its influence where it faces the weakest opposition – in Africa and Latin America.

It seems like Beijing has worked out a long-term strategy of relations with African countries. It is useful for China to spread its influence in the African countries for several reasons. **First of all,** in this way this is an opportunity for China to develop a market for its products, primarily for armaments. **Second,** China intensifies its relationships with the countries that are rich in energy recourses. Although the majority part of its oil is imported from the Middle East, it seems that China attempts to reduce its dependence on that region and actively seeks alternative sources of energy recourses. Beijing has already started to develop significant projects with Nigeria and Angola. It should also be noted that China’s influence in Africa could increase in the future even more. First of all, China is attractive for to the African countries because of its political system, which effectively ensures political stability and economic growth. Unlike the West, China doesn’t have a colonial legacy that could hinder China’s domination in Africa. **Finally,** Beijing doesn’t raise any special claims on the political regimes of African countries like Western states often do. China also actively pursues co-operation with Brazil.

China has raised new concepts of foreign policy in 2002: economic and political co-operation increases security and security increases co-operation; a Pacific

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Ocean regional security system against the terrorism and international crimes should be developed; a just and reasonable international order should be established. These ideas may be seen as a kind of critique of the US unilateral policy. China attempts to influence international opinion as well as public opinion in the USA by the proclamation of these ideas.

Realisation of China’s regional and global interests will depend on several major factors. First of all, it will depend on how the new generation of China’s political elite will manage to minimise the socio-political tensions arising from the differences in the development of China’s regions\(^\text{22}\). Looking from the long-term perspective, the dynamics of China’s and -US’ relations will have an impact as well. It seems likely that Washington will employ the strategy of “two-way traffic” in relations with China. The US will attempt to downgrade China’s influence in the regions of the strategic and geo economic importance for the USA (first of all especially in Central Asia). Therefore, the US could implicitly (secretly) initiate the development of various regional alliances that would restrain China’s ambitions. Also, the U.S. will seek to co-operate directly with China. Additionally, an assumption that the US can incorporate Beijing into the trilateral structure (US/Japan/China) of co-operation formed by US, Japan and China shouldn’t be discounted as well.

Currently, China and the US are not inclined to sharpen their relationships and instead, remain conciliatory make concessions towards each other. China has passed the law tightening the control of arms’ exports. The US has requested China to pass such a law for a long time. Washington, on the other hand, has registered the Uigur Islamic organisation, which opposes to the regime of Beijing, in on its the list of terrorist organisations.

### 3. Geopolitical position of the Baltic States in 2001-2003

Geostrategic significance of any given territory on the Earth is estimated according to its capacity to control the ways in which other states spread their influence and power. Different geopolitical conceptions diversely assess differently the geostrategic and geopolitical position of the East Baltics region. These assessments are somewhat problematic and ambiguous.

Summing-up the main geopolitical conceptions, it might be said that the Baltic States are situated at the periphery of the heartland or at the eastern edge (transitional area) of the discontinuous geostrategic zone (rimland). That is why the geopolitical position of the Baltic States depends on the nature and intensity of relations between the Western maritime and continental states\(^\text{23}\).

Actually, the creation of the Baltic States was to a large extent determined by the conjuncture of political circumstances. The Baltic States came into existence as a result of the confrontation between several geopolitical powers. The formation and


existence of the Baltic States during the inter-war period was conditioned by the efforts of the Soviet Union (Russia) and Germany to embrace the Baltic States into their spheres of their influence. While the West European maritime countries were trying to achieve the a balance between the continental states (trying to set them against each other) the Baltic States gained independence. Their independence, however, was of some kind of depository character. The Baltic States as anthe object of exchange had the prospect of falling into Russia’s or Germany’s sphere of influence. More probably into Russia’s sphere of influence because Western countries viewed the heartland controlled by Russia as less dangerous than the heartland ruled by Germany.\footnote{21}

On during the second half of the 20th century, the Western countries started to block the heartland (the policy of containment). Thus Lithuania and the other Baltic countries have got a chance of final self-determination (independence). In other words, they have had attained the prospects of becoming an integral constituent part of the rimland (discontinental geostrategic zone) consolidated by the Western maritime countries. After the collapse of the Soviet Union, the strategy of the heartland’s blockade was replaced by the strategy of the heartland’s gradual decomposition and inclusion into the sphere of influence of maritime countries. However, this strategy didn’t eliminate the manifestations of the balance of power in the policy of Western countries which could turn the Baltic countries into the object of exchange once again. In fact, some part of the Russian political and military elite still harbour intentions to turn the Baltic States into its own tool in the Euro-Atlantic institutions or at minimum into the neutral buffer. It can be said that the East Baltics still remains in the peculiar “rift” of the geopolitical realms and can be called a geopolitical anomaly.

\textbf{3.1. Discontinentality of Lithuania and other Baltic States}

One of the most distinguished scientists of geopolitics of the 20th century, S.Cohen, has divided N.Spykman’s rimland (the transitional zone between the heartland and maritime world) into the geopolitical regions. According to S.Cohen, tight political, economic and cultural bonds link those regions. The regions defined by S.Cohen are very large. S.Cohen notes in his scheme that shatter-belt regions encompass some particularly geopolitically important geopolitical areas that lean towards the maritime world and the others that gravitate towards the continent. The areas that are of ambivalent gravitation and have both maritime and continental characteristics are called discontinental. These areas are dependent on the sea trade and continental resources. S.Cohen describes the Central and Eastern Europe as a former shatter-belt region. Though, generally speaking, all the of Europe can be regarded as the an arena of competition among the maritime and continental states.\footnote{22}

A well-known theoretical innovation introduced by S.Cohen – the concept of regions – meaningfully contributes to the theory of geopolitics. Nevertheless N.Spyk-


\footnote{22} Cohen (note 4), p. 15-49.
man’s concept of *rimland* shouldn’t be abandoned either. All of the regions within the confines of the *rimland* (no matter how different they are economically and culturally) share the same feature – discontinuity. Basically, the *rimland* is a discontinental zone because of its spatial characteristics (it is accessible to the maritime as well as to the continental powers) but altogether it differs substantially from the maritime and continental zones. Some areas of the *rimland* tend to gravitate towards the maritime zone countries, the others – towards the continental zone, however, this phenomenon is not an exclusive characteristic exclusively toof the *shatter-belt* regions as S.Cohen maintains. On the contrary, this is characteristic to all the regions of *rimland*. That is the reason for the authors of this article to consider the concept of *rimland* synonymous to the concept of discontinental geostrategic zone.

Consequently, the *rimland’s* regions aren’t homogeneous and can be grouped into three areas:

1. **Coastlands** (these are trade-dependent and gravitate towards the maritime zone);
2. **Hinterlands** (these areas are remote from the sea and oriented towards the **heartland**);
3. **Transitional areas** (these areas can gravitate towards the heartland or the maritime zone).

Map 4. Geostrategic areas of the European part of the discontinental zone
These areas also could also be called geostrategic sub-regions. As the Baltic States are situated in the European part of the rimland, it is necessary for us to figure out the structure of the geostrategic and geopolitical sub-regions. Sustaining the before-mentioned logic, the European part of rimland could be split into three geostrategic sub-regions: Western Europe and Nordic countries (that gravitate towards the maritime countries), Central Europe, East Baltics and the Balkans (transitional sub-region) and the Eastern Europe (whicthat gravitates towards the heartland).

However, such classification of geostrategic sub-regions does not correspond to the current political alignment of the states and does not help much to distinguish the correct geopolitical sub-regions of Europe. Germany and Italy are no longer ascribed to the Central Europe, Finland is regarded as the a Scandinavian country. This divergence can be explained by admitting that the geostrategic criterion is not enough for the definition of a geopolitical sub-region. Complementary criterions embracing the economic, political, and cultural-civilisation factors that have conditioned the development of current European geopolitical sub-regions are necessary for the regional analysis.

1. The complementary criterions could be:
2. Belonging to the a particular culture or civilisation;
3. Development of the economy (belonging to the particular geoeconomic zone);
4. Consistent policy of the elite to co-operate with maritime or continental states (geopolitical orientation);
5. Geopolitical orientation of the society.

Culturally and civilisationally, Europe is divided into two parts – the Western and Central Europe belong to the Western Latin civilisation and the Eastern part to and the Balkans to Orthodox civilisation. The borderline between the two civilisations stretches between the eastern line of Catholicism and Protestantism. Actually, the heritage of Muslim civilisation in the Balkans prevails in Albania and Bosnia while the seedbeds of the Western Latin civilisation are strong in Moldova, West Belarus and West Ukraine.

The cultural-civilisational boundaries have not changed in Europe for 600 years, already while the economic differences are very dynamic (for example, Portugal was a very weak state 30 years ago). By economic standards, Europe may be divided into two parts: the core and the semi-periphery. If we chart the map of Europe referring to the isolated criterions of the geopolitical gravitation or geopolitical orientation, culture and geo-economics, we would get an inadequate image of the European sub-regions. But if we take into an account all the four of the before-mentioned criterions we could exactly identify the sub-regions.

Currently, the geopolitical region of the European rimland consists of six sub-regions\(^{29}\) (see Map 5):

\(^{29}\) The political scientists continue to dispute on the title “region” as well as on the extent of region’s boundaries. Politicians discord on that too. Moreover, the conception of the region changes in the popular geopolitics. However this research doesn’t aim to describe comprehensively the historical formation of the region.
1) the West Europe,
2) the Nordic countries,
3) the Central Europe,
4) the Balkans,
5) the Eastern Europe,
6) the Eastern Baltics.\(^{27}\)

**The Eastern Baltics** is a sub-region, which emerged following the confrontation of two rival geopolitical powers: the formation of the region was conditioned by the struggles of the Soviet Union (Russia) and Germany to embrace the Baltic States into their spheres of their influence. In response to these struggles during the inter-war period and in the 1990’s, the Baltic States themselves started to strive to provide the sub-region with the political and ultimately the military identity. However these efforts were mainly unsuccessful because of 1) the external forces that impeded the alliance of the three Baltic States and 2) and because of the differences in geopolitical gravitation and orientation of the Baltic States.

The current geopolitical orientation of the Baltic States is significant because the elite of these countries is orientated towards the maritime countries while the orientation of the society in general is generally ambivalent. Obviously, this is determined by the particularity of the sub-region’s geopolitical gravitation (both towards the maritime world and the continent).

The Baltic States belong to the Western Latin civilisation, but while economically – to the semi-periphery. Though the Baltic States are closely associated with Belarus and Ukraine, they substantially differ from the Eastern Europe. The sub-region of the Eastern Europe is in principle the hearth’s gravitation zone where the Eastern Orthodox civilisation prevails. The historical belonging of Belarus and Ukraine to the Commonwealth of Poland and Lithuania has left the traces of the Western Latin culture there. To some extent this determines the elite’s orientation towards the West while the geopolitical orientation of the general public (masses) is directed towards the East. Geo-economically, the Eastern Europe belongs to the semi-periphery.

Map 5. Geopolitical sub-regions of Europe.

The Eastern Baltics, situated at the intersection of the geostrategic zones, can perform completely different geopolitical functions. In fact, the East Baltics can become the outpost (or the barrier) to the heartland countries for their expansion to the Central and West Europe. Alternatively, it can become the barrier (or the outpost) to the maritime countries in the struggle with the heartland countries.

Thus it might be concluded, that geo-strategically, the Baltic States belong to the discontinual zone. They are situated at the border of the transitional area and the hinterland, but orientated towards the maritime countries as a result of their own political initiative and civilisation dependence. However, because of the heartland’s geographical proximity and the long-term political subjection to Russia, the Baltic States tend to gravitate towards the continental geo-strategic zone. Not only the geographical position (access to the sea) and geopolitical orientation (aspiration to join the Euro-Atlantic structures) indicate the discontinual character of the Baltic States. Decisive policy led by the maritime states to control (consolidate) all of the coastallands and transitional areas of the Eurasian discontinual zone (for example through the enlargement of NATO) sustains the argument of the discontinual character of the Baltic States.
3.2. Geopolitical Dimension of Lithuania’s Accession to NATO

The Baltic States were not invited to join the Alliance during the first stage of NATO enlargement. The main reason was the absence of support from the large Western European NATO countries (United Kingdom, France and Germany). The United States took into account the opinion of the allies and did not risk irritating Russia even more.

First of all, the large Western European countries didn’t treat the security of the Baltic States as a strategically important interest. Second, Additionally, it was supposed that the Baltic States are were militarily indefensible (because of their tiny population, negligible army and the concentration of Russia’s army along the borders of the Baltic States, especially in the Kaliningrad district). Third, the politicians and the security experts in the Western Europe often referred to the problems of protection of the ethnic minorities’ rights in Latvia and Estonia and unresolved disputes over the borders with Russia. Since Russia’s national security strategy considered the protection of its minorities in the “near abroad” as one of the priorities of Russia’s security policy, it was difficult for NATO countries in the Western Europe to imagine a new member of the Alliance with a vast Russian minority.

However, the primary reason was a substantial negative Russian’s reaction to the NATO enlargement to in the Baltic States. Theoretically the territory of the Baltic States could be used to launch an attack on the Northwest Russia or to block the Baltic fleet deployed in St. Petersburg. Therefore, Russia considered the efforts of the Baltic States to join NATO as a significant geo-strategic threat to Russia’s security. At that time, a lot of Russian’s citizens had not yet been ready yet to accept the fact that the Baltic States could choose their own course of security policy.

On November 22, 2002, the North Atlantic Council has unanimously invited the Baltic States to join the Alliance, though practically all the factors that delayed their accession to NATO in 1997 were still present in 2002 too. The independence of the Baltic States wasn’t the interest of vitally importance to the West. The Baltic States remained untenable and neither the Russian minorities nor the army in Kaliningrad had disappeared. But the position of Russia had changed. Russia didn’t resist the expansion of NATO any longer. Nevertheless, it explicitly emphasised that it far from a highly rational step. Russia’s position has changed because of some reasons that are not easy to ascertain and which have has been ambiguously assessed.

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27 Ibid.

28 Russia’s foreign policy and the US foreign policy respecting Russia began to change before the Liubljana Summit. The terrorist attacks of the September 11 accelerated this. The USA realised that Russia’s diplomatic support, reconnaissance information of the special agencies, sincere cooperation of Russia’s policy, customs and financial institutions is necessary for the success of the US antiterrorist operations. Eventually Russia is necessary to the USA in order to counterweight the growing influence of China.
Until 1996, Russia has comforted itself with the hopes of the a strategic partnership with the USA. But when the plans of NATO enlargement have clarified Russia’s sought desire to regain its influence in CIS and in the “near abroad”, as well as to form the triangle of Russia, China and India, which was intended to as a counterweight to the geopolitics of the USA. When Vladimir Putin became the president, he undertook the doctrine of the former Prime Minister Yevgeni Primakov, that Russia has to promote the formation of the multipolar international system. Putin knew that after the decomposition of the Soviet Empire, Russia had practically lost its practically the only effective lever of the foreign policy – fear, that is to say, the threat of the global nuclear war. None in the West were as afraid of Russia any more. Thus, Putin tried to proceed with Primakov’s policy – to recapture Russian influence in the CIS and to revive the relationships with Russia’s old Soviet allies, to affiliate with China, and thus to force the USA to alter its policy by granting some political and economic concessions to Russia.

On the other hand, Russia could pursue the carefully planned euroucentrist strategy of the “integration into the Western structures” seeking to constrain the U.S. influence in Europe and eventually to replace it. A well-thought-out confrontation with the USA and the orientation towards the anti-American coalition, together with China, India, Iran and other Arab countries, was a kind of preparation (preliminary stage) for the bargaining for the better conditions of the “integration” with the West. That would explain Putin’s visits to some former allies of the Soviet Union and friendship and co-operation treaties with China and Iran.

Expedient westernisation is a substantial precondition for the successful Russian-centric euroucentrist geopolitical strategy. Russian-centric euroucentrism is the only viable long-term geopolitical strategy for Russia if it wills to evade the subordination to the U.S. influence. The economic conditions in Russia are miserable, demographic prospects are gloomy and the technological backwardness is enormous. Russia needs investments, modern technologies and financial resources. Neither China, nor India, nor Iran can provide Russia with this. Besides, Russia could find itself in the position of a “junior brother” if it formed an alliance with China. Since China has the advantage of its dynamic economy and population.

Thus Russia needs support and friendship from the USA and the West in general, generally the West. But distinctly from the period of 1991-1996, Russia does not pretend that the partnership should be on an equal groundson equal grounds. For the time being, it wants to become an important (or maybe even the main) US partner in Europe (and entire all of Eurasia). By joining the Western organisations, Russia expects to influence them in such a way that would undermine their effective work. That would promote the growth of the Russian economy and political weight interna-
tionally. Thus it may turn out that Russia, eventually, will attempt to oust the USA from Europe, or together with the USA, to divide up Europe or, at least, to establish the European balance of power where Russia could be an arbiter.

However, talking about Russia’s medium-term goals, it can be said that Russia has only partially restored its influence in the CIS countries. Russia still can not do that in the Baltic States, though it attempts to weaken their structural power. At the same time, taking an advantage of the Baltic States’ vulnerabilities (the economic energetic dependence on Russia, the ambivalence of the social and cultural gravitation) Russia may possibly seek to turn the Baltic States into one of its “influence agents" in the Western transatlantic institutions.

It could be said that this is possibly the reason why Russia did not oppose the admission of the Baltic States to NATO. However, it would be more convenient for Russia to delay the entry of the Baltic States until Russia actually (and peacefully) changes the geopolitical orientation of the Baltic States. Currently, Russia avoids the direct pressure and undertakes the tactics of “temptation” by offering Lithuania the economically beneficial in the short-term, but through strategically risky proposals.

On the other hand, the USA and Russia could have settled an agreement on the status of the Baltic States, ascribing them to the Russian sphere of the economic influence. In principal, all of the Central Europe and the Eastern Baltics is much more the a zone of Russian’s and American common interests than that of the EU states (except Germany). The USA has a substantial political influence in this region and Russia’s economic (and especially energetic) power constantly increases. The version that the new division of influence between the USA, Western European countries and Russia has matured and is a version that should not be discarded. However, the lines of division go along the domains of social life, not along the states’ borders. Economically (and to some extent culturally) the Central Europe and the East Baltics are “handed over” to Russia as a compensation for a loss of geopolitical influence.

If Russia were involved successfully into the new transcontinental security structure, the fate of becoming the a geopolitical province (periphery) and not the a geopolitical centre or outpost awaits the Baltic States (as well as Lithuania). The development of events will depend on the concessions that Russia would get in the nearest future. Lithuania’s security affairs will be influenced by its accession to NATO, reform of the Alliance’s structure and the formation of more stable geopolitical boundaries in the Central Eurasia. For the time being, the USA and the West do nothing except pass around the promises.

In the case of the West writinges off Russia’s debts, providinges it with a factual possibility to take part in the decision-making in the Council of NATO and Russia, establish the new security structures (taking, for example, the suggested Global Alliance of Security on the grounds of the G-5 or Eurasian Security and Cooperation Organisation) then it could be stated that the relations of the West (and mostfirst of all, the USA) towards Russia haveas changed substantially and have entered the a qualitatively new stage of co-operation. This could culminate in the

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heartland’s subjection to the influence of the maritime countries (except China). On the contrary, it may lead to certain changes in Russia’s and EU member states’ internal policy to the eurocontinentalism.

Generally, assessing the dynamics of the geopolitical situation of the Baltic States in 1990-2002, the changes in the Baltic States’ geopolitical orientation and gravitation should be taken into account as well as the assessment of these changes in the countries of different geopolitical zones. Conditionally, one could distinguish five periods of the change in the geopolitical status of the Baltic States:

1. “unstable” Russia’s barrier (1990-1993) – from declaration of independence to a the withdrawal of the Russian armed forces from Lithuania;
2. “unstable” buffer of the maritime countries and Russia (1993-1995) – from the withdrawal of the Russian armed forces from Lithuania to Lithuania’s official applications for accession to the NATO (4 January 1994) and the EU (8 December 1995);
3. “unstable” maritime countries’ barrier (1995-1999) – from officially applications applying for accession to the NATO and the EU to the beginning of the accession to the EU negotiations and adoption of the a first NATO Membership action plan;
4. “unstable” maritime countries’ outpost (1999-2002) – from the beginning of the accession to the EU negotiations and adoption of a the first NATO Membership action plan to the official invitations to join NATO and the EU;
5. “unstable” maritime countries’ outpost, a fragment of the gate-way region that relate the Western world and Russia or a fragment of the new type of the shatter-belt? (since 2002).

Table 3. The Geopolitical Functions of the Baltic States in 1990-2003

<table>
<thead>
<tr>
<th>Period</th>
<th>Geopolitical orientation</th>
<th>Geopolitical gravitation</th>
<th>Geopolitical status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-1993</td>
<td>Undecided/ towards maritime states?</td>
<td>Towards Russia</td>
<td>“Unstable” Russia’s barrier</td>
</tr>
<tr>
<td>1993-1995</td>
<td>Towards maritime states</td>
<td>Towards Russia</td>
<td>Buffer of maritime states and Russia</td>
</tr>
<tr>
<td>1994-1998/9</td>
<td>Towards maritime states</td>
<td>Diskontinental</td>
<td>“Unstable” barrier of maritime states</td>
</tr>
<tr>
<td>1999-2001/02</td>
<td>Towards maritime states</td>
<td>More towards maritime states</td>
<td>“Unstable” outpost of maritime states</td>
</tr>
<tr>
<td>2002 -</td>
<td>Towards maritime states</td>
<td>More towards maritime states</td>
<td>Fragment of new type shatter-belt</td>
</tr>
</tbody>
</table>
By the way of conclusions  Conclusions

Lithuania pursues the a pro-American geopolitical orientation. The USA is considered to be the key guarantor of Lithuania’s sovereignty due to the two main reasons. First of all, the USA has never recognised the annexation of the Baltic States due to Simpson’s doctrine not to recognise the states that had been occupied by the use of force. Secondly, the US supremacy counterweights the geopolitically the influence of Russia in the Eastern Baltics.

In spite of the fact, that the USA supports Lithuania’s (as well as the other Baltic States’) integration into NATO, it seems that the participation of the Baltic States in the Western structures is necessary for the USA for more various reasons other than building the barrier against Russia (the U.S. did not support Poland’s undertaking to establish the barrier in the Eastern Baltics in the inter-war period). Primarily, the USA would like to turn the Baltic States into the geopolitical gateway/bridge enabling to penetrate into Russia, Belarus and Ukraine politically and economically. In case Russia changes its pragmatic pro-western geopolitical code into the eurougeocentric or eurasian geopolitical code and the US strategy fails, then the USA could use the East Baltics as an outpost at the edge of the discontinential zone. In other words, the USA could turn the Baltic States into a “wedge” between Europe, and Russia and “agents of influence” in the EU (together with other Central European countries).

However, the pressure from Russia and some European countries to change the pro-American orientation is increasing. In Lithuania, the arguments against NATO are related to the increase in military expenses at the cost of social programs. Also, there exist some kind of allergy to the American mass culture and the fear of the “delicate” exchange between Russia and the USA – the Americans could transfer some part of their influence (first of all economic) in the Baltic States to Russia, gaining benefits in return to some kind of dividends in other spheres. This puts into questions the expediency of Lithuania’s pro-American geopolitical orientation.

The potential threats of integration into NATO under the USA patronage are not greater than the potential threats that could emerge if Lithuania did not join NATO or replaced its pro-American orientation by the a “pro-European” one. This is because Europe is not adequately able enough (or in some ways is not sufficiently interested in) to counterweight Russia’s influence in the Eastern Baltics. Therefore, the starting point for further discussions should be the underlying statement that the costs of the pro-American orientation are smaller than the eventual costs in case this orientation was rejected. Currently, neither a European state (nor the a group of the states) can (or wants to) to counterweight Russia’s influence in the Eastern Baltics. Lithuania’s displacement towards Russia would be strengthened if the pro-American orientation was subjected to change. That would have negative economic and political outcomes (the situation in Lithuania would become similar to that of Ukraine, Georgia).

On the other hand, the argument that due to because of Lithuania’s natural geopolitical gravitation towards Europe, the change of the orientation into towards the pro-European one, eventually, would reduce the tension in the region and in
Lithuania’s society, is plainly unsound. In this case, the tension would still exist, albeit reducing Lithuania’s sovereignty.

Thus the tension within the country and the region caused by Lithuania’s pro-American geopolitical orientation is the cost of greater Lithuania’s sovereignty. However, this cost neither exceeds the price of the sovereignty nor produces the destructive effects in the region. The strengthening of Lithuania’s structural power – the eventual consolidation of Lithuania’s international standing and prestige – could mitigate the negative outcomes of the pro-American orientation.
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Military Conflict in the Information Age and Lithuania’s Preparedness

The information revolution is changing the international system and the security environment in which we live. The state is losing its monopoly of power in a global information space where, with the help of new technologies, people create their well-being and where, by means of the same modern technologies, military conflicts of a new type are occurring. The Western civilisation conception of a military conflict, based on the Clausewitz model where leaders set political goals and control soldiers; soldiers fight directly and become lawful targets of violence; and civilians do not participate in the conflict, but support their leaders by paying taxes and backing their political goals, is falling apart. A conflict of the information age is, in a sense, a “pre-Westphalian” conflict where crimes against civilians and the internal order of the state were the norm.

The question arises of how the state may ensure the security of its citizens. The great powers try to find an answer in the strategies and programs of information operations. A great amount of attention is given to the public information of the state during a conflict, as well as to information security. In the latter sphere, Lithuania has already made its first steps; however, Lithuania needs to learn the principles of public information not only during conflict, but also during peacetime.

Introduction

Military conflicts are inseparable elements of the development of the international system and its change. As a consequence of interstate wars, the dependence of territories used to change, new norms of international relations would take root whereby the status quo favoured by the winners was ensured. New international organisations, as well as international regimes, would come into being. However, such a relationship has always been reciprocal: the processes taking place in the international system used to influence the nature of a conflict, its potential participants, as well as measures used in the conflict.

One of the most essential global processes, which started long before the Cold War ended, is the information revolution. It has had an effect on every person, on everyday activities, on public and private institutions, and, what is most important, on every state and its role in the international system. It has been stated that following the industrial revolution, or the nuclear age, which was the motivating power of the past century, the age of information has begun. A global information space is being formed in international relations where the means of communication and information

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technologies eliminate the boundaries of time and space. Hence, the international system is changing, a new security environment is forming, and at the same time the nature of military conflicts is also undergoing a change.

At the end of the 20th century, the costs of collection, dissemination and effective use of information had been reduced. This happened due to the rapid development of information technologies. Therefore, it is not surprising that currently many states, including Lithuania, develop programs of “the information society”, “a knowledge-based society”, “e-government”, etc., because they associate their wellbeing with an effective use of information.

However, “knowledge is the key to destruction as well as production”\(^1\). The information revolution has exerted an impact on conflict, which may occur at different levels. Information wars going on between the oligarchs and politicians are often discussed in Russia, however, at the same time, such states as the USA, Canada, Russia or China develop programs or strategies of information operations with which they associate the state security or participation in future military conflicts.

The present article is aimed at shedding light on the impact that the information revolution had on the nature of military conflicts, on how these conflicts are understood by the USA and NATO, and on the means they will seek to ensure their security in such conflicts. Also, it is sought to look at what Lithuania could learn from these centres of military power.

The conception of information operations\(^2\) generalises a new viewpoint of military conflict, which will be considered in this article in more detail. Lithuania has become a member of NATO. During the conflicts in Afghanistan and Iraq, Lithuania provided the USA and other NATO allies with the possibility to make use of its airspace and airports, if need be. Moreover, Lithuania sent an officer to the command post of the US military forces (CENTCOM), and some soldiers of the Special Forces, medical officers, and logistics specialists to participate in real military operations. Despite that, there is an impression that understanding is lacking among the experts on Lithuanian political sciences and war studies of what information warfare/information operations are, and in what way they influence the adoption of political and military decisions. The assumption is that information operations or defence against them is the prerogative of the great and wealthy powers. This assumption, however, is wrong, and this is proved by the example of Austria, which will be discussed in this article.

Hence, the objective of this article is not an attempt to prove that Lithuania should create a strategy, which is analogous to the USA strategy of information operations and allocate large financial resources to do that. This is not practical since Lithuania has become a member of NATO, it has gained the experience and standards of analogous operations from that defensive Alliance. On the contrary, the aim of the present paper is to reveal what the USA and NATO have achieved in this


\(^2\) Sometimes the term “information warfare” is used, however “information operations” is used in official US and NATO documents.
sphere and what Lithuania should take on in the sphere of state administration and policy. In the sphere of ensuring security of information technologies, Lithuania has taken the first steps – the State Strategy for Security of Information Technologies and the plan of measures of its implementation have already been approved. Meanwhile the current state policy of public information is uncoordinated – at the time of a military conflict our state would run onto considerable difficulties. Therefore, it is necessary to broaden experience in this sphere by learning from NATO.

1. Information Revolution and the International System

Many authors who try to generalise the picture of the international system after the Cold War, make a reservation, that a decade is too short a time period to determine if one or another state of this system has already settled into shape. It is common practice to present several scenarios: for example, the scenarios of Huntington; Fukujama; victory of the capitalist system; Pax Americana and the like. As long as chaos reigns in the international system, the right thing to do, in the opinion of Ian Clark, would be to characterise that period of international relations as “the beginning of a new historic era in which fragmentation is a dominant factor in international relations”⁵. The author draws this conclusion for two reasons: first, the period of systematic contrariety between the capitalist and communist poles came to an end with the end of the Cold War; second, this systematic contrariety neutralised or subjugated all other ethnic, national and religious aspirations for the benefit of one of the two poles. After the downfall of the bipolar system, all these forces became uncontrollable. Therefore, Ian Clark maintains that currently the basic task of experts on international relations is to establish the new axis of the conflict, and, contrary to the time of the Cold War, there might be many of them⁶. Within such a context it is of particular importance to elucidate what the role a modern state plays in ensuring the security of its citizens.

A number of authors emphasize that the importance of the sovereignty of the state in international relations is declining, that is, the assumption is made that the state is losing its monopoly of power. To a significant extent, this was caused by the information revolution – the state has lost its monopoly on information. This process was initiated by the Thatcher-Reagan telecommunications revolution.⁵ A global process of deregulation⁶ of the telecommunications sector had begun and as a consequence, the importance of corporations in the telecommunications sector in the international arena increased. John Baylis and Steve Smith maintain that the information revolution had several consequences for the participants in the international system⁷.

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⁴ Ibid., p. 174.
⁵ Baylis J., Smith S., eds., p. 542 (note 1).
⁶ In 1981, the British Law on Telecommunications was adopted, in 1984, the AT&T monopoly of US telecommunications was broken up.
First, a larger amount of information is accessible to the states and other participants in international relations, however, this has a positive effect only if this information is effectively processed and used, otherwise, the problem of information overload arises. Second, global channels of information allow decentralised management, which is used by transnational corporations, international organisations, even terrorist groups, whereas governance of the state is based on the mechanism of centralised decision making, therefore the states encounter serious difficulties in this sphere. Third, the monopoly of information control no longer exists, therefore the role of the mass media, that of world television companies in particular, increases. Fourth, the information revolution manifests itself in global transparency, that is, the problems, which earlier were considered to be the internal matter of states, become global problems which deepen the erosion of state sovereignty. M.E. Olsen and M.N. Marger draw the conclusion that the mass media, which is a main moulder and disseminator of information, has become one of the major power institutions in the international system due to the information revolution.

One should take into consideration, however, the fact that the information revolution provides the states with certain possibilities. In a global world, the state may consolidate its power not only by means of military or economic potential but also by means of communication based on the dissemination of culture. H.H. Frederick calls the states which carry out such a policy and make use of their power in this way, hegemonies. While this is a very simplified use of the concept, in this case it perfectly defines US policy following the Cold War.

2. Information Revolution and Conflict

Hence, a state, seeking to ensure the security of its citizens, must change by adapting itself to the environment of global information. All modern armed forces invest big money in the sector of communications and information technologies. Military technology and strategy undergo changes. US military experts compare different strategies by presenting the following chart:

![Chart 1. Pyramid of military strategies of the industrial age and information age](image)

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Control of information and an effective application of measures ensuring it plays a decisive role in the course of military conflicts that take place in the global information space.

The paradigmatic change currently taking place may be compared with the change that took place following the Treaty of Westphalia. Prior to the Thirty Year War there was no clear differentiation between a military campaign and mass banditism. Richard Mansbach and Edward Rhodes state that by means of the Treaty of Westphalia the leaders of the European states decided to restrict war and this determined the nature of future military conflicts11. Since then a distinction has been made between “legitimate” fighting carried out by professional soldiers against other soldiers (seeking to achieve political goals set by the heads of specific states) and “illegitimate” fighting – crimes against civilians and the internal order of a state. Hence, “a war was carried out by a specific group of individuals (professional soldiers), which is accountable to a specific authority (a sovereign state) basing itself on clearly defined rules, which limited the use of violence”12. Violence had become another political measure, which could be used by the monarchs of the European states when other measures failed to achieve desired goals. Such a conception of controlled violence formed the basis of the war theory of the Prussian officer Clausewitz. This strategist’s statement about war as policy carried out by other means, and the conception of the war triangle developed by him, has formed Western civilisation’s concept of a military conflict. At present, however, this conception is rapidly changing and it is likely to return to the pre-Westphalian conception of a military conflict, with crimes against civilians and the internal order of a state becoming the norm.

 Preconditions for change appeared much earlier. According to Clausewitz’s theory, the war triangle consists of: 1.) the heads of state who set political goals and control soldiers; 2.) soldiers who directly fight and are direct targets of violence; and 3.) the civilians who do not participate in a conflict but support the heads by paying taxes and backing political goals set by them, to the interrelated corners of the triangle. Clausewitz formulated the conception of a limited or controlled war. However, World Wars I and II, in the opinion of Richard Mansbach and Edward Rhodes, demonstrated how changes in military technology, the possibility to mobilise the entire economy of the state for military purposes, as well as how wide-spread nationalism, may destroy this theoretical

12 Ibid, p. 35.
triangle. The world wars were total wars, where no difference was made between the soldiers and the civilians, and the heads of states could hardly control the processes of the conflict. During the Cold War, military technology was further developed; the USA and the Soviet Union created nuclear weapons. Looking at the period of the Cold War through the prism of Clausewitz’s theories, one may suggest that a war between the superpowers became impossible because it would not be a rational policy carried out by other means. Nevertheless, limited military conflicts did take place during that period, e.g. Vietnam, Afghanistan. After the Cold War, military technology went on developing at an incredible pace; however, Lawrence Freedman and Efraim Karsh attribute the military conflict in the Persian Gulf to the type of limited wars to which the conception of Clausewitz’s war triangle is applied: the US authorities had a clear political goal – to drive the Iraq Forces away from Kuwait. Having achieved the first goal, the Bush Administration did not set another goal – to overthrow Sadam Hussein; precise blows delivered by the coalition may serve to illustrate the clear separation of soldiers from the civilians as emphasised by Clausewitz. Besides, not only the US public, but also the international community backed the actions of the coalition and became the third pillar.

However, this conflict already took place in a new environment, which experts from the USA, Canada and NATO call the global information space:

Chart 2. The place of military conflict in the global information space

\textsuperscript{13} Ibid.
\textsuperscript{14} Ibid, p. 49.
The global information space is institutions, organisations and systems that are beyond the boundaries of a military conflict, but may still exert influence on the conflict itself. Earlier, this space was controlled exclusively by the states; however, in the age of information, any subject’s intentions and actions may be significant to international relations. R.Garigue and T.Romet maintain that “all processes take place in the global information space, and it directly influences these processes”¹⁶. The mass media is the most influential player in this space and “may influence strategic trends and volumes of military operations”¹⁷ at the time of military conflicts. However, non-governmental organisations, trans-national organisations, international organisations, individuals, other countries and their armed forces may not be less significant, provided they are able to efficiently control information in the global information space. Such international mass media corporations such as CNN and BBC, dominated that space in the past decade. However, at present Al-Jazeera and Al-Arbaia television channels propagating Islamic culture and values lay claims to these positions. J. Chirac’s initiative to establish the French analogue of CNN testifies to that important role that television plays in the global information space: “this is a legal aspiration of our country, and I would like it to be implemented; France must actively participate in a fight of filmed material, which is going on between the world televisions”¹⁸.

The importance of terrorism and radical religious or similar organisations have increased in this global environment. Their actions during a military conflict destroy the Clausewitz model that has prevailed thus far. John Keegan states that post-modern conflicts will be a characteristic of the age of information and the state must be prepared to solve them: “the conception of a post-modern war is destroying the understanding that wars are fought between the sovereign states when, with the help of violence, it is sought to consolidate the political will of one state against another state”¹⁹. A new conception of conflict reflects a trend in fragmentation of state sovereignty and political power. A war is no longer exceptionally a policy of the states carried out by other means; this may be the “policy” of terrorists. The possibility of controlling a conflict, which has been the responsibility of the states participating in a conflict, is clearly on the decline. A post-modern conflict no longer complies with other statements of the military triangle of Clausewitz either; a clear difference between soldiers and civilians no longer exists. Their role during a conflict is also changing. With terrorist organisations or radical religious groups getting involved in

¹⁶ Ibid.
¹⁷ Ibid.
¹⁸ Jacques Chirac proposes that a twenty-four-hour channel broadcasting the world news should be established http://www.delfi.lt/archive/index.php?id=1784033, 06 09 2003
international military conflicts, the executors of violence become impersonal “international terrorists”. Furthermore, they choose civilians as “lawful” military targets. The role of these groups during a conflict also changes. First, political goals of the parties taking part in a conflict are no longer as clear or they are impossible to control. For example, if the aim of international terrorists is to fight against the USA and all of Western civilisation, how and when is their goal achieved? Second, during a conflict, Clausewitz assigned the civilians the role of providing material and ideological support to their state; at the time of earlier conflicts it was relatively simple to mobilise societies for pursuing the political goals of the state, however, the information revolution manifests itself by global transparency. Therefore, the essential problem is how to ensure internal and international support for political and military goals. Here it is useful to give the example of Lithuania during the war in Iraq. Lithuanian television viewers could watch military actions not only on international broadcasts of CNN or BBC, but also on Al-Jazeera, which was re-broadcast on local TV

3. The Role of the State in Ensuring the Security of its Citizens in the Information Age

Thus, within this new context of international relations and security, states review their preparedness for the participation in military conflicts of a new type and analyse measures whereby security of their citizens could be ensured. Andriu Latham supposes that “currently a revolution is going on in the military affairs when an industrial total war (World Wars I and II) is replaced by a war, which has plenty of names: ‘information warfare’, ‘precision warfare’, ‘cyberwar’”. Several factors determine such a paradigmatic change: improving military technology, especially, all that is related to the information revolution; the mass of armed forces, the number of which is decreasing due to new technologies; and the new security environment with its new threats being formed after the Cold War. However, the tradition of the USA, which is considered to be the leader of this revolution, to include new conceptions into strategic documents – doctrine – is of no less importance. Therefore, it does not only include theoretical considerations about future conflicts but also practical preparation of the Armed Forces to participate in them.

Andriu Latham maintains that the history of a war is marked by revolutionary changes: dramatic improvements in cannon/powder; the Napoleonic wars; the industrial total war, etc. Some authors count up to ten revolutionary stages of this type, others, like Toffler, speak about three revolutionary waves of wars: prior to the in-

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20 TV3 will broadcast material of “Al-Jazeera” channel http://www.delfi.lt/archive/index.php?id=2085167 06 09 2003
22 Plans for the reform of the Lithuanian Armed Forces also provide for reducing the military reserve from 20 thousand to 7 thousand soldiers. The number of volunteers should also be reduced and the Lithuanian Armed Forces will be reorganised for collective defense.
dustrial, industrial and information ones. Dupuy, basing himself on the ratio of the change in speed to technology, states that there exist four periods, whereas Russian general and theoretician Slipchenko thinks that weapons of “the sixth generation” were used in the Persian Gulf. However, it is more important to make clear why current changes in military matters are regarded as revolutionary ones rather than to elucidate which periodisation is the most accurate. Martin Show states that military conflicts of the past century were “total” for two reasons: first, during a conflict the states focused their main attention on total destruction; second, these conflicts distinguished themselves by total mobilisation of the society and state economy for military purposes. When one looks at the conflicts in the Persian Gulf, Kosovo, Afghanistan and Iraq, the precision, rather than total nature of destruction, is striking. Another important aspect is that internal and international support of military actions is one of the essential guarantors of success in a conflict and achieving it requires great efforts – much greater than during total war. Andriu Latham thinks that changes going on in military matters should be regarded as revolutionary ones for three reasons. First, the information revolution has altered the way information is collected, stored, conveyed and presented, that is, the speed of this process is approaching the zero limit. This allows one to speak about a virtual battlefield, and this, naturally, changes the decision-making process from that of hierarchical to a more decentralised one. Second, a mass destruction is replaced by a precision destruction, which leads to the reduction of the mass Armed Forces, that is, the need for professional, specialised armed forces arises. Third, the evolution of the threat discourse, that is, after the contrariety between the USA and the Soviet Union has disappeared, the new, already mentioned axes of the conflict come into existence.

The Institute of Strategic Studies under the Operations and Planning Department of the USA Armed Forces in its investigation “Military conflict in the 21st century: the information revolution and a post-modern war”, states that currently the Armed Forces must be especially self-critical and at the same time must evaluate changes going on in global business: “today a successful and effective business organisation takes a global attitude towards business, has decentralised management, a network of strategic partnership all over the world and is flexible in taking the most important decisions”. Corresponding changes should take place in the military sphere too. As has already been mentioned, the major factor in the age of information is effective control of information; therefore, the US Defense Department is convinced that the US Armed Forces must strive for information dominance in future military conflicts. This principle is laid down in the Joint Doctrine for Information

28 Ibid., p. x.
Operations. According to J.M.J. Bossch, “information operations do not only have an impact on the military sphere but also on the national, international and global political and economic strata and influence the states, unions and the international society” and they may be used at different stages of the spectrum of a conflict:

Chart 3. Spectrum of Conflict and Information Operations

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30 Information Warfare Architecture http://www.herolibrary.org/iwarch.htm 06 09 2003
4. The US attitude towards Information Operations

The conception of information operations appeared for the first time in official USA documents in December, 1992, when the Defense Department approved Directive 36.00.1, where information operations are defined as: “military actions directed towards the global information space whereby it is sought to influence information or decision-making possibilities of an adversary”\(^{31}\). This definition evolved and its final version is presented in the Joint Doctrine for Information Operations approved on 9 October 1998: “information operations involve actions taken to affect adversary information and information systems while defending one’s own information and information systems”\(^{32}\). It should be noted that in the military doctrine approved in the year 2000, Russia also regards information operations in the same way as does the USA: “information operations are information (information technical and information psychological) attacks directed against Russia or its allies”\(^{33}\), and in the same year, after the Doctrine for Information Security of Russia had been approved, Russia sought to protect itself from potential information attacks.

The US Joint Doctrine for Information Operations underlines that the use of information operations during a conflict is “an essential condition in seeking to achieve the objectives set”\(^{34}\). The Doctrine specifies that the measures mentioned must be applied at strategic, operational and tactical levels, irrespective of the intensity of a conflict; in military operations in times of peace, in crisis and in war\(^{35}\). This document covers offensive and defensive operations, their definitions, and the organisation of their use and management. Moreover, part of the document is devoted to the methodology of planning information operations and principles of co-ordination. Much attention is also paid to military training, exercising and simulation. The US Joint Doctrine for Information Operations should be regarded as the most exhaustive and essential military document devoted to this new sphere of future military conflicts:


\(^{34}\) Joint Doctrine for Information Operations, p. vii (note 28).

\(^{35}\) Ibid., p. II–7.
Chart 4. Place of the doctrine of information operations in the hierarchy of the USA joint doctrines

Offensive information operations in the Doctrine, that is, “actions taken to affect adversary information and information systems”, include the following: operational security, military deception, psychological operations, electronic war, physical attacks/destruction, special information operations\(^{36}\). Defensive information operations, that is, “actions aimed at defending one’s own information and information systems”, include the following: assurance of information, operational security, physical security, counter-deception, counter-propaganda, counter-espionage, an electronic war and special information operations.

In the Doctrine, the Chairman of the Joint Authority, who is “the main adviser to the Defense Secretary on the issues of information operations, is assigned the function of information operations management. He approves the plans of these operations, ensures continual practical exercises of information operations and the training of the military personnel”\(^{38}\). Military commanders “are responsible for direct planning and execution of information operations, as well as practical training”\(^{39}\). During a military conflict, the “cell” of information operations is entrusted with planning and simulation of information operations. It should be emphasised that the Doctrine contains future plans which reorganise the existing command and control “cell” into the “cell” of information operations\(^{40}\). Hence, in the future, US information operations will become the basis of the military strategy. They will combine the functions of command and control.

At the strategic level, the Doctrine provides for “the actions to be taken whereby an attempt will be made to make an effect on all the elements of the adversary’s power (military, political, economic and information), at the same time protecting one’s own elements of power, as well as those of the allies”\(^{41}\). At the operational level,

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\(^{36}\) Ibid., p. GL–11.
\(^{37}\) Doctrine does not provide the content of such operations.
\(^{38}\) Joint Doctrine for Information Operations, p. I-6 (note 28).
\(^{39}\) Ibid., p. I-6.
\(^{40}\) Ibid., p. ix.
\(^{41}\) Ibid., p. I-2.
information operations are used to achieve the objectives of the military campaign, and at the tactical level they are used to implement more concrete tactical goals. The principles by which information operations must be carried out are laid down in the Doctrine: first, the basic target of these operations is the decision-making process of the adversary; second, the objectives of information operations must be clear and co-ordinated with national interests and general military goals; third, offensive measures must be selected according to the capabilities of the adversary and the possibilities of its response; fourth, it must be established in advance whether information operations are central, auxiliary or only partial offensive military measures; fifth, these operations must be fully integrated into all US military actions. Attention should be given to the fact that the Doctrine specifies that at the strategic level, information operations must be based on the public information campaign and close co-operation with civil institutions and organisations. This is an essential aspect – the doctrine states that the success of information operations is determined by the co-operation of public information actions in the military and civil sphere. In the USA, the State Department, which centralised these functions after abolishing the USA Information Agency, is responsible for public information. This should become an example to Lithuania where the public information activities of separate governmental institutions or even ministries are, to put it mildly, uncoordinated. During a military conflict, such a lack of co-ordination could be destructive.

Targets of information operations may be very different: the authorities (civil, military, social cultural, etc.), the civil infrastructure (telecommunications, transport, energy, finances, production, etc.), the military infrastructure (communications, reconnaissance, logistics, etc.), military systems (aircraft, vessels, artillery, target armament, anti-aircraft defense, etc). Technology assures effective functioning of all these structures; therefore, it becomes the principal target. At the same time, however, one should remember that technology is not a means of carrying out certain actions, therefore the intelligence of humans will always remain the real target, and, to be more precise, the decision-making mechanism.

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**Chart 5. Decision-making cycle**

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42 Ibid., p. I-3.
43 Ibid., p. II-1.
44 Col John Boyd, USAF (Ret), coined the term and developed the concept of the “OODA Loop” (Observation, Orientation, Decision, Action)
Taking into consideration the fact that special attention is devoted in the Doctrine to defense from information operations, operational security measures must determine the most vulnerable information or information systems and create mechanisms for their protection; measures of an electronic war must contribute to this defensive function; education and practical exercise must develop an understanding of information security for military and civilian personnel because the majority of information leaks are a consequence of the human factor; reconnaissance and counter-espionage must analyse and determine threats; counter-deception must mislead the adversary and divert its offensive attempts; counter-propaganda must expose the psychological operations of the adversary. Defense should comprise of four stages: the protection of an information environment; the determination of the source of the attack; the restoration of the functions and the response to the attack. The information environment in the Doctrine is a national information infrastructure consisting of private, governmental and military sectors. The Deputy Head of the National Security Department of the Civil Service Academy of Russia A.V. Vozzenikov underlines that “a single national information infrastructure will be used as an effective resource, however, because of that it will become a potential target.”\(^\text{46}\) Therefore, its protection is the primary objective. Besides, protection is also relatively cheaper, as compared with the costs of the other three stages of defense (determination of the source of the attack, the restoration of the functions, the response). Therefore, it is in this sphere that Lithuania must take advantage of other’s experience, paying special attention to the achievements of smaller states, such as Austria, which will be discussed later.

5. NATO attitude towards Information Operations

The USA has always been a leader both in NATO military operations and in the matters of military strategy. Therefore it is not surprising that the NATO attitude towards information operations is nearly identical to that laid down in the US Joint Doctrine for International Operations. On January 22, 1999, the North Atlantic Council approved the strategy for NATO information operations. That document differed from the US Doctrine in that it focused special attention on the actions at the strategic level. This is reflected in the presented definition of information operations: “they are actions whereby, seeking to achieve political and military goals, decision makers are being influenced by effecting information and the information processes, management and control possibilities of the adversary, at the same time protecting their own.”\(^\text{47}\) This definition, contrary to that of the USA, is not adapted to the exceptional military sphere. It deals with the effect on the decision makers without attributing them to either political, business or any other leaders, that is, NATO information operations are oriented towards the strategic level where it seeks to


assure support of its own actions during a conflict and at the same time to break down the willpower of the adversary. Jose Gardeta states that “at the strategic level by means of information operations it is sought to break down all the elements of the power of the adversary (political, economic, military, information)” 48. Therefore, public information and harmonisation of military and civil information actions in the NATO concept of information operations takes a much more significant place than that found in US Doctrine.

Like the USA, NATO accentuates information and information processes in the definition, however, it additionally singles out command and control. The concept of command and control in warfare is as old as military conflicts themselves. Eliminating the military command of the adversary has always been regarded as one of the main ways of achieving victory. The army, having lost its leadership, would not only be demoralised, but, what is most important, it would be unable to effectively organise and co-ordinate its actions. However, in the age of information, physical destruction is not necessary. It is enough to detach the command of the adversary from necessary information or to distort it, thus depriving it of the possibility to control.

NATO tactical publication ATP-3.2 presents the attitude of this organisation towards offensive information operations, though their definition accentuates the importance of defence from these operations. Offensive information operations are classified as follows: physical attacks against the command, control and communications; an electronic war; operational security; military deception and psychological operations. These measures are analogous to those laid down in the US Doctrine; however, they exclude special information operations for which the National Security Agency is responsible for in the USA. However, as has already been mentioned, a much greater attention in the NATO strategy is paid to public information and measures of civil and military co-operation than in the US Doctrine. This demonstrates NATO’s focus on the strategic level rather than the operational or tactical levels of information operations. The function of public information is to ensure support of actions during times of conflict. In the above-mentioned Tactical Publication, public information is divided into military and political segments. The NATO authorities, which seek “to fully and objectively, to the extent the operational security allows, to present and explain to the public the achievements of the Alliance” 49 and thus ensure internal and international support of its actions, are responsible for the military segment of public information. The political segment of public information must be ensured by co-ordinated actions of all members of the Alliance. It is more directed towards assurance of international support. However, it is these actions that are most difficult to be implemented effectively due to a large number of states and because of the fact that responsibility for them rests with different institutions and organisations (military, political, non-governmental, etc.).

48 Ibid – p. 106.
49 ATP-3.2 Allied Tactical Publication “Information operations, Psychological Operations and Public Information” p. 3.
Organisation and planning of NATO information operations is also similar to that of the USA. There exists an analogous “cell” of information operations, a working group on NATO Information Operations\(^50\) headed by the Director of the Operational Division of the International Military Personnel. This working group includes specialists with expertise in wartime command and control, psychological operations and other functions.

Though during the conflict NATO particularly accentuates actions at the strategic level, operational and tactical levels also have great significance. Jose Gardeta maintains that “at the operational level information operations supplement the basic measures of the military campaign and are directed towards the command, control, communications and logistics of the adversary, whereas at the tactical level they help achieve specific tactical tasks”.\(^51\)

The Allied Tactical Publication, like the US Doctrine, lays down principles on the basis of which information operations must be carried out\(^52\): first, leadership of the Commander, who is fully responsible for information operations; second, coordination of all actions and integration into joint military measures; third, accurate reconnaissance information, which must form the basis for information operations; fourth, all actions must be directed towards the adversary’s “centre of gravity”, that is, towards its most vulnerable points; fifth, information operations must rest on the principle of centralised planning and decentralised execution; sixth, the list of potential targets must be devised in detail; seventh, preparation for information operations must begin long before a military conflict itself starts, this is particularly applicable to defense from information attacks; eighth, in carrying out these measures flexibility and the ability to adapt to changing situations must dominate; ninth, the efficiency of measures applied must be constantly assessed.

Jose Gardeta summarised the attitude of NATO towards information operations by maintaining that “they may affect the core of the state, its infrastructure, the basic functions of its existence”\(^53\). Therefore, information operations fulfil a peculiar function of discouragement and “should be used in the time of peace seeking to prevent a crisis”\(^54\). However, this is a very complicated task due to the very nature of NATO. This organisation is a union of states, which often fails to find a common language on much simpler issues than information operations. NATO has no such unified willpower to use offensive or defensive information operations, which the USA has. Primarily, this is because information operations are a relatively new concept in the military strategy of NATO. Furthermore, it is copied from the US Joint Doctrine for Information Operations and it is not clear whether it fully complies with the defensive needs of the Alliance. Perhaps, most importantly, the Alliance consists of many states, which have a different viewpoint of the possibilities of using various means of information. Legal consequences are differently understood in the states;

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\(^{50}\) Gardeta J. (note 40) – p. 113.

\(^{51}\) Ibid., p. 108.

\(^{52}\) ATP-3.2 Allied Tactical Publication “Information operations, Psychological Operations and Public Information”, p. 3–2

\(^{53}\) Gardeta J. (note 40), p. 105.

\(^{54}\) Ibid., p. 105.
6. Military Conflict in the Information Age –
What Lithuania Should Learn?

Lithuania lacks the options that are available to the USA and NATO to independently develop programs and strategies for information operations. However, this is not necessary because after Lithuania joined the North Atlantic Alliance, the country is having to transpose military standards of this defensive organisation and to adapt itself to its strategies and programs, including information operations. At present, two factors are essential. First, with Lithuania’s NATO membership, one should take into consideration the fact that the Alliance concentrates its main attention on strategic information operations where public information plays the most significant role. Second, a discussion about the changing nature of a military conflict must be encouraged between military experts and experts on Lithuanian political sciences because the global information space has no boundaries, therefore the conflicts that take place within it are potentially threatening to Lithuania too. One should also raise the question of how it is possible to ensure the security of the citizens of the state, as well as the international security, in such a changing security environment. Therefore it is of particular importance to take care of information security in Lithuania.

6.1. Co-ordinated Public Information Strategy – a Key to Success

The Program for NATO information operations considers public information as one of the most essential components of different stages of a conflict or crisis, thus which it is possible to avoid a crisis, to discourage the adversary from taking certain actions, and in the event the conflict has occurred, to prove to internal and international public opinion the validity of one’s actions. The Allied Tactical Publication defines public information as follows: “information, which is disseminated or published seeking to provide full information to the public thus ensuring its understanding and support”55. Public information in the US Joint Doctrine for Information Operations, as in the NATO Program, is divided into information intended for external and internal audiences. However, the NATO document distinguishes relatives and family members of soldiers as a separate audience and states that “priority will always be given to this audience”56. This is a very important aspect in such cases as the first Russian military campaign in Chechnya, where the local mass media devoted special attention to how victims and their family members suffered during that campaign.

55 ATP-3.2 Allied Tactical Publication “Information operations, Psychological Operations and Public Information”, p. 3–25
56 Ibid., p. 3–30
External public information is directed towards the mass media and, according to the NATO Document, should rest on the following principles: trust is the basis of everything – one must never lie to the mass media; each aspect of a military operation may have consequences of publicity; restricting information is becoming practically impossible, therefore it should be applied only for the sake of security; priority must not be given to one means of the mass media at the expense of others – information must be accessible to all under equal conditions; one must always try to provide information; not all news is good news, however, even bad news has its positive aspects (heroism of soldiers, provisions to help the wounded, etc.); the mass media is the main provider of information, therefore it forms a significant part of information operations; the public information campaign must be carried out throughout all stages of a conflict; media interest is not continual – sometimes it must be encouraged; NATO Forces cannot be separated from public information; journalists must be accredited by NATO\textsuperscript{57}. Attention should be drawn to the fact that public information covers the entire spectrum of a conflict, from simple competition to military confrontation. NATO’s program specifies that the Public Information officer, using a continual and uninterrupted link with the military authorities, is responsible for public information during a conflict.

This document, when discussing public information, accentuates once again the significance of the global information space. The essential conclusion is that information control and censorship have become practically impossible in the modern world and may do harm to political and military objectives. This has happened due to technological changes, the consequence of which is the separation and independence of military and private means of communication. In earlier military conflicts, in Vietnam for example, the mass media was also given an important role. However, at that time an attempt was made to control information provided to the journalists because their activity depended on whether the army provided them with the means of communication to enable their reporting or not. The appearance of portable computers, video telephones and other facilities made journalists independent of military technology. Therefore, to effectively carry out a public information campaign, NATO had to draw certain conclusions: first, the essential method of communicating with the mass media became “openness to the media and independent journalism”\textsuperscript{58}; second, the thing that stopped to be surprising following the experiences of the military conflict in Iraq was the embedding of journalists into military units, seeking to develop certain emotional attachment to the soldiers and support for the tasks being carried out by them; third, announcements of the media may not be censored, irrespective of whether they are conveyed through private or official NATO communication channels; fourth, information security must be assured at the level of its source rather than at the level of the provider of information, the journalist. Hence, such words as “control” and “censorship”, which were extremely important earlier, have disappeared from the strategy of public information.

\textsuperscript{57} Ibid.
\textsuperscript{58} Ibid.
Internal communications are a very important function in every organisation. It maintains the morale and resolve of the army’s soldiers. The NATO means of internal public information involve internal newspapers, magazines, bulletins, radio, television, etc. Moreover, a safe, fast postal service and means for electronic mail are ensured to maintain contact between soldiers and their family members.

Another important aspect of public information is training and practical exercises for all representatives of NATO Forces, for both ordinary soldiers and officers. The Tactical Publication specifies that NATO personnel must participate in the courses “The Mass Media Today”, “The Mass Media and the Human Rights”, “How to Answer to the Journalists’ Questions”, “Security at the Level of the Source”, and the managers of the personnel and officers must take part in the courses “Planning of a Meetings with Journalists”, “How to Impart the News”, “Principles of the Interview”, and “Briefings”.

6.2. Information security and Lithuania’s preparedness

Irrespective of Lithuania’s membership in NATO, it is necessary for our country to ensure security of the national information infrastructure. Our Eastern neighbour could serve as an example: on September 9, 2000, the Doctrine for Information Security of the Russian Federation was approved, which is “the continuation of the National Security Conception in the sphere of information <…>”, it forms the state policy in the sphere of information security, <…>, provides recommendations on how to improve the legal basis, <…>, encourages the creation of target information security programs”.

However, it would be more appropriate for Lithuania to base its information security program on that of another small European state – Austria. A.A.J. Forstner-Billau states that three interrelated layers form the national information infrastructure: private, federal (or governmental) and military information infrastructures. Seeking to achieve effective security, it is necessary to protect all of these infrastructures. The military infrastructure is always protected best because it is based on the implementation of uniform standards, requirements and training. Many countries try to adapt a similar policy to governmental information infrastructures. But, insecurity within the private infrastructure causes the greatest number of problems. “The national information infrastructure, which is the backbone of the modern society, is impermissibly violated by the criminals, terrorists or actions committed by the adversely-disposed countries”.

The US Joint Doctrine for Information Operations revealed the fact that the great powers invest large financial resources into this sphere, whereas smaller states may be classified into three groups: such states as Austria, which understand this problem and try to resolve it; the states which do not even understand this problem; and the states like Lithuania, which also fail to understand

59 Ibid., p. 3–31
this problem, however, paradoxically as it might be, they solve this problem in part by copying the experience of foreign states.

These issues started to cause concern in Lithuania when, in preparing for European Union membership, it sought to transpose the measures of the “e–Europe” program, “to increase the security of the transactions being made through information technologies beginning with technological decisions and ending with the legal means”62. Furthermore, on November 23, 2001, based on the initiative of the European Union, 30 European states signed the convention in Hungary designed to suppress the increasing threat of electronic crimes, “On the basis of the Treaty, the undersigned states undertook to establish national permanently functioning centres providing mutual assistance on all the issues relating to computer crimes, beginning with computer hacking and embezzlements and ending with grave crimes posing a threat to life”63. In Lithuania, however, attention is focused exclusively on the state information structure.

The US Doctrine for Information Operations considers a military information infrastructure to be the best protected. However, because it is practically inseparable from the governmental and private information infrastructures, it is also vulnerable. The best characterisation of the vulnerability problem of the private infrastructure is given by A.A.J. Forstner-Billau: “in the past information technologies were implemented in business as single systems, which practically had nothing to do with other systems at all, and therefore not only technologies themselves differed but they also were incompatible – now it is sought consistently and continuously to resolve this problem”64 and information technology companies earn big money for doing just that. Currently, developing businesses of the Eastern European states are introducing much more advanced technologies which must comply with general standards, including safety standards, because business logic demands doing so. A.A.J. Forstner-Billau thinks, however, that the process of protecting the private information infrastructure may be sped up: “it is necessary to draw high-quality information security products to the market, which are expensive and often unaffordable to a single business, therefore business of a small state should be attractive to investments of large corporations, and a part thereof would be allocated to information security”65.

The problems, which governmental information infrastructures of small states encounter, are analogous to those faced by the private sector. Public administration information systems were created without being controlled – there were information systems of separate ministries and agencies which were not co-ordinated with one another. Resolving the problem of information security in the public administration sector has an essential advantage – there exists the possibility to entrust a specific institution and responsible officials with resolution of that problem. An agency has been established in the Federal Office of Austria to solve the issues of information technologies compatibility66.

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63 Ibid.
64 Forstner–Billau A.A.J. Op cit., p. 231 (note 54).
65 Ibid., p. 233.
66 Ibid., p. 234.
In the year 2001, the Government of the Republic of Lithuania, in creating favourable conditions for the safe development of the information society and electronic government, authorised the Ministry of the Interior to co-ordinate information technologies security actions in the state sector. The Ministry devised the State Strategy for Security of Information Technologies and planned measures for its implementation by the year 2005. Both of these documents establish the principles of ensuring security measures requiring implementation, which include the development of the legal basis, preparation of recommendations and methodologies, training of specialists, strengthening security of the most important state information systems and education of the society. According to the Director of the Information Policy Department of the Ministry of the Interior, Aurimas Matulis, “the Strategy underlines that security should be ensured in a complex way by introducing programme, technical, physical security and, of course, administration measures”. Attention should be directed to the fact that the strategy emphasises the principle of information significance, which is one of the most essential ones in the USA and NATO concepts of information security. According to Aurimas Matulis, “security measures should comply with the value of the resources sought to be protected and possible consequences of their violation – it is not every system that needs maximum protection, therefore the security measures to be implemented are selected taking into account their importance and future security costs”. Moreover, the Strategy provides other principles too: observation of the environment; the principle of interdependence of the information technology security systems and the information systems; and the principle of training users and specialists of information technologies. The last principle is also accentuated in the US Joint Doctrine for Information Operations. It is of particular importance, since, according to Aurimas Matulis, “to a great extent – about 70 per cent – security of information technologies depend on the human factor and organisational processes, and only about 30 per cent – on technological facilities”.

To implement the above-mentioned Strategy, it is planned to allocate 3,2 million Lithuanian Litas (930,000 Euro) in the years 2002-2004. Furthermore, seeking to implement the security management principles at state institutions, the Government approved the General Requirements for Data Protection. They establish that state institutions shall have to prepare and, upon co-ordination with the Ministry of

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68 It is sought to ensure safety of information technologies it Lithuania http://www.vrm.lt/nuorodos/rvs/sp030108.htm 06.09.2003
69 Ibid.
71 It is sought to ensure safety of information technologies it Lithuania http://www.vrm.lt/nuorodos/rvs/sp030108.htm 06.09.2003
72 Resolution No. 2015 of the Government of the Republic of Lithuania of 31 December 2002 On data Protection in the State and Municipal Information Systems
the Interior, approve the security policy and ensure compliance with it in its activity. The requirements were co-ordinated with the Lithuanian Association of Municipalities; therefore, it has been recommended that local governments follow them.37

Furthermore, according to Director Aurimas Matulis, “with Lithuania successfully integrating into NATO and the European Union, it is necessary to properly prepare for working together in the electronic space, to ensure the safe exchange of information between organisations of our country and international organisations, as well as between foreign countries”34. Therefore, the State Security Department, the Ministry of National Defence and the Ministry of the Interior jointly form the security system which will guarantee the safe processing, storing and transmission of electronic state secrets via computer networks. The work done by Lithuanian specialists in this sphere received positive evaluations from NATO and US experts.35

Conclusions

In the age of information, post-modern military conflicts will occur when states and other international relations actors seek to consolidate their policy in the global information space by force. These conflicts, however, will not resemble the Clausewitz model where leaders set political goals and control soldiers; soldiers fight directly and are lawful targets of violence; and the civilians do not participate in the conflict but support their leaders by paying taxes and backing their political goals. A conflict in the information age is a “pre-Westphalian” conflict where crimes against the civilians and the internal order of the state were the norm. But the means for achieving a victory will be the most modern ones.

The state must look for new means of ensuring the security of its citizens. The USA and other great powers suppose that information dominance on the global information space may ensure success in future conflicts, and this may be achieved by means of information operations. The means of public information, as well as coordination of information actions between military and civilian spheres are of paramount importance during these operations. NATO has devised such a strategy, therefore Lithuania, as a member of the alliance, should use this experience.

In the age of information, states associate their wellbeing with the programs of “the information society”, “the knowledge-based society”, “the electronic government”, etc. However, information may serve not only as a means of production, but also forms the basis for destruction. Therefore, every state must devote particular attention to information security. Lithuania has already made the first steps in this sphere: the State Strategy for Security of Information Technologies and the plan of measures for its implementation until the year 2005 have already been devised. Nevertheless, there is much to be learned from the experience of Austria, a fellow member of NATO.

37 It is sought to ensure safety of information technologies in Lithuania http://www.vrm.lt/nuorodos/ rvs/sp030108.htm 06 09 2003
34 Ibid.
35 Ibid.
Changing
European
Security
Space
EU's Common Foreign and Security Policy and Lithuania

The controversial war in Iraq has revitalized the Common Foreign and Security Policy (CFSP) of the European Union (EU), which has been stagnant since Maastricht Treaty and the failure in the Balkans. The development of the CFSP is accumulating acceleration: the EU will soon have not only a common market, common institutions and a single currency, but also a common constitution, minister of foreign affairs and even a common army. The leaders of the larger states are especially enthusiastic about a stronger CFSP as a counterweight to the US dominance in the international security affairs. The authors of this article contend that clearly articulated and globally projected CFSP will not be possible unless common European interests stemming from as common European identity and implemented by common supranational institutions will emerge.

The impact of the CFSP on Lithuanian foreign and security policy will depend on the pace of European integration in this area and the strength of European identity within the political elite of Lithuania and the society itself.

Will this impact be of a positive nature? It will depend on the way Europe will choose: creation of an independent defence structure as an alternative to NATO or development of a cohesive strategic partnership with the US and NATO. In any case, Lithuania will have to constantly seek for a subtle balance between her commitments to NATO, implications of the EU membership and the strategic partnership with the US. In this process Lithuania will need not only impressive indicators of a rapid economic growth or modern military capabilities but especially excellent diplomatic skills to maneuver among the riffs of transatlantic relations in order to safeguard national interests of Lithuania.

Introduction

The simple and at the same time genius plan of Jean Monnet and Robert Schuman to merge the steel and coal industries of two eternal rivals, Germany and France, in the beginning of the 50’s has launched the ambitious European integration project. This project initially had to prevent a new war but outgrew this purpose and

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eventually turned into an economic and political union encompassing 15 countries. In spite of 50 years of successful economic integration that led to a single market, single currency and supranational institutions, in the security and defence realm the achievements of the European Communities and later the European Union (EU) were rather modest and sometimes even underwent complete fiascos.

In December 2002 in Copenhagen, Lithuania was invited to the EU to take effect on May 1, 2004. What will be the foreign policy of the enlarged Union? How will the future membership affect the security policy of Lithuania, which so far was balancing between support to sometimes completely diverging policies of the US and those of the EU towards crucial issues of international security such as the disarmament of Iraq or the International Criminal Court? In Lithuania there are numerous articles, op-eds and books written on the subject of eurointegration, economic union, common foreign and security policy, EU institutions and decision making mechanisms. Among the most recent works on these topics are the books: by Klaudijus Maniokas “Enlargement of the European Union and the Europeanization: accession of the Central and Eastern European states to the EU”\(^1\); Egidijus Vareikis “Europe turning into a dinosaur”\(^2\), Ramūnas Vilkpišauskas “Integration in Europe: Baltic States and the European Union” (“Integracija Europoje: Baltijos šalyse ir Europos Sąjunga”)\(^3\). Authors of this article have also previously written on the matter\(^4\).

In spite of the huge body of literature available, many empirical and theoretical problems remain unresolved. After all, the dynamics of the policy of the EU and its members is in a constant state of flux triggered by an ever-changing international environment. Therefore it presents a nearly bottomless source for academic research. The most recent material for such research are the results of the work of the Convention on the future Europe that ended in July 2003. The Convention that lasted a year and a half and gathered representatives from the EU Parliament, Commission and members of parliament of the current and the future members of the EU concluded with the drafting of the EU Constitutional ‘Treaty’\(^5\). The Draft Treaty has foreseen rather significant changes in the functioning of the Union’s institutions and the CFSP in particular. The Constitutional Treaty has yet to be approved by the Intergovernmental Conference that starts in Autumn 2003. In the context of the future EU membership of Lithuania all these questions gain additional meaning and significance.

The authors of this article seek two objectives. Firstly, we will try to explain why despite the success of economic integration the EU was not able to achieve anything similar in the sphere of CFSP: having become an economic giant the EU

\(^1\) Maniokas K. Europos Sąjungos plėtra ir europeizacija: Vidurio ir Rytų Europos valstybių įsivystymas | Europos Sąjunga., Vilnius: Eugrimas, 2003  
\(^2\) Vareikis E. Dinozaurėjant Europai., Vilnius: Strofa, 2002  
\(^3\) Vilkpišauskas R. Integracija Europoje: Baltijos šalyse ir Europos Sąjunga., Vilnius: Arila, 2001  
remains a political dwarf. Secondly, what is and what should be Lithuanian policy towards the CFSP in the future: unconditional support for the CFSP ("pro-European politics"), ignorance of the CFSP ("pro-American" position) or balancing between the two and search for compromises ("euro-atlanticist" policy).

The main assumption of the authors of this article is that clear articulation and global projection of the EU's CFSP will not be possible until clear-cut common internets based on common European identity and implemented by efficient supranational institutions will emerge. Accordingly, the influence of the CFSP on the security policy of Lithuania will depend on the pace of European integration in this sphere as well as on the strength of European identity within the Lithuanian political elite and society itself.

In the following paragraphs we will review the theoretical framework existing with regard to EU integration in the sphere of CFSP.

1. Problem of European security identity

Various international relations theories differ in explaining the phenomenon of European integration by attaching different weight to the variables discussed above: identity, interests and institutions. However some authors conclude that all these efforts are usually not very successful⁶. Different international relations theories rather successfully explain separate aspects of the phenomenon of EU integration – economic benefits, social welfare, peace or security; however to tackle the essence of the entire process one needs a synthesis of different theoretical approaches.

1.1. European integration and theories of international relations

European integration has become a huge challenge to the realist paradigm that has dominated the international relations theory throughout the Cold War. The dynamics and logic behind this phenomenon have contradicted all the main assumptions advocated by realists. For example, one of the most prominent realists, K. Waltz, contended that economic cooperation leads to interdependence which constitutes a threat to the national security of states⁷, therefore the states as rational actors seeking to ensure their national interests should avoid such interdependence. The reality of eurointegration neglected this assumption: European countries not only expanded their economic cooperation to a single market, but also delegated a part of their national sovereignty to supranational institutions.

European integration has become a central focus for the liberal paradigm⁸. The liberal school of thought asserts that nation-states are not the only actors of

international relations - international organizations are no less important. Moreover, economic cooperation among countries that for ages were engaged in wars did not threaten their security but became an indispensable condition for prolonged peace in Europe.

However these liberal assumptions cannot explain why successful economic integration of European countries did not lead to political-defence integration. If economic interdependence diminishes the likelihood of war to a minimum, common security and defence policy would enable better protection of EU interests from external challenges. In a certain sense, the realist could explain the latter phenomenon better by arguing that national security is the main attribute of a state, the ultimate expression of its sovereignty and therefore the states are not willing to abandon their historical prerogative in favor of common security interests of the EU. If the liberal paradigm can successfully explain economic integration, the realist paradigm is better at explaining why similar integration did not take place in security and defence affairs. However neither paradigm could pull both trends into one consistent integration theory.

Some authors contend that post-positivist social constructivism can offer a more viable European integration explanation. Constructivists maintain that material structures only have meaning in a certain social context through which we can interpret them. In other words one cannot understand the EU as merely an international organization carrying out certain functions that were provided by the member states. A number of social factors must also be considered: European history, political geography, norms, values and even ideas that influence and form thinking of the Europeans themselves. Postivist realist and liberal paradigms simplify social reality therefore rational explanation models cannot explain the influence of these less rational yet no less important factors of EU policy.

One of the most important variables in the constructivist approach is the identity of the subject of international relations, which to a large extent determines its interests and preferences. In other words, in the term “European Union” the word “European” is no less important than the word “Union”; accordingly in the term “American hegemony” the word “American” is as important as “hegemony”. Identity is a priority value and a normative construction having specific political, social, cultural and other qualitative features that distinguishes a subject of international relations among other actors. There is a qualitative difference between such concepts as “European Union” and “Soviet Union” or “American hegemony” and “European hegemony”.

Although the authors of this article do not intend to disregard the theoretical concepts of traditional international relations theories such as sovereignty, national security or power, in the analysis of the current EU CFSP the authors take into account these rather new and important insights about the social nature of the EU and its influence on Lithuanian security policy.

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10 See: Checkel J. T. “The Constructivist Turn in International Relations Theory”, World Politics, 50(2)
1.2. One Europe or many Europes?

What is “Europe”? It would be wrong to assume that Europe lacks identity. On the contrary: Europe has many identities. One can draw different but closely interrelated maps of European identity: political, geographical, security, economic, cultural or religious\(^\text{12}\).

The simplest map of Europe is the political one – it is a map of more than 40 countries of various sizes from tiny Malta and Liechtenstein to France and Germany. Out of these 40 states 15 are members of EU with 10 ten more due to join in 2004. From the ethnic perspective it is more than 100 ethnic communities\(^\text{13}\). Geographical boundaries of Europe are usually drawn around the Mediterranean in the South, Atlantic in the West, Arctic in the North and Ural mountains in the East. Thus countries like Russia, the Ukraine, Turkey and even Armenia, Georgia and Azerbaijan can have legitimate claims of being a part of Europe. Nearly 270 million people in Europe live outside the EU and it is without 150 million Russians. It would be incorrect to identify Europe solely with the EU. In terms of culture and religion Europe is also far from being a homogenous entity: Europeans speak in 36 different languages\(^\text{14}\) (excluding dialects); there are Catholics, Protestants, Pravoslavs and Muslims living in Europe.

The security map of Europe is even more complicated. The Euro-Atlantic Partnership Council (EAPC) and Organization for Security and Cooperation in Europe (OSCE) encompass more than fifty countries of Europe, North America, Caucasus and Central Asia. NATO and the EU are carrying out rapid expansion to Central, Eastern and Southern Europe. Even the Ukraine, Azerbaijan and Georgia are contemplating the possibility of becoming NATO members. The king of Morocco has also applied for EU membership\(^\text{15}\). It all boils down to a question how far will the EU and NATO expand and will the membership in these organizations ultimately define the boundaries of Europe?

The definition of European identity also depends on the perspective. During the Cold War the concepts of the “West” and “Europe” were synonymous although Greece and Turkey (southeast Europe) belonged to the “West” and Czechoslovakia was in the “East”. The future member of the EU Cyprus is only 200 km away from the coast of Lebanon and it is further south than Tunisia and Algeria and further east than Kiev. French president De Gaulle had a “certain idea of Europe”\(^\text{16}\) – he envisaged Europe as a political union of sovereign states stretching from the Atlantic to the Urals. NATO “Europe” covers the area from “Vancouver to Vladivostok” (in comparison to the EU “Europe from Lisbon to Liubliana ”)\(^\text{17}\). Partnership for peace

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\(^{12}\) For deeper analysis of “mental maps” of Europe see: Walker M. “Variable geography: America’s mental maps of a Greater Europe”, *International Affairs*, vol. 76, no. 3, 2000, p. 459-475

\(^{13}\) See: McCormick M., op. cit., p. 92

\(^{14}\) Ibid.

\(^{15}\) Wallace W. “From the Atlantic to the Bug, from the Arctic to the Tigris? The Transformation of the EU and NATO”, *International Affairs*, vol. 76, no. 3, 2000, p. 477


\(^{17}\) Walker M., op. cit., p. 452
exercises were carried out in Kazakhstan which is in Central Asia. One could conclude that Europe seen through the windows of Washington seems bigger than the one seen from the windows of Brussels. It is possible to speculate that NATO enlargement would not have taken place if the US had left the whole responsibility to Europeans themselves. Rapid expansion of NATO in turn prompted the eurobureaucrats to hasten EU enlargement as well. To conclude, any definition of “Europe” is unavoidably subjective and depends on the historical, cultural and political perspectives of the observer.

The current Iraqi crisis reaffirmed that it is impossible to talk about any common political identity of Europe under the flag of the EU. Some politicians and observers also announced a new partition of Europe – this time between the “Old Europe” – France and Germany – that try to counter American global dominance and the transatlantic “New Europe” that supports American policy18.

On the other hand, having in mind the huge political and cultural varieties and hundreds of years of wars that tore apart the European continent again and again, the current level of European integration is unbelievable. Such symbols of European unity like the EU flag, anthem (Beethoven’s “Ode to Joy”), single currency and finally draft Constitutional treaty are signifying the development of a common European identity. After all, as M. McCormick contends, the development of European identity depends on Europeans themselves and the pace with which they will be able to break the historical myths and forget the past of wars.19. The latest polls of the Eurobarometer indicates that more than 50 % of EU citizens claim to be not only German, Italian or Finnish, but also Europeans; 10 % claim to be only Europeans20. If the proportion of such thinking will grow in the future the logical next step would be a true European citizenship.

In conclusion, it is difficult to envisage a common EU foreign and security policy in the absence of a clear-cut identity of Europe as such. On the other hand the identity of Europe is best defined by variety and pluralism rather than unity and homogeneity. It is highly unlikely that the EU will ever behave in the international arena as one single and supranational state. After all, social reality is way more difficult than the sum of relations among nation-states and international organizations – as the realists and liberals would have us to believe.

1.3. European dimension of Lithuanian security identity

How does he European identity unfold in Lithuania? “Return to Europe” was a credo of Lithuanian foreign policy since the recreation of the state. During the referendum on the EU membership in May 10-11, 2003, nine out of ten citizens of Lithuania that came to vote said “yes” to the EU while in Estonia, allegedly the most pro-European country out of the three Baltic states, only 63 % voted in favor.

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18 For example, see: “New Europe, Old Europe”, Wall Street Journal, 24 Jan. 2003
19 See: McCormick M., op. cit., p. 73
A question rises whether such desire of Lithuanian society to join the EU erupted due to European self-identification of Lithuania or due to the hopes that the rosy promises of the politicians will come true. It would be naïve to conclude that the citizens of other European countries voted in favor of EU membership only out of European solidarity. On the other hand, it is legitimate to ask what constitutes the content of “European identity”? Is it the history which saw many wars, radical nationalism and xenophobia; is it culture and language which have more differences than similarities; is it the EU symbols – the flag, the anthem, the Euro and the EU passport, which trigger less emotions for the Europeans than their national symbols? Or maybe it is the social welfare and security provided by the EU, the freedom to travel, work and do business in any country. Apparently the right answer is somewhere in between as the former ultimately led to the latter21.

Today nobody would argue that Lithuania belongs to Europe. However the contents of the European identity of Lithuania are not clear, especially in the sphere of security. Yet it is no doubt that the process of eurointegration itself and the formal requirements for membership and preparation for it had a very strong impact on the “europeanisation” of Lithuania22. On May 1, 2004, Lithuania will become a part of the EU’s political map as a full-fledged member.

Lithuanian identity at the regional level is very complicated. Lithuania is the most southern country of Northern Europe and the most northern country of Central and Eastern Europe. Lithuania is also one of the countries of the Baltic Sea region. Belonging to one or another region implies rather different aspects of Lithuanian security and defence policy. Lithuanian presence in Northern Europe is first of all manifested through a rather elaborate network of political, economic, cultural and military bilateral and multilateral ties in the format of 5 (Nordic countries) + 3 (Baltic countries) which recently started to transform into more cohesive NB8 format. This format will likely be exploited within the framework of the EU to facilitate conciliation of interests and policies among these countries.

In the Central and Eastern European regions Lithuania has emerged as one of the leaders especially due to the success of the Vilnius group, which has coordinated the efforts of the NATO hopefuls in their preparation for NATO membership. Finally the Baltic Sea region is institutionalized in the format of the Council of Baltic Sea States (CBSS), which encompass Finland, Sweden, Denmark, Poland, Russia and Germany in addition to the Baltic states. The agenda of the CBSS consists of economic, social and environmental issues.

Paradoxically the largest influence on Lithuanian foreign and security policy is exerted by an outside non-European factor – the US. It is impossible to disregard the role of the US when talking about Lithuanian security identity especially in the context of NATO membership. The Baltic – US charter of 1999 has reinforced this role. In the beginning of this century this cooperation expanded into a 5 + 3 + 1 format, which is aimed at retaining US interest in the regional affairs of North East-

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21 One of the most interesting accounts of European identity is: Delanty G. Europos tūrismas: ideja, tapatumas, realybė. Vilnius, Lietuvos rašytojų sąjungos leidykla, 2002.

22 The phenomenon of Europeanization of Lithuania is analyzed in: K. Maniokas, Op. cit..
ern Europe and coordination of efforts to expand the zone of security eastwards. Although some Lithuanian authors assert that the US impact on Lithuanian foreign policy was and still is overestimated, while the influence of the big EU countries, especially Germany, is underestimated, the authors of this article argue that belonging to Europe should be the one and only factor and option for Lithuania in setting its security policy priorities. These priorities must be determined not by sentiments to one or another country but by objective geostrategic calculations.

2. Global role of the EU

The formation of the EU identity as a pluralistic community is no doubt an important factor defining the exceptionality of the EU and to a certain extent determining its place in the world. However to define the identity of one or another subject of the international system is not enough to explain its practice of external relations. In other words, the role and power of the EU in the world is determined by two other variables – interests and the instruments of their implementation – institutions and appropriate economic, demographic and military resources.

2.1. EU interests: the problem of common denominator

Although the European identity is very difficult to grasp, all EU countries have one thing in common – they are all in Europe. After all it is the essential criterion beside democracy and a market economy to qualify for EU membership. Without any common identity it would be simply impossible to even contemplate about some common interests. Therefore the presence on the continent of Europe itself is a certain lowest common denominator for common interests to emerge.

However the constructivist approach to international relations has one backdrop – while explaining the importance of the social context of the international system it tends to disregard the actors of this system – states and international organizations. Preferences, motives, intentions and interests of these actors are the building blocks of the social reality and not vice versa, although there is a certain feedback. Of course it is important to realize that, for example, the humanitarian endeavors of the EU are an organic part of its own identity rather than pragmatic policies and other countries do expect the EU to behave like that. It is a different story how this interest is implemented in practice and how it affects the relations between the actors. The solution to the latter question is a matter of politics and has little to do with identity.

European integration itself started from a common interest – to avoid another war between Germany and France. Another important common interest was determined by the Soviet threat. In other words, in the beginning of European integration the common denominator of interests was rather high. After the Cold War, the threat of the Soviet aggression faded away, the spectrum and variety of national interests have widened greatly and they have become increasingly contradicting: therefore the

25 For example, see: Nekrašas E. “NATO ir Europos Sąjungos santykių transformacija bei Lietuvos užsienio politika” in Šiaurės Atlanto erdvė ir Lietava., Vilnius: Eugrinas, 2001, p. 35
common denominator went down. However it would be wrong to assume that the EU
does not have any common interests. On the contrary: the growing economic power
and economic interests of the EU requires a strong common policy in the world
arena. This understanding was embedded in the Maastricht treaty J.1 article outlin-
ing the objectives of the CFSP, which could be also considered as the “common
interests” of the EU:

- to protect the common values and fundamental interests of the Union and
  its independence;
- to strengthen security of the EU and its members;
- to preserve peace and strengthen international security;
- to foster international cooperation;
- to consolidate democracy and the respect for human rights and freedoms.

Hardly any EU country would disagree with these objectives. The problems
arise due to diverging perceptions of how to implement these noble goals. For exa-
ample, when the EU was trying to solve the crisis in the Balkans in the beginning of the
last decade, all EU members agreed that the main EU interests were restoration of
security and peace in the region; however different countries had different views
towards the strategy of implementation of these interests. The CFSP ended up being
not at all common, not security, and not policy.

2.2. Challenges of the CFSP Implementation

It is obvious that wishful thinking will never be sufficient for a truly common
CFSP. The opportunities for implementation of interests and therefore the success of
the EU in external affairs are affected by several factors.

First is the strength of the link between France and Germany: today this link
seems stronger than ever – common sittings of the Parliaments of both countries are
the best proof of this. The Paris – Berlin axis actually is the main driving force behind
the CFSP. However the Iraqi crisis has indicated this axis may lose its grip if it
disregards the views and interests of other big EU countries, especially the United
Kingdom, Italy and Spain and will try to shut out the future members of the club.
After all, any consistent CFSP would not be possible without the involvement of the
United Kingdom – the most prominent European military power beside France. In
1998 the British and French Prime Ministers T. Blair and J. Chirac signed the St
Malo declaration which expressed the belief that Europe needs autonomy from the
NATO security and defence dimension was a step forward in this respect but the
events surrounding the war on Iraq was definitely a step back.

The experts of the daily Financial Times came to conclude that Europe today
faces three problems: a British problem, a German problem and a French problem34.
It remains to add that all these problems are related not only to the problem of

34 See: Ash T.G., Mertes M., Moisi D. “Only a club of three can bring European unity”, Financial
Times, 11 July 2003, p. 11
compatibility of interests but also with the problem of identity. For the past 30 years of EU membership London has been lost between its “special relationship” with Washington and Atlanticism on one side and euro scepticism and actually belonging to the EU on the other. The French political elite adhere to a slogan that everything that is bad for America is good for France, Paris tries to apply the same slogan to the rest of Europe. It is therefore natural that J. Chirac’s proposal to the EU candidates that supported the US to keep quiet was met by frustration in the capitals of these countries. The problem of France is not as much its historical antagonism towards the US as the attempt to shape the European identity on the basis of anti-americanism, which is in itself a destructive strategy. Such strategy not only failed to achieve any positive results but also further deepened the rift between the “old Europe” and the “new Europe”. Finally Germany seems to struggle in its search for identity within Europe, haunted by historical traumas, unrealized political-military potential of leadership and fading euroenthusiasm. Experts of the Financial Times prescribe a rather simple recipe to cure these ills: a more European United Kingdom, a more modest France and a more bold Germany.

Another important factor or constraint of the CFSP is political crises within the EU and the ability or disability of the EU to handle them. The principle of consensus on CFSP decisions breaks apart every time the EU faces a serious crisis. This was the case with the Balkans when Germany „forgot“ to consult other EU members and recognized the independence of Slovenia and Croatia, while the efforts of the EU to manage the crisis was a total fiasco and engagement of the UN and later NATO became necessary. A very similar situation emerged during the second Iraqi crisis: instead of a firm single EU position, there were: the Letter of Eight, the declaration of the Vilnius 10 group, and the staunch resistance from Germany, France and Belgium. On Iraq the EU not only did not a common policy but also failed to even coordinate actions of separate member states. Crises like these are the best test to the viability of the CFSP. Until now, the EU always failed to pass it.

Yet another important factor is the transatlantic link that seems to be at its lowest point since the end of World War II. On one hand, after the crises in the Balkans and especially the Kosovo war, the US became increasingly disillusioned about the ability and willingness of the EU to share the burden of security. Washington seems to rely on unilateral military action reinforced by “coalitions of the willing” when it comes to handling serious international crises. Ungrounded EU political ambitions and an unwillingness to invest accordingly into its own security and defence had opposite consequences: the influence of the European allies in Washington decreased with regard to solutions of main international security issues (examples include the wars in Afghanistan and Iraq). On the other hand, growing American unilateralism prompted some of the most important NATO allies to distant themselves from Washington’s policy choices. If the anti-American mood of the French government was hardly surprising, the analysts did not forecast the fierce resistance of Germany to war on Iraq assuming that it would melt down eventually and Berlin would join the coalition. One can draw a paradoxical assumption that the EU’s aspirations for more multilateralism in solving international problems only diminished the actual ability of the EU to influence the actual decision-making and its outcomes.

Last but not least is the role of the European Commission (EC) in the EU’s external relations. The EC is the most effective tool of decision-making and imple-
mentation within the institutional framework of the EU as it is not binded by the principles of intergovernmentalism. The problem so far is the limited functions and competency rendered to the directorate general on external affairs led by Ch. Patten. The functions of this DG are limited to political aspects of external economic and trade relations, while security and defence remained under the auspices of the second pillar - CFSP. Obviously, the EC sometimes does employ its weight in order to reconcile the positions of the member states on various issues of international politics, however EU members cautiously observe that the EC would not abuse its powers. The result is evident – the EC can only express its regrets. However the planned institutional reforms of the EU, which shall be discussed in the following chapters, may increase the weight and power of the EC in international affairs.

In spite of many mentioned above problems of common denominator the EU does have very clear interests in one area of external affairs - economy. The economy is probably the most prominent source and expression of the EU’s global role.

2.3. Economic dimension of the external relations of the EU

Article I-3 of the Draft Treaty establishing a Constitution for Europe defines the principles of external relations of the EU as follows: “In its relations with the wider world, the Union shall uphold and promote its values and interests. It shall contribute to peace, security, the sustainable development of the earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and protection of human rights and in particular children’s rights, as well as to strict observance and development of international law, including respect for the principles of the United Nations Charter.”

Today the EU has its missions both at major international organisations and more than 120 third world countries to carry out its external affairs, the CFSP and foster bilateral and multilateral relations worldwide. In 1997 the Amsterdam Treaty gave way to the European Council to prepare long-term common strategies for separate countries and regions. The EU possesses quite a few political and economic tools to increase its global influence. These are technical and economic cooperation programs with third world countries, humanitarian assistance funds, common diplomatic actions, conflict prevention means, common positions and actions in various international organizations and multilateral forums. Although 4/5 of the trade volume of the EU is internal trade and trade with other non-EU European countries it is still the main actor of global trade. The share of the EU in global trade is highlighted in graph 1.

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25 Common strategies for Russia and Ukraine were approved in 1999, and a strategy for the Mediterranean in 2000.
1. GRAPH: Global trade.

![World trade in goods in 2000](image)

![World trade in services in 2000](image)

Source: [http://trade-info.ccc.eu.int/doclib/cfm/doclib_section.cfm?sec=110&lev=2&order=date](http://trade-info.ccc.eu.int/doclib/cfm/doclib_section.cfm?sec=110&lev=2&order=date)

The data provided in the graphs above indicate that the EU is in a position to employ its economic relations to pursue its political goals. However EU relations are not always very smooth vis a vis the World Trade Organization (WTO), especially because of EU agricultural policy. The EU position with regard to trade in agricultural goods is opposed by the US, Australia, Canada and many developing countries. Disagreements between the EU and other members of the WTO sometimes arise over admission of new members like Russia or China.
Today the EU is the biggest provider of international assistance. Although the EU itself accounts only for 10% of global international assistance, together with separate member states it accounts for 55% of the overall assistance to developing countries. The annual portfolio of EU external assistance amounts to 9.5 billion. The EU also pursues its international authority by actively participating in multilateral environmental protection programs. While in the beginning the European Communities were focused on helping the former colonies in Africa, the Caribbean and the Pacific areas, today 2/3 of the EU’s assistance flows to Central and Eastern Europe, the former Soviet States, the Balkans, the Near East, the Mediterranean countries, Asia and Latin America. This support to regional development encompasses institution building, macroeconomic programs and protection of human rights.

Among different regions North America is the most important partner of the EU. Cooperation encompasses a lot of spheres from trade, intensive people-to-people contacts to security and defence. The EU-US relations are based on the Transatlantic declaration of 1990 which set bi-annual summits; the “New Transatlantic agenda“ of 1995, which prescribed further enhancement of world trade and bilateral relations; the document on the transatlantic economic partnership of 1998, committing both sides to remove technical obstacles to trade and foster multilateral liberalization; and the Bonn declaration of 1999 which calls for a comprehensive and equal partnership in economic, political and security realms.

The EU and the US are the main actors, partners and competitors of the global economy. Together they amount for almost half of the global capital and trade flows, their investment constitutes almost one billion euros a day. To each other they are the main partner for foreign investment. Graph 2 on EU trade in services illustrates one of the aspects of this importance – the US amounts to 2/3 of the EU trade in services. Business communities and their “transatlantic business dialogue“ also contribute to bilateral relations. In 2000 and afterwards the volume of trade and investment between the EU and the US exceeded one trillion euro. In 2002 the EU imported from the US goods worth €174 billion and services worth €120 billion euro. The export of EU goods and services to the US amounted to €238 billion and €116 billion respectively.

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26 Information of the European Commission delegation in Lithuania, see: http://www.eudel.lt/lt/es_pasaulyje/ispareigojimai.htm
GRAPH 2: EU trade in services in 2002

![Graph showing EU trade in services in 2002 with USA at 62%, Switzerland at 19%, Japan at 8%, Other at 8%, and Canada at 3%]

Source: EUROSTAT

In spite of these impressive numbers close economic cooperation does not prevent the EU and the US from substantial disagreements on a number of different issues: the European countries criticise the US for not ratifying the Kyoto protocol on environment protection, for the death penalty, tariffs on steel imports and non accession to the International Criminal Court; whereas the US is not pleased with EU agricultural policy, the import embargo of genetically modified goods and a too modest military contribution to NATO. Finally the Iraqi crisis shed some light on some fundamental differences with regard to the perception of the international security order.

One of the strategic priorities for the EU is to bring peace and security to Southeastern Europe and involve the countries of the region to European political and economic life. During the 1999 EU summit in Cologne the heads of state adopted the stability pact for Southeastern Europe 26. This document focused on regional cooperation initiatives that would foster business, environmental protection and the fight against corruption and organized crime. The process of stabilisation and creation of common structures is the main policy tool that the EU employed with regard to Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro and Macedonia. The ongoing process encompasses economic and financial assistance, political dialogue, promotion of the free trade area and adoption of the EU legal system and practices. The EU is providing the countries of the region with substantial financial and technical assistance. During the last decade the EU injected €4.5 billion to the rebuilding of the region with the projected aid for 2000-2006 being even bigger 27.

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26 The document is available on-line, see: [http://www.stabilitypact.org/stabilitypactei/catalog/cat_descr.cgi?prod_id=1806](http://www.stabilitypact.org/stabilitypactei/catalog/cat_descr.cgi?prod_id=1806)

27 Information of the European Commission delegation in Lithuania, see: [http://www.eucan.lt/lt/es_pasaulje/isipareigojimai.htm](http://www.eucan.lt/lt/es_pasaulje/isipareigojimai.htm)
The EU maintains rather close relations with countries of the Mediterranean that are based on the 1995 Barcelona declaration. In the spirit of this declaration the EU has already signed bilateral association agreements with Morocco, Tunisia, Jordan, Palestine and Israel. The aim of this process is by 2010 to create a free trade zone of Europe and the Mediterranean. The European investment bank provides the countries of the region with €1 billion worth subsidies and €1 billion worth loans in order to help overcome difficulties associated with free trade. There is already an active economic exchange going on between the EU and the region (the volume of this exchange amounted to €2.2 billion in 2000\(^{30}\)).

The EU is a long-standing participant of the Middle East peace process albeit a not very succeful one. The policy of the EU abides by the principle that only regional cooperation and economic development of the countries in the region can be the way to peace. Obviously such a commitment requires substantial financial support. The EU is a chairman of the Regional economic development group. The EU assistance to Palestine in particular stands out – from 1994-1999 the EU has provided Palestine with €1.6 billion aid or 60 % of the total international assistance\(^{31}\). In 2003 the EU together with Russia, the US and the UN finally drafted the long awaited peace plan - the Roadmap - that allegedly satisfied all interested sides, however the never ending mutual bloodshed destroys all hopes for peace.

EU economic relations with Russia and other CIS (Commonwealth of independent states) countries are based on the TACIS program. This program seeks to transfer the experience of transition to a market economy, the strengthening of democracy and rule of law. The current seven year-program focuses on public administration reform, expansion of the private sector and social consequences of transition to a market economy. Russia plays a rather important role in the EU external economic relations. Of particular importance is the EU import of energy resources (oil and gas) from Russia. In 2001 EU trade with Russia amounted to €65 billion.\(^{32}\)

The EU also pursues more extensive economic relations with Asian countries (Japan, China, South Korea, Malaisia etc.), Africa and Latin America.

### 2.4. EU economic relations with Lithuania

It would be naive to think that Lithuania is an indispensable trade and investment partner for the EU, however a rapid expansion of economic relations between the EU and Lithuania throughout recent years do indicate a very positive trend. In 2002 the EU accounted for 48 % of foreign trade of Lithuania (see Graph 3). In 2002 the biggest trade partners of Lithuania by country were: Great Britain – 2.73 billion Lt, Germany – 2.1 bn Lt, Denmark – 1.04 bn Lt, Sweden – 0.85 bn. Lt, France – 0.83 bn. Lt, Netherlands – 0.64 bn. Lt, and Italy – 0.57 bn. Lt. These data indicate that currently Lithuania enjoys rather wide economic relations with the major EU members. Central

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\(^{31}\) Ibid.

\(^{32}\) See: http://europa.eu.int/comm/external_relations/russia/intro/trade.htm
European countries (CEFTA) and EFTA members account respectively for 7.3% and 3.4% of Lithuanian foreign trade (see Graph 3). It is noteworthy that the trade relations with the CIS countries were constantly diminishing during the last decade: in 1996 the CIS accounted for 38% of Lithuanian foreign trade, in 2002 this indicator dropped to 23%.

**GRAPH 3: Foreign trade of Lithuania 1996 – 2002 m.**

![Graph 3](image)

Source: The Statistics Department of the Republic of Lithuania, 2003

In 2003 direct foreign investment of the EU countries in Lithuania constitute 7840 bn. Lt or 60% of all investment (see Graph 4). During the last three years the attention and activity of the CIS investors, in particular Russian companies, was significantly growing: the volume of investment increased from 153 million Lt in 2000 to 702 million Lt in 2003. It is also important to note that these numbers do not reflect the privatization of Lithuanian companies where the Russian capital is also very active.

**GRAPH 4: Direct foreing investment in Lithuania in 2003**

![Graph 4](image)

Source: The Statistics Department of the Republic of Lithuania, 2003
A very general overview of EU external relations allows asserting that the EU is a major actor in the world economy. Huge economic potential, wide international links with all regions in the world, assistance to developing countries and humanitarian aid in cases of natural disasters of armed conflicts do provide the EU with certain weight in international relations and peace and security building not only in Europe but in the whole world. However the economic achievements of the EU did not “spill-over” to the CFSP – security policy of the EU failed to meet quite a few crises, which prevented it from becoming an indispensable actor of the international security system. One could attribute the difference between the economic success and the failure of CFSP to the very nature of the market economy, which is driven by profit and the security realm, which is driven by national interest. However the EU did achieve rather considerable progress towards defence integration as well in recent years. Yet it would be difficult to prove a direct correlation between successful economic integration and processes in the defence sector although such a correlation could not be counted out as well. In any case these processes affect and reflect in the Lithuanian policy towards the CFSP.

3. Evolution of Lithuanian approach towards CFSP: challenges and opportunities

Gediminas Vitkus maintains that even prior to the negotiations on the EU accession, which started in February 2000, Lithuania was an active participant of multilateral political dialogue within the CFSP framework. Lithuania on a regular basis has supported EU positions and declarations. Until 2001 Lithuania joined 611 common positions of the EU, including those made in the UN and OSCE. Only 10 times Lithuania decided not to support EU decisions and all of them were related to OSCE missions in Latvia and Estonia and the question of minorities in these countries. Moreover, Lithuania closed the negotiations chapter on the CFSP the moment they started – on May 25 2000. Lithuania did not ask for any transitional periods in this area and fully complied with all legal acquis requirements. In 2001 Lithuania joined 605 EU positions, in 2002 – 471 and during the first three quarters of 2003 – 80 EU positions.

The tremendous impact of EU enlargement on internal and foreign policy of Lithuania raises no doubts. The author of one of the most recent books on EU enlargement K. Maniokas maintains that, “the impact of the EU on the candidate countries is extremely significant both in terms of intensity and volume”. K. Maniokas has thoroughly analyzed the consequences of European integration and the adjustment or the so-called europeanization for Lithuania in the general context of Central and Eastern Europe. Having evaluated the influence of implementation of the Copenhagen-

34 Information of the Ministry of Foreign Affairs of the Republic of Lithuania
gen criteria in Lithuania, the author concluded that, “the EU enlargement has contributed to democratic consolidation, regional and internal political stability, economic growth and the state institution building.” Yet it is important to note that this influence is more clearly apparent within the internal policy of Lithuania (as much as one can separate internal and foreign policy in the context of Europeanization and globalization).

In spite of the rather obvious and empirically tangible positive impact of European integration on Lithuania, the authors of this article argue that the Lithuanian relationship to the CFSP is way more controversial than the easy closure of the negotiation chapter on CFSP or support to the EU positions would imply. The successful outcome of accession negotiations illustrates only the formal side of the Lithuanian approach towards the CFSP. It is not challenging to support EU policy of violations of human rights or genocide in some authoritarian country is at stake. However the Iraqi crisis has demonstrated that Lithuania may face much deeper dilemmas when the most important issues of international security are on the agenda. To make a resolute decision in the case of Iraq was relatively easy because the EU itself did not have a unanimous opinion on the issue. In the future such dilemmas will become sharper if the “second pillar” will move closer to the first pillar and acquire more features of supranationalism – at least this is what the draft of the EU Constitution envisages.

The latter question is related to the problem of the duality of the Lithuanian security identity. Since the very beginning of the Euroatlantic integration process in the mid-90’s the following unofficial integration formula became popular among the Lithuanian political elite: membership in NATO should guarantee a long-term security for Lithuania in its toughest form – article 5 collective defence commitments. At the same time membership in the EU was supposed to bring economic welfare and social stability – the so-called “soft security”. Some Lithuanian authors maintain that, “de facto membership in NATO was for quite a long time – at least until 1999 – number one priority of Lithuanian foreign policy.” The authors of this article consider such a proposition too bold and argue that both processes should be seen as equal in importance to Lithuania although different in their content and their consequences. The alleged fact that until 1999 when accession negotiation with the EU started (in fact, in the same year NATO also adopted the Membership action plan for prospective candidates) the Lithuanian political elite put more effort into NATO integration aspirations can be attributed to a rather objective cause: fading albeit persistent fear of resurgence of Russian expansionist claims and search for long term “hard security” guarantees that the EU would not be able to provide. In the official speeches of Lithuanian diplomats and politicians the formula of Euroatlantic integ-

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36 The following “Copenhagen criteria” were introduced during the EU summit in 1993: political or democracy criterion, economic or freem market criterion and full adoption of acquis communautaire.


38 The Draft of the EU Constitution abolishes the three pillar structure.

ration was rather ambivalent: “Membership in the EU is not a substitute for NATO but they supplement each other”. However one could hardly argue that the impact of membership in the EU on the internal and foreign policy as well as international status of member states have much further reaching consequences than membership in NATO. In this sense one should be cautious while assuming prioritisation of one or another organization in a certain period of time. Apparently other countries that sought membership in both organizations also made similar calculations, although in some cases there were certain preferred leanings towards NATO or the EU. Even among the oldtimers of the EU throughout the Cold war there was a rather strong consensus that NATO is the main collective security safeguard while the European Communities were supposed to bring welfare. However the end of the Cold War and the launch of the CFSP followed by the ESDP brought certain changes to this equation.

3.1. ESDP and its impact on Lithuania

After the euroclerosis of the 80’s the beginning of the 90’s was very promising for the European continent: the Soviet Union disappeared, the “Iron curtain“ came down and the frontiers of Eastern Europe opened up, Germany was reunited, but the turmoil was starting in the Balkans. In the ocean of changes the EU looked like an island of stability. The status of the EU as a civilian power, a club of rich liberal states seemed to be well suited to take up the role of the leader in the emerging “new world order” where the role of military might seemed to be diminishing and NATO seemed to be a relic of the past. Even the US supported a stronger EU role in its own security affairs. However this euphoria soon melted away – the gap between EU ambitions to become an important actor of the international security system and its capabilities became apparent right after the Maastricht Treaty. Europe was not prepared to deal with crises in its own backyard – the Balkans. Only NATO managed to stop the bloodshed and achieve the Dayton peace treaty of 1995. The EU efforts to handle the Middle East peace process were a continuous failure. Even the process of EU enlargement seemed to be the result of rapid NATO enlargement. In addition the Kosovo crisis revealed a clear and hopeless gap between military capabilities of the EU and the US. All of this led to the launch of ESDP – European security and defence policy in 1998.

In 1998 in St Malo (France) the British Prime Minister T. Blair and the French President J. Chirac signed a declaration stating that, “the Union must have the capacity for autonomous action backed up by credible military forces in order to respond to international crises”\textsuperscript{48}. This statement of two main European powers gave way to the decisions of the European Council in Cologne (1999 06) and Helsinki (1999 12) that led to a common ESDP. Until St Malo European defence policy was based on several uncontested principles: 1) European security and defence identity had to be developed under the auspices of NATO and with the support of the US; 2) the Western European Union (WEU) had to be the organizational structure for European defen-

\textsuperscript{48} See: Joint declaration issued at the British-French Summit, St-Malo, France, 3-4 December 1998 / Howorth J. European Integration and defence: the ultimate challenge? Chaillot Papers 43, 2000
ce cooperation, closely tied to NATO; 3) the EU and its CFSP was excluded from any deliberations about European defence. A bilateral British and French declaration for the necessity of European defence autonomy challenged all these principles. Not accidentally the ESDP was initiated by the UK and France: only these two countries in Europe have a certain strategic vision which is projected beyond the boundaries of Europe and enough military, political and economic means to support this vision. In addition, both countries posses nuclear weapon and are permanent members of the UN Security Council. Therefore any independent European defence plans would be impossible without the military resources of France or the UK. Until now the UK was the biggest “euroskeptic” that opposed any common defence plans that could infringe on its “Special relations” with Washington. On the other hand France was always a most passionate supporter of European autonomy from the US and obviously could not reject the “Blair initiative”.

Indirectly the launch of the ESDP could be related to the establishment of a single European currency in the beginning of 1999, which indicated an unprecedented appogey of economic integration. It became clear that to safeguard EU interests a common foreign policy is necessary that would have adequate institutional, political and military tools instead of abstract and not-very-binding “common positions”. Common foreign policy in turn is hard to imagine without the security dimension and the latter without the defence element. Finally the Kosovo war that revealed European dependence on American tecnology and assets facilitated the political and legal establishment of the ESDP during the European summits in Cologne and Helsinki. The very idea of ESDP rests on two mutually reinforcing assumptions: the US will not always be able or willing to engage in every crisis in Europe or in its periphery therefore if the European countries fail to modernize their military and pool together adequate crisis management capabilities Europe may find herself vulnerable. As the NATO Secretary General George L. Robertson once noted, it would be disastrous for Europe to have only two options – NATO or nothing.

The European Council in Cologne established an institutional framework for ESDP which in many respects resembles that of NATO. The following political and military institutions were created: the former NATO Secretary General J. Solana became the first High representative for CFSP, which would also serve as head of the Political and Security committee; European military committee – the highest military authority of the EU and European military staff which would provide military advise and expertise for the EU-led operations. These reforms signified political will of the EU to establish a single political-military planning and analysis center with a single phone number of the High representative. However creation of new institutions does not guarantee effective decision-making or implementation. To make ESDP viable, creation of effective military forces was instrumental.

During the EU Helsinki summit the heads of states declared the Headline goal – to create a 60,000-strong rapid reaction force to carry out Petersburg tasks (i.e. humanitarian, peace keeping and crisis management operations), able to deploy with 60 days notice and sustain for at least one year. Defence analysts raised three questions about this ambitious European plan: what are these new forces needed for; how will they affect US and Europe / NATO and EU relations and finally are the Europeans ready to spend enough money?
The EU countries agreed in Helsinki that the new forces will act where NATO as a whole would choose not to. Where would that be: in Europe or elsewhere? The EU decisions did not set geographic boundaries for EU crisis management operations however one could assume that the prerogative would be crises that rise in the “unintegrated periphery” of Europe. In 2003 the EU took over the NATO mission in Macedonia, and sought to take over the SFOR mission in Bosnia and Herzegovina. However J. Solana has noticed in one of his speeches that crises may erupt in any part of the world and therefore the EU should be ready for any contingency. In other words, the EU must be ready to act globally. The first such mission for the EU was the Artemis operation in the Congo Democratic Republic.

Another question – are the Europeans ready to pay for the new forces? At first glance the Helsinki goal is not all that ambitious if one takes into account that EU countries together have 1.8 million troops (in comparison the US has “only” 1.3 million) and for defence the EU members together spend 1/5 of world’s global defence expenditure annually. However willingness of the Europeans to invest in their own security comes into question if one looks at the post-Cold War trend in Europe – most EU members made sizeable cuts in their defence budget and only recently expenditure stopped diminishing. In 2002 France devoted 2.5%, the UK 2.4% and Germany 1.5% of GDP for defence (in comparison the US spent 3.3%42). A real reason for optimism is a wide public support of EU citizens for the autonomous ESDP. As much as 79% of Germans and French support common ESDP; the EU average is 73%.

Experts assert, that implementation of Helsinki goal requires the following capabilities43: 200 000-230 000 land force troops; some 300-350 combat aircraft, 60-80 frigates. In the capabilities planning conference in 2000 EU members and partner countries identified 100,000 troops, 400 aircraft units, 100 vessels to the pool of rapid reaction forces. Having in mind the overall number of the armed forces of EU countries, personnel pool will not be a major issue. The real challenge is acquiring real capabilities instead of paper ones. In certain sense the oversized armed forces of the EU puts a break to modernization of weaponry and equipment that is crucial for modern warfare and operations. By the end 2003 the EU still does not seem to be ready to handle alone such demanding operation as NATO military campaign in Kosovo or “Iraqi freedom”.

In a 2001 capabilities planning conference in Brussels EU members and partner countries updated their contributions to rapid reaction forces supposedly narrowing the remaining capability gaps44. EU officials even came to conclude that the EU would be able to carry civil policing operations – something that NATO was not very active in. In the beginning of 2002 the EU undertook its first independent civilian police mission – 500 policemen were deployed to Bosnia and Herzegovina. It was the first EU operation since the launch of the ESDP.

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42 In 2002 the US spent 350 bn $, and in 2003 – 396 bn $ or half of the global defence expenditure.
44 For detailed contributions by country and analysis see: Paulauskas K. “Europos gynybos politika po St. Malo deklaracijos”, Krašto apsauga, nr. 4(7), 2002, pp. 7-11
As one should expect, France, the UK and Germany bear the lion's share of commitments to the common EU forces. Lithuania has also identified a rather tangible contribution which is one of the biggest among the future EU and even some current EU members. Lithuania has identified one mechanized and one motorized infantry company-sized and platoon-sized unit, one section of military medics, one engineer platoon, a special operations force unit, 1 An-26 transport aircraft, 2 Mi-8 helicopters, 2 mine countermine vessels and 2 training poligons. One must have in mind that Lithuania will also have to contribute a battalion-sized unit with supporting elements for NATO-led operations. The official policy line of Lithuania is a rather principal position that she has only one army and only one set of standards – NATO standards. Due to financial and material restraints Lithuania cannot enjoy the luxury of having two separate sets of forces for the EU and for NATO. Nevertheless a situation may emerge when Lithuania will be asked from both NATO and the EU to contribute forces and Lithuania will be able to choose only one.

Until now Lithuanian contribution to the EU-led operations was minimal (see Table 1). It is noteworthy that in the second half of 2003 the biggest portion of Lithuanian troops abroad were deployed not in NATO operations, but with ad hoc coalition in Iraq and the US-led operation Enduring Freedom in Afghanistan – a total of 147 troops. 130 Lithuanian troops served in NATO-led operations.

**TABLE 1: Participation of Lithuania in International operations in 2003**

<table>
<thead>
<tr>
<th>OPERATIONS</th>
<th>LITHUANIAN CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NATO OPERATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>KFOR, Kosovo</td>
<td>100 troops in HAL TSO-8 mission with Danish forces.</td>
</tr>
<tr>
<td></td>
<td>30 troops in KFOR-8 mission with Polish forces.</td>
</tr>
<tr>
<td>SFOR, Bosnia and Herzegovina</td>
<td>1 officer in Joint Forge operation with US forces.</td>
</tr>
<tr>
<td>TASF, Afghanistan</td>
<td>2 military medics with German hospital.</td>
</tr>
<tr>
<td><strong>EU OPERATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Operation Concordia, Macedonia</td>
<td>1 officer.</td>
</tr>
<tr>
<td>Operation Artemis, Congo democratic republic</td>
<td>-</td>
</tr>
<tr>
<td>Police mission in Bosnia and Herzegovina</td>
<td>-</td>
</tr>
<tr>
<td><strong>OTHER OPERATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Operation Iraq/freedom, Iraq</td>
<td>54 troops with Danish contingent. 45 troops in Polish sector.</td>
</tr>
<tr>
<td></td>
<td>8 cargo specialists with.</td>
</tr>
<tr>
<td>Operation Enduring Freedom, Afghanistan</td>
<td>40-strong special operations force unit with US forces.</td>
</tr>
</tbody>
</table>


**3.2. Future of the ESDP and the transatlantic relations**

The process of ESDP development is not as smooth as one could conclude from the determination of some EU members to contribute troops to the EU crises management forces. Although officially Washington welcomed the Helsinki decisions as a step that would strengthen the European pillar within NATO, the US administration was rather suspicious about the 1998 St Malo/ESDP process. The US
State Secretary of the time M. Albright expressed fears that ESDP would decouple European security from that of North America, would duplicate existing NATO assets and would discriminate non-EU NATO countries. In spite of skeptical American evaluation of the project, NATO Secretary General George L. Robertson noted that this initiative could also bring a positive effect – boost European military capabilities and European contribution to international security.

There is a clear provision in the main EU documents that ESDP is not aimed at replacing NATO or the creation of a European army and NATO is to remain a cornerstone of European defence. Duplication of institutions and assets is unavoidable and in a certain sense necessary. It is not as much a transatlantic issue, as an issue of misunderstanding and mismanagement of defence planning processes among EU countries themselves. The EU countries do not have any military technologies that the US would not already have. Paradoxically the idea of ESDP itself is to duplicate the assets of the US in the areas where the EU backwardness is the most glaring: the strategic air and sealift, satellite reconnaissance, precision guided munitions, etc.

The problem of discrimination is related to the merging of the WEU with the EU. Six NATO countries – Czech Republic, Poland, Hungary, Iceland, Norway and Turkey – were associated WEU members. However after the merger the EU did not adopt the system of membership and association of the WEU. Therefore the six countries were left outside the ESDP process. The countries that will soon enter both NATO and the EU (Lithuania among them) will not face this issue. Czech Republic, Poland and Hungary will also join the EU. The biggest problem is related to Norway and especially Turkey. The feasibility of membership of Turkey in the EU is rather distant. Turkey strongly opposed the plan to allow EU access to NATO assets. Only after a principal agreement between Turkey and the EU did a strategic partnership between NATO and the EU become possible. This partnership was established and strengthened by a number of agreements signed in 2002 and 2003. Permanent mechanisms and procedures for cooperation and consultations between NATO and the EU were established and both organizations hold regular meetings on various issues.

In accordance with the so-called “Berlin Plus” arrangement, this partnership encompasses the following elements:

- EU has access to NATO operational planning assets;
- EU can use NATO capabilities and assets;
- DSACEUR (Deputy Supreme Allied Commander Europe) commands EU-led operations that use NATO assets;
- NATO planning system is adapted to include EU-led operations.

The first “Berlin +” operation was the mission in Macedonia that the EU took over from NATO. One could go even further and conclude that an informal division of labour is emerging between NATO and the EU: NATO carries out collec-

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tive defence and demanding peace enforcement and crisis response operations while
the EU carries out humanitarian, peace support and civilian crisis management ope-
rations.

However it is difficult to estimate in what direction will NATO and EU
relations evolve. The Iraqi crisis was a new item on a lengthy list of disagreements
between Europe and the US. There is a glaring gap between the worldview of G.W.
Bush and his conservative unilateralist entourage and center-left European leaders
J.Chirac and G. Shroeder manifesting social welfare domestically and multilaterra-
ism internationally. Yet to paraphrase Mark Twain the rumour of the death of the
transatlantic link is exaggerated. Europe and the US remain the most important
partners to each other in the contemporary world.

What are the preconditions of indivisibility of the transatlantic link? First of
all, a rather stubborn position of some European countries to link European security
to American military commitment instead of hazy plans of “eventual common defen-
ce”. These countries with the UK at the front would resist any attempts to replace the
transatlantic link with the ESDP. The new invitees to NATO and the EU (including
Lithuania) adhere to the same policy. Furthermore, staunch support of the new mem-
bers for the preservation of transatlantic link should play an important positive role
in this context. Secondly, strategic calculations of Europe: deterrence and defence
against nuclear or other major military conflict and high intensity wars beyond the
limits of Europe (primarily in the Middle East). In both cases, the EU remains
dependent on the military and political might of the US. Third, the special nature of
the “transatlantic link”: despite certain frictions within NATO, it is one of the few
institutions that EU members can influence US policies. In the new security environ-
ment voluntary abandoning of this special relationship would be dangerous for both
sides. After all, the terrorist acts of September 11 and the subsequent war on the
Taliban regime had a significant impact on the European defence policy agenda. If
prior to 9/11 the major issue was reconciling the ESDP with NATO without unneces-
sary duplication, today the main challenge is to transform NATO into an effective
global power that could be employed to counter threats to international peace anywhere
in the world. In this context ESDP could become a historical opportunity for the EU to
acquire a status of an important international security actor without undermining the
role of NATO and capable of more than extinguishing a forest fire. If the development
of ESDP is successful the Euroatlantic community would finally achieve the 1962
vision of J.F. Kennedy of two equal pillars of the great Atlantic Alliance. On the other
hand, if ESDP remains an ambitious illusion aimed at removing NATO from Europe,
the very existence of the Euroatlantic community would come into question. Who
needs NATO if only the US, the UK and a few smaller Central and Eastern European
countries can act together in the face of severe crisis while other European countries
remain passive observers not capable, not willing, or not able to agree among themsel-
ves and adequately invest in a common European defence policy?
3.3. EU reform: the opportunities and limits of the CFSP institutionalisation

The negative image of a chaotic and uncoordinated CFSP partly stems from the gap between the expectations of the EU and capabilities to fulfil them. In other words, the power of the EU is largely overestimated and therefore inadequate to the tasks it is supposed to carry out. One can define “capabilities” as a set of foreign policy tools: military might, diplomacy, economic means and cultural influence. The very potential of the actor is also important: the population, territory and level of technological advancement. It is also an ability to make collective decisions and implement them. “Expectations” is what one expects from the EU. It is both an internal and external pressure to the EU to carry on with the EU enlargement, solve developmental problems of third world countries, provide economic and humanitarian aid, apply preferable trade regime vis-à-vis its partners etc.

One hardly can have any doubts about the potential of the EU. There 370 million people living in the EU and its GDP amounts to $15 trillion. In comparison the US have 290 million inhabitants and a GDP of $10 trillion. The 10 new members are bringing an additional 75 million inhabitants, while Bulgarians, Romanians and Turks await in the queue with another 100 million. In 10-15 years there will be 550 million inhabitants living in the EU. The volume of EU trade is unsurpassed in the world and it is also the world leader in terms of humanitarian aid and development assistance. On the other hand, the EU has not been able to transform its economic power into political and military might. The development of the European defence dimension remains rather stagnant in spite of all the hassles surrounding the draft Constitution and the ability of the EU to take part in crisis management to a large extent depends on the good will of NATO.

“Common positions” and “common actions” have so far been the best and most realistic achievement of the EU as a center of global power. Some European-only initiatives and actions were indeed successful: the Pact for Stability in Europe, Mostar administration in Bosnia and Herzegovina, efforts to establish democracy in South Africa, monitoring of elections in Russia, etc. Yet all of this may not be considered “High politics” but a secondary league. Material support to Eastern Europe and the Mediterranean is also a projection of “soft security”. At the end of the day, economic sanctions of the EU may appear to be the most compelling tool at the disposition of the EU.

One of the main reasons of such a discrepancy between the expectations and the capabilities is rather severe institutional obstacles within the EU. Weak institutionalization of the CFSP is a chronic EU problem. First of all, the CFSP is based on principles of intergovernmentalism which heavily infringe on the ability to make rapid and effective decisions. The ambitions of the EU as an organization to gain more weight in the international arena clashes with the unwillingness of its member states to sacrifice sovereignty in favour of common interests. The principle of acting by consensus paralyzes an organization of 15 states and if this mechanism would not be changed, after the enlargement the EU may stop making any decisions in the sphere of

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the CFSP. Even NATO may have to review its 50-year-old consensus principle to take into account the stalemate in the case of Turkey’s defence and increased necessity to take rapid decisions in times of crisis. The EU decision-making mechanism was improved by the Amsterdam treaty that introduced the constructive abstention clause.

Institutional weakness of the CFSP is especially evident when compared to the economic and monetary union of the EU. In this sphere there are clear common interests with regard to a single market and economic relations vis-à-vis the rest of the world. These interests and relations are maintained and protected by a supranational body, the European Commission, which has enough power to compel the members that disregard its decisions. There is no such authority within the framework of the CFSP. After all, the benefit of political integration for all the members is not all that clear as it is in the case of economic integration. Prestige and global role of the EU may not be attractive enough reasons for a truly common CFSP to emerge. Presumably the EU needs a strong external impulse similar to the threat of the Soviet Union or the shock of its own 9/11 that would facilitate transnational consolidation of a security and defence policy.

The question of financing of the CFSP also remains unresolved. A truly autonomous security and defence dimension of the EU would require 4.7% of the EU budget which is hardly attainable with the current defence spending in the EU countries at below 2% of GDP. Currently only administrative expenditure is covered from the EU budget (less than 1%) while the willing countries finance international operations in an ad hoc manner.

The EU Constitution may resolve some of the problems mentioned above. The Constitution envisages a prominent role for the ESDP, enabling the willing states to form coalitions that would act in the name of the EU. Rather significant changes are proposed with regard to the decision-making procedures, namely the increase of the number of spheres eligible for qualified majority voting, including some aspects of the CSFP. Qualified majority voting will require the majority of states that together have more than 60% of the EU population. The projected post of an EU Minister of Foreign Affairs would be provided with more powers and functions than the current post of ‘High representative for the CFSP’. He would also act as deputy chairman of the European Commission.

The draft of the Constitution also contains an expanded list of Petersburg tasks that would include joint disarmament and anti-terrorism operations in addition to the traditional crisis management and peace operations. The concept of "structural cooperation" on security and defence matters implies the possibility for certain states to make more binding commitments to each other if they so wish. The EU Council could entitle such a group to carry out international operations in the name of the EU. One of the most worrisome provisions in the Constitution is the clause on mutual defence similar to that of NATO’s collective defence – such a provision would be a clear duplication of NATO functions and could eventually undermine the role of the Alliance in the Euroatlantic security system. The Constitution also contains solidarity clause committing countries to aid each other by all possible means in the case of terrorist attacks. To enhance European military capabilities a provision on the establishment of a European armaments, research and capabilities agency is also embedded in the Constitution.

46 For a detailed analysis, see an article by R. Vilpišauskas on structured cooperation concept and its implications on Lithuania in this review.
All these changes in formation and implementation of the CFSP are aimed at improving its effectiveness and strengthening the EU role in international politics. It is obvious that a union of 25 countries will hardly be able to make timely decisions and act unilaterally if the principle of consensus would be retained. However one should forget that security and defence policy is ultimately a matter of prestige and a symbol of sovereignty in the international system and no state regardless its power and size would be willing to easily abandon this symbol. Another old issue is the responsibility for decisions made, actions taken and their consequences. The deficit of democracy and publicity has plagued the EU governance system for a long time. The draft Constitution does not foresee any significant oversight rights for either European Parliament or the national parliaments over the decisions made by the EU Council and the EU Commission. They are only entitled to have access to the information about the ongoing processes while the real power will remain in the hands of the EU and national executive institutions.

The near future will reveal if all these provisions on the CFSP and the ESDP will be implemented. However it is already possible and important to project their impact on Lithuania as the decisions in the sphere of the CFSP may not always be compatible with the interests of Lithuania. Table 2 represents the analysis of the possible impact of the main Constitutional provisions concerning the CFSP on Lithuanian security and defence policy.

**Table 2. The impact of the EU constitution on Lithuanian security and defence**

<table>
<thead>
<tr>
<th>CONSTITUTIONAL PROVISION</th>
<th>PROJECTED IMPACT TO LITHUANIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Union Minister for Foreign Affairs</td>
<td>More coordination in the CFSP would not harm Lithuanian interests. Lithuania as well as other countries will be able effectively communicate their foreign policy through the European Commission.</td>
</tr>
<tr>
<td>&quot;The European Council, acting by qualified majority, with the agreement of the President of the Commission, shall appoint the Union Minister for Foreign Affairs. He shall conduct the Union's common foreign and security policy.&quot;</td>
<td></td>
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<tr>
<td>Qualified majority</td>
<td>More flexible decision-making on the CFSP issues is a positive development as long as the main political and military decisions that could infringe on the interests of separate members remain a matter of consensus. Lithuania will still be able to secure its own national interests, in other cases Lithuania will also have the right to abstain without infringing on the EU action.</td>
</tr>
<tr>
<td>When the European Council or the Council of Ministers takes decisions by qualified majority, such a majority shall consist of the majority of Member States, representing at least three fifths of the population of the Union.</td>
<td></td>
</tr>
<tr>
<td>Updated Petersburg tasks</td>
<td>If the EU is to undertake a wider spectrum of tasks from humanitarian to combat operations the requirements for the EU forces will increase. Eventually Lithuania may be asked to review its contribution the EU pool of forces.</td>
</tr>
<tr>
<td>The EU may employ its military and civilian resources to carry out the following operations:</td>
<td></td>
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<tr>
<td>- Joint disarmament;</td>
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<tr>
<td>- Humanitarian and rescue;</td>
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<td>- Military assistance to third countries;</td>
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<tr>
<td>- Conflict prevention and peace keeping;</td>
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<tr>
<td>- Crisis management, including peace enforcement;</td>
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<tr>
<td>- Post-conflict stabilization</td>
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<tr>
<td>European armaments, research and capabilities agency</td>
<td>The consequences of the establishment of such an agency could be twofold: standardization of armaments, coordination of research and development efforts would increase interoperability of the EU forces and would have be a positive overall effect, whereas negative impact would result if the Agency would gain supranational authority to set procurement priorities for the member states and implement “buy European” strategy.</td>
</tr>
<tr>
<td>“A European Armaments, Research and Military Capabilities Agency shall be established to identify operational requirements, to contribute to identifying and implementing any measure needed to strengthen the industrial and technological base of the defence sector, to participate in defining a European capabilities and armaments policy.”</td>
<td></td>
</tr>
</tbody>
</table>
To conclude, the EU Constitution, if approved by the heads of states in the Intergovernmental Conference, will not have major negative consequences for Lithuanian security and defence policy. Some provisions aimed at enhancing decision-making efficiency and policy coordination may only be evaluated as positive. The most sensitive issue for Lithuania will remain the future relationship of the ESDP with NATO both in terms of structure and functions.

Conclusions

Undefined “European identity”, a wide diversity of interests and weak institutionalization are the three main factors that prevent the EU from acquiring a more prominent role in global politics. Neither the Maastricht Treaty nor the Amsterdam Treaty provisions on developing and strengthening the CFSP significantly improved the EU international standing. Meanwhile the results of the Intergovernmental Conference and the Constitutional Treaty are yet to be seen. After the enlargement the efficiency of the CFSP may become even more limited if substantial reforms envisaged in the Draft Constitution prepared by the Convention for the Future of Europe were not implemented. On the other hand, institutional reform of the EU cannot resolve more fundamental issues determining the global role of the EU – the problem of European identity and common interests. European identity cannot be established in a top-down manner but will have to arise from the bottom-up. In other words the strengthening of European self-identity of ordinary EU citizens will be the major precondition for the EU members to abandon their national ambitions in favour of the common European interests. The European Commission will also fail to impose “common interest” without the consent and permission of the member states.

While federalist ideas inside the EU will not disappear, a structural problem also persists: the efforts of some EU members to provide the EU with more efficient tools in the sphere of the CFSP require a more flexible decision-making process; but “flexibility” unavoidably clashes with the primacy of national interests in the realm of foreign and security policy cautiously observed by the big states as well as small ones. At the end of the day the question of a federal Europe is, in essence, a question of the convergence of national foreign policies and a bigger common denominator. It is doubtful that this dilemma will be resolved any time soon.

What is the place and role of the EU in the contemporary world? The EU did not fill the vacuum of power left by the dismantling of the Soviet Union. The EU still is not an equal partner of the US in the oversight of international security and the new world order. The EU has not even been able to manage crises on its own continent – its efforts to mediate the Middle East peace process, dialogue with North Korea and especially efforts to bring peace in the Balkans have been a failure. Yet lately the EU has substantially increased its activity in peacekeeping missions: European troops constitute the majority in the Balkans and Afghanistan and the EU took over the mission in Macedonia from NATO and started an independent operation in the Congo Democratic Republic. Due to a unique network of multilevel and multidimensional dialogues the EU has become a bridge between the poor and the rich, the
North and the South, and this sense plays an indispensable role in strengthening global peace and stability. Finally the EU is a major actor and watchdog of the global economic system, effectively taking part in the activities of the World Trade Organization.

Accession of Lithuania to the EuroAtlantic institutions – the EU and NATO – coincides with a period of major transformations inside these institutions, encompassing their structures and functions. Lithuania joins qualitatively different organizations that she applied to join 10 years ago. The period when Lithuania was able to support one or another position of the EU in the area of the CFSP without directly taking part in the implementation process and sharing the responsibility is over. The Iraqi crisis was a good showcase for Lithuania, that some of the old members of the EU will be expecting more solidarity from Lithuania on major foreign and security policy issues. It is no doubt that the impact of the CFSP on Lithuania will grow in the future. The nature of this impact will depend on the way Europe will choose: a way of an independent European defence structure as an alternative to NATO or a way of a close strategic partnership with the US and NATO. In any case Lithuania will have to search for a balance between its commitments to the EU and those to NATO. In this process diplomatic skills will be of utmost value compared to military capabilities or economic growth.

To conclude, today one could hardly speculate about any attempt by the EU to counter the global US hegemony. Yet at the same time it is possible to perceive Europe as a certain political and normative alternative to the American global domination. Europe has not exacerbated its potential yet and it is not time to write her off as a dinosaur destined to extinction. The Maastricht treaty that established the EU is only 12 years old. Integration is a powerful phenomenon albeit difficult to explain. It remains to believe that this potential will not be exploited for destructive purposes against transatlantic relations.
NATO Response Force and the EU Rapid Reaction Force: main challenges and opportunities

A need for multi-dimensional effective institutional structure possessing various security instruments, have become obvious already by the end of the Cold war and is manifested itself even stronger at the beginning of the XXI century. Moreover globalization of the security concept makes it clear that security cannot be complete if it is not tackled globally. Aiming to react to changing security environment international security institutions during the last decade are undergoing essential changes, related to their missions, tasks, structures and instruments. Demand for small special forces, which possess the most advanced technologies, modern air force and efficient intelligence capabilities emerged. That stipulated changes in armed forces and armory.

NATO and the EU in the beginning of the XXI century have committed themselves for a new mission - to guarantee security and stability in the World. The main purpose of this article is to overview major steps of NATO and the EU transformation aiming to respond to the contemporary security challenges, to present an analysis of possible evolution of their new instruments NATO Response Force (NRF) and European Rapid Reaction Force (ERRP), to elucidate possible roles and interdependency of NRF and ERRF in the contemporary security architecture, and, finally to contemplate on the possible effects of both forces on international security.

Introduction

The end of the Cold War has introduced the revaluation of the main concepts in international affairs. Relations among states and also between the states and non-state actors changed. The obvious need to restructure institutional arrangements for cooperation, which would put the emphasis on essentially different threats and functions, have manifested itself during the past decade. Moreover, the end of two blocks’ antagonism has introduced new opportunities for countries to fight the new threats and global challenges in common.

The end of bipolar world order had also negative consequences. Problems related to technological advance and globalization during the Cold war were restricted by deterrence policy, but have been unleashed when bipolar world order ceased to exist. The problematic of security has expanded to completely new fields and the significance of non-military threats increased.

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Development of modern technologies, advances of communication means, decreasing significance of space and time have intensified the expansion of negative phenomena and increased the destructive power of new threats. International migration, international crime, globalization of environmental problems, speedy spread of economic crises, social disorders, ethnic conflicts and terrorism have become more significant by the end of the last decade of the XX century. Transformation of international system was accompanied with changes also in the nature of military threats. Military threats often are more internal rather than international phenomena. Majority of the conflicts after the Cold war have been fought not between the states but between the state and the antagonistic groups or among those inside the state. Traditional instruments of security prevention and enforcement have ceased to be effective when dealing with new types of conflicts.

Search for new instruments is complicated because of the vague understanding of what is supposed to be a threat and how it should be defined. Traditional threats prevailing during the years of the Cold war were easy to define. Consequently it was not that difficult to decide on the most proper instruments to deal with them. The ambiguity of contemporary threats provokes hot discussions not only over the instruments of prevention and combat but also over the very definition of a threat or aggressor. Trying to define a particular threat or aggressor disputes of philosophical character often arise, therefore it becomes even more difficult to reach a consensus among states.

Changes in international system and security problematique prompted more intense interactions among the states and the states and non-state actors. The need to establish multi-dimensional effective institutional structure that possess various security instruments have become obvious. In long-term security policy preventive actions and civilian instruments gained a special importance. Though collective defense remains an important instrument to fight traditional threats, more and more often, especially when the rapid reaction is required, there is a tendency to rely on crisis management instruments, which encompass various measures from direct use of force to indirect restrictions in the framework of international organizations. The significance of civilian capabilities has increased even in the military domain. The demand for small special forces, possessing the most advanced technologies, modern air force and efficient intelligence capabilities emerged stipulating transformation of armed forces.

Trying to react to the changing security environment international security institutions are also undergoing essential changes, related to their missions and tasks, structures and instruments. Main missions of NATO during the Cold war were collective defense and deterrence. With the end of the Cold war NATO was forced to find a new raison d’être. Thus a new peacekeeping mission has been introduced for NATO and respective reforms of military command structures and capabilities, with the emphasis on mobile and flexible armed forces possible to be used in the regional conflicts, have started. The EU has also decided to expand its functions introducing a military dimension inside its structures. In the last decade of XX century the EU took over the functions of the WEU and committed itself for creating European Rapid Reaction Force (ERRF), capable of carrying out humanitarian operations, rescue tasks, peacekeeping and crisis management. In 2003 ERRF were declared
operable and recently have started independent missions in FYROM and the Democratic Republic of Congo.

Although aiming to react to the changes in international environment major international organizations have started respective reforms, those changes were insufficient to provide necessary means to fight such challenges as proliferation of weapons of mass destruction and terrorism. Military campaign in Afghanistan has showed that neither ERRF nor NATO are relevant for the operations demanding rapidity and flexibility. It became clear that if NATO does not acquire new instruments, the majority of military operations in future would be carried out in the framework of ad hoc coalitions and would negatively influence the credibility of the Alliance. In 2002 the Defense Secretary of the USA therefore have proposed a NATO Response Force (NRF) project, which might be estimated as a mean intended to "revitalize" the Alliance and to provide it with the new raison d'être. NRF project in fact envisages the creation of mobile rapid reaction force in NATO structures creating yet another mission for NATO - to ensure the prevention of international crisis, including the fight with asymmetric threats.

Transformation of international security organizations, which started immediately after the Cold war, is still ongoing. Thought it last already more than ten years - the real consequences of it remains uncertain and encourages scholars from all over the world to contemplate on the possible consequences of this transformation it might be presumed that. NATO and the EU in the beginning of XXI century have committed themselves for a new mission - to guarantee security and stability in the World. The main purpose of this article is to overview major steps of NATO and the EU transformation aiming to respond to the contemporary security challenges, to present an analysis of possible evolution of NRF and ERRF, to elucidate possible roles and interdependency of NRF and ERRF in the contemporary security architecture, and, finally to contemplate on the possible effects of both forces' development on international security.

The first part of the article is devoted to the analysis of the perspectives of NRF, identification of major problems and examination of possible impact of NRF development on the effectiveness of NATO, firmness of transatlantic link and international security. The analysis of ERRF prospects and problems is conducted in the second part. The third part of the article aims to evaluate the prospects of NRF and ERRF joint actions, to indicate possible challenges and explore their effects on the international security. The final part of the article briefy outlines the prospects of Lithuania’s possible contribution to NRF and ERRF.
1. NATO Response Force (NRF) - “revitalization” of the Alliance

The main outcome of NATO summit in 1990 was the common understanding of member states that the Cold war is over and that Europe faces a new era. It was emphasized that the new Europe needed a new NATO. Discussions on the future of the Alliance started. Some of the discussants have been claiming that Alliance has lost its relevance and that the days of NATO are counted. It was argued that disappearance of the major motivating factor - threat posed by the communist block - had condemned the organization for a slow death. There also happened to be many to believe that the World is turning into an age of a liberal democracy and peace. The world famous Francis Fukuyama bestseller “The End of the History and the Last Man” presented a new picture of peaceful world and became an inspiration for international relations analysts all over the world. Idealistic scenarios however were challenged by horrifying events in Balkans and former territory of the Soviet Union.

New conflicts, on the other hand, provided the Alliance with the opportunities to prove that although the threat of Communism have disappeared the Alliance is still necessary. Alliance’s raison d’être was even more strengthened by the aspirations of the former Warsaw pact states to join NATO and the success of the latter in the Gulf war. It seemed that the Alliance survived existential crisis and pessimism towards NATO’s future calmed down.

Thus, during the last decade of the XX century NATO members have committed themselves to undertake a new mission - peacekeeping. Growing demand for crisis prevention and management type missions after the Cold war was emphasized in 1992 in Oslo. North Atlantic Council (NAC) announced its readiness to support conditionally peacekeeping activities. The USA has initiated discussions on NATO reform aiming to transform NATO from essentially military organization into the one of more political nature, able to undertake peacekeeping functions. NATO armed forces were decided to be reformed accordingly ensuring necessary flexibility, mobility and capacity to act in new circumstances. NATO armed forces together with partners carried out peacekeeping missions in Bosnia & Herzegovina, Kosovo, FYROM. Yet those missions were far from smooth. It turned out that NATO forces were not effective when undertaking new tasks. Media was arguing that Serbs and Roma population were leaving Kosovo because they did not trust NATO forces as being able to ensure their security. Problems of a similar nature were troubling NATO in Bosnia & Herzegovina and Croatia.

Former US Defense Secretary William Cohen when speaking about the NATO’s readiness to take over new tasks admitted that peacekeeping missions require different preparation and different forces from those undertaking traditional tasks. He was confident that military force is not always the best solution in those cases.

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1 Fukuyama F. The end of history and the last man, New York, Macmillan, 1989.  
Moreover to participate in the operations overcoming the borders of the Alliance NATO had to have the adequate mandate issued by the UN. The procedure of the legalization of military operations usually takes a long time in the UN and often slows down the operation. On the other hand, UN mandate often limits activities of armed forces to the very marginal functions thereby reducing the expected efficiency of the operations and in some cases even endangering lives of soldiers. And still, although NATO was frequently criticized for its failures in solving regional conflicts, it is worth admitting that it was the one and only organization at that time able and having capacity to send military forces to the troubled regions.

Reforms to increase defense capabilities of the Alliance were started and included transformation of NATO military instruments and command structures. NATO states decided to develop mobile and flexible small armed forces able to operate in regional conflicts. Special peacekeeping units were to be introduced in the framework of ESDI enabling lightly armed European forces to take over the functions of civilian administration, police, conflict resolution, organization and supervision of the elections and the media monitoring. Aiming to improve NATO capabilities adapting them for crisis management Defense Capability Initiative (DCI) was introduced in Washington summit. Other reforms related to the mobility, logistics, sustainability, C2 systems were also introduced.

The fact that NATO was able to survive an existential crisis which emerged after the cold war and find the new role in the contemporary world prompted discussions on new era of the Alliance. However today optimism is being challenged again bringing the issue of NATO survivability back to the agenda of International Relations. Although the unity of NATO members after the terrorist attacks of September 11 in the USA gave an impression that the Alliance remains harmonious, effective and necessary, military campaign in Afghanistan have proved contrary - NATO was not suitable for the operations that require operability and flexibility - moreover it demonstrated the unwillingness on the US side to rely on the NATO structures when dealing with new type conflicts.

Article argues that although there are many factors causing the hardships NATO faces today, the prevailing and the most serious one is status of transatlantic link which for so many years used to be the cornerstone of NATO’s existence and is challenging smooth functioning of the organization today. Weakening transatlantic link is, on one hand, related to the changes in the USA strategic thinking after the Cold war, on the other hand, is triggered by the growth of European economic and political power accompanied with its backwardness in military domain. Another important factor that might have an impact on transatlantic link is NATO’s inability to fight the main threats of XXI century - proliferation of the weapons of mass destruction and terrorism.

Europeans are concerned about decreasing importance of NATO and accuse Americans for unilateralism in international affairs thereby linking most of NATO problems to the unwillingness of the USA to rely on multilateral institutions. Americans, in their turn, tend to emphasize the “causes of this unwillingness”: imperfect structure of the Alliance, too complicated and slow decision making procedure, UN restrictions, military backwardness of European allies. Although it seems that in general neither Europeans, nor Americans are interested in the dissolution of the Alliance, NATO the way it is, does not satisfy expectations of either side. Today NATO is undertaking the functions rather of a political forum than the ones of military alliance. It is true that even as a political forum the North Atlantic Alliance is beneficial for international security as it enhances cooperation and promotes democratic values. But are those functions sufficient for the Alliance to survive, moreover is this a role that members of the organization have envisaged for the Alliance in XXI century?

It is obvious that if NATO does not acquire new instruments enabling it to respond to the new challenges, majority of military operations will be carried out in the framework of ad hoc alliances or ad hoc coalitions. Although ad hoc alliances may produce short-term benefits, due to their temporal character and concentration on the clear threat as the main motivating basis for cooperation, they do not ensure the complete variety of measures necessary for the implementation of various functions of security policy. Moreover ad hoc structures might be successful only as long as the interests of participating parties coincide. One of the major shortcomings of ad hoc alliances is a lack of legitimacy, which has clearly manifested itself in Iraq.

Permanent security institutions, on the other hand, not only aggregate joint resources and provide basic structures to fight common threats, but have also disciplinary effect, that helps to solve “uncertainty problem”. Through common rules permanent institutions are shaping models of behavior eventually strengthening common identity, enhancing closer cooperation, multilateral behavior. Consequently those institutions themselves become important actors in the security environment. Permanent structures of cooperation therefore are more appropriate organizations to carry out complicated tasks of contemporary security policy. And perhaps realizing this, members of the Alliance decided to NATO one more chance to prove its relevance.

Lord Robertson in his speech in Charles University in 2002 stated that entering the XXI century security organizations have to ensure prevention and management of international crises, including the fight with asymmetric threats.5 As terrorism and proliferation of weapons of mass destruction have become principal threats for the security in the beginning of the XXI century, it was realized that NATO has to have means to fight them. However the main question – whether NATO willing and able to respond to this challenge remains open?

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6 October 2002 Declaration of NATO Parliamentary Assembly admitted that NATO must consolidate defense against the threats of terrorism and proliferation of weapons of mass destruction, with the special attention to the fight against biological, chemical and radiological weapons. On 24 September the same year in Warsaw during its welcoming speech at the informal meeting of defense ministers the USA Defense Secretary Donald Rumsfeld warned that as long as NATO does not acquire mobile and rapid force, that is possible to deploy in few days or weeks, rather than months and years, this organization will not have anything to offer in the XXI century. To support his rhetoric with practical initiatives Rumsfeld at the same meeting introduced a project of NATO Response Force (NRF) that proposed creation in NATO structures of mobile rapid reaction forces (20,000 men), possessing all elements of land, sea, air forces and command able to deploy in 7-30 days. According to the project this force is not to be geographically limited and is designed to carry out operations outside NATO territory. NRF is planned to consist of the armed forces of NATO members ensuring high level of readiness, however it will not be kept on stand-by permanently, but rather separate units will be undergoing three rotational stages: training, mission or stand-by. While the force is on stand-by stage they will be under national military command, in the case of crisis - under the SACEUR. NRF is intended to carry out three types of operations: 1) force demonstration; 2) autonomous/ self-sufficient wide spectrum operations; 3) forward deployment operations to ensure deployment of regular forces. The project also planned to create a new chemical, biological, radiological and nuclear battalion in the framework of NRF.

Further steps in NRF development were taken in Prague summit. Although principal theme of the summit was supposed to be the enlargement it took somehow rather practical than sound character, with the main part of the event concentrating on the search for NATO’s new mission in the XXI century and for the best structures to carry out new responsibilities. Aiming to make command structures more flexible respective reforms of were introduced, creating two strategic headquarters: in Europe and in the USA. New Prague Capabilities Commitment (PCC), which although criticized as simply being the new name to the failed project, was related to NRF and called the allies to strengthen special capabilities.

Reactions towards a newly introduced project were quite controversial. Some NATO researchers claimed that NRF project was introduced in Prague as a supplementary issue aimed to diminish the significance of the enlargement and calm down Russia. Others saw NRF as the last chance for NATO to improve its military capabilities. Some of them were convinced that this project could reduce fears of the European allies related to the increasing isolationism of the USA and might become a new basis for transatlantic cooperation. Despite the uneven evaluations of NRF among the researchers at the political level allies were fairly sympathetic towards NRF. Still it is worth mentioning that despite its advantages NRF is not a panacea for all NATO

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troubles. Moreover some Europeans fear that it might become just a way for the USA to consolidate its dominant position in the World.

Europeans are also afraid that after the launch of the first NRF mission NATO would be transformed into “aggressive” alliance, which is globally projecting its power. This transformation could not be in consistence with European “regional-civilian” identity. The very fact that NRF is designed to fight preventive strikes against “rogue” states and according to the American understanding is not to depend on the mandate of the UN Security Council contradicts with one of the major principles of international law - inviolability of national sovereignty -, which is cherished by European countries so much.

French Defence Minister Michelle Alliot-Marie worries that the erasure of geographical limits of the Alliance’s operations might be dangerous as creating opportunities to start actions almost under all conditions. The Minister asks: “who will judge?” Trying to answer this question two concomitant questions arise. Can NRF become simply an instrument to defend the USA interests globally? Will NRF be acceptable to Europeans in later stages of its development?

The new National security strategy of the USA slightly mentions Europe and NATO. Fears that the USA might turn away from Europe started to go stronger on the other side of the Atlantics. The lack of military capabilities in European states makes the USA presence in Europe of the utmost importance. The easiest way to ensure this is via NATO. As NRF is often claimed to be the NATO’s last chance, this initiative is undoubtedly important for Europeans. On the other hand, NRF also seems to be the cheapest way of rehabilitating European military capabilities, when with minimum of expenditures the maximal profit is obtained. NRF project is based on the concept of “niche capabilities”, which means that NRF will be formed of special forces of the Allies that are to be trained together and rotate every six months. Those contributions are expected to decrease capability gap between the USA and European armed forces. Another very important advantage of the NRF is that this force is supposed to have common intelligence, common planning, C2 capabilities, exactly the ones, which are lacking in European armed forces. Moreover the very participation in the missions carried out by NRF will allow Europeans at least to be part of common decision making process, which would have not been possible if the USA tended to avoid NATO structures and rely on ad hoc coalitions. Thus NRF project is beneficial for Europeans.

Introducing the new USA National Security Strategy in West Point Military Academy G. W. Bush noted “Our security will require [...] a military that must be ready to strike at a moment’s notice in any dark corner of the world. And our security will require all Americans to be forward-looking and resolute, to be ready for preemptive action when necessary to defend our liberty and to defend our lives.”

The National Security Strategy of the United States of America moreover states that NATO’s core mission—collective defense of the transatlantic alliance of democracies—remains, but NATO must develop new structures and capabilities to carry out


\[\text{\footnotesize\textsuperscript{5}}\text{ Smith D., “Preemptive Peace”, http://www.fcdn.org/issues/mil/sup/peacekeeping_force716-03.htm.} \]
that mission under new circumstances. NATO must bring forces to field, at short notice. Those forces should be highly mobile and specially trained. Given quotations and the fact that NRF is essentially American proposal, is already a solid proof that NRF is beneficial for the USA. Nevertheless it is also worth mentioning that the USA already has capabilities to pursue complex military missions in faraway regions. It was verified during military operations in Afghanistan and Iraq. Why then the USA needs to develop the same capabilities in the structures of NATO? The answer to this question leads one to three interrelated factors. First of all, despite of decreasing significance of Europe in USA strategic thinking, Europe is still important for the US. NATO consequently is seen as a serious reason helping Americans “to stay in Europe”. Secondly, when NRF starts operating, the USA will gain (though very minimal) support and reduce its operational costs. However the most essential achievement of the USA would be the legitimization of its military actions, which the USA failed to obtain in Iraq. Therefore it might be assumed that both the Americans and the Europeans are interested in NRF project and that both will make every effort to develop it.

Still, aiming to further analyze future perspectives of NRF several problematic issues are to be mentioned. First of all, in spite of solidarity showed up in Prague, fundamental differences still exist among NATO members and threaten to negatively influence further development of NRF. Armed forces aimed to fight terrorism have to possess at least a common definition of terrorism and consensus among the parties on the best ways to deal with it. However visions of dealing with main global challenges and threats vary in the USA and Europe a lot. Americans and Europeans often tend to even differently define those challenges and threats. For instance, the regime of Saddam Hussein in the USA was perceived as posing a threat of terrorism, similar to the one experienced by Americans on 11 September 2001. The majority of Europeans on the other hand did not relate this regime to the threat of terrorism. Moreover Americans and Europeans did not agree on the means Americans have chosen to fight it. It might be presumed thus that NRF project will inevitably pose a dilemma in front of some NATO allies (e.g. France and Germany) concerning the understanding and assessment of preventive military actions and terrorism. Yet another significant disagreement between Europeans and Americans is related to the difference in views toward so called “rogue” states. The USA views them as failing to comply to the requirements of international law and seeks to isolate them. Europeans, contrary, think that integration of those countries into the international community is a mean to solve all their problems. Until those disagreements are overcome it is likely that contradictions between the USA and the EU regarding NRF will grow stronger. Meanwhile the hottest disputes in the domain include the discussions on the conditions under which the NRF is to be deployed.

The second group of problems is directly related to military capabilities. NRF designers fear that political leaders will tend to see NRF as panacea and will demand of it more than those forces are capable of.

Success of NRF will certainly depend also on the creation of proper decision-making structures. According to the project decisions on NRF deployment (when possible) is to be taken by the North Atlantic Council (NAC), in other cases - by NATO Defense Planning Committee, which France is not a part of. The French therefore are strictly against this option and propose that decisions should be taken exclusively by the NAC. However granting the NAC with exclusive decision-making powers in all cases would inevitably slow down the time of deployment and cause ineffectiveness of NRF. Cmdr Dick Lacey even suggests of granting SACEUR with a right to plan mission before the political agreement is reached. Decision-making in capitals may be even more complicated. Aiming to deploy NRF each state will have to authorize its decision following the procedures envisaged by national laws. It is worth asking therefore whether slow procedures of legitimization of deployment carried out by national parliaments would not become the factor paralyzing actions of NRF?

It was agreed in Prague Summit that NRF would reach its initial operational capability as soon as possible but not later than October 2004, and its full operational capability not later than October 2006. 8-9 October 2003 in Colorado Springs (United States) NATO ministers of defense, chiefs of defense and NATO ambassadors convened for the first time to examine how new NRF might deal with future asymmetric threats such as terrorism and weapons of mass destruction (WMD). After the meeting Lord George Robertson stated that the ultimate message of the October 8-9 meetings was that alliance transformation will require “real deployable soldiers, not paper armies and that seminar led the political and military officials to a common set of understandings, for instance, that future crises facing NATO will require prompt decision-making in members’ capitals and that advanced planning, including establishing rules of engagement, can help expedite responses. On 15 October 2003 the rapid response force was formally launched.

Despite the common interest in NRF project and the very fact that NRF has already been launched, still many questions regarding the future perspectives of this project remain open. Will NATO be able to carry out operations extending its geographical limits? What kind of missions will it take? Is it possible to accelerate decision-making in NATO (this becomes especially important after the NATO enlargement)? What will be the relations between NATO and other international organizations, especially between NATO and the EU? Finally, what will be the USA standpoint towards NATO: will the USA see NATO as the pool of tools which the USA might use while constructing various coalitions or will cooperate with NATO as valuable organization enjoying the advantages of permanent cooperation structures.

2. The development of the EU Rapid Reaction Force (ERRF)

In 1991 the EU Common Foreign and Security Policy (CFSP) and its military dimension (ESDP) was formally introduced at Maastricht European Council.\textsuperscript{14} Introduction of the military dimension was in a way a response to the accusations from American side regarding the European military feasibility, on the other hand it was also an eventual consequence of European integration, a necessity for growing, widening and strengthening European Union to acquire new military and defense instruments aimed to protect values and interests of the EU abroad. The EU has ceased being simply an economic or political block and became a security organization.

Since Maastricht development of military dimension in the EU has been proceeding very slowly. Until 1998 no principal decisions in the domain have been taken. Main factors preventing this initiative from further development was inability of the EU countries to find a common view towards the core issues of common defense policy and common defense and diverging opinions regarding the future of the EU - NATO relations. Finally, during British - French summit, which was held 3-4 of December 1998 in St. Malo agreement on the establishment of independent EU military capabilities to be used for essentially crisis management tasks was reached causing a principal break-through in the process of the EU Common Security and Defense Policy formation.

In 1998 in Cologne it was decided to incorporate functions of the WEU into the EU structures.\textsuperscript{15} Headline Goal was introduced in Helsinki together with an agreement on ERRF, the status of which was defined in the Treaty of Nice in 2000.\textsuperscript{16} In Laeken ERRF was already announced as capable of overtaking some crisis management operations.\textsuperscript{17} In May of 2002 for the first time crisis management training was conducted in the structures of the EU, which has received a very positive evaluation in the European Council of Seville in 2002. Despite obvious problems in the fields of air-lift, intelligence systems, special operations, search and rescue tasks, and, finally, protection against chemical, biological and radiological attacks ERRF was recognized as operable, therefore enabling Copenhagen European Council to adopt decisions to fully overtake peacekeeping missions in Bosnia and Herzegovina and FYROM from NATO. Europeans have already taken over the mission in FYROM, and by the end of 2004 plan to proceed with Bosnia and Herzegovina. In the summer of 2003 the EU mission ARTEMIS, consisting of more than 1 500 soldiers and is aimed to protect civilians UN personnel, to improve humanitarian situation, to ensu-

\textsuperscript{14} The Union shall set itself the following objectives: [...] to assert its identity on the international scene, in particular through the implementation of a common foreign and security policy including the eventual framing of a common defense policy, which might in time lead to common defense. Treaty of EU, Maastricht, 1991, http://eur-lex.europa.eu/treaties/dat/EU_treaty.html.


re security of the refugee camps and airport and, to stabilize security situation in the DRC has been introduced in the Democratic Republic of Congo (DRC).

<table>
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<th>Headline Goal</th>
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<td>To establish until 2003 European armed forces able to undertake Petersberg tasks. These armed forces will consist of 15 brigades: 50 000–60 000 soldiers deployable in crisis area no longer than in 60 days and sustainable there not less than one year (without any rotation).</td>
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Relatively fast evolution of ERRF let one to believe that this project would be successfully implemented. However, aiming to outline the perspectives of ERRF further development several problematic issues are to be discussed. The solution of those problems in one way or another will undoubtedly determine whether ERRF would become effective instrument in ensuring, at least regional security, or would remain just a “paper project”.

One of the main problems challenging the efficiency of the future ERRF operations is ambiguity of Petersberg tasks in both territorial and content senses. Until the EU solves this problem, limits and character of ERRF future activities remain unclear. Scenarios of the EU defense capabilities deployment have been discussed since 1995 with the possible longest distance from Brussels defined in terms “from 2000 to 6000 kilometers”. That means that the closest deployment of ERRF may not extend the Eastern borders of the enlarged European Union, and the most distant ones - may reach countries like Afghanistan, Middle East region, or Africa. The inability of the Europeans to reach a common decision on more precise definition of Petersberg tasks leads yet to another problem - the issue of the EU identity. The EU will not be able to have Common Security and Common Defense, unless its members will have common values and interests.

Due to the diverging interests of member states and different international commitments also intensity of the involvement in international politics, it might turn to be very complicating to outline an undisputed list of the EU interests. The role of the EU itself in international politics would also determine the content of this list. If the EU would tend to stick to the role of a regional player, Petersberg tasks would be limited to the coping with the EU internal security problems and ensuring stability in geographically proximate areas. And still this scenario due to the ongoing enlargement and approximation of stable regions does not provide one with a clear definition of the future missions of ERRF. On the other hand, the EU members as representatives of “western civilization” might be interested in preserving and promoting values of the liberal democracy and aiming to defend those values the EU members

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19 In 1992 WEU countries signed a Petersberg Declaration declaring their readiness to make available military units to implement so called Peterberg Declaration declaring their readiness to make available military units to implement so called Petersberg tasks containing humanitarian tasks, peace-keeping tasks and tasks of combat forces in crisis management. http://europe.eu.int/scadplus/leg/en/cig/g4000p.htm.

may commit themselves to get involved in more faraway regions e.g. Middle East or Africa.

During the past years the EU was more eager to use economic, political instruments rather than the military ones to protect its values. Thus a significant shift towards military instruments is slightly likely at least in the short run.

Taking into account the fact that growing economic power of the EU turns it into a global player, it is worth discussing the global scenario of the EU international involvement. This scenario would commit the EU to get involved in the military operations in the very distant regions. Still global scenario is the least likely to evolve in the nearest future. First of all the economic power of the EU is not supported with adequate political influence and military capabilities. Secondly, in the meanwhile the EU does not seem to be interested in playing a more global role. Finally, it is obvious that protection of the EU interests on the global level is possible only if the interests of all members are defined in common, while in reality major differences among the EU members exist. In the short run therefore the most likely scenario is the one of a regional player. Until the EU would decide to take over more global responsibilities it still has to solve certain internal and regional problems. On the other hand, in the longer run successful integration and enlargement may undoubtedly push the EU towards more global ambitions.

The content of Petersberg tasks does not either provide one with clear answer to the question what kind of operations are envisaged for ERF. Present definition of Petersberg tasks may even include big scale conflicts such as Gulf War. It is likely that the contents of the future missions of ERF will depend on whether aiming to solve problems of international security the EU would choose to rely on a military or civilian role.

Henrik Larsen argues that the EU concept of dealing with international conflicts is linked to a liberal doctrine, which is prevailing in the EU. Europeans attach major importance to the respect of human rights, principal freedoms and supremacy of law. The EU tend to relate causes of the contemporary international conflicts to the violation of those principles and think that the restoration of major principles of democracy might solve the majority of those conflicts. For instance, the Europeans define terrorism as a problem of economic, political or/and social nature, which demands corresponding means to deal with it. The USA on the other hand, sees terrorism as a military threat and is convinced that the best means to fight it are those of military origin. Thus one of the principle missions of the EU - to ensure international security and respond to the contemporary security challenges - is based on the civilian instruments. The EU identifies itself with a civilian player. Dr. Javier Solana once has stated that “stability of the World is more “civilian” than “military” concept”, and the main goal of the EU should be the role of a “civilian power”. Therefore one of the most important guarantees of security and stability according to Dr. J. Solana is the continuity of integration and the successful enlargement.21

22 Ibid., p.298.
Although preferring civilian conflict management instruments in general the EU views problems in the immediate neighborhood as an area of its special political responsibility. Europeans tend to directly relate their obligations and success in Balkans with their security therefore not hesitating to use their military instruments in the region.

Military instruments in the EU are viewed just as one of (and probably not the most important) the means to ensure security. Europeans tend to incorporate them into a wide net of political and economic means. Christopher Patten when speaking about the changing problematic of security has stated that although „smart” bombs are important but not as important as smart aid for development. More important is the aim to involve states in the international community than isolate them. The same ideas might be found in the speech delivered by Dr. J. Solana on 20 June 2003 in Thessalonici A Secure Europe in a Better World23, which eventually have become a security strategy of the EU. It emphasized three major goals: first of all, to ensure more resources when creating economic an political stability in the neighborhood; secondly, to support and strengthen multilateral international order; and, finally, to strengthen civilian and military capabilities to fight with the threat of weapons of mass destruction and “rogue” states. Civilian instruments were awarded with special attention. The speech also underlined the significance of preventive actions, though with a strong emphasis on multilateral world order and hardly mentioning preventive military strikes.

Having in mind that meanwhile the EU is preoccupied with mostly regional problems and seeks to solve them first of all by using civilian instruments with military means tightly embedded into the wide civilian complex of various instruments, it is likely that in the short run Petersberg tasks will be defined as peacekeeping operations of very limited scale carried out in Europe or not far away regions.

The problem of Petersberg tasks’ definition is closely related yet to another factor, which will evidently have an essential impact on the future success of ERRF — the lack of military capabilities. Although the majority of ERRF experts claim that capabilities’ problem is the critical one to the success of ERRF, but the article argues that the impact of this problem on ERRF will depend on the definition of Petersberg tasks. Insufficiency of certain capabilities would not be that evident if the EU members decide to adopt the narrowest definition of Petersberg tasks.

Major problems of European military capabilities have revealed in Balkans. In the presentation of the former Defense Secretary of the USA W. Cohen and Gen. H. Schelton presented to the Armed Forces Committee of the Senate the European and American joint operations have received quite a negative assessment.25 Indicating major problems Americans summed up that due to the ineffectiveness in mobility, command, control and communication the European armed forces are facing

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25 Evidence from Smith I. D. Shadow Secretary of State for Defense, United Kingdom to the Committee on International Relations, House of Representatives, Wednesday, 10 November, 1999.
heavy difficulties. Conflicts in Balkans have demonstrated serious deficits in the fields of strategic intelligence, anti-missile defense, strategic transportation, air capabilities, precision guided missiles and other areas related to the modern technology. Lack of those capabilities is also recognized by Europeans themselves. The Chair of the EU Military Committee is convinced that ERRF will not be able to ensure effective air transportation until 2008 - 2012 when the first A400M starts operating and until then Europeans will not be capable of carrying out more complex missions.26 Although majority of those capabilities are more relevant to the operations of territorial defense and large scale operations therefore the shortages in those fields may not have such a devastating effect on the Petersberg type of operations, if the EU decides to expand the framework of its involvement those capabilities will be indispensable.

In fact, the problem of capabilities was “programmed” with the introduction of Headline Goal, when the Europeans have wrongly calculated the real costs of its implementation. Taking into account the possibility that some of the missions might be dragged out or the EU might get involved in several missions at the same time, ERRF have to be able to rotate. Therefore aiming to take on more ambitious missions the EU will have to possess armed forces three or four times bigger than those stand-by 60 000 forces envisaged in the Headline Goal. The real number of necessary forces may rise to 200 000 respectively increasing amounts of technology, logistics and other capabilities. In spite of the fact that Defense Ministers of European countries have agreed upon the enlargement of their input in the November of 2001, their real ability to provide those capabilities is highly questionable.

Yet another factor that not only determines the backwardness of the EU military sector, but also increases the dependency of the EU member states on the USA - is the problems of the European defense industry. Fragmentation in defense industry structure, competing interests of member states and insufficient markets decrease the competitiveness of Europeans in the global market and has a serious impact on the autonomy of European defense industry. Although at least minimal foundations for the cooperation were already laid down during the Cold War: the establishment of European group and the Independent European Programme (which in 1992 were transformed into the Western European Armaments group in the framework of the WEU)27, and all the EU members recognize the obvious advantages of cooperation if aiming to increase effectiveness of defense industry, the tighter cooperation in most cases is blocked by inconsistent interests of the EU members.

Some of the positive trends that have evolved in the European defense industry during the recent years deserve to be mentioned. Due to the strengthening position of the USA products in the European markets and increasing competition European companies have begun to merge at first at national level, but recently involving the

convergence of several leading companies on the European level. In 2002 Great Britain, Germany and Italy have established Organization for Joint Armament Cooperation (OCCAR), which is supposed to implement joint procurement programs and enable those countries to arrange joint contracts.

One of the possible solutions to the problems of defense industry in Europe is the harmonization of the technical standards of operations and reconciliation of commercial interests, which was already introduced in the field of aviation and space industry. It is likely, that international programs (Joint British German Multi Role Armored Vehicle Program, air defense program Horizon, Tiger, NH90 helicopter program, A400M) will give a positive impulse for the further development and restructuring of European defense industry. The creation of the joint European Armory, Research and Military capabilities agency, proposed in the project of the EU Constitution will undoubtedly prompt the development of the EU military capabilities and will positively influence interoperability among members, respectively strengthening basis of the EU defense industry. On the other hand, member states are afraid that if this agency has the right to take decisions on the principles and priorities of procurement it might endanger vital interests of certain countries or existing trade relations with the third states.

The future success of ERRF will also depend on the ability of the EU to ensure sufficient financing of armed forces and particular operations.

In 2003 European NATO members have spent 200039 million USD for the defense, while the USA – 383720 millions USD respectively. If comparing the Europeans and the USA it should be mentioned that not only the defense spending was considerably less in Europe than in the USA, but also the main part of the resources in Europe have been allotted to sustain the armed forces, when in the USA it is devoted for the development of modern military technologies. Insufficient and ineffective financing of armed forces may determine that the EU armed forces experiencing serious shortfalls will not be able to carry out the operations of even very limited scale.

The ability to finance particular military operations will also have an impact on the evolution of ERRF. Complicated and time-consuming procedures of financing in the EU can slow down the course of operations. Insufficient financing may have even graver consequences, when the inability to find necessary resources manifests itself already in the course of operation. It may endanger safety of soldiers and cause serious stability and security problems in the region. Financing procedures of the missions in the EU may be basically divided into two parts. The first one is civilian, which is devoted a separate row in the EU budget. The second one is military that is constructed on ad hoc basis. Financing of Petersberg tasks, with the exception of administrative, logistical and medical costs, is going to come from the member states and will be based on the same formula as the one applied in NATO, when all the costs are being covered by countries that participate in the operation. The same

mechanism is quite successfully functioning in NATO, however due to the principle of “constructive abstention” it might impose serious free riding problems on the EU.

Another problematic issue is the complexity of the EU structure. Implementation of Petersberg tasks will request from the EU members a wide range of different instruments, which belong to the “responsibility” of different EU pillars. The sources and procedures of the financing of those instruments will also differ. On one hand, variety of sources and procedures undoubtedly slows down the course of operation and reduces effectiveness of the mission. On the other hand, it is very difficult to guarantee that all the financial means a received when necessary. Moreover the imperfection of financing might cause uneven distribution of costs, when the bigger states bear the lion’s share not only in the sense of personnel but also of financial costs. The complicated procedure of financing military operations therefore becomes both the cause and effect of the civilian identity of the EU. On one hand, due to the peculiarities of financing mechanism it is easier to use the civilian means of crisis management. On the other hand, existing mechanisms show which instruments of conflict resolution are given priority.

Although a wise solution of capabilities problems may become a turning point in ERRF development the article argues, that there are even more important factors that are blocking the evolution of ERRF, CSDP and even CSFP and which would be even more difficult to tackle. In fact insufficiency of military capabilities could be fixed up over the time with the help of strong political will and fruitful efforts of member states. It is far more difficult to manage the problems stemming because of the diverging national interests. The EU members are not able to reach an agreement even on the shape of the EU: some of them see the EU as federation, the others - as confederation. Another dividing line is the relationship with the USA. If the EU members cannot agree even on such fundamental questions and general vision of ERRF it might become yet more difficult to find a common decision on when, how and where ERRF should be deployed.

Aiming to ensure unified and common defense policy in the EU well established institutional basis providing the background for the harmonization of diverging interests and binding commitments would be advantageous for further development of ERRF. But the CFSP, which ERRF is a part of, is based on the principles of inter-governmentalism and unanimity and therefore does not provide any consolidating framework. The introduction of majority vote in CFSP would certainly have a positive effect on the effectiveness of ERRF, though member states have fears that majority voting on important issues of foreign and security policy may violate their national interests. Those fears prevent them from refusing the unanimity. Despite several initiatives to embed the principles of inter-governmentalism and unanimity in the

31 Amsterdam Treaty envisages principle of abstention (or constructive abstention) that enables member states, which feel that certain decision of the EU may contradict with its national interests, to refrain from participating in implementing this decision, but not blocking the adoption of the decision and recognizing its validity.

32 Missiroli, (note 30).
new EU Constitution, in the final project of Constitution the right to decide on the issues of CSDP in crisis situations (including the decisions to carry out Petersberg tasks) is again assigned for the Council of the EU in which decisions are to be taken unanimously.

The integration of new members may complicate the ability to reach an agreement concerning ERRF even more. First of all, these countries are different from the old members in several aspects: their economic capacity is much worse than that of the Western Europe; they are more “sensitive” that concerns sovereignty issues, usually they are more pro-American than the rest of the enlarged European Union. On the other hand, with the inclusion of the new members borders of the EU will expand to the problematic regions thereby extending definition of possible ERRF missions. Having in mind the particularity of region it is obvious that there will be a large gap between the interests of the old and the new members and among the latter in the variety of areas. It is likely that the enlarged EU will also face the problem of different threat assessment. It is evident that it will become extremely hard to reach a compromise in the enlarged EU under those circumstances.

The EU Constitution project introduced several improvements related to the CSDP: expansion of the definition of Petersberg tasks including such issues as disarmament, aid of military experts, functions of stabilization of the conflict and fight against terrorism (including support to the third countries when fighting the terrorism on their soil). The project has also proposed to include the principle of “structured cooperation” enabling certain countries to enhance their defense cooperation and to ensure the possibility for ad hoc coalitions in the structures of the EU to act in the name of the EU. Other proposals include “solidarity clause” (that would commit the EU members to help each other in the case of terrorist attack and in the case of natural or human maid catastrophe) and establishment of European Armaments, Research and Military Capabilities Agency.33

Those provisions of the EU Constitution would help to solve at least a part of ERRF problems. But the discussions on the draft Constitution have once again revealed the incompatibility of the members’ visions towards the future of ERRF, which will probably become even more serious after the enlargement.

Disagreements among the EU members towards the development of ERRF were obvious during the summit of four member states on the defense cooperation (Belgium, France, Germany, and Luxembourg), which was held on 29 April 2003 in Brussels. The summit has proposed the introduction of solidarity clause, principles of collective defense and structured cooperation, the extension of Petersberg tasks’ definition (including the possibility for the EU to take on all the types of operations (peace and combat), establishment of a separate EU headquarters and the procurement agency.34 The proposals of the four have provoked a vivid reaction in other member states, with some of them openly expressing their dissatisfaction and appre-

hension. Italian and British officials were worried that those proposals may undermine the transatlantic link. Representatives of the EU institutions were also reserved in welcoming the initiative. Dr. J. Solana has noted that the summit of the four was valuable for the EU just in that sense if it aims to stimulate the members to allot more financial means for the development of military capabilities, however neither of other proposals was ever mentioned. Roman Prodi affirmed that he supports the initiative only so far as it remains open to other members. Tony Blair criticized the proposals of the four declaring that the Brits would not support any initiative that threatens to harm NATO or contradicts the fundamental principles of European defense that were agreed upon so far. He even warned of possible divisions of Cold War type if the firmness of transatlantic link is undermined.

Positions of Great Britain, Spain, Portugal, Italy, Denmark and the Netherlands also clearly expressed the same idea: the domain of collective defense is to be left for NATO responsibility. Four other members of the EU (Finland, Sweden, Ireland and Austria) together with two candidates (Malta and Cyprus) pursue non-alignment policy therefore are also likely to ignore those proposals. The rest of the candidates, Lithuania among them, stand for the maintenance of transatlantic link and in their defense planning prioritize NATO. Finally the very fact that none of the EU representatives took part in the summit shows that the initiative of the four does not represent the official EU policy. Moreover although the participants of the summit were intending to seriously fight for their proposals in the Convent, not all of them were adopted. First of all, other big members (Brits, Italians, Spaniards, Portuguese) are not interested in them and openly declare the priority of NATO and devoting to the ESDP only the complementary role. On the other hand, France and Germany aiming to improve their relations with the USA, which were considerably corrupted during the Iraq campaign were not so insistant on some of their proposals.

In 2003 ERRF was declared operable and is already carrying out missions in Macedonia and Congo. Those missions however are very small and uncomplicated but are especially important for the Europeans. The success would, first of all, help to regain confidence in the eyes of the USA, secondly, would prove to the World that political and economic ambitions of the EU are supported with adequate military instruments. Finally, the success of the Europeans in those missions will have an evident impact on the image of ERRF and their future evolution.

The future of ERRF will depend a lot on whether Europeans are successful in solving institutional and capabilities problems. And still the most important factor is whether institutional structures nor capabilities, but rather sincere concernment of the EU members in the issue. In the meanwhile it seems that member states lack political will to seriously engage in ERRF. Thus it is worth asking whether the EU members are willing and ready to risk the lives of their soldiers for the sake of Europe? If someone would ask this question now it is likely that the answer of the majority of member states would be negative. Therefore the real challenge that is faced by the European countries

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36 Ibid.
is their ability to ensure a clear and strong political will to have CSDP. In this respect the development of certain political and institutional culture that would be prompting the EU members to define their national interests in the perspective of the EU gains a special significance. It becomes more important than the efforts to establish the most proper voting system or even attempts to improve military capabilities.

Moreover ERRF is not possible if there is no effective CFSP. Member states have to not only have a common visions of ERRF and their deployment, they also have to decide in common on the place of those forces in regional security architecture including their relations with other international organizations, especially NATO. Most of the EU members tend to assign the principal role in the regional security system to NATO and would deploy their armed forces in the structures of the EU only if NATO refuses to take part in the mission. Therefore lots of uncertainties regarding the future ERRF mission still remain. It is also problematic that both the EU and NATO will essentially be using the same capabilities. The scarcity of capabilities in the EU will make ERRF dependent on NATO, especially in more complicated missions.

Development of ERRF may slowdown in a short run because of the EU integration and enlargement. On the other hand, if both processes will turn out to be successful it is likely that this would positively influence further development of ERRF. The world famous EU scholar Donald Puchala in his article Building Peace in Pieces: the Promise of European Unity notes: “Historically, the course of intra-European international relations in the context of the European Community and its institutional progeny is best seen as a series of problems constructively solved and a congeries of crises constructively weathered […] almost every major goal (and countless minor ones as well) in the course of European integration to which Community members have committed themselves […] usually later rather than sooner […] get accomplished nonetheless.”

Although the current development of CSDP and ERRF do not provide much root for optimism it might turn out that D. Puchala was right. Trying to solve internal and regional problems the EU will stick to the role of regional player in the short run and would probably pay less attention to ERRF or CSDP and CFSP in general. However in the long term the EU may seek for more global role and this certainly to bring it back to such issues as common foreign and security identity. A lot would depend also on yet another choice of the EU: whether it decides to base this identity on military or civilian instruments. This would certainly affect the future shape and prospects of ERRF.

3. NRF and ERRF: prospects for cooperation and major problems

Inter-organizational cooperation has become one of the principal features of security structures after the Cold War. That means that the most popular way to organize the functioning of security structures was to rely on the principle of labor division, when different international organizations are providing necessary security instruments in all dimensions of security policy. The fact that the EU is able of carrying out just very limited missions without the support of NATO, also that the majority of the EU members also belong to NATO and that variety of historical, political, economic and cultural ties connect those organizations and their members and foremost that both organizations are working for the same sake: promoting democracy and ensuring security and stability all over the World, make the cooperation between two organizations inevitable.

Relations that existed between the North Atlantic Alliance and the Western European Union (WEU) might be called pre-history of NATO - EU cooperation. Article 4 of Modified Brussels Treaty has committed parties of the Treaty and all the organs created by the Treaty to closely cooperate with NATO, rely on NATO military command, information capacities and to consult with NATO on various military issues. Joint agreements and institutions created by NATO and the WEU since 1991 to 2000 have laid the foundations for the development of the EU - NATO strategic partnership. After the EU took over the functions of the WEU the need to reestablish relations between NATO and the EU emerged. The solution was introduced in Washington summit59, and proposed that both organizations should cooperate relying on the framework, which used to exist between NATO and the WEU. In July 2000 regular preliminary discussions on cooperation have started. In Nice European Council permanent NATO and the EU cooperation structures were approved. The EU access to NATO capabilities was among the most important though also the most controversial issues in the debate on the EU - NATO cooperation. This access was proposed in Nice to be based on the “Berlin plus” formula. Although in NATO ministerial meeting, which was held 14-15 December 2000, majority of NATO mem-

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40 Decisions adopted in Berlin in 1996 envisaged to cover NATO support for operations led by the WEU, known as the “Berlin arrangements”. In 1999 new arrangements for the EU (“Berlin Plus”) were agreed upon. The “Berlin Plus” package consists of four elements: 1) assured EU access to NATO operational planning. 2) presumption of availability to the EU of NATO capabilities and common assets. 3) NATO European command options for EU-led operations, including DSACEUR. 40 adaptation of NATO defense planning system to incorporate availability of forces for the EU operations, http://www.nato.int/uk/docu/esdi.htm.
bers approved the structures introduced in Nice, decision was not adopted because Turkey, fearing that ERRF might be used against its interests (for instance, in Cyprus) vetoed the initiative in the NAC.

Greece was also precautionary regarding cooperation between NATO and the EU. Doubts of Turkey and Greece have prolonged further development of the EU – NATO relations for yet another two years. The agreement however was finally reached at the summit of Copenhagen European Council. Turkey succeeded to include into the agreement the notion that in the EU crisis management operations can participate only those EU members that are also NATO members or partners, thereby “excluding” Malta and Cyprus. 13 December 2002 NATO and the EU members have announced joint Declaration on ESDP. This declaration has outlined the formal principles of the EU-NATO cooperation and provided the EU with the assured access to NATO planning (the EU will be able to make a use from SHAPE operational planning and NATO capability planning process) and logistical capabilities in the case of crisis management or conflict prevention. Principle of NATO primacy incorporated in the WEU declarations, which had been attached to the Treaties of Maastricht and Amsterdam, was confirmed in Nice and the Declaration on ESDP.

Both Declaration on ESDP and an agreement on the security of information concluded between the EU and NATO enabling both to exchange secret documents, have made possible for the EU to take over from NATO the mission in FYROM on 31 March 2003 and confirmed strategic partnership of two organizations.

Still the endorsement of this principle leads to the conclusion that ERRF will participate only in those missions, which would be refused by NATO. Thus it is worth asking whether agreements between the EU and NATO mean that the organizations have agreed on the division of functions in ensuring security and stability in the World? And, if yes, what roles were envisaged for ERRF and NRF? Finally, it is still unclear if system of cooperation proposed by “Berlin plus” formula is realizable in practice?

Former NATO Secretary General George Robertson has noted that the principal aim of NATO in the domain is to ensure that NRF and ERRF would complement one another. The Secretary General is convinced that those forces will not duplicate each other and have good opportunities for cooperation. According to him ERRF differs essentially from NRF, first of all, because it will not include American soldiers, and secondly, because both forces have different objectives. The main objective of ERRF - is the implementation of the Petersberg tasks. The key mission of the NRF - is to douse fire in the World’s hot spots.

Chairman of the EU Military Committee Gen Gustav Häglund during his visit to Finland talking about principal challenges in contemporary security has emphasized disability of the EU to assure rapid response to major contemporary security


challenges. He noted that the EU lacks necessary institutional structure to implement those tasks and therefore emphasized that new missions are to be carried out by NRF, which could provide rapid and effective reaction. If necessary the EU may take over the initiative in later stages of the conflict. In the Join Declaration of the EU and NATO the emphasis was also laid on the different character of both organizations underscoring that the EU is to take part only in those missions, in which NATO will not collectively participate. It is obvious thus that NATO and the EU rapid reaction forces are meant to be different and undertake different functions and therefore it is likely that those forces will not duplicate each other in future. On the other hand, although the division of functions would be the most rational solution, it still unclear if it is realizable in reality. Moreover it is also uncertain if all the participating countries are interested in this division.

ERRF is already declared operable and has started its first missions in FYROM and Democratic Republic of Congo. Still this force is capable of undertaking operations of only very limited scale and the final result of its evolution is vague. NRF was declared operable on 25 October 2003 however, in a way, it is still a project, which not having practical evidence of certain operations is very difficult to evaluate. Nevertheless, several problem groups that might harm operation and cooperation of both forces are already becoming visible. The main problems as in the cases of NRF and ERRF individually might be divided into two blocks: capabilities and political will.

It is usually argued that the most obvious are the capabilities problems of which the principal one is a “double hating”. Although both the EU and NATO officials acknowledge that ERRF and NRF are intended to undertake different missions therefore would not compete for the same capabilities, it is worth noting that limited amount of soldiers and necessary resources will exists at the time for all types of operations. Is it possible then that Europeans fighting under NRF helmets in the initial stages of the conflict would change them into ERRF uniforms and proceed with the peacekeeping mission? Several operations although of a very different character being carried out at the same time would inevitable raise the issue of the insufficient resources. The same air transportation capabilities might be needed in peacekeeping or humanitarian operations as well as in more intense operations. Capabilities and resources used by ERRF would not be accessible for NRF and vice versa. Moreover as functions and fields of activities of ERRF and NRF are not clear defined and might be expanded in the future (the introduction of battle groups in the EU is one of the examples), competition over the resources might not only become a serious obstacle for effective operation of both forces but also can become a threat for the international security.

It is still not clear weather Europeans, which are facing serious problems regarding the financing of defense, are capable of ensuring necessary capabilities for NRF. Although it is presumed that NRF would rely on “special capabilities” therefore would not demand additional expenses the danger remains that all the problems faced by ERRF might migrate to NRF. Moreover, European countries will be obli-

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44 “Double hating” means that both NRF and ERRF would use the capabilities from the same pool of resources.
ged to relocate their defense expenditure orienting it toward more particular and important areas (which was not the case with ERF) and, it is likely that additional resources would be needed for those reforms. If Europeans fail to ensure sufficient military capabilities and respective financing, both projects would be condemned for failure. One has to take into account distributional problems of defense expenditure, which are stipulated due to the varying interests of member states. It is slightly likely that interests and costs would coincide in all the cases.

Joint Declaration of NATO and the EU envisages that NATO and the EU will share modern technologies and other costly military resources. On one hand this would solve the problem of needless duplication on the other hand the implementation of this intention in reality is doubtful. First of all, management of the advanced technologies requires appropriate preparation - therefore borrowing of expensive modern capabilities will include borrowing of personnel, or special training is to be organized in every particular case. It is possible that some members of one or another organization would not agree to lend the expensive equipment or their soldiers to others and would veto the decisions therefore thwarting or retarding the course of operations. Communicational and information sharing possibilities between two might turn out to be even more problematic. In Bosnia and Kosovo even in the framework of a single organization it was extremely difficult to coordinate the actions of Europeans and the USA, or even among the Europeans themselves. One can only imagine the hardships that might arise with all those various countries participating in the structures of two organizations. It is likely therefore that problems of interoperability and insufficient military capabilities that are relevant for the NATO structures would be aggravated if the EU and NATO would act jointly.

It is expected that NRF project would oblige Europeans to increase their military capabilities and that due to the fact that capabilities are the same this would be advantageous for both NRF and ERF. It is worth asking though if the problem of interoperability and insufficient capabilities does not condemn both projects to the failure? Whether member states would be interested to lend their military capabilities in missions, which they would not be interested in? Having in mind that security concepts in Europe and in the USA differ a lot, moreover that interests of Europeans also diverge, this could provoke serious challenges for the future evolution and operation of NRF and ERF.

Problems related to the military capabilities although often more visible are possible to solve over the time (the same as in the case of ERF) if member states are interested in their solution. Political problems, on the other hand, although in most cases are less visible, usually are more complicated to tackle.

The future of NRF and ERF cooperation will inevitable depend on the status of transatlantic link. During the Cold War a firm transatlantic link was the main guarantee for the security in Europe. Security interests of European countries were subordinated for the security orientation of dominating power (the USA). The latter as a reward deployed its armed forces thereby ensuring security of the Western Europe. After the end of the Cold War relations between allies in Europe and the USA are constantly challenged by the increasing amount of the disputes. This tendency provokes worries on both sides of Atlantic - if the new world order does not threaten to ruin long-term partnership? Weakening transatlantic link may cause dec-
release of NATO significance therefore making NRF meaningless. In that case the USA might take over the tasks envisaged to NRF. This scenario would inevitably have negative effect also on the evolution and operation of ERF, which is dependent on NATO capabilities.

Ronja Kempin is convinced that eventually NRF and the ERF would become incompatible, because they are based on essentially different security concepts related to discrepant standpoints towards the possibilities of cooperation, diverging interpretation of international law, varying definitions of major threats and respectively differences in choice of the instruments to respond to them. Characteristics of the American and the European security concepts were comprehensively outlined in the article “Power and Weakness” by Robert Kagan. The fact that NRF is based on security logic of the USA presents Europeans with three principal questions, the answer to which would in substance determine the perspectives of NRF. First of all, if those countries are willing to globally fight with asymmetric threats (international terrorism and weapons of mass destruction), employing preventive actions if necessary? Secondly, are they ready to change their current political style into more active involvement? Are they ready to ensure sufficient resources necessary for the operations overextending the frontiers delineated by the 5th Article?

ERF, on the other hand, is based on the European security vision, which might be linked up with the civilian mission of the EU and long-term conflict prevention. In the case of conflict the EU seeks to be capable of acting rapidly, but lays the emphasis on civilian capabilities (police, judges, civilian institutions). The USA contrary to the EU almost did not pay any attention to those capabilities in its strategy on Iraq. Having in mind that NRF is designed to undertake operations similar to the one carried out in Iraq, it is obvious that the European and the American visions on how to respond to the threats might diverge. Moreover considering philosophical differences regarding the issues of foreign policy that exist between the USA and European countries, important challenges could arise due to the inability to agree where and what forces are to be deployed.

It is also worth noting that institutional structures and decision making in the CSDP are very complicated and too slow in the case of crisis, therefore ERF will be able to participate only in the operations of very low intensity. Moreover the ability of ERF to undertake independent mission might be reduced by the principle of NATO primacy. If Americans would tend not to take European security concept into account this might again increase tensions between the two.

The problem might be solved by transplanting the European security concept related to peacekeeping into the structures of NATO, which are better adjusted to search for compromises and where political ambitions are based on real military power. Gen Gustav Haggglund thinks that European pillar in NATO and ESDP will be merged eventually. During his visit to Finland he was convinced that if Finland does not join NATO till the end of the current decade it would not make sense to do

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63 Kempin, (note 8).
it later, because the ESDP and European pillar of NATO will be the same.\textsuperscript{49} If it is really to happen depends on both the ambitions of Europeans to possess at least partly independent armed forces in the EU structures and also on the USA position regarding the European security concept: is it nonetheless estimated as simply an expression of European weakness or is it taken seriously and involved in the construction of common security strategy? Will the EU states that see the project as a possibility to strengthen the EU identity and potentially defend the EU interests, be determined to refuse ERRF? It is worth therefore noting that if Europeans are really interested at least in partial autonomy of CSDP and CSFP ERRF has to operate at least partly independently from the USA and NATO. On the other hand, the principle of NATO primacy and the USA striving to dominate decisions on both NRF and ERRF deployment might decrease interest of European allies to be part of those missions. It may also happen if Americans would see NRF as simply being an instrument to legitimize their global interests and construct capabilities for their missions.

NATO’s right of the “first response” is also widely discussed. The principle envisaged in the documents outlining the NATO-EU cooperation would allow avoid disputes over the leadership in the case of crisis and would also force Europeans to increase their military capabilities. However it may have negative effect on transatlantic relations. The problem lies in the fact that not only functions would be distributed between NRF and ERRF, but possibly also missions. NATO is likely to be entrusted with the military domain of the campaign on terrorism, while leaving civilian domain (probably including some military aspects) to ERRF. Americans are worried that this division would create a two-level structure, in which Europeans would only undertake very easy tasks (peacekeeping) thereby leaving all the hardest and “hottest” work for NATO or as to be more precise for the modern armed forces of the USA.\textsuperscript{50} Former the USA Ambassador to NATO Robert E. Hunter in his publication “ESDP: NATO partner or competitor?” outlines recommendations for the successful and effective operation of NATO and the EU. First of all he emphasizes the importance of the principle of NATO’s primacy and then tries to draw the attention to the destructiveness of the formal or informal labor division between NATO and the EU.\textsuperscript{51} He is convinced that any labor division should be refused with all the military capabilities and costs being common. Both organizations, according to him have to cooperate when fighting with the terrorism and try to encompass different aspects of security policy (military, political, diplomatic intelligence, financial and judicial).\textsuperscript{52} Nevertheless taking into account diverging security concepts, which on NRF and ERRF are based practical implementation of those recommendations is hardly possible.

Europeans in their turn feel concerned that NRF might be used by Americans just as the instrument to construct necessary capabilities for the missions that Ameri-

\textsuperscript{49} (note 26).
\textsuperscript{50} “Amerikiečiams nerimą kelia Europos Sąjungos siekiai kurti savarankišką gynybos organizaciją” Laisvoji Europa, 2000 03 13.
\textsuperscript{52} Ibid.
cans are interested. The Europeans fear that the USA would tend to participate in the operations selectively and more seldom, therefore leaving all the long-term low-intensity politically insignificant though very expensive tasks for Europeans. By granting NATO with the right of first response the autonomy of the EU to decide on the issues, which in fact are the most important ones - to decide on the use of power - is decreased or totally negated. If decisions are to be adopted in the NAC, the USA will have a veto right on ERF deployment and ERF would really become just a European pillar of NATO. Responding to the limiting of their sovereignty Europeans may tend stay apart from the majority of missions.

The success of NRF and respectively of ERF on the other hand would also depend on how much Europeans would be willing to change their vision of security policy. If they stick to the opinion that the actions of NRF have to be organized according the principles of the European security policy, NRF project will not be successful, first of all, because the USA will not be interested in such a force and secondly if constructed according the European security logic NRF would be incapable of undertaking any tasks it has been created for.

Other important factors that will influence further evolution of both forces are the development of European identity and transatlantic relations. If the transatlantic link weakens significance of NATO would decrease and NRF would loose any sense. This scenario would negatively influence also the development of ERF, which are to rely on NATO capabilities. If NATO is more to undertake the function of political forum, it is likely, that the USA would be willing to organize its military activities outside NATO, most likely through ad hoc coalitions. However this choice may pose the USA with serious problems regarding unilateral behavior that have become obvious in Iraq. On the other hand, if NRF project does not succeed, NATO significance may decrease therefore endangering transatlantic link. Thus perspectives of NRF and NATO as an Alliance are very mutually interrelated. The success of ERF in this context is probably least important. Even if this project will not be successful in the short run, missions envisaged for ERF might be transferred to NATO. Nevertheless, having in mind that NRF and ERF are to use the same capabilities it is still important that Europeans would ensure enough of necessary capabilities for both forces, even if ERF fails due to for instance institutional problems.

In the meanwhile there is support for both projects and it is likely that the NRF will be fully implemented by 2006. Europeans are interested to keep the USA in NATO and the effective NRF is essential for that purpose. For the Americans NRF is indispensable, as providing with the opportunities to legitimize the American security concept and respective international behavior. Moreover NRF could more actively involve the allies into the regions, which extend the limits of European traditional interests and ease military costs of the USA.

ERF project, on the other hand, is acceptable for the Americans and pro-American Europeans only if it is strictly limited to the enhancement of Europeans military capabilities in general and to the missions of very low intensity. Though some countries, especially France are willing to devote ERF the more ambitious role, it seems that at least in the short perspective (at least until the EU does not change its identity from a regional into the more global one) ERF will remain more of the declarative character and will participate in low intensity missions, similar to
those already carried out in Macedonia and the Democratic Republic of Congo, or in those of more civilian character.

On one hand defense spending is likely to remain one of the main indicators of European countries’ concern with ERRF. On the other hand, situation may change if the EU would succeed in coping with internal problems, enlargement and integration that would strengthen the EU identity. The ERRF will not be capable of carrying out significant military operations until the EU would not be able to consolidate diverging interests of member states. The position of the USA administration and public opinion both in the USA and Europe may also play significant role in the development of both forces. It is also worth taking into account within which organization will propose better structures for cooperation with other countries such as Russia, China etc.

4. The prospects of the Lithuanian involvement in NRF and ERRF

In May 2004 Lithuania became full right member of the EU and NATO, and respectively has to participate in the development of ERRF and the NRRF and, possibly, in their operations. Although NRF is relatively new Lithuania already contemplates its possible contribution to NRF. Initially Lithuania considered of contributing with one squadron of special forces that is already participating in the operation “Enduring Freedom” in Afghanistan. Meanwhile it is however more likely that Lithuania would limit its contribution to a water purification unit (15 people).

Although Lithuania as well as other countries of the Central and Eastern Europe (CEE) recognizes the primacy of NATO in guaranteeing security in the region it is also ready to participate in the mission carried out by ERRF. Initially it was planned to commit one mechanized motorized company platoon and infantry unit, military medics section, engineering platoon, one plane AN-26, two M-8 helicopters, two MCMs and two military ranges for ERRF purposes. Current Lithuanian capabilities indicated for ERRF include\(^53\): special operation forces (50 people), explosive ordnance disposal team (20 people), battalion task group (1000 people), movement control team (12 people), water purification unit (15 people), railhead formation (14 people), petroleum oil lubricants unit (16 people), mine counter measures (38 people).\(^54\) Lithuania is also considering its possible contribution to EU battle groups.

Although Lithuania and other new members of both the EU and NATO quite actively participate in both initiatives it is worth recognizing that small states cannot contribute much to rapid reaction forces. First of all those states lack expensive modern capabilities. Secondly, the structure of their armed forces usually differs from the structure necessary for rapid reaction forces. This is especially relevant for the CEE countries where armed forces had been created initially relying on the principle of territorial defense and which are moreover experiencing economic hardships. Trying to solve at least some of those problems small countries may benefit

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\(^{53}\) Some of those capabilities are also indicated in the proposals for NRF

\(^{54}\) Public Information Division, Ministry of National Defense.
from joint procurement projects, however problems related to diverging interest are likely to arise later when considering where the EU has get to involved this awareness of this pact prevents small countries from taking more active steps in the domain. Moreover lack of co-operation between the EU and NATO might threaten to confuse foreign policy and defense policy lines of those states placing them between the rock and the hard place. Lithuania has assigned same military capabilities for the EU and NATO, however coordination problems between two are not totally resolved unresolved and makes defense planning more complicated.

Although Lithuania cannot contribute to NRF much it is likely that entering NATO Lithuanian and other CEE countries will positively influence internal dynamics and overall functioning of NATO. Their confidence in the Alliance and support for transatlantic partnership means that those countries will also be active advocates of line transatlantic. Thus even not devoting much capabilities to NRF CEE countries may significantly improve a political environment necessary for NRF development and operations. Moreover the fact that in Prague summit among other countries invited to contribute particular capabilities for NRF were two CEE states (Czech Republic and Romania) demonstrates that even scarce special capabilities might be useful for NRF. British Cmdr Chris Perry has once noted that small states can also find their place in NRF. According to Cmdr Perry there is never too much of medical capabilities. He nevertheless draw the attention to mentioned the enormous gap that continues to exist between European and the USA military capabilities and emphasized that in the meanwhile the main objective is to ensure that this gap does not grow bigger. The CEE countries have to take this into account and reform their armed forces accordingly. They can also try to ensure necessary units of military police, explosives specialists, drivers or other specialists of logistics.

Although CEE countries also support the development of ERRF, they emphasize that ERRF should not compete with NATO and moreover, being still preoccupied with traditional threats, they stress the primacy of NATO. Russia is still perceived as a potential threat that might emerge in various forms also in a longer term. Long lasting Russian contradictions against CEE states membership in NATO is usually understood as a testimony of Russian expansionist ambitions. Russian investment in the strategic sectors and sometimes very blur dividing lines between economy and politics, also political flirt of the Russian leaders with the leaders of other big powers, force them to be very suspicious and seek for more clear and hard security guarantees. New agreements between Russia and NATO make those countries cautious of whether NATO is to behave in the same way it was supposed to initially? Whether the 5th Article is invoked in the case of Russian aggression? Although NATO officials tend to underline that collective defense remains the core mission of the Alliance, traditional strategic thinking and preoccupation with the sovereignty may slow down reforms of armed forces in those countries aimed to pass towards special forces. It is also worth noting that the CEE region is the mix of the old and also

53 Powell S. M., Rosenberg E., “NATO plans multinational rapid deployment force: 20,000 troops ready to hit trouble spots within days”, http://sfgate.com/cgi-bin/article.cgi?f=/s/a/2002/11/17/MN111299.DTL.

56 See: note 12.
The new threats. The concentration of military capabilities and other problems of the Cold War are as relevant to those countries as illegal migration, drug trafficking and dangers of black market. This region also faces the unique threats that are characteristic for it, that are frozen conflicts (Moldova, Southern Caucasus), unique geopolitical situations (Kaliningrad), old type regimes (Belarus, Russian organized crime etc. Therefore “soft” security and “hard” security instruments both are relevant for the CEE countries.

Although NATO still remains the most important organization in the security agendas of the CEE states, if serious contradictions would emerge between Europeans and Americans, or if NATO and/or the EU significantly transforms, double identity might become yet another problem for the region and confuse priorities of foreign and security policies in those countries. On the one hand, those states might relate their security identity with ad hoc coalitions lead by the USA. On the other hand, European identity might grow stronger. Nevertheless in the meanwhile it is most likely that CEE countries Lithuania among them will attach priority to NATO with the underlining domain of defense planning being special capabilities, which are possible to use in the missions of NRF, ERRF or even in those carried out by ad hoc coalitions.

Conclusions

Analysis of newly established institutions that have not started functioning yet (or are functioning just partly) is a very complicated process, which requires to take into account a variety of variables that sometimes are not directly related to the analyzed object. Aiming to anticipate prospects of NRF and ERRF, to define their roles and interlinks in the new security architecture and understand what consequences the introduction of both forces will have on the international security thorough analysis of both projects was conducted. The analysis has revealed several important questions regarding the use, effectiveness, interoperability of those forces and the effects they are likely to have on the overall security environment. However due to the variety of still ongoing processes in the domain it is almost impossible to find answers to the majority of those questions in the meanwhile. And still, there are some observable trends that can already put some light on the direction of NRF and ERRF evolution and help to single out the most important factors, which will inevitably effect further development of both.

Development of ERRF will certainly depend on whether European states are able to devote sufficient military capabilities to fulfill the tasks of ERRF, moreover it also matters if those capabilities are used effectively and financed properly. The article argues that the lack of military capabilities is possible to heal over the time if significant efforts are made and based with clear and strong political will. It is much more complicated however to solve problems that emerge as a consequences of contradicting national interests of member states. Due to the diverging national interests and unequal international activities, it is very difficult even to make a list of the most important EU interests that are to be defended in common. Misunderstandings of this character determine that the EU states do not have a common view on where,
when and why ERRF is to be deployed. Moreover they cannot also agree on what capabilities they need. The Europeans are even failing to define clearly the status of ERRF. Incompatibility problems are further stimulated due to the unfavorable institutional structure of the EU second pillar, which does not provide strong institutional framework for the consensus and cannot enforce countries to keep up with their commitments. Those are likely to be the main factors determining the development of ERRF in the short term, which moreover may be slowed down due to the integration and enlargement processed in coming years.

Until the EU solves internal problems and ensures stability in the region (or at least in the immediate neighborhood) it is unlikely that the EU countries will be able to ensure sufficient support and unity for ERRF. On the other hand, if the real threat for the vital interests of member states emerges, situation might change. Nevertheless, in the short run it is likely that if ERRF will get involved in any military operations they are likely to be of a very limited scale similar to those already carried out in FYROM and the Democratic Republic of Congo. In the longer run successful integration and enlargement may lay the foundations for more global ambitions of the EU. And still even if the EU starts acting globally it is still unclear whether it decides to rely on its military or the civilian identity. Finally it is worth mentioning that if ERRF does not succeed it might have some negative consequences on the EU evolution in general. Still it’s impact on the overall security situation is likely to be very limited, because tasks envisaged for ERRF might be also implemented in NATO.

NRF and ERRF will use the same capabilities and therefore it is very important that Europeans would be constantly increasing and improving their share. Otherwise NATO might get marginalized and the USA may decide to “get out” from Europe, which in its turn would have negative impact on international security. The prospects of NRF might also get worsened because NRF is being created relying on the American security concept. It is thus unclear whether Europeans are willing to provide their capabilities to implement this concept worldwide? Cooperation between the USA and Europe might be weakened if the USA decides to perceive NRF as a pool of capabilities for the construction of ad hoc coalitions aimed to defend American interests. Competing security concepts can cause long lasting disputes between the two sides regarding the use and the mission of NRF. Moreover the perspectives of NRF evolution might have a more significant impact on international security that those of ERRF. The success or the failure of NRF might have an ultimate effect on raison d’être of NATO consequently affecting transatlantic link. Position of the USA administration and public opinion in both the USA and Europe is also worth to be taken into account. A lot will depend also on what organization will be able to offer better structures for the cooperation with the third countries (Russia, China, etc.).

The prospects of the common ERRF and NRF actions are still vague. Although there is a common agreement towards the NATO’s right of “first response”, and Europeans are left just with very limited tasks, the real division of labor is slightly likely due to the problems of political influence, interoperability, scarcity of capabilities and, finally, competing security concepts which design ERRF and NRF.
Enhanced cooperation in the EU and its implications for Lithuania

The article addresses several issues linked to the enhanced cooperation and its potential impact on new member states. Firstly, the development of the concept of differentiated integration and enhanced cooperation in particular is discussed. Actually, it should be noted that the desire to combine divergent preferences and capacities for deeper integration have been present in Europe during the entire period after the Second World War. The main circumstances and motives to formalize enhanced cooperation in the Treaty of the EU during the last decade are then discussed. Different motives and expectations linked to the concept of enhanced cooperation in the EU and the significant attention given to this issue in the debates on the future of Europe provide a strong ground to argue that developing formal and informal initiatives of enhanced cooperation will be among the main issues which will determine further development of the EU after the enlargement and the benefits of membership to the new member states. Therefore, perspectives for the use of enhanced cooperation after the enlargement of the EU and implications for Lithuania are addressed, focusing on particular issues around which future intergovernmental coalitions might be formed and the stability of such coalitions.

Introduction

In May 2004, eight Central and Eastern European countries, Cyprus and Malta will join the European Union. It is likely that several years later they will be joined by Romania, Bulgaria, probably Croatia, the Balkan countries and maybe Turkey. One of the key features of this EU enlargement will be a markedly increased number of EU member states and particularly increased diversity inside the Union.

The EU is a club of countries which functions on the basis of joint institutions (the European Commission, European Court of Justice and others) and uniform rules (acquis communautaire). It is not by accident that EU leaders started discussing the instruments of managing increasing diversity in the EU some time before the official membership talks between the EU and acceding countries were initiated. Formalizing the possibilities of member states willing and able to integrate further at diverse speeds inside the EU has been one of the main issues in these debates. These discussions became increasingly intense with the start of debates on the future of Europe, and here an important role in suggesting models of a core group inside the

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EU has been played by German and French policy makers\(^1\). Although the options of differentiated integration have been named in a variety of ways – as a “center of gravity” (Joschka Fischer), as an “avant-garde” (Jacques Delors) or as a “group of pioneers” (Jacques Chirac) – the main idea of creating a smaller club inside the club has been linked to the perceived need to solve the dilemma between increasing diversity and a need to keep the EU functioning (and to ensure that the process of integration does not slow down significantly after the enlargement).

The motives and effects of using the model of enhanced cooperation (closer cooperation, differentiated integration) could be interpreted differently. For some EU policy makers and analysts, the formal provisions establishing enhanced cooperation (at the time called “closer cooperation”) in the Treaty of Amsterdam and its further development in the Treaty of Nice and the draft EU constitution are necessary in order to ensure that EU does not become fragmented and that its institutions keep functioning effectively after the enlargement. For others, this mainly represents an opportunity to preserve the old habit of cooperating inside the small cozy group without being disturbed by the new members not socialized into the habits of club. This motive is often attributed to French and German elites (“motor”) who have often been at the forefront of integration projects since the creation of the Communities. Formalized enhanced cooperation provides an opportunity to develop such bilateral initiatives by using formal methods institutionalized in the Treaty. However, it should be noted that the model of enhanced cooperation in its current wording (in particular, provisions regarding the openness of these initiatives to other member states and the minimum number of countries required to initiate enhanced cooperation) rather represents a compromise between the reluctant member states (including the European Commission, interested in preserving the dominant Community method and uniformity of institutions) and the member states determined to continue with the process of integration without being slowed down by enlargement.

On the other hand, some current and most future EU member states, including Lithuania, have a rather cautious (or even negative) attitude towards the idea of enhanced cooperation. In its current wording, any project of enhanced cooperation initiated by a group of states is open to any other willing and able member states. However, due to the differences in political preferences, economic and other characteristics between member states in the enlarged EU the prospect of joining the initiatives of enhanced cooperation would create a difficult dilemma between national interests and the desire to be part of the avant-garde of integration minded states, only out of a fear of being left in the political periphery. To put it differently, it is exactly for the same reasons that some member states – France, Germany, Belgium – would like to initiate enhanced cooperation in the areas of taxation, security and defense, while other countries might face a threat of being left out outside the inner circle of decision making. In Lithuania and other future member states, this perspective is sometimes called the creation of a second class membership.

\(^1\) The start of the recent wave of debates on forming the group of core member states favoring further integration (most often original creators of the EEC) inside the EU is usually linked to the text of German Bundestag members Schäuble and Lamers „Reflections on Europe“. Later these discussions on differentiated integration have been continued as part of the debates on the future of Europe.
Different motives and expectations linked to the concept of enhanced cooperation in the EU and the significant attention given to this issue in the debates on the future of Europe provide a strong ground to argue that developing formal and informal initiatives of enhanced cooperation will be among the main issues which will determine further development of the EU after the enlargement and the benefits of membership to the new member states take effect. This article addresses several issues linked to the enhanced cooperation and its potential impact on new member states. First, the development of the concept of differentiated integration and enhanced cooperation in particular is discussed. Actually, it should be noted that the desire to combine divergent preferences and capacities for deeper integration have been present in Europe during the entire period after the Second World War. The main circumstances and motives to formalize enhanced cooperation in the Treaty of the EU during the last decade are then discussed. Finally, perspectives for the use of enhanced cooperation after the enlargement of the EU and implications for Lithuania are addressed.

Before discussing the concept of enhanced cooperation, however, several methodological remarks should be made. The subject of enhanced cooperation itself means that it is the intergovernmental cooperation in the EU which is the focus of attention. Enhanced cooperation can only take place among states (their governments), not between regions, interest groups or other actors. It is therefore based on the national preferences and the national capacities, their similarities between the states favoring enhanced cooperation and divergences between those in the core and outside of it. To put it differently, the dynamics of political cooperation in the EU are analyzed from the perspective of international relations.

When the conditions for enhanced cooperation and its impact for outsiders are assessed the key question becomes the question about the factors that determine the preferences of the states to join (or to remain outside of) the initiatives of enhanced cooperation. The literature of international relations and political economy suggests several popular explanations of national preferences. Some of them focus on the structural factors such as the size of a country, the level of economic development, history and others. Others privilege domestic factors such as the dominant ideas among elites, pressure of interest groups and their interaction with policy makers, or the experts and epistemic communities. These questions will be discussed in the last section of this article.

1. Managing differences in the integrating Europe

It is often assumed that debates on enhanced cooperation originated only in 1990s, when the issue of the Economic and Monetary Union (deepening of the EU) and later the prospect of enlargement into the East (widening of the EU) moved to the center of EU attention. However, the divergence of desire and capacity to integrate and the resulting search for the options of differentiated integration could be found since the first steps of creating the European Communities. As it is noted by Wallace, “the history of Western Europe is lettered with attempts to provide the means for the

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2 As it has been noted by one analyst, „enhanced cooperation reconstitute to a certain extent states as monolithic actors“ (De Areilza, J. M. "Enhanced Cooperation in the Treaty of Amsterdam: Some Critical Comments", Jean Monnet Center Working Paper 13/1998. – P. 5).
more integration-minded governments ahead more quickly than the hesitant in creating tools for intensive policy cooperation". The creation of the ECs between integration-minded states and the EFTA group, and those less enthusiastic about integration are the main examples of such attempts.

To be sure, at that time Central and Eastern European countries were in a very different position because their choice to proceed with integration either in a more loose or more integrated group was completely limited by external political constraints. For the same reasons which divided Europe after the Second World war, some other neutral European states (Austria, Finland) could not freely choose to participate in the cooperative projects such the ECs, NATO and WEU. Only after the end of the Cold war and the resulting political changes can we meaningfully talk about the differentiated integration in Europe (and it is exactly for this reason and still relatively fresh memories of being forced outside the projects of Western Europe that the acceding countries react so sensitively to the discussions among the “old member states” about the initiatives of enhanced cooperation which can recreate divisions among the members of enlarged Union).

In Western Europe, although geographically limited for almost half a century, the experience of differentiated integration is rather long. There have always been more and less integration-minded states in economic, security and military cooperation fields. This differentiation has been reflected in the formal membership in regional organizations, and in the informal initiatives among several states which were often developed and formalized by a larger group. It has been only in the 1990’s that the EU has clearly become a dominant regional functional organization in Europe which has faced the prospect of uniting most European countries. Therefore, the question about variable functionally overlapping organizations in Europe becomes a question about the differentiated integration inside an expanding EU. Paradoxically, the success and attraction of the EU created the conditions for the discussions about the differentiated integration inside this organization, which started to be seen as an instrument of distancing some member states from the benefits of membership.

Discussions about flexible (differentiated) integration methods in Europe (and gradually in the EU) intensified particularly in the first half of the 1990’s. At that time many academics and policy makers of the EU started to discuss different forms of differentiated integration – Europe a la carte, “Europe of variable speeds” and “Europe of variable geometry”. These visions, often called by other names and often being confused with rather different scenarios allowing the possibility for some member states to pick and choose participation in some projects, agreeing on the minimum of common objectives (internal market), flexible integration, when a group of willing and able member states are moving ahead faster than others, leaving a possibility for others to join later (EMU), or the differentiated integration with permanent boundaries between the groups of differently integrated states (members and non-members of the WEU).4


Each of these visions represented different political preferences and a willingness to move further ahead in deepening integration in certain areas. Each of these models had its practical examples. The monetary union, Schengen area and social charter have been the most significant of them. Still, in the midst of the 1990’s, during the preparations for the 1996-1997 IGC, the enhanced cooperation when a group of states can create an inner core open to the others and which takes place on the basis of uniform procedures and institutions became the dominant form of differentiated integration. It is a model of differentiated integration based on uniform rules and institutions, where the differences of willingness and capability to integrate are managed by transition periods (and when the transition periods are not formally foreseen, it is expected that others will join the core later). These principles of differentiated integration were formalized in the Amsterdam Treaty in 1997.

Before discussing the concrete provisions of the EU Treaty regarding the enhanced cooperation, it should be noted that debates on this issue before adopting the Amsterdam Treaty are, in several important aspects, different from previous debates on differentiated integration. First, it took place at the time when it was decided to institutionalize the EMU with its rules which already set the ground for the differentiation (some French and German leaders hoping that the core would be limited to six countries though it started as the project of eleven). Second, after a number of enlargements, many of the new member states continued to be either skeptical about deeper integration projects (Great Britain, Denmark) or were sometimes not able to join them (Greece). Third, bringing the issues of common security and defense into the agenda of the EU was closely linked to the idea of a core group intending to develop common projects in these areas. Fourth, forthcoming enlargement of the EU and NATO strengthened the perception of many EU policy makers about the need to plan the potential ways of managing increased diversity by using enhanced cooperation. Finally, concern about the security of EU (and member states) borders also contributed to the support of the idea of formalizing the enhanced cooperation. Therefore, the combination of these factors contributed to bringing the idea of enhanced cooperation to the agenda of IGC and into the Treaty of the EU.

2. Enhanced cooperation in the EU Treaty

The provisions on enhanced cooperation (at the time called closer cooperation) were introduced into the Treaty of the EU in 1997 in Amsterdam (Art. 15-17) and modified in the Nice Treaty (Art. 43-45 and several provisions linked to specific functional areas). The need to adapt EU institutions for future enlargement was one of the main reasons for the inclusion of these provisions. This issue has also been widely discussed in the debates on the future of Europe. For example, the idea of closer cooperation among the core group of member states, which would play the role of driver towards the federal Union, figured as one of the key proposals in the famous speech of German Foreign Minister J. Fischer. Although the Draft Treaty

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establishing the Constitution for Europe amended some of the provisions by simplifying the procedures of enhanced cooperation and suggesting several amendments (most significantly in the areas of security and defense), the main features of enhanced cooperation remained the same. Below, the main features of enhanced cooperation and their amendments are discussed.

Art. 43 of the EU Treaty provides that enhanced cooperation is aimed at furthering the objectives of the Union and at protecting and serving its interests. It should be noted that among the amendments made by adopting the Treaty of Nice, another aim of enhanced cooperation – the one of reinforcing the process of integration – was added. This new provision was kept in the Draft EU Constitution. It reflects the perception popular among French, German and other policy makers of the original six member states that European integration is a value in itself (rather than a means for achieving other goals).

Respect for the Treaties and the single institutional framework of the Union is among the main conditions for enhanced cooperation. The Amsterdam Treaty provided that closer cooperation can only be used as a last resort, where the objectives of the Treaties could be attained by applying the relevant procedures. This provision, although slightly amended, was kept in the Nice Treaty. Somewhat more amended was the provision regarding the required minimum number of member states for initiating enhanced cooperation. The original provision that at least a majority of member states must take part in it was amended in Nice into a number of eight member states (which actually was a majority – but this proportion was to change after the accession of new members, lowering the threshold for enhanced cooperation). The draft EU Constitution made this requirement more explicit by suggesting that at least one third of member states have to take part for enhanced cooperation to take place (which in the EU of 25 means 8 countries). The procedures of initiating enhanced cooperation have also been relaxed by the Nice Treaty. It was stated that such initiatives require the support of a qualified majority in the Council of Ministers with the exception of foreign and security policy where unanimous support was required (the latter provision was amended by the draft EU Constitution making it easier to initiate enhanced cooperation in security and defense matters).

After the amendments were made, another important requirement for initiating enhanced cooperation was preserved – it can only be used in the areas which are outside the exclusive competence of the EU. Related to this is a requirement that enhanced cooperation should not undermine the internal market or become a barrier to trade and distort competition; it should also not concern the Schengen agreement. The latter provisions were left out in the draft EU Constitution.

Finally, another very important requirement for enhanced cooperation which has been kept since its adoption in Amsterdam – the initiatives of enhanced coopera-

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* The amendments and explanations are presented on the working documents of the Convention The European Convention Præsidium, Enhanced cooperation, Brussels, 2003, 14 May, CONV 723/03.
ation are open to all member states. In this respect, important changes have been made in the draft EU Constitution (III-Art. 213) foreseeing specific requirements for/of enhanced cooperation in the area of defense giving more leverage for the initiators of enhanced cooperation to establish additional requirements for outsiders willing to join. It is also provided that all EU member states can take part in the deliberations on the subjects in the area of enhanced cooperation; but only states participating in it can take part in the adoption of decisions. The decisions adopted are binding only for those participating in enhanced cooperation. The draft EU constitution provides that _acquis_ adopted during the process of enhanced cooperation is not binding for candidate countries. The decisions among the members of enhanced cooperation are adopted by using either qualified majority voting or unanimity depending on the area, while the calculation of qualified majority proportions are determined by using the same principles as laid by the Treaty. It should be noted that after the adoption of the Amsterdam Treaty, the initiation of enhanced cooperation by France or Germany could be used as a way to increase their power in the Council of Ministers, which will become proportionately lower after the enlargement due to the increase in the number of member states and the overall votes.

Thus, it could be argued that despite various proposals which have been discussed during the debates on the future of Europe, the provisions on enhanced cooperation (possibly with the exception of defense) have been changed significantly and reflect a compromise between more and less integration-minded actors. However, it is questionable if this compromise will be satisfactory for some member states (in particular France and Germany) after the enlargement and to what extent they might prefer to initiate new projects of integration outside both the Community method and the method of enhanced cooperation. These questions are closely linked to the issue of the impact of enlargement on the dynamics of intergovernmental bargaining inside the EU and possibly stronger motives for some integration-minded member states to avoid the established procedures of cooperation, even moving beyond enhanced cooperation.

Before discussing this issue, one important remark regarding the use of enhanced cooperation should be made. So far, in a formal sense, the option of enhanced cooperation has not been used in the EU. However, there have been a number of times when suggestions to use it have been made. For example, recently the European Commission has mentioned a number of times a possibility of using it in adopting directives in the area of environment, which could not gather the support of member states required for adopting them by using regular procedures. The possibility of enhanced cooperation has also been discussed in connection with cooperation projects in the areas of defense and taxation.

In such cases, enhanced cooperation becomes a bargaining instrument to force reluctant member states into an agreement on adopting new initiatives of the European Commission. It has been observed that in about half of cases when the European Commission or the Presidency of the EU resorted to the threat of using enhanced cooperation, reluctant countries changed their position and gave in.

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1. De Areiza, op cit. (note 2).
efore, after the enlargement the “shadow of enhanced cooperation” might be most often used as a bargaining tool in situations when the majority is not large enough to adopt decisions. Although, the new rules of qualified majority voting - changing “triple majority” established in Nice to a “double majority” based on a number of states and population, extending the use of qualified majority voting to new areas – can reduce the need for using enhanced cooperation as a bargaining tool.

3. Cooperation in a larger and more diverse EU

The arguments about the EU becoming larger and more diverse after the enlargement and the resulting need to reform the Union’s institutions and procedures have become conventional wisdom. However, these statements explain little about the impact of enlargement on intergovernmental cooperation among more numerous member states. Forecasts about the dissolution of the Union, stalemate of decision making or the other radical changes resulting from enlargement should be treated with caution. Often, those who publicly express such fears have other motives to use the opportunity of reforming the EU in order to advance their own agenda (for example, to federalize the Union under the slogan of preparing it for the enlargement).

An increase in numbers also makes coordination more difficult and increases the costs of agreements (in indirect sense in terms of time needed to reach a compromise, and directly in terms, of a larger needed to “buy” support from reluctant states by offering them side-payments). However, a larger number of members should not in itself become an institutional or procedural problem; as it has been noted by Wallace, the US system functions even with fifty states9. The main challenge for the enlarged EU and its functioning is not so much a larger number of members, but a larger diversity of interests (national preferences) including different preferences regarding further deepening of integration. In other words, this revives the old question about what a group of countries (EU members) want to do together. Also will the preferences of larger group of members become so diverse that enhance cooperation or even integration outside the framework of the Treaty become more attractive methods of cooperation.

The answer to this question depends on the compatibility of intergovernmental preferences inside the enlarged Union and the degree of their divergence. Theories of international relations suggest several approaches for explaining national interests (preferences). They could be grouped into two perspectives: one prioritizing international structures, and the other giving priority to domestic actors. Approaches which focus on structures (neorealism, institutionalism) stress the importance of long term international structures and the features of states which determine their position in the international system. Liberal theories of international relations focus on the role of domestic actors – interest groups, political elites, experts and their interaction – in forming national preferences. The absolute majority of political

9 Wallace H., op cit. (note 3).
economy theories aiming to explain European integration, such as neofunctionalism or liberal intergovernmentalism, acknowledges the importance of domestic actors (and mostly differ on explaining their interaction and the role of supranational institutions in facilitating the agreements among member states and informing their long term preferences)\(^9\).

This article discusses in detail several structural and domestic factors which might determine the nature and composition of intergovernmental coalitions inside the EU after the enlargement. The list of issues or cleavages determining coalitions discussed here is by no means exclusive; its purpose is to illustrate the possible dynamics of intergovernmental bargaining and the potential for the use of enhanced cooperation. Depending on the nature of coalitions (their size, longevity, the degree of overlapping between different coalitions) on the basis of different issues, one can make a proposition about the perspectives of enhanced cooperation and implications for Lithuania.

On the basis of country characteristics in their relation to the international system, several factors determining national preferences are important. They include the size of a country, its geographical position, historical experience and the level of economic development. What potential intergovernmental coalitions could be formed on their basis in the EU after its enlargement?

Coalitions on the basis of the size of a country are formed in the EU mostly during the times of institutional reforms: during institutional reforms, the questions of country representation and their relative decision making powers are raised. In other words, institutional reforms raise the question of the long term relative bargaining power which is locked in by the institutional and procedural rules and can be changed by initiating further reforms. It is mostly because of the long term effects of institutional reforms on the relative bargaining power that they become so important for member states. Because the bargaining power is directly linked to a country’s population, member states usually form the coalitions of large and small countries during the institutional reforms. This has been evident during the IGC which ended up in the adoption of the Treaty of Nice and in the current IGC discussing the draft EU Constitution.

During the times of institutional reforms, a coalition of three large countries – Germany, France and Great Britain – is formed. It is sometimes joined by Italy and Spain. Meanwhile other countries, mostly medium and small states, often supported by the European Commission, form another coalition. One of the main results of the current EU enlargement will be an increase in the number of small states which might strengthen their bargaining power. In the current process of the IGC a coalition of small countries formed, supported by Spain and Poland – the two that stand to lose the most due to the suggested move from the Nice model of qualified majority to double majority voting. However, this coalition does not include Benelux countries and the European Commission which support proposals to make EU decision making more effective, although looking upon the potential increase of the powers of large members states with caution.

\(^9\) For example, according to Moravesik, although the national preferences are formed in the process of interaction between domestic interest groups and governments, it is the (a)symmetrical nature of economic interdependence and the size of a state which determines the bargaining power and ability to advance national preferences (see Moravesik, A. *The Choice for Europe*. Ithaca, NY: Cornell University Press, 1998).
In the second half of 2002, France and Germany, despite their initially diverging positions of the future of Europe, forged a common position on many of the issues debated in the Convention and later during the IGC. Many of these proposals have been reflected in the draft EU Constitution prepared by the Convention (according to some analysts, the draft EU Constitution reflects most closely the preferences of France)11. Several of the most important institutional amendments (size and composition of the European Commission, presidency of the EU and qualified majority voting rules) are regarded with particular skepticism by small countries. It is possible, however, that if eventually the choice will be between adoption of the constitution and the radical revision of the text prepared by the Convention, the coalition of the “small” might dissolve because no country will want to become the one to be blamed for the failure of the IGC. Overall, the coalitions of “big” and “small” are very frequent and form mostly during the periods of institutional reforms (which are not very frequent, although becoming so during the last decade). Besides, the weight of big member states will not be large enough after the enlargement to allow them to make decisions without the support of some small countries. In this respect, the suggestion to reform the qualified majority voting rules could be seen as an attempt to increase the power of large countries and allow them to take decisions reflecting their preferences more effectively.

Geographical position is another factor which influences preferences of countries. It influences foreign policy priorities in several ways. The member states which border non members are interested in bringing the initiatives of cooperation with their neighbors into the EU agenda, while forming groups depending on which part of the EU periphery they belong to. Members geographically in the center of the EU are interested in cooperation among themselves. This factor is linked with common historical experience, because often geographically close countries have a long history of mutual relations (with exception of colonies of some European countries). This applies to geographically close Benelux countries which created a customs union before the establishment of the Communities and continue their cooperation inside the EU (a similar group is constituted by Nordic countries). By the way, in the autumn of 2000 a group of “wise men” formed by Nordic countries suggested to intensify cooperation among Nordic states, in particular by forging a common position on important issues on the EU agenda such as the membership in euro-zone or enlargement of the EU12.

It is likely, therefore, that Lithuania will have a common position with Poland on such issues as infrastructure projects (roads, rail, electricity projects). Both of these countries could also be interested in more intense cooperation of the EU with neighboring non-members such Ukraine, Russia and (depending on political developments) Byelorussia. Such groups of members might in the future compete for the political priorities and resources of the EU to advance projects of cooperation with historically and geographically close third countries: South European EU members

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are likely to continue advocating closer relations with Latin American or Mediterranean countries; Greece, Italy and some Central European EU members could form a coalitions advocating support to reforms in Balkan countries; Poland, Baltic states and Nordic EU members will most likely support closer relations with Russia. Importantly, France and Germany in this respect might join different coalitions: the former being more interested in cooperation with South and the latter with East.

The notion of geography and history has another aspect to it. Due partly to those reasons – proximity to Russia and historical memories – (in addition to its size and military resources) acceding member states are more inclined to maintain close relations with the USA and support its presence (and the role of NATO) in Europe than some of the current EU member states. However in this respect, like on other issues, new and old member states are not going to form two separate coalitions but will rather form coalitions including combinations of new and old members. For example, a coalition of EU members supporting closer relations with the USA is likely to include most new members and Great Britain (maybe also Spain, Italy and Denmark). This split between “transatlanticists” and “continentalists” became quite evident during the operations of the US in Iraq in the spring of 2003. Particularly illustrative has been the reaction of President Jacques Chirac to the declared support of the USA by acceding countries. In this sense, it is a sign that France still has aspirations to create a group of European states that could become a balancing force to the US in the world13.

This foreign policy goal of France might play an important role in further developing a coalition between France, Germany, Belgium and Luxembourg in creating a defense union, which was first discussed publicly in March 2003. Debates about enhanced cooperation on defense policy matters have been initiated before, mainly due to the revival of the “French-German motor”. After the presidential elections in France which ended the period of “cohabitation” during which the president and the prime minister represented different parties, France and Germany renewed the bilateral axis by presenting joint proposals on institutional reforms of the EU, security and defense, justice and internal affairs, economic policy and financing EU enlargement. They also openly supported the idea of enhanced cooperation in security and defense policy matters, although this idea contradicts the provisions of the Treaty of Nice.

This contradiction could be solved either by undertaking cooperation outside the EU or by amending the Treaty of the EU. It seems that France and Germany so far followed the second path by supporting the inclusion of provisions on structured cooperation in defense matters, including restrictions for other willing to join later, and attaching the declaration with a list of potential participants in this initiative. Also, during the IGC in the second half of 2003, France and Germany started deliberating the idea of a two country core with a common security and defense policy and some other policies to be created after the enlargement of the EU. This idea, which was publicly advanced after France represented Germany in one of the EU summits, is not new and was first suggested about a decade ago but later rejected by France14. Its

revival during the process of IGC could be a strategic bargaining move aimed at convincing some reluctant countries to give their support to the draft EU Constitution. The circumstances and the timing of this initiative and the public hints of German and French leaders about financial and other sanctions against states opposing some of the provisions in the draft Constitution confirm this interpretation. However, although the idea of enhanced cooperation (even though among much smaller numbers of states than provided in the Treaty) is most probably used this time again as a bargaining tool, it also illustrates the possible methods of most integration-minded member states to cope with diversity in the enlarged EU.

In addition to the willingness to advance enhanced cooperation in defense matters, there is another issue involved: the capabilities of initiating countries to advance their objectives. For example, the reports about the participation of Belgium and Luxemburg in this new defense initiative caused a wave of critical comments about the potential input of these countries into the military structures. To put it differently, these types of initiatives will not be credible without the support and participation of Great Britain, which until recently has been reserved about such initiatives. Although recently this attitude has been changing, it is unlikely that Britain would support any initiatives in defense matters which could reduce the role of the USA and NATO in European security. However, if this idea was actually implemented it would create difficult dilemmas for Lithuania and other new members of NATO and the EU. The joint initiative of France, Germany and some other countries could have a strong political and symbolic impact on new EU members. Being left outside such initiatives and losing the right to participate in the decision making structure (which has been among the main motive to join the EU), they would have to reexamine their defense and security policy and membership in security alliances.

Finally, the level of economic development of a country is another important factor which influences position on redistributive and regulatory issues in the EU. The average income level of acceding states in 2002 was around 40 percent of the EU average. Although some acceding countries (Slovenia) have a per capita GDP above that of some current members (Greece), and some acceding countries (Baltic states) are realizing growth much faster than most EU members, the differences of economic development and income are likely to remain for 15-20 years. Some differences probably will never disappear, but their relative significance should become smaller with the economic growth of the EU and the catching-up of new members.

However, until significant catching-up takes place the differences of national preferences about a number of policy issues are likely to divide member states into groups of rich and poor countries. Two policy issues – redistribution through the EU budget and further approximation of regulatory standards – are going to create divergent positions between countries of different levels of economic development. The

15 After the last trilateral summit of France, Germany and Great Britain, it has been reported an agreement between the three has been reach that the EU should create joint capacities to plan and undertake operations without recourse to NATO resources and structures. It was also declared that this initiative should be undertaken by all 25 member states. However, if all countries do not reach an agreement on this idea, it could be developed in the “circle of interested partners”. (“UK comes nearer to Franco-German position on defense”, Euobserver, www.euobserver.com, 2003.09.23). Later the government of Great Britain denied lending support to this idea.
majority of EU legal norms regulates trade between member states and aim at correcting “market failures”, often by setting detailed minimum quality standards and norms of production process. The same could be said about harmonizing indirect taxes (VAT and excise taxes) by setting minimum EU wide norms. Strict regulatory standards usually reflect preferences of rich member states which try to extend their own domestic norms to the EU level, thereby reducing their own adjustment costs and shifting them on other member states. Although the adjustment costs are often managed by allowing for transition periods, they can become a significant burden on the budgets, companies and consumers of poorer member states reducing their competitiveness. It is exactly for this reason that Lithuania and other acceding countries negotiated about twenty or more transition periods for implementing most expensive EU directives during the accession negotiations.

Most of the proposals which are currently on the EU agenda aim at setting stricter norms in a number of areas (protection of environment, norms of chemical products, etc.). The adoption of these norms would have a negative impact on the competitiveness of Lithuanian companies and would push prices upwards. Therefore the governments of Lithuania and other acceding countries should ally against raising regulatory standards (assuming, of course, that national position is based on the economic reasoning and is not captured by narrow interest groups, which might use regulatory norms to raise market entry barriers and prevent new competitors from entering the market). Overall, regulatory harmonization should become slower after the enlargement due to the increase in differences of economic development. It is no accident that in recent years the European Commission has been advocating the use of more flexible regulatory methods (framework directives, self-regulation, etc.)6. It is also for similar reasons that one of the main new items of the EU agenda – implementation of the Lisbon strategy – is based on the open method of coordination, which is based on comparative guidelines of non-obligatory nature leaving the choice of policy instruments to member states.

Redistribution through the EU budget is another area where cleavages and opposing coalitions between net contributors and net recipients are likely to emerge. In this aspect, a coalition of Germany, the Netherlands, possibly Sweden and some other countries on the one hand, and a coalition of net receivers on the other hand, could emerge. The latter group would include mostly new member states. However, even on this issue there would not be a clear division between old and new members, because France, Spain and Italy would probably support increases in budget expenditures or the status quo. At the same time, Slovenia and Estonia would probably join another group led by Germany. On this issue, the differences of positions between Germany and France are likely to diverge (although the degree of divergence would depend on the fate of the Growth and Stability pact, which is currently breached by both countries). The more evident opposing coalitions on budgetary issues will most likely emerge when the new financial perspective of the EU is being decided.

National preferences are formed not only on the basis of structural factors but are also shaped by domestic policy actors. Two groups of actors – interest groups and policy makers – which shape national preferences are discussed below. The analysis is based on the positions of the governments which have been presented during the debates on the future of Europe and the structural characteristics of the respective economies. Possible coalitions on the basis of these two factors are discussed.

Preferences of interest groups and their influence on state policies depend on the nature of their activities and the capacity to organize. To be sure, in the multilevel governance system of EU interest groups, in particular those represented by European associations, has other channels of influence which are directed towards EU institutions (in particular European Commission). However, usually both national and supranational channels of influence are used and the national governments remain among the most important targets of domestic interest groups. Therefore, it is important to continue assessing interactions between domestic interest groups and the governments, taking into account that in some cases (such as security and defense policy) the impact of interest groups on national preferences might be insignificant.

Detailed analysis of interest groups’ preferences is beyond the objectives of this article, but several remarks will suffice. First, most acceding countries are small and relatively open economies. Taking into account the large share of their foreign trade relative to their GDP, it is likely that many companies in these countries will support the further lowering of barriers to trade with third world countries (as trade inside the EU will become completely liberalized after the accession). In particular, due to the traditional relations with neighboring third world countries, companies in new member states might support liberalizing trade with neighboring markets which will border the Union.

However, the liberalization of international trade within the WTO framework is currently relatively advanced. At present, most important are the non-tariff barriers to trade and tariffs levied on agricultural products (and domestic support to farmers). Regarding the latter issue, several likely coalitions could be expected. They will depend on the importance of the agricultural sector in a country’s economy (and employment) and the traditionally strong lobbying of farmers. It is likely that there will be a coalition of protectionist countries led by France which will include Italy, Spain, Greece, Poland, Lithuania, Latvia and Romania. These countries will remain opposed to further liberalization of open agricultural trade among the WTO members and the reform of Common Agricultural Policy in the EU. Though it should be noted that immediately after the accession the new members might advocate reducing support to farmers in the EU only to reduce the differences in the level of direct payments which will be allocated to farmers of current and new member states. But after the discriminatory features of direct payments are eliminated, this motive will disappear and the new members will most likely respond to the lobbying of their farmers and try to increase the level of support.

In the area of non-tariff barriers to trade, the development of regulatory harmonization will be a most important issue. As it was argued above, the differences in the level of economic development will result in harmonization creating most adjustment costs for companies in poorer member states. At the same time, the application of transition periods on cabotage and movement of labor (and measures taken to
protect domestic labor markets) shows that interest groups in current member states are going to search for ways to protect themselves from the competition based on cheaper labor in new member states. In this respect, some richer new member states might join Germany, Nordic countries and other states supporting new regulatory measures; while Greece and some poorer old members might join the coalition of states supporting the status quo or even deregulation.

Finally, when evaluating preferences of governmental elites, two important cleavages could be singled out. First, governments favoring liberalization and those favoring state interventionism. Second, those that favor further deepening of integration and proceeding towards an “ever closer union”, and those opposing it. Although the attitude of national (and supranational) elites is a matter of ideology, we can observe a different trend in Europe. Governments supporting liberalization include British and Spanish, sometimes supported by Italian and Portuguese governments. They are likely to be joined by Estonian and Czech policy makers.

On the other hand, the opposition to liberalization and deregulation comes from French elites sometimes supported by German (although in both countries governments are gradually trying to implement structural reforms), Austrian and Nordic governments (though the latter often support liberalization of the EU’s external trade). It is very likely that they will be joined by Poland, Lithuania and most other new member states’ elites. Although in some of them (for example, Lithuania) external trade policies have been more open than the EU’s external trade policy and privatization is more advanced in some areas than in most current EU members; these are the results of transition reforms and international commitments. Overall, the socialization in the institutions of the EU and the implementation of the Lisbon strategy, which represents a “third way”, will reinforce the culture of compromise in new members rather than policies based on ideology. The more important cleavage, therefore, might be the one based on the preferences regarding further deepening of integration where the original six might form a coalition opposed by most other member states.

Conclusions

With the evaluation of possible issues based on intergovernmental coalitions in the enlarged EU, several observations can be made. First, it is very unlikely that permanent coalitions will be formed uniting current member states and new members. The more likely scenario is the one of issue based fluid coalitions. Similar conclusions are made by other analysts. This reduces the possibility of frequent use of enhanced cooperation.

Second, the composition and the endurance of intergovernmental coalitions will also depend on what particular issues are under discussion in the EU. For example, coalitions of big and small member states are formed during the times of institu-

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tional reform. Coalitions of rich and poor countries emerge during the adoption of the financial perspective and the EU budget. Coalitions for and against reform of Common Agricultural policy are formed during budgetary issues. The coalition which comes closest to being permanent and therefore might result in projects of enhanced cooperation is the coalition of countries that support further deepening of integration and moving “towards an ever closer union”.

Third, changes in coalitions and the use of side payments by linking different issues will follow similar patterns which have been present in the EU. Although the search for compromises and the length of negotiations might become more time consuming, the patterns of EU politics should not experience radical changes after the enlargement. To be sure, more time consuming bargaining (in particular when the clear leader will be absent) might slow down decision making processes and strengthen incentives for enhanced cooperation. These incentives might be further strengthened by the relative lack of financial resources to make side-payments to reluctant governments after the enlargement. On the other hand, the need for enhanced cooperation could be weakened if the rules of qualified majority voting are reformed according to the principles suggested by the Convention. However, in the areas where unanimity will remain the rule, and where preferences regarding further integration will diverge most strongly, the need for enhanced cooperation will remain strong.

Fourth, the possibility of enhanced cooperation taking place is the strongest in the area of security and defense. This area is not so closely connected to economic policies and therefore issue linkages and side-payments are less likely here. The possible core which might initiate enhanced cooperation in this area is already visible, though it is smaller than that required by the Treaty in make it. All countries supporting this idea could also be characterized as supporters of deeper integration. However, in order to formalize enhanced cooperation, the support of Great Britain and several other states is necessary. Such an incentive would also have to be compatible with the existence of NATO. Finally, it would require resources which might be difficult to allocate during the period of current economic slowdown.

Therefore, it is most likely that the idea of enhanced cooperation will be limited to using it as a bargaining tool to convince reluctant member states rather than becoming an important alternative to Community methods aimed at managing increased diversity in the Union. Most new initiatives will originate in the original six member states that, assisted by the European Commission, will try to use the prospect of enhanced cooperation as a bargaining tool. The possibility for those initiatives to become institutionalized as enhanced cooperation will depend on the degree of divergence of national preferences and its endurance. In the EU, where fluid issue based coalitions are present and the qualified decision making procedures are simplified, the use of enhanced cooperation should not become frequent.

Finally, if enhanced cooperation does take place, what would be the implications for Lithuania? The answer to this question first of all depends on the evaluation of the effects of such initiatives. Enhanced cooperation might be a useful method to deal with persistent divergences of preferences without impairing the effectiveness of the EU because it could allow the respect of differences and preservation of the main achievements of integration (especially the internal market). In this sense it could be beneficial to both those participating in it and those remaining outside. To be sure,
enhanced cooperation would not pose a threat to Lithuania and other potential outsiders if it remained open to them. However, such initiatives would create a permanent pressure on reluctant members – both if they were only used as a bargaining tool and if they actually were implemented. This pressure would originate from the dilemma of having to choose between the national interests if they suggested remaining outside the core, and the desire to be part of the avant-garde and to prevent being left out of important decisions. In order to deal with this dilemma, appropriate understanding of Lithuania’s interests and the choosing of coalition partners will be of crucial importance. However, increasing diversity in the enlarged EU will inevitably lead to situations where the choice will be between harmonization (where the outcome would most likely be decided by larger and richer member states), enhanced cooperation in which Lithuania does not take place, or the use of more flexible methods of cooperation.
Lithuania’s Eastern Neighbors
Russia’s Alignment with Europe: Pursuing a Euro-Atlantic Agenda?

The article discusses Russia’s European policy in the wake of September 11, 2001 and in the context of dual enlargement of NATO and the EU. Although under Putin some significant changes occurred in Russia’s foreign policy, it is not free of inconsistency and ambiguity. There are tensions in Russia’s vision of the Euro-Atlantic community between a focus on the United States as a super-power and Europe as a growing power. Despite this, Putin’s policy course seems to be set: to seek the closest possible alignment with the Euro-Atlantic community without merging into it. The EU is one stand in Putin’s strategy of alignment. This article provides analysis of Russia’s current dialogue with the EU, including the security area, outlines the impediments to their engagement and looks at the prospects for Russia’s further alignment with the Euro-Atlantic community.

Introduction

The interrelationship of Russia and Europe goes far beyond the narrow focus of diplomatic ties and foreign policy. Indeed, it concerns the question of the fundamental orientation of Russian society itself, encompassing a specific culture and civilization. Geographically, Europe and Russia are overlapping entities. Half of Europe is Russia; half of Russia is in Europe. It is true that geography contributes to this political ambivalence. However, politics, in contrast to geography, does not necessarily take this as axiomatic – either in Europe or in Russia. Arguments about Russia’s relationship to European civilization always reflect the ongoing debates involving European interdependence, Russia’s distinct national character and its historic path of development. For most of their history, Russians have continually pondered the question: “are we part of Europe?” Regardless of the answer, it is undeniable that the European vector has played the leading role in determining Russia’s foreign policy for the past several centuries.

At every major turning point in the continent’s history – be it the defeat of Napoleon’s empire or the formation of the Entente Cordiale – Russia has played an

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active and indispensable part in the European concert, and has been an integral part of the overall European balance. In the twentieth century Russia’s role in European affairs increased even more, despite the ideological, military and political backlash throughout much of Europe in response to the tremors of revolution in Russia and the stormy events in the Soviet Union, resulting in its collapse.

Russian foreign policy has been far from unchanging in its relations with Europe. However, while after the “honeymoon” period, which ended fairly swiftly after the break-up of the Soviet Union in 1991, Russia’s relations with Western Europe became more conditional and fraught (since the mid-1990s), a co-operative trend did not disappear. Russia has been generally positive with respect to EU enlargement. The present interaction of Russia and Europe is considerably influenced by the current changes in the international political landscape: the enlargement and simultaneous transformation of NATO and the European Union, the events of September 11, 2001, the Iraq war, and so forth. Above all, the residual superpower syndrome affects Russia’s relations with Europe.

Gorbachev’s use of the term “common European home” dates back to the late 1980s, and similar expressions can be found in almost every important document signed by Western European institutions and Russia since that time. For example, the EU Commission document on the strategy for relations with Russia, dated June 4, 1999, states that “a stable, democratic and prosperous Russia, firmly anchored in a united Europe free of dividing lines, is essential to lasting peace on the continent”. Accordingly, a document of the Russian Federation of October 1999 setting out the country’s strategy regarding the EU (“The Russian Federation Middle Term Strategy towards the European Union (2000-2010)”) refers to Russia’s commitment to cooperate in the building “of a united Europe without dividing lines”.

The initial focus of Vladimir Putin’s rapprochement with the West was Europe. Already during his first year in office he saw the European Union as Russia’s main foreign partner, instrumental for the country’s transformation. Putin seeks Russia’s integration into Europe for economic reasons; it is mainly in Europe that markets and potential investment lie. Russia started to formulate its policy towards Europe based on the conviction that Europe can and should become a starting point of universal strategic stability across the globe. Further on, especially after September 11, 2001, the divisions between the United States and Europe, and within Europe, raise two vital questions for Russia. Is the West united and finished as a concept? If not, with which West should Russia seek to align?

The purpose of this article is to examine Russia’s alignment with Europe in the post-September 11th security setting, as well as in the context of dual enlargement of NATO and the European Union. The article follows a neo-realist approach to-

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ward analyzed events and processes. The author supports the mindset prevailing among Western, as well as Russian political analysts, that although today we are witnessing the replacement of a traditional external balance of power between independent polities by an internal institutional balance of influences, the essential features of international politics remain unchanged. The shifting to substantial minimization of a probable mass-scale armed confrontation and the increasing all-around interdependence and harmonization of states' interests do not put an end to interstate rivalry but only alter its forms. Therefore, despite the shortcomings of neo-realism, it has been labeled as "the most prominent contemporary version of realpolitik". The latter remains particularly relevant to Russia's politics, where geopolitical rather than economic-cooperative factors are prevailing.

In this article the author upholds the view that Russia's foreign policy is essentially President Vladimir Putin's policy. This provision is supported by two arguments. First, it could be noted that the influence of the Ministry of Foreign Affairs in policy making, as compared with its previous eminence under Foreign Minister Yevgeni Primakov during the Yeltsin rule, has sharply declined. Instead of being an important political figure, today Foreign Minister Sergey Lavrov (like his predecessor Igor Ivanov) only a tool. Second, Putin is obviously far ahead of other players in the Russian political and security community; he is the author and the main actor. Although other players, especially security institutions, do have different roles of varying importance, President Putin is the person who makes things happen - or not - and possesses a permanent view of direction and policy.

The paper is designed to outline key trends of Russia's European policy and provide an outlook on its future developments. The article embraces the following issues: first, it starts with a brief overview of Russian-European relations during the post-Cold War period; second, it looks at Russia's changing perceptions of NATO and the EU; third, it explores the ongoing Russia-EU dialogue including the security field; fourth, it outlines the main impediments that hinder Russia's engagement with Europe; fifth, it analyses Russia's balancing efforts between the United States and Europe in the wake of September 11; and finally, it provides conclusions on the prospects for Russia's further alignment with Euro-Atlantic community.

6 Until now Russia's Foreign Ministry has remained largely unreformed, which explains why President Putin has relied on outside advisors. Putin says that the current Russian diplomatic corps is unequipped to understand free markets, free media, or the nature of post-Cold War threats. See Stent, A., “The New Russian Diplomacy”, World Policy Journal, Fall 2002.
1. Overview of Russian-European relations during the post-Cold War era

It is worth recalling that post-Soviet Russia appeared on the international scene with a strong pro-Western orientation. Destroying the old regime, getting rid of the communist past, and proclaiming itself firmly in favor of democracy and market economy – all this was considered to provide Russia a “green card” to the Western community. Thus Russia was both politically and psychologically ready to join the “community of the civilized nations” and to be recognized as a fully-fledged participant of the emerging new security order that was to replace the bipolar structure of the continent9. Such hopes, however, did not last long. Some observers tend to attribute this simply to Russia’s post-Cold War euphoria, other (and this seems more reasonable) - to the mishandling of emergent issues by various international players, first of all, by Russia itself.

One thing is obvious: in many respects Russia feels less at ease with Europe today than it did ten years ago. This is largely to do with two key factors. The first one is ideological or value-based and reflects Russia’s compatibility to Europe. If Russia wants to act as a “normal” member of the international community, the quality of standard Western values – democracy, human rights, market economy, and so on – becomes a critical test. Serious difficulties that the country experiences in this respect represent first of all a challenge for Russia itself, but also for its engagement with Europe. The second factor places geopolitics in the foreground and deals with Moscow’s reduced ability to affect developments in Europe. According to one neo-realist theory, shared by many political experts, Russia’s “departure” from Europe is attributed to its badly perceived and inadequately implemented foreign policy, dating back to the Soviet perestroika. From this perspective, the unjustified concessions arising from a series of Moscow’s interactions with Europe and the West as a whole – unification of Germany, dissolution of the “outer” empire, withdrawal of the Soviet Army from the Central Europe, and so forth – are regarded as powerful bargaining chips that could have been traded for significant compensations to Moscow, but instead were simply given away10.

As a result, with the end of the Cold War, Russia found itself pushed to the periphery of the continent. The former country’s neighborhood was separated from Russia by two territorial belts: the former Western republics of the Soviet Union and the former Warsaw Pact states. What is more, a number of factors traditionally affecting the country’s security status, such as access to the high seas, availability of critical resources and so on, have significantly deteriorated with the disintegration of the USSR. Russia has also lost some important tools that were available to the former Soviet Union in terms of exercising influence on Europe. Suffice it to mention the redeployment of significant armed forces 1,000 miles eastwards, in the context of troop withdrawals from Central Europe. Looking at military developments in a bro-

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10 Ibid.
ader sense, it is obvious that Russia’s overall military might in Europe diminished dramatically during the 1990s. This is explained by two factors: first and foremost, the collapse of the USSR; second, the unprecedented economic decline followed by the 1998 financial meltdown, which made the appropriate allocation of defense resources impossible. In conventional terms, Russia’s military forces became reduced to that of just a large European nation, which is nothing to compare with the former Soviet capabilities. Similar trends were apparent on the level of strategic nuclear weapons: while in the nineties still possessing numerical parity with the United States, it was unlikely that Russia would be able to maintain it in the coming decades. Beyond this, Russian forces were considerably weakened by the mass obsolescence of weapons and equipment, the severe curbing of procurement programs, let alone the crisis in morale within the officer corps coupled with a perceived loss of status, which has led to a wider malaise throughout all levels of the military.

The basic acceptance of new realities by Russians at the same time was colored by a certain bitterness, since retreat from Europe looked like “a panicked flight rather than a result of a deliberate policy”

Russia started to regard itself as a victim of unfair treatment by other international players, who have taken advantage of its poor domestic situation. Furthermore, Moscow found itself in the painful position of having lost all its old allies in Europe and being unable to attract any new ones, except Belarus, all reservations with respect to Lukashenko’s regime notwithstanding. Russia has been suffering the impact of economic globalization but without the global influence it could previously extend.

This “no allies” situation had another consequence: it drew Russia away from Europe, both geopolitically and ideologically. If allies are not available in Europe, they should be sought outside it; if Europeans are unable or unwilling to accept Russia as a specific country, there may be other less intrusive interlocutors. The most significant example of how logic is translated into policy is Russian-Chinese rapprochement. Although Russia’s connection with “rogue states” should not be exaggerated, some of them may be predictably regarded as potential candidates for partnership “by default”, simply because alternative options, particularly in Europe, did not look available.

Another source of thinking along these lines was the significant advance in European integration in terms of dual – NATO and the EU – enlargement during the 1990s, while all of Russia’s efforts towards integration of the Commonwealth of Independent States (CIS) have dramatically failed. Moreover, while the European states appeared to become closer to one another, Russia was in danger of losing its own territorial integrity. Above all, not only were Russia and the rest of Europe in different phases of their evolution, but also the continent’s center of gravity was shifting westwards. In short, it is the geopolitical factor – the residual great power syndrome – that primarily affects Russia’s relations with Europe. They are damaged by Russia’s frustration and irritation and by its remaining wish to re-establish itself as a “special” player in Europe and the world.

11 Ibid.
Under Yeltsin, Moscow had undertaken considerable political and diplomatic activity to promote a “pan-European” security architecture. For this purpose the OSCE had been – in terms of its genesis, composition and operational mode – by far the most attractive multilateral institution for Russia. There were sporadic attempts to play on what are perceived as American-West European contradictions and to promote “pure European” approaches as a counterweight to excessive involvement of the Americans in the affairs of the continent. One of the side-effects of Kosovo has been increased Russian attention to Europe. Certainly, this was to a significant extent driven by an anti-NATO rationale. This was also true with respect to Russia’s emerging attitude towards security and military related developments within the EU.

According to Timofei Bordachev, researcher at the Carnegie Moscow Center, the policy of Russia in relation to the EU has passed through three stages. The first stage started at the beginning of the 1990s and culminated with the conclusion of the Partnership and Cooperation Agreement in 1994\textsuperscript{12}. During that period the EU was living through the post-Maastricht period of emerging as a single player and partner of Russia. Due to the lack of expert resources to assess the EU’s nature, role and development trends, the Union was largely regarded favorably by Russia. The second stage (1996-1999) reflected the common tendency of Russia’s cold relations with the West. Finally, the third stage (after 1999), which is related to Putin’s era, is characterized by Russia’s resolute withdrawal from confrontational positions and the desire of the new Kremlin administration to use the policy of rapprochement with the West for obtaining maximum economic gains\textsuperscript{13}.

Under Putin, Russia’s interest in economic links with Europe has considerably increased, due to the imperatives of domestic reforms and a desire to obtain better positions in the world market. Political interaction with Europe is essential if Russia is to achieve a respected international status. Russia’s primary interest with respect to Europe consists of making it instrumental in the country’s transformation. Moscow aims to consolidate Russia’s international role and prevent any developments that might marginalize it. Accordingly, Putin has largely abandoned Yeltsin’s idea of the OSCE as Europe’s premier security organization, and worked instead to rebuild relations with NATO after their suspension during the Kosovo crisis. It is his cold pragmatism which explains why under Putin, Russian foreign policy has escaped from the “radically alternating currents of optimism and disappointment” characteristic of the 1990s\textsuperscript{14}.

\textsuperscript{12} Although the PCA was agreed at Corfu European Council in 1994, its entry into force was delayed until the end of 1997 because EU concerns with the first war (1994-1996) in Chechnya. Author’s remark.


2. EU versus NATO

The buffer zone separating Russia from the West is shrinking fast. Already in the near future, Russia’s only neighbor in the West will be the European Union and the EU-leaning Ukraine. In sharp contrast to the emotional reactions triggered in Russia by NATO’s eastward expansion, Russia has not been particularly agitated at the prospect of the EU enlargement. Regarding this expansion, Russia has only made the headlines of Western newspapers in relation to the issue of Kaliningrad. Moscow’s relatively relaxed attitude toward the enlargement of the European Union is partly attributable to the fact that it was only in the late 1990s when the EU emerged on the “radar screen” of the Russian political establishment as a foreign policy and security actor in its own right. Individual European states continue to be more important reference points for Russian foreign policy.

Another reason for Russia’s fairly quiet approach towards EU enlargement is the lack of understanding of what European integration involves and what Euro-Atlantic integration actually means for Russia. Until 2000, the predominant perception on the Russian side had been that the expansion of the EU was essentially a positive development, providing important and essential momentum for Russia’s own ambitious modernization project and driven by economic rather than political imperatives15. It is indicative that Russia’s attitude towards the European Union has always been very different from that towards NATO. As Dmitri Tremin, Deputy Director of Carnegie Moscow Centre, points out, Russians tend “to contrast good West of Europe/EU” with the “bad West of America/NATO”16. When treating the European Union as a benign organization, Russia liked about it “not the things that the EU had (…) but rather the things the EU lacked”17, namely, the American presence and an integrated military organization.

Apart from the Union’s real progress toward the goal of a substantial expansion to the East, the second reason for a growing interest in Russia lies in the internal reforms carried out within the EU in the 1990s. These resulted in the organisation’s transformation and efforts to raise its international profile, for example by embarking on a European Security and Defense Policy (ESDP) within the overall framework of the emerging Common Foreign and Security Policy (CFSP). It should be stressed that the ESDP appeared at first to offer an alternative for Russia: a more acceptable European security system aimed at weakening or even eroding the NATO Alliance. Therefore, Russian policy makers saw the ESDP as a means of driving a wedge between the European members of NATO and the U.S18. Also because the military dimension still plays only a minor role in the EU, Russia has never had the impression that the enlargement of the EU would pose a threat to Russia.

16 Tremin D., “Russia-EU partnership: Grand Vision and Practical Steps”, Russia on Russia, Issue 1, Moscow School of Political Studies and Social Market Foundation, February 2000, p. 106.
The reality proved to be different. Suffice it to take the Kaliningrad issue, which made the Russians very aware that the EU enlargement is actually a much wider-ranging and more ambitious project than NATO’s eastward expansion. Russia had to discover that, in Trenin’s words, “whereas NATO was geared to contingencies, the EU operated on a routine day-to-day basis”\(^\text{19}\). The terms of trade are undergoing a substantial change, the same happened with the movements of people across the new EU boundaries. The true barriers are likely to be erected between “ins” and “outs”, let alone the impact of a “Schengen curtain” on the broader access of Russian exports to the EU markets. And how will Moscow and Brussels manage the status of Kaliningrad, eventually encircled by the EU territory, the so-called “pilot project” or “litmus test” of the Russian-EU relationship? Thus, the EU enlargement is having the double effect of making Europe both closer to Russia geographically and more distant in terms of the widening economic and social gap. Under these conditions, Russia faces the prospect of progressive marginalisation\(^\text{20}\). Membership in the EU may be less difficult to imagine than that of NATO, but Russia’s sheer size would threaten to destabilise EU structures and institutions, even supposing that Moscow is capable of meeting the membership criteria\(^\text{21}\). However, although the former dichotomy between a “bad” NATO and “good” EU is no longer so unconditional as a result of the latter’s enlargement and its implications for Kaliningrad\(^\text{22}\), the Alliance’s image is still predominantly a negative one.

### 3. Russia-EU dialogue

Russia is an important neighbor for the European Union, and the latter has shown considerable commitment towards engaging Russia, to help in its transformation and to bring it closer to the EU. Correspondingly, the Union is Russia’s most important trading partner, an immense source of investment and know-how, a useful broker in helping Russia gain WTO membership and the only real political alternative to U.S. hegemony. The overall objective of the EU policy vis-à-vis Russia is deep internal transformation of this country on the basis of gradual acceptance of a complex of European norms and values. In 1997 the Partnership and Cooperation Agreement\(^\text{23}\) (PCA), the main legal document underlying relations between the EU and Russia, came into force. In 1999 the EU Common Strategy on Russia\(^\text{24}\) (CSR) was added, to which Russia responded with the Medium-Term Strategy (MTS); and in

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19 Trenin, (note 17).
20 Trenin, (note 16).
21 Bowker, (note 1) p. 40.
24 The CSR, adopted by the EU in Cologne in 1999, was the first such strategy decided under the CFSP in the Amsterdam Treaty. Author’s remark.
2000 the Northern Dimension\textsuperscript{25} (ND) Action Plan was approved. Despite this, the EU-Russia relationship still lacks substance, since most of the politically correct declarations and initiatives have not been translated into practice (see “Impediments in Russia’s engagement with Europe”).

Europe’s interest in co-operation with Russia is based largely on geostrategic pragmatism, since they share the continent. To put it plainly, Russia is an “inescapable presence on Europe’s security horizon”\textsuperscript{26}. It poses both positive and negative challenges to Europe. From the positive side, Russia matters for the EU as a source of energy, representing over 15% of fuel provisions\textsuperscript{27}. Russia is also likely to become a more important source of energy for the European Union in the coming years. It is noteworthy that the main goal of Russia-EU energy dialogue is to enhance the energy security on the European continent\textsuperscript{28}. One could also argue that since the end of the Cold War, Russia has been providing an added value to European diplomacy. Even if Moscow’s role here is quite passive, (e.g. in the “Quartet” – Russia, US, EU, UN), it is nevertheless important largely because it contributes to the “image of international consensus”\textsuperscript{29} on a particular question. Russia is equally a source of negative challenges. Of particular concern are soft security threats emanating from the post-Soviet space: nuclear safety, organised crime, drug trafficking, illegal immigration, money laundering, trafficking in women and children, the spread of infectious diseases (especially tuberculosis and HIV/AIDS), and environmental pollution.

Russia’s aim is to become an integral part of Europe – not to become a member of the European community or to merge with it, but to be in Europe, just as much as Germany or France is in Europe. Russia does not seek membership in NATO or the European Union, but rather the greatest potential advantages of the closest possible association with them. Moscow wishes to pursue multi-sided cooperation with the EU and seeks to raise such co-operation to the level of strategic partnership. In his message to the Russian Federation’s Federal Meeting in 2001, President Putin noted the growing significance of Russia’s efforts to become an effective partner with the EU and emphasized that “Russia’s course toward the integration with Europe will become one of the key areas of Russian foreign policy”\textsuperscript{30}.

According to the former Russian Foreign Minister, Igor Ivanov, one of the fundamental tenets of Russia’s European policy is the expansion of bilateral relations with individual countries\textsuperscript{31}. Russia views bilateralism instrumentally, as a conduit for advancing Russia’s interests inside the EU and NATO. Bilateral co-operation is

\textsuperscript{25} The concept of Northern Dimension Initiative is introduced by Finland. The rationale is to create a forum for co-operation between the EU, its direct neighbour Russia and other states in the Baltic Sea region with the aim at enhancing regional security and stability. Author’s remark.


\textsuperscript{27} Lynch , D., “Russia faces Europe”, Chaillot Papers, No 60, May 3003, p. 19

\textsuperscript{28} For information on the EU-Russia energy dialogue, see http://www.europa.eu.int/comm/energy_transport/en/lpi_en_3.html, 05 12 2002.

\textsuperscript{29} Lynch , (note 27) p.19.


\textsuperscript{31} Ibid.
also considered important in its own right, especially for the trade and economic benefits it may provide. Therefore the institutional and bilateral trends are joined in Russian policy, each having specific significance in itself and wider importance in influencing the other. Here, the overriding point is that for all the twists and turns of Europe’s turbulent history, bilateral ties have always been a positive stabilizing factor in international relations in Europe\textsuperscript{52}. Another reason for this state of affairs is that the policy of the power game or concept of neo-realism has not yet been abandoned both in the Russian theory of international relations and in foreign policy. On the basis of such principles throughout the decade, Russia regarded the EU as a regional interstate association in which the supranational element does not play an essential role, and all basic decisions are taken by the European powers independently\textsuperscript{53}. There are parallels with today. For example, Putin drew on close bilateral (personal) ties to reinforce and exploit differences between EU institutions in the final stages of negotiations with Brussels to find a solution to Kaliningrad transit in 2002.

Russia has had, for historical reasons, important connections to certain European states. Although the U.S. has remained the central state for Russia, the establishment of relations with European “heavyweights” is crucial for Russia’s attempt to promote a “pan-European” security architecture. Russia’s desire to use ties with the European states and organizations as leverage over the United States is driven by anxiety over future U.S. policy. By the end of the Yeltsin presidency, France and Germany were considered to be Russia’s major partners on the European scene; Vladimir Putin has “upgraded” the United Kingdom to this status. Each of the three are attractive for Russia in its own way. Whereas Russian-British ties are important for their “trans-Atlantic resonance”, Moscow values relations with Paris for the similarity in their approaches towards international relations\textsuperscript{54}. While the UK and France are important, Germany unquestionably occupies a primary place in Russia’s European policy.

Post-Soviet Russia has always regarded Germany as its key partner in Europe. More precisely, Germany is a symbol of Europe for Russia. Putin’s rise to power has seen an attempt to raise the Russo-German relationship to a new level. His affiliation with Germany is explicable by personal reasons: he spent a significant part of his KGB career in the GDR, therefore he knows the country and German language. It is Russia’s wish to develop a special relationship with Germany as a key part of its own objective of developing a strategic partnership with the EU. During his visit to Germany in April 2002, Putin is quoted as saying that “it is impossible to view the relations between Russia and Germany now beyond the context of Moscow’s relations with the European Union. Germany is one of the centuries of European integration”\textsuperscript{55}.

\textsuperscript{52} Ibid, p. 95.
\textsuperscript{53} Bordachev, (note 13) p. 36.
\textsuperscript{54} Lynch, (note 27) p. 50.
\textsuperscript{55} BBC Summary of World Broadcasts (SWB), SU/4485, 11 April 2002.
To summarize, Russia’s rapprochement with Europe follows two directions - a strengthening of its partnership with the European Union and stepping up of bilateral relations with the EU members. Recent experience (e.g. the issue of travelling to Kaliningrad via Lithuania) demonstrated that Russia was able to find effective counter-balancing mechanisms at the bilateral level if problems developed in its relations with the EU. It should also be stressed that along with the renewed emphasis on Putin’s perception of Russia as an integral part of Europe, there was a desire to see a Europe that was less “Atlanticist”\(^{36}\). One could argue that the Kremlin’s end-game, albeit remote, is EU-based security mechanisms - the ESDP and the Rapid Reaction Force to counterbalance NATO-based structures within European security architecture\(^{37}\). Only then, the logic runs, would Russia be guaranteed against the further deterioration of its geopolitical standing in Europe and beyond.

4. Security relations

The European approach to Russia’s security question has been basically indirect: to assist the country’s difficult transformation process with the hope that at some point in time this will also yield security benefits. The actual security agenda between Russia and the EU is fairly modest, especially in the “hard” security area. In the purely military field, Europe’s direct engagement with Russia remains very limited due to the fact that Russia remains a problematic security partner. Moscow is still involved in the muddle of the Chechen war, and its current defence policy seems largely untenable, with many challenges to sustain, let alone modernize, military capabilities. Russia’s record in civil military relations is another sensitive topic.

Putin’s turn to the European Union was part of his recognition that the EU offers an opportunity not only in terms of economics and trade, but also in terms of European security. Albeit at first taking a “wait-and-see”\(^{38}\) approach towards the ESDP, at the same time Moscow could not ignore the fact that the latter was emerging concurrently with the deepening and widening of the EU. If Russia seeks to maximize its opportunities for influencing ESDP developments, it has to establish extensive links with all major organizations active in European security.

In Igor Ivanov’s words, the main goal of Russia’s European policy is to work toward a “stable, non-discriminatory, and universal system for European security”\(^{39}\). This is what it would take to build a “Greater Europe” with a unified area of stability and security, economic prosperity and permanent democracy\(^{40}\). In this sense, the ESDP is essentially an instrument to create a “Greater Europe”. In other words, relations with the ESDP should advance Russian interests in Europe, which consist


\(^{37}\) See Igor Ivanov’s comments to the press following discussions with the EU in Madrid: Diplomatic Vestnik, No. 5, May 2002, p. 21 (in Russian).

\(^{38}\) Lynch, (note 27) p. 73.

\(^{39}\) Ivanov, (note 30) p. 96.

\(^{40}\) V. Putin quoted in Ivanov, ibid.
in creating a model of European security that ensures Moscow an “equal” voice in all security dimensions. Moscow’s perception of the ESDP as such is in complete contrast to that of Brussels. For the EU, the ESDP is just a limited instrument of the Union’s foreign policy, dealing solely with crises management, thus it “serves the EU and not a „Greater Europe”\(^\text{41}\).

For a decade, Russia’s interest in the development of a “pan-European” security architecture was accompanied by its efforts in trying to elevate the OSCE status as Europe’s umbrella security organization to which all other institutions are subordinate. Yeltsin even sought to tie the development of the EU as a security actor to the strengthening of the OSCE\(^\text{42}\). Such a policy line was not extinct in the first half of Putin’s tenure. Suffice it to mention his call, repeated on many occasions prior to September 11, for a reordering of the strategic and security relationships between Russia, Europe, and the U.S, saying that the current security system does not ensure security at all. On the other hand, Putin’s pragmatic, yet geopolitically driven approach to international affairs is well illustrated by Moscow’s management of relations with European institutions like the OSCE, NATO and the EU.

Later on, Putin gradually abandoned the idea of the primacy of the OSCE, relegating it to the margins of European security thinking. This carries two explanations. First of all, the OSCE has increasingly become seen as cumbersome and intrusive (notably vis-à-vis Chechnya), and incapable of serving as an effective instrument in promoting Russia’s strategic goals – this was, in Moscow’s view, confirmed by the OSCE Istanbul summit in 2001\(^\text{43}\). Accordingly, Russia’s perception towards the ESDP has changed. Under Yeltsin, the ESDP (and the EU) was looked upon as a counterweight to a “NATO-centric” European security system and as a key “pole” in a multi-polar world order. The Putin administration has been keen to establish cooperation in the ESDP area but in a different way. In the Kremlin’s view the ESDP assumes a different function: that of “a new channel” for Russia’s inclusion in European policy-making processes\(^\text{44}\). From this perspective the emergence of the ESDP in the European security landscape requires Russia to develop bilateral contacts with a new structure as soon as possible. Secondly, Moscow started to resume its relations with NATO, which were ceased in protest over NATO’s air campaign in Kosovo. It was the invitation of Putin, then only acting President, in the beginning of 2000, to NATO Secretary General, Lord Robertson, which provided the initial impulsion for moves in this direction. Already at this time Putin acknowledged the inescapable fact that NATO is the dominant security reality in Europe, and that Russia is left with no choice but to adapt accordingly. Such a policy shift was essentially a decision not to move against developments over which Moscow had little leverage.

The Russian President had to acknowledge that NATO continues to have a considerable influence both inside Europe and beyond its borders. In December 2001, Putin stated that “(…) a change in the quality of Russian relations with NATO

\(^\text{41}\) Lynch, (note 27) p. 76.

\(^\text{42}\) Press 43, Nr 618/99, EU-Russia Summit, Brussells, 18 02 1999.

\(^\text{43}\) “Moskva protiv provedeniya sammita OSBE v tom godu” [Moscow against holding the OSCE summit this year], Nezavisimaya Gazeta, 31 March 2001, p. 1 (in Russian).

could be a good bridge to the participation of Russia in the future system of European security.45 Relations with NATO, therefore, have an instrumental value for Moscow in creating a more predictable climate in Europe. The declaration NATO-Russia Relations: A New Quality, adopted by the heads of NATO member states and the Russian Federation in Rome in May 2002, seemed to mark a significant move towards changing the nature of the Alliance, and thus transforming the structure of European and even global security systems. Russia expected its status in the management of security in the Euro-Atlantic area would be elevated, thereby allowing the possibility for Russia to overcome the largely marginal role it played in European security management in the 1990s. Chairman of the Council on Foreign and Defense Policy, Sergey Karaganov, went even further, arguing that Russia should be interested in NATO as a means by which European powers, including Russia, could constrain U.S. unilaterally.46

The key to a more effective security partnership is supposed to be the NATO-Russia Council (NRC). The political will to make this new body work is a key difference from the situation in the 1990s. Then Moscow set out to constrain NATO, but now Putin realizes that such a posture will only lead to Russia’s continued isolation. The mistakes that doomed the NATO-Russia Permanent Joint Council (PJC) can be avoided if the new Council concentrates on modest joint projects to build trust for the development of larger ones. The NRC should, among other things, focus on a needed military reform in Russia, enabling the Russian military to interact more effectively with its NATO counterparts and encourage a new security thinking in Europe. However, in Russia, NATO is far from being seen in benevolent positive-sum terms, as it remains primarily a military bloc. This explains why, despite Putin’s more cooperative and pragmatic attitude toward NATO, the Russian military remains skeptical, even hostile, towards the Alliance.

It remains to be seen the real outcome of NATO-Russia rapprochement, but at present, according to many commentators, the NRC seems to give Moscow relatively little new on substance. The key point is that opinions within NATO and in Russia with regard to a new format of co-operation are not in harmony. In the short and medium term, NATO’s priority vis-à-vis Russia is to promote more military-to-military contacts, in particular to engage the Russian military in meaningful discussions on Russian defense reform. Russia’s wish-list for future co-operation with NATO includes more practical interaction on operational aspects of peacekeeping, as well as making the NRC a platform for discussing and reaching common understanding on key global security issues.48 Moscow has hoped for some real progress towards transforming NATO from a defensive alliance into a political body dealing with security throughout a wider Europe. Moreover, as it was noted, Russia itself has been

45 See Putin’s speech to Greek media, Daily News Briefs (DNB), Ministry of Foreign Affairs (MFA), Moscow, 5 December 2001.
46 See http://www.nato.int/docu/bsictxt/b020528c.htm, 10 03 2003
47 Interview with Karaganov, S. “We need to have a normal alliance with the countries of the West”, Nezavisimaya Gazeta, 28 February 2002.
promoting NATO’s development into a political organization, equal to those existing in Europe (EU, OSCE, etc.), without giving NATO a monopoly. The main challenge for Russia, provoking much resistance from NATO’s side, is that it appears to want to integrate on security issues but has no interest in military integration. Following this logic, NATO-Russia co-operation is essentially not developing in the Alliance’s main sphere of activity – the military, including the military aspects of fighting international terrorism. The Russian military establishment is manifesting extreme restraint in this regard.

In general terms, the most important achievement of the NRC has been that Russia and NATO have established a consensus building culture and are acquiring invaluable experience in joint decision making. Testifying to a new commitment to co-operation, the work of the NRC has not been affected by the divisions within the Alliance over military planning assistance to Turkey in anticipation of the war in Iraq. Certainly, the NRC continued to work even after the launch of the U.S. military campaign in Iraq. On the one hand, this continuity stood in sharp contrast to the Kosovo war, during which joint NATO-Russia activities were suspended. On the other hand, this “normality” should also be read as proof that the NRC is not seen either by Russia or NATO as central to their security needs.

Trenin argues that there are “options for security co-operation leading to security integration” between Russia and Western Europe. One is NATO, which will remain the key Western security arrangement for the foreseeable future. Collaboration on the new security agenda, ranging from fighting international terrorism, to dealing with proliferation of weapons of mass destruction, to peacekeeping, will serve the main purpose of “demilitarizing the Russian-Western relationship.” This, in turn, creates the conditions and provides the incentives for military reform, based on current and future threats and risks, rather than on those of the past. The second option is Russia’s security relationship with the European Union, which should cover the areas in which the EU is the most competent – soft security issues. These are particularly relevant to contemporary Europe and comprise various kinds of security – from environmental and NBC security (nuclear waste disposal, chemical disarmament, etc.) to the Petersberg (or ESDP) tasks. The Kaliningrad enclave which is perceived as a test of EU-Russian co-operation, including the security sphere, is a case in point. Kaliningrad also calls for a measure of EU-NATO-Russia co-ordination. Another example for such trilateral co-operation could be the Balkans,

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51 As of 2003, military cooperation focused on a limited number of areas such as logistics, air transport, air-to-air refueling, and maritime search and rescue. See Strategic Survey, (note 48) p. 118.
53 Ibid.
54 Ibid.
55 Ibid.
perhaps Central Asia and the South Caucasus56. In the view of Dmitry Danilov, the Head of the Department of European Security of the Institute of Europe of the Russian Academy of Sciences, Russian and EU forces could jointly participate in crisis management operations in the Former Soviet Union (FSU). He argues that it would be beneficial for both parties as it would strengthen the role of the EU as a regional and international player, and Russia’s influence in the FSU countries57. Yet for the time being this idea seems to be premature as Russia is concerned that the ESDP might be turned against its interests in future with forces deployed on its borders58.

The possibility of Russia and EU military structures participating in crisis management operations was first mentioned at the Russia-EU summit in Paris on 30 October 2000, when the Joint Declaration on Strengthening Dialogue and Cooperation on Political and Security Matters in Europe59 was adopted. The May 2002 summit indicated that the Russia-EU security relationship has become more substantive since 2000. In the Joint Statement issued at the summit, Russia and the EU agreed to deepen their “political dialogue and co-operation in crisis management and security matters”60. Beyond this, the Russian Federation has come up with a Russian-EU Action Plan in the ESDP field61. That same year, the EU military staff also included a Russian liaison officer. Thus, in 2002-2003 Russia’s relations with the EU in the areas of security and defense progressed, although, as with NATO, still very little, starting with the conceptual approach, has been achieved here, and the current institutional mechanisms linking the EU and Russia are insufficient to sustain a productive dialogue in this area62. But it remains politically significant that after several years of Russian skepticism and apathy towards the ESDP, Moscow has finally manifested its intent to co-operate.

It should be stressed that the idea of joint Russia-EU participation in crisis management operations is very realistic and became more vital after September 11, which accelerated U.S. military withdrawal from such activities in Europe. Since 2000, Russia has been reducing its contribution to NATO-led operations in the Balkans, but simultaneously it has sought to participate in new EU operations in the region, partly because of a desire to retain influence, however symbolic, in all aspects of European security. It is noteworthy that Russia participated in the first operation of the EU - EU Police Mission (EUPM) in Bosnia-Herzegovina. Although there are disagreements over the modalities for Russia’s, as a third party, involvement in the ESDP operations, it is likely that Russia–EU security dialogue will intensify63. The

58 Lynch, (note 27) p. 77.
61 Ibid.
63 As of April 2003, EU-Russia co-operation covered four areas: conflict prevention, landmine clearance; possible use by the EU of Russian-Ukrainian long-haul air transportation; and Russia participation in the EUPM. See Strategic Survey, (note 48), p. 119.
predominant idea for the co-operation in the future should be not to create a common European “security space” or some version of Gorbachev’s “common European home”. The focus should fall on specific security questions that are urgent to both Russia and the EU.

5. Impediments to Russia’s engagement with Europe

EU-Russian relations are progressing, but there is a considerable wariness on both sides. The elaborate framework of processes is too wide and insufficiently focused. Russian officials have been frustrated by the institutional complexities of dealing with Brussels bureaucracy and by the EU’s lack of flexibility. EU officials are also cautious in their dealings with Moscow and react negatively to Russian attempts to bend the rules.

Despite the stated objective of developing a political dialogue, the PCA framework highlights the deeply technical nature of the Russia-EU relationship, which is overwhelmingly concerned with trade and economic issues. According to the PCA, the structure of the dialogue is “more function of internal requirements of the EU than those of the relationship itself”64. For instance, the six-monthly summits are determined by the rotating EU presidency and not by the need for continual high-level dialogue. The CSR has also a limited value, as it remains underpinned by the PCA, and no additional resources are dedicated to the development of relations with Russia. Furthermore, the comparison of the two framework documents – the European CSR and the Russian MTS - reflects a big discrepancy between their definitions of the scope of partnership. First of all, the CSR contains broad and vague provisions, while the MTS is very specific. Secondly, the two strategies highlight diverging concerns of the parties – a strategic gap separating Moscow and Brussels. The EU focuses on values and the necessity of Russia’s democratic reforms and building civil society, while Russia addresses its national interests and preserving the fundamental principle of sovereign rights65. Finally, the Russian MTS views the EU as an instrument for developing a “pan-European” security system in accordance with the Primakovian line of multipolarity. As the security agendas of Russia and the EU are radically different, political and security dialogue has failed to progress. Another point must also be taken into account – whereas the EU operates through institutions, Russia is governed by personalities. These differences have rendered the development of a “strategic partnership” between Moscow and Brussels difficult66. The bottom line is that the two parties have different views on their partnership, its scope and commitment it entails.

That said, the EU faces the challenge of seizing an opportunity in engaging Russia more effectively. Russia remains a prickly partner for Europe, “sometimes confused and confusing, certainly always defensive”67. The issue is not whether Rus-

64 Lynch, (note 27) p. 55.
65 See note 2 and 3.
66 The phrase “strategic partnership” is used in the EU agreement without any single interpretation as applied to Russia clearly being offered. This is supposed to mean different things for each party. Author’s remark.
sia will become involved in the processes of European integration, but how this can be brought about. Put another way, the main focus is how the relationship between the EU and Russia is developing against the backdrop of EU enlargement. The question of whether the EU can be enlarged without drawing new boundaries, without forcing Russia and the other European states into a peripheral position, is certainly one of the most important challenges facing the continent today. It must be remembered that Russia and the EU are caught up in their own transformation projects - the EU toward deepening and widening and Russia toward state consolidation and economic revitalization. The different priorities of Russia and the EU dilute any urgency either party may feel in making significant efforts with the other.

The widening and simultaneous deepening of the European Union represents a major challenge for relations between the EU and Russia. Significantly, Russia–EU economic co-operation appears to have reached its limit. In 2002, both sides were engaged in active dialogue on the development of a concept of “common economic space”, but it is facing a lot of impediments when it comes to its implementation. This suggests that the real cost of enlargement has not been properly understood in either Russia or the EU. Whatever have been the failings of Europe, a considerable part of the problem in the EU-Russia relationship should be placed at Russia’s doorstep. The central issue here has to do with the domestic reform challenge for Russia, particularly in three areas - security, border regimes, trade and economic relations. The EU enlargement in 2004 has created new tensions between the EU and Russia, especially over the future of the Kaliningrad oblast. This issue was put on the European and international agenda suddenly and at a surprisingly late point of time. The problem existed throughout the nineties, but the perception of a problem did not. The debate over Kaliningrad has caused the EU and Russia to focus more heavily on the issue of their bilateral relations. Kaliningrad has repeatedly been subject to serve as a “litmus-test” of current Russian-EU relations. During 2002, the Russian government opposed EU proposals for even a relaxed permit regime for travelling to and from the Kaliningrad exclave on the ground that this would infringe the basic rights of Russian citizens to move freely within their own country, and thereby violate Russian sovereignty itself. The matter was only resolved – for the time being – at the EU-Russia summit in November 2002, when Putin agreed reluctantly to a system of Facilitated Transit Documents, for Russians, travelling via Lithuania to/from the exclave.

Notwithstanding the raised profile of economic priorities, it is important to bear in mind that most of the big Russian foreign policy issues continue to be security and geopolitics. According to Bobo Lo, Associate Fellow at the Royal Institute of International Affairs at Chatham House, the pursuit of purely economic priorities gains momentum from the so-called “conjunctural factors” – political and strategic development. Accordingly, Moscow’s heightened interest in relations with the EU

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69 Kasyanov, (note 22).
is only partially driven by economic considerations; the Putin administration continues to view the EU predominantly through a political prism. It is indicative of this mentality that the main agenda item in Russia-EU relationship has become visa-free access for residents of Kaliningrad and other Russian citizens transiting Lithuania, rather than an in opening opportunity for Russia to benefit economically from the EU enlargement. Putin’s tough stance on the Kaliningrad visa issue has often undermined its integrationist policy vis-à-vis Europe. This means that one could not have any illusions that Putin looks at economic priorities and interests in the same way as his Western European counterparts. On the one hand, it is inevitable that Russian thinking still remains influenced by the Soviet past, excluding certain notions that are integral to Western understanding, such as the interdependence between economic growth, democratisation and the development of civil society22. On the other hand, one could not underestimate the extent to which things have evolved under Putin. In contrast to the almost openly neglectful approach of the Yeltsin administration towards foreign economic policy, the Kremlin today demonstrates a completely different mentality and capacity to translate general intentions into practice.

By and large, the nature of Russia-EU partnership will be shaped by a few things. First of all, it is Russia’s “ability to overcome stalled democratic transition” and begin the key challenge of the Putin era - “democratic consolidation”73. Beside this, the war in Chechnya remains Russia’s wild card. The dispute concerning the Kaliningrad problem could also have a fairly durable negative impact on Russia-EU relations. In a broader perspective, success or failure in Russia’s rapprochement with Europe will primarily depend on the pace and depth of Russia’s political, economic and societal transformation. EU concerns relate to a perceived incompatibility between the democratic and human rights principles underpinning the EU and Russia’s ambiguous commitment to these values. Russia does not match the clear political correctness, bureaucratic pedantry, contentedness and overall liberalism of European life.

6. September 11 and after: Russia between the U.S. and Europe

The change of the Russian leadership’s attitude towards the West started well before the terrorist attacks on the U.S. on September 11, 2001. Vladimir Putin has drawn a few important conclusions from his predecessor’s foreign policy course. First, he realised that the rules of the international post-Cold War order were written without Russia’s involvement. Second, the pursuit of multi-polarity by the previous Foreign Minister and Prime Minister, Yevgeny Primakov, only marginalized Russia and left it stranded in a “no-man’s land of international affairs”?4. In the words of Sergey Karaganov, Chairman of the Council on Foreign and Defence Policy, Putin’s foreign policy seeks to “enable Russia to get out of the no-man’s land it found itself after the Cold War as semi-partner semi-enemy of the West”75. Most importantly, the

72 Ibid, p. 71.
74 Lynch, (note 27) p. 10.
75 Interview by Yelena Aleksandrova in Parlamentskaya Gazeta, 12 March 2002 (in Russian).
post-September 11th developments have clarified for Russia one of the main trends in
the new era: “the world may be multi-polar but there is only one superpower”76. Third,
previous foreign policy was just a waste of energy and distraction from the primary task
of reviving the Russian state. Putin grasped the dangerous link between internal and
external trends facing Russia, with “external isolation reinforcing internal weakness,
derunning consensus on reform and strengthening radical political forces”77. Fourth,
he realised the importance of a predictable and “friendly” external environment. This
objective required rethinking the order of priorities of foreign policy. The final con-
clusion was the need for pragmatism— the one that, according to Moscow’s definition,
signifies maintaining foreign policy strictly in line with state capabilities78.

Against this background, Putin’s policy course is founded on a dispassionate
recognition of Russia’s weakness and a determination to concentrate on giving new
vigour to the Russian state. This is seen to dictate a policy of international engagement.
January 2001, Putin stated “(…) our strategic choice is for integration”79. As a point
of principle, the Kremlin has no alternative but to pursue integration: isolation would
leave it on the sidelines of history and without influence over the developments that are
important for Russia’s future. Moscow’s earlier endorsed “special way” could irrever-
sibly make Russia a third world country80. But one could make a clear distinction
between Russia’s “pro-Western” choice and “pro-integrationist” one. In the view of
Vyacheslav Nikonov, Politika Fund President in Moscow, Russia will not become the
West, but there is no need for it to become anti-West81. It is also important to bear
in mind that the “pragmatism” pursued by Putin is not based on compromise but on
calculation. Put simply, Russia has to align itself to the main states and institutions of
the Euro-Atlantic community82 in order to avoid isolation, increase Russia’s voice and
promote international support for Russian reform. That said, September 11th was an
accelerator, not a turning point— it only gave a major boost to already changing percep-
tions and Russia’s improved relationship with the West.

Since his advent to power, Putin has been described as a Euro-centrist; one of
the characteristics distinguishing his foreign policy approach from that of Yeltsin.
Accordingly, it became commonplace to consider Putin’s foreign policy more “Eu-
erpean”. There are two good reasons for these claims. First, Putin’s Euro-centric
approach is to do with his working experience in Europe: his background as a KGB
officer in the former East Germany and as a Deputy Mayor of St Petersburg with
responsibility for the city’s relations with the outside world. Second, during his first
months in office, Putin’s visits to the major West European capitals highlighted the
importance of closer Russian co-operation with the EU and were aimed at enlist-
ing European support for Moscow’s positions on the international scene on strategic
issues, such as curtailing American plans to proceed with national missile defence83.

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76 Lynch, (note 27), p. 15.
77 Ibid, p. 11.
78 Ibid.
80 According to A. Moshes, Discussion on contemporary Russian politics, Tartu: Baltic Defence
College, 3 April 2002.
82 The notion of Euro-Atlantic community largely coincides with the Cold War notion of the West,
stretching from the United States through Europe to Japan. Author’s remark.
83 Lo, (note 8) p. 23.
In its foreign policy agenda, Moscow initially stressed its strategic relations with Europe, putting a reduced emphasis on the U.S., probably as a response to the Bush administration’s initial downplaying of Russia. The Russian government has started to recognise the potentially powerful and independent role the EU is acquiring in world affairs. From this conclusion flows Russia’s insistence on developing close ties. However, things have changed after September 11th; Russian policy started also to take a strong U.S.-focus. Since then official Moscow has been emphasising its strategic partnership with both the EU and the U.S. This is well in line with the Bush administration’s approach to see Russia as an integral part of Europe co-operating with the United States. In his speech to the German Bundestag in May 2002, President Bush stated that one of the U.S. missions is “to encourage the Russian people to find their future in Europe, and with America. Russia has its best chance since 1917 to become a part of Europe’s family”84. On the other hand, Russia’s pro-American orientation arguably reflects its shifting priorities shaped by the “calculus of international power politics” — and this presupposes a fundamentally “America-centric approach”85.

As it was noted, Russian perceptions of the EU are “riddled with ambiguity”86. The Kremlin considers that if Europe wants to be independent and a full-fledged global power centre, the shortest route to this goal is to have good relations with Russia. The Russians seem to have a dream: Europe plus Russia equals a mighty power. Putin’s speech at the Bundestag in September 2002 carried a hint of this:

However, I simply think that (...) Europe will better consolidate its reputation as a powerful and really independent centre of international politics if it combines its own possibilities with Russia’s human, territorial and natural resources, with Russia’s economic, cultural and defence potential”.

According to Stephan de Spiegelcere, from the Rand Corporation’s Europe office, Russia’s different approach to Europe and the U.S. could also be explained by the very fact that Europe and America are currently “pursuing different security agendas with respect to Russia, employing different policy instruments and through different institutions”87. Moreover, American and European views on Russia’s security policy reflect “a basic asymmetry”: the U.S. evaluates Russian policy “in the context of its global interests and perspectives”, while EU countries focus on the “security implications of Russia’s actions for Europe”88. Equally, Russian policies toward the U.S. and toward the EU are based on different calculations: since the collapse of the USSR, Russia has not yet abandoned to seek recognition from the U.S. as an equal global partner, whereas its goals towards the EU are more regionally focused89.

84 For the text of Bush’s speech see http://www.whitehouse.gov/news/releases/2002/05/20020223-2.html, 17 12 2002
85 Lo, (note 8) p. 23.
86 Lynch, (note 27) p. 16.
90 Ibid.
For more than a year after September 11, 2001, Putin pursued a strong U.S.-
centric strategy with the clear and ambitious aim of building a partnership or even
alliance with the world’s remaining superpower. This seemed to serve Russia’s eco-
nomic, geopolitical and security goals. The only problem for Moscow was that Wash-
ington showed little interest. Russia can be only a “special” partner of America, but
not an equal one. To be more precise, the U.S. does not need a universal partnership
with Russia, except in some spheres, such as terrorism and nuclear disarmament; in
the area of global security Russia can only be an assistant, not a partner. Bush’s
respectful manner toward Russia has never meant giving way on matters of substance,
be it the ABM Treaty, NATO expansion eastwards or other sensitive issues.

Many commentators say that there is more common ground between the Uni-
ted States and Russia. Unlike Europe, the U.S. shares with Russia a more traditional
view of the use of force. Moreover, the United States was far less focused on Russia’s
internal affairs, particularly Chechnya, than the bothersome Europeans. The war
against international terrorism has proved an excellent aid for Russian domestic
purposes. Russia’s war against Chechen terrorism is essentially domestic. Putin has
used the U.S. preoccupation with regime change in Iraq to clamp down on Chechen
fighters in Georgia’s Pankisi Gorge. He delivered an ultimatum to Tbilisi threten-
ing to fight Chechen terrorists on Georgian territory, justifying his position with
Bush’s words about the legitimate need to use “pre-emptive measures” against coun-
tries that harbour terrorists. Although both the United States and the Council of
Europe criticised the Kremlin for threats against Georgia, U.S. officials themselves
backed Putin’s contention that some Chechen groups, including those led by the elec-
ted leader Aslan Maskhadov, are supported by foreign terrorists81. At the same time the
EU policy line to maximise its relations with Arab world (notably due to the sizeable
Muslim minority) has sometimes run counter to Russia’s national interests. Important-
ly, with regard to the Arab-Israeli conflict, Russian policy under Putin has taken a
“more pro-Israeli” turn. Putin is the first leader to adopt a “more open-minded attitude
towards Israel”, seeking to improve ties with it82. Above all, Washington remains the
dominant player in the areas of prime policy interest to Moscow: the fight against
international terrorism, integration into the global economy, strategic disarmament
agenda, and so on. Even the role of the UN, the importance of which for Russia’s
European policy is paramount, can only be reaffirmed with the United States.

Yet one could equally find arguments in favour of Russia’s alignment with the
European Union, particularly in the sphere of economic, social, and human contacts,
although the sides have big potential in the field of security as well. The latter state-
ment is supported by the geographical proximity of Russia and the European Union,
and the fact that hotbeds of real or hypothetical tensions in the Balkans, the Caucasus
and Central Asia are much closer to them than to the U.S. Furthermore, Russia and
the EU both have a large Moslem population, and compared with the U.S., are much
more vulnerable to the radical Islamic factor. They also have broader experience in
dealing with it. Brussels and Moscow also share similar visions of the importance of

82 Stent, Shevtsova, (note 26) p. 125.
the UN and Security Council in the new system of international relations. Building close relations with the EU is seen to ally Russia more firmly with the Euro-Atlantic community and to serve the primary task of internal revitalisation of the state. There is no doubt that economic questions occupy a prominent place in Russia’s relations with other partners. But on the EU foreign policy agenda they are incomparably more important than military or purely political issues. Energy matters occupy high priority in relations between the European Union and Russia. Undoubtedly, in the future, the significance of Russia-EU energy dialogue will grow. Taking this into account, Russia has made its economic policy a serious instrument of its relations with the EU.

It should be stated that EU-Russian relations have improved significantly since Putin replaced blustering with pragmatism - but they still lack a strategic vision. As a result, bilateral relations are regularly hijacked by seemingly technical issues, such as transit rights for Kaliningrad residents. The fundamental feature of Russia-EU relations is that it is an “organic relationship”, related to its immediate neighbourhood. Therefore Russia’s problems with Europe are more fundamental than those with the U.S., and it is more difficult to tackle them. EU-Russian relations involve a dense network of official links, which create frequent friction. The US-Russian relationship, while lacking such networks, is more flexible and has a potential to develop at a more rapid pace.93

The Iraqi campaign has challenged Vladimir Putin’s move to align Russia with the Euro-Atlantic community and merely confirmed the obvious: the United States is the only superpower both in its might and in the readiness to use it. The U.S. emerged as the chief beneficiary of the war in Iraq, discrediting the anti-war stance of the “troika” (France, Germany and Russia), giving serious blow to the UN and undermining pan-European institutions. Recognition of this fact leads to the conclusion that being friends with the United States is usually beneficial, while being unfriendly is usually not. Moreover, the Iraqi crisis pushed to the surface the deeply rooted differences between the United States and Western Europe in terms of political culture, attitude towards international politics and towards the role of force in international affairs. Above all, the war in Iraq highlighted another fundamental problem - Europe’s failure to form a common foreign and defence policy. In the aftermath of this war, U.S. relations with “new” Europe have improved, with Russia – have almost returned to its pre-war equilibrium, while its relations with the “old” Europe have remained contentious. Beside this, the Iraqi crisis has weakened the European security infrastructure. As Moscow wants to be with the strong and successful rather that with the weak and lagging, the logic runs, Russia’s strategic alliance with the EU in foreign policy and security is not very productive for the time being.

President Putin is likely to ask himself whether there still is a Europe with which to do business. A dilemma is appearing: Putin has always stood for Russia’s integration with the West; but that assumes there is the “West” and that Moscow can be friends with both Paris and Washington at the same time. But supposing it cannot? Currently Moscow is still trying to choose both and it may be able to, depending on

93 Ibid, p. 128.
how the Washington-Paris relationship works out. But if not, then which? Russia, it
seems, now finds itself without a clear foreign policy strategy. But it is also probable
that Moscow is willing to maintain a “dose of ambiguity”\textsuperscript{94} in its strategy. Putin has
managed to resist a temptation to play off America against “old” Europe – for which
Russia has no stomach – but why not to take the opportunity to play off internal
divisions within Europe to Russia’s advantage? This pragmatic ambiguity in Russia’s
policy has been effective in strengthening Russia’s international role. Russia manag-
ed to preserve, although in a much weakened form, “the post-September 11 warmth
in U.S.-Russian relations”. At the same time, Russia’s role vis-à-vis key European
allies was strengthened\textsuperscript{95}.

With regard to Russia’s European agenda, the bottom line is that Moscow is
reluctant to accept a diminished, regional role for Russia as just another important
European power; the globalist approach, including the idea of the U.S. as Russia’s
primary point of strategic reference, remains overriding\textsuperscript{96}. And despite the fact that
Russian foreign policy subscribes to the notion of multi-polarity, in which Europe
has a pivotal role, in reality it is cold pragmatism that dominates Putin’s agenda.
Above all, in the purely European context, Moscow is continuing to assume that,
when it comes to the difficult decisions, Western Europe tends to follow Wash-
ington’s lead – even such countries as France or Germany, which are very critical of U.S.
policies.

In discussing Russia’s alignment with the Euro-Atlantic community, it is worth
stressing that Putin’s pragmatism consists in accepting the reality as it is, realising
that Russia has limited ability to control, let alone avert, external developments. Co-
operation with Europe and the U.S., or even disagreement with America on some
sensitive matters, is carefully gauged against Russian interests. Though Russia’s op-
position to U.S. hegemony is very real, Putin is nothing if not pragmatic. In this sense,
Moscow is likely to avoid a serious confrontation with Washington at all costs. Du-
ing the whole crisis over Iraq, Moscow tried to maintain open communication with
Washington, reiterating that differences would not impact the overall partnership.

From Putin’s perspective, the existence of a multipolar world order is essen-
tial. In a unipolar world, Russians fear Washington would completely ignore their
interests, but in a multipolar system – even if the United States remains strongest –
Russia would be a needed partner in Washington’s pursuits of its own goals. With this
in mind, it is impossible for Putin to completely abandon his newfound allies in
Europe, German Chancellor Gerhard Schroeder and French President Jacques Chirac,
even as he tries to forge a deal with Bush. This is why it is hard for him to
dramatically shift Russia’s position on Iraq. In his speech on 25 September 2003 to
the UN General Assembly, Putin affirmed that Moscow supports a vital role for the
United Nations in world affairs, including a mandate for its oversight in Iraq. Howev-
er, seeking to ingratiate himself with Washington, Putin also implied in his speech

\textsuperscript{94} Lynch, (note 27) p. 13.


\textsuperscript{96} This is in accordance with Alexey Pushkov’s argument that Russia is not satisfied with becoming
“a classical regional power” like Germany. See Pushkov, A., “Rossiya v novom miroporyadke: rydom s zapadom ili sama po sebe?” [Russian in the new world order: together with the West or on
its own?]. \textit{Mezhdunarodnaya zhizn} [International life]. No 10, 2000, p. 42.
that sending Russian peacekeepers to Iraq is possible – even operating under U.S. command – if the UN is given a mandate to govern Iraq politically until Iraqi elections are held. This is already a significant concession on Russia’s part to Washington, though Putin – with an eye toward France and Germany – also has reiterated Moscow’s position on establishing a firm schedule for the hand-off of power to Iraqis. All of these steps suggest that Putin aims to play the role of mediator between Washington and the Paris–Berlin bloc. The Russian political elite seemed to realise that it was not in Russia’s interest to face such a divided Euro-Atlantic community if Russia wants to pursue closer economic and political ties with the developed democracies. Sergei Karaganov says that there are even calls (as unthinkable as this would have been in the recent past) in Russia today for the country to start working toward overcoming Euro-Atlantic contradictions and “to assume the role as an integrator” in the transatlantic relationship.”

All in all, developing close political and economic ties with the major Western powers is the only alternative for Russia to achieve its most important goal - revitalisation and modernisation of the state. This goal, in Putin’s view, is best pursued with the Euro-Atlantic community rather than outside it. Improving mutual trust and developing cooperation with existing institutions, notably NATO and the EU, has been chosen as the most prominent way of avoiding Russia’s marginalisation from security decision-making in the European continent. There are also good economic and political reasons for Putin to focus on Europe to further its agenda of making Russia a more integral and more competitive member of the international community. There is also a widespread, long-rooted feeling in the Russian political elite and the public in general that Europe/the EU represents “the most benign face of the West, more accessible and potentially most profitable” for a Russia seeking to modernise and integrate.

Conclusions

As to President Putin’s pro-Western policy course, he does not have much choice but to lead the country towards the West. Putin’s main vigour is that he adopts his policy to reality. In the first place, the country’s internal weakness means that it is more often reactive than proactive in respect of international developments. Russia has become more an object rather than the subject (as it used to be) of international relations. With threats arising mainly internally and linking with challenges from the South and East, Moscow perceives the West as a source of solutions to many problems. A fundamental question to be dealt with: which way – through Europe or U.S. - to go to the West? For one thing, Putin, unlike Yeltsin, is giving much more Euro-centric face to Russia’s relations with the West. For another thing, all that Putin wants for Russia – integration into the world economy, support for its fight against Islamic

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terrorism (Chechnya) and international status – are entered through a door to which Washington holds the key. Thus while many from the Russian political elites consider that Russia needs to become more “European”, their instincts remain shaped by the strategic culture that has always taken the United States as its basic point of reference.

Generally speaking, while there are signs of some important shifts in Russian foreign policy, it remains ambiguous in terms of Russia’s orientation within the Euro-Atlantic community – between the United States and Europe, NATO and the ESDP, unilateralism and multilateralism. The European orientation still remains a key priority for Russia, corresponding to centuries-old relationships and traditions, and constituting an important component of national identity. As far as “wedge-driving” between the US and Europe is concerned, this would be dramatically counterproductive for Russia. Official Moscow states that Russian foreign policy priorities include developing relations both with the US and Europe, and either should not be at the expense of the other. At the same time, analysts argue that in the future Moscow is likely to be drawn to events over which it has little leverage and in which the United States will more often play the vital role.

Therefore the thesis about the “Europeanisation” of Russia’s foreign policy has a dual interpretation. On the one hand, under Putin, Russian foreign policy has made a marked departure from the Primakov doctrine, not least in renouncing any challenge to the dominance of the US and any confrontational stance towards the West over issues such as the further enlargement of NATO or US withdrawal from the ABM Treaty. On the other hand, for all his awareness of Russia’s diminished status, Putin continues, nevertheless, to see it as a global, as well as a regional power. If nothing else, his extensive programme of overseas visits indicates this. But it would be wrong to interpret Putin’s foreign policy priorities as a zero-sum, whereby an emphasis on, say, Europe unequivocally means reduced interest in the United States, or visa versa. What is evident from Putin’s rule, is that he is well aware that Moscow needs all parts of the West, since each has the potential to serve Russia’s interests in its own way. Moreover, stronger ties with the EU would make Russia a weightier partner for the United States and visa versa. Therefore he tries to have them both – to seek Russia’s integration with Europe and improve relations with the United States. In short, Russia under Putin is seen to retain a unique position in world affairs, but Russia’s interests are thought best advanced in close alignment with the Euro-Atlantic community rather than in opposition to it. The fact that Putin’s governing is far more active and efficient than it was under Yeltsin plays not the least role here. Thus, while it is true that Russian foreign policy is now more “European”, at the same time it is also attaching more importance to the United States. Finally, it is essential that Russia not juxtapose the progress of its ties with the US and its relations with Europe, even though some illusory or real motives may prompt such juxtaposition. The strategic goal is to “maintain the balance between the U.S. and European lines of foreign policy now and try to avoid a highly inopportune preference of either partner”.

To sum up, Russia is seeking acceptance by Western Europe as much, or even more than the United States. For Moscow, the relationship with the West *per se* is driven by the need to modernise the state. In this sense, the EU plays a primary role here. Russia seems to prefer benefiting from the EU rather than being a member of it. On Russia’s part there is a discernible acquiescent trend – a movement towards greater flexibility with regard to the Union. It is stated that even if the EU were to opt for a “Europe without Russia”\(^\text{100}\), this does not weaken the case for close co-operation between the two not only in the economic but also in the security field.

But it is worth giving some explanation concerning the controversy surrounding Russia’s choice between the U.S. and Europe. Despite all the disagreements between Russia and the U.S., despite the great distrust that Moscow has of Washington, more so than of any other European capital, even despite the U.S. tendency toward unilateralism, Washington is seen as a much more efficient and transparent partner than Brussels. There are many EU-Russian problems leading to this: bridging the gap with the EU in terms of bringing Russian laws, regulations and standards to the EU level; institutional hurdles on both sides, plus the doubts among the political and business elites over the desirability and efficiency of rapprochement and mutual integration, and others. Most important, as opposed to Russia’s relations with the U.S., the Russia-EU relationship is one between two close neighbours. It is always more difficult to preserve “organic relations”: they manifest themselves on a daily basis, are much more institutionalised (embrace a dense network of links among various institutions), and thus less flexible.

The emergence of the EU as a new player in European security, has presented Russia with a range of opportunities relating both to continuing efforts to strengthening Russia’s voice in European security affairs and to Putin’s emphasis on a closer partnership with the EU. With all this in mind, Moscow has striven equally to upgrade Russia’s relations with Europe, as well as with the United States, having understood that most EU countries would be more inclined to treat Russia as a reliable partner if Russia’s relations with the U.S. were stable and constructive.

In overall terms, how close Moscow’s co-operation with the Euro-Atlantic community becomes in the longer term “depends on fundamental issues of compatibility”\(^\text{101}\) between Russia and the leading states of this community. It is not simply a matter of Russia’s competing effectively on world markets. Although the state is becoming stronger under Vladimir Putin, neither the pace of its modernisation nor its defence and foreign policy live up to the needs for the country. Finally, in order to become an integral part of that community, Russia needs to become a state of pluralist democracy that scarcely fits in with Putin’s domestic and political agenda.

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\(^{100}\) Trenin, (note 52) p. 3.

\(^{101}\) Pravda, (note 98) p. 41.
Paradoxes of Belarus: Regional Security with a Transformation in Limbo

This is the summary of results from a full-scale research project, which has been carried out by the Strategic Research Center during the year 2003. The main objective of this project was to provide the general public with a deep analysis of the different aspects of Belarus realities and policies in the context of Baltic regional and European security. The research project was implemented by an international research team. Analysis of the Belarus political system was done by Virgilius Pugačiauskas (Lithuania). The security sector of the Republic of Belarus was covered by Vyacheslav Paznyak (Belarus). Analysis of the economic situation was done by Valery Dashkevich (Belarus). Ecological threats originating from Belarus were precisely explored by Eleonora Gvozdeva (Belarus). Sander Huisman (the Netherlands) analysed Belarus realities in the context of the EU's new security and neighbourhood policies. And finally, the general assessment of Belarus as a regional security factor was completed by Gediminas Vitkus (Lithuania). The project came to an end at the beginning of 2004 with the follow-up publication in Lithuanian. In order to make the results of this project more known to the wider public, we are reprinting the comprehensive English summary of that publication.

Introduction

The subject of this collective study is Lithuania's closest neighbour – Belarus. A comprehensive picture of the current situation and developmental prospects of the Republic of Belarus are presented here. An effort is also made to create favourable conditions for the most thorough assessment to date of Belarus as a security factor for Lithuania, Poland and the other Baltic countries. Moreover, inasmuch as almost the entire Baltic region is becoming a component part of the European Union, one cannot fail to note that Belarus is also becoming a factor that influences the security of the European Union as a whole.

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Of course another question is for whom, specifically, and how and to what degree this Belarusian factor is important. Paradoxical as it may seem, for example, an acquaintance with literature on the security problems of the Baltic region, which is geographically so close to Belarus, or even of the three Baltic States or, especially, of all of Europe easily reveals that the Belarusian factor is either almost completely ignored by everyone or reduced to the Russian factor. At best, we encounter only brief “marginal” comments or exhortations driven by scholarly conscientiousness not to forget this additional factor.

This situation is easy to explain. It is entirely natural that Belarus disappears from the field of interest of analysts of the European and Baltic security space, primarily because of her own consciously chosen alliance with Russia and identification with the latter’s interests. Therefore, even though the leadership of Belarus sometimes stood out during the past decade, before NATO expansion into this region and in response to the prejudice of its electorate against such expansion, by resorting more than once to much harsher and at times even hysterical rhetoric against the entire democratic West, these efforts were little noticed in the rest of the world and inadequately assessed, even in Moscow. According to Clelia Rontoyanni, an analyst of Belarusian foreign policy, one may boldly assert that “to the extent that Belarus has an international role, it has been primarily as Russia’s closest and most reliable ally.” From this viewpoint, when analysing the security problems of the Baltic region or, especially, of Europe, “not forgetting” Belarus and giving her special attention would be incorrect. An analysis of a security problem that is carried out on a systemic level should not encompass all security factors without exception but should concentrate on the essential structure that defines the existing order – in this instance, the intersection of Baltic and Russian security interests.

On the other hand, this does not mean that in principle a more thorough analysis of all aspects of a security problem no longer has any meaning. Barry Buzan, a British political scientist and authority on security studies, points out that an excessive need to understand the whole before studying an individual phenomenon can create a situation in which “such a tall order threatens to make the study of security unrealistic.” Therefore, according to this analyst, in order to enrich the content of security studies, it is necessary consciously to find a hierarchy of analytical levels within the international system, and “each of these levels must identify the durable, significant and substantially self-contained features of a security problem.” On the basis of this premise, Buzan proposes to conduct security analysis not only on a national or systemic level but also on a middle or regional level, for although this level is often ignored, in truth it mediates in the interaction between separate states on the one hand and within the entire international system on the other. Also, as long as this level has not been properly studied, neither the status of individual states in regard to one another nor the nature of relations between the great powers and local states can be properly and completely understood.

Bearing this worthwhile idea in mind, let us attempt once more to look at the relationship between the security of states in the Baltic region and Belarus. We think that even without Buzan’s suggestions, it is immediately obvious that eliminating or reducing the role of Belarus in an analysis of Baltic security, rather impoverishes the expected results from these studies. If we evaluate the Baltic region as a security
complex, Belarus does not become a secondary factor influencing regional security. In regard to regional security, perhaps Sweden, Finland, or Estonia could be dissociated from this factor, but even this possibility is inevitably altered by the expansion of the European Union. For Lithuania or Poland, in contrast, countries whose borders with Belarus are hundreds of kilometres long, a posture of dissociation would show a total misunderstanding of the situation even without their having joined the European Union. For these states, the existence of an independent Belarus is not only an important factor of geopolitical stability but is also almost in the interest of their national security because, after all, the territory of Belarus physically separates them from Russia. Therefore, regardless of the political attitudes held by either side, it is evident that Belarus was, is, and will remain not only an immediate neighbour of the states of the Baltic region, but also an organic component part of the security complex of this region with all of the problems and consequences that follow from this fact.

Of course, the editors and authors of this monograph did not forget that the regional security problems generated by the processes existing in and around Belarus are unavoidably part of a broader context and become one of the vectors in a process taking place on a larger scale. Nevertheless, this time the analysts have not set their sights on a structure that determines an international order based on principle but rather on the nuances of that order – in other words, Belarusian realities, the specific characteristics of Belarus, and the regional security problems that follow from them. At any rate, even the smaller regional states are not the mere puppets of forces acting on a systemic level. They have a very limited but nevertheless genuine freedom to manoeuvre. And, as we know, Belarus has used this freedom in a very distinctive way. Instead of following the example of her neighbours, this country has chosen a completely different way of development and has stubbornly kept to it for an entire decade already. Because there is no longer any firm basis for believing that this Belarusian paradox will soon cease to exist, we think that the time is ripe to take a closer look at this country, at her political and economic system, and to try to determine where the reasons for her relative stability lie and, most importantly, what her potential is for change in one direction or another and how that could affect the security of neighbouring countries and the entire region.

What happened to Belarus in the early 1990s may have seemed to many people like a strange prank of history. Indeed, history does sometimes play the most diverse pranks not only on individual persons but also on entire nations. The prank that history played on Belarus was that she was turned into a sovereign state against the will of most of her own population. When the Soviet Union fell apart in 1991, nothing else remained for Belarus but to become a sovereign independent state, even though her political elite of that time had not, up until then, nurtured any plans for an independent national existence.

On the one hand, in the history of the world this is not the first instance in which circumstances have created a state before the formation of a people who seek national independence. In essence, there is nothing wrong with this situation. States may appear, and afterwards their governments may themselves “create” or “finish creating” a nation, a civil society, institutions, etc. In part, this is an impersonal process. To tell the truth, a similar evolution was also expected in the Belarusian case. If external circumstances forced this country to become an independent state, it now
seemed to many people that she would further be forced to follow the example of her neighbours – to begin creating a democratic state, to undertake market economy reforms, to develop political and economic ties with Europe and the world, etc.

However, as we know, these predictions and expectations have not been fulfilled. In those instances in which the nation does not create the state but the state creates the nation “from above,” incidental factors become especially important – particularly the specific configuration of political forces or even the values and choices of the personalities that rise to the top of the government. Just as the governments and leaders of states can encourage the formation of a nation, they can also succeed in essentially deforming them and promoting other values, other interests.

As we know, that is what happened in Belarus. Belarusian voters, who before the collapse of the Soviet Union were known for their conservatism and loyalty to the existing order, and who in 1992-1993 painfully experienced the first hardships of reform, decided not to take any more risks and in the next presidential election in 1994 supported a politician who did not hesitate to promise, at least in part, to restore this former order, to preserve earlier social and economic safeguards.

We now understand that what Alyaksandr Lukashenka proposed was in essence to restore the old Soviet system. Most of the people of Belarus liked this proposal to such a degree that since that time voter support for this politician has not waned (or, as befits the Soviet scheme of things, was not allowed to wane). With a landslide vote they supported Lukashenka in the 1996 referendum on constitutional amendments that greatly increased the powers of the president. They did the same thing again in the next presidential election in 2001. Lukashenka now has the official right to remain in office until 2006, and he is already openly considering the prospect of running for a third term even though the constitution does not provide for such a possibility. However, the obedient electorate could, in one more referendum, again easily improve the constitution.

Thus, in the ten years since Lukashenka came to office, there is a sound basis for saying that in a broad sense, he has kept his promise. Those Belarusians who in spite of everything wanted to continue living in the Soviet Union at least in part have got their wish. This fact is attested by the results of this study. Once again, we have an obvious opportunity to be convinced that the main result of rule by Lukashenka is none other than the Restoration of the Soviet system.

However, at the same time one ought not to forget that a Restoration, wherever it may occur, never completely recreates the original. In a picture, alongside the work of the artist, the restorer always leaves his own vision and thus distorts the original. In politics, likewise, Restored Systems cannot totally reproduce the characteristics of their predecessors. For this reason, they either are condemned to collapse once again or must inevitably be reformed in response to changed times. The best example of such a political Restoration is France under renewed Bourbon rule following the Congress of Vienna. As we well know, this political system survived for only fifteen years. Logically, therefore, a similar fate should await Belarus, although clearly one can never know what direction a specific historical process will take.

Obviously, this study did not undertake the impossible goal of answering the question of what fate awaits the current regime in Belarus. Making predictions is a thankless activity. Let us remember how a relatively small number of analysts succes-
fully foresaw the collapse of the Soviet Union. We believe that the same imperative
of the power of accident also applies in the case of Belarus. It is natural, therefore, that
our analysts mainly focused their attention not on formulating speculative prognoses,
but on describing and analysing the contemporary Republic of Belarus. When we in
turn know this, we acquire a much more solid basis both for assessing Belarus as a
factor in regional security and for recommending the policy to be followed in regard
to this country. Our authors’ approach is reflected in the structure of this study.

The first part of this book examines the characteristics of the Belarusian poli-
tical system and, most importantly, the problems that arise because of the entre-
renchment of an authoritarian regime. The second part separately analyses the contro-
versial development of the Belarusian security sector. The third part exhaustively
describes the characteristics of the Belarusian model of economic development and
the problems that arise because of stalled economic liberalization. The fourth part of
this book spells out the scale of the ecological threat that has arisen because of unres-
solved political, economic, and social problems and that is already becoming per-
haps the most serious problem not only in Belarus, but also in the entire region.
Finally, in view of the recent expansion that makes Belarus an immediate neighbour
of the European Union, the fifth part of this book strives to look at Belarus not only
as a factor that influences neighbouring states in the region but also as a factor in the
policy of the entire EU, thereby considering the prospects for a further joint EU
position. At the end of this book the reader will find a summary of all of the results
from this study.

1. Political System

This part of the monograph deals with the review of the main political and
legal institutions of the state of Belarus, the ways they function, their interrelations,
level of dependency and mechanisms and connections with the society on the level of
both the Constitution and political practice. Attention is also focused on how the
above mentioned institutions form and support the state ideology that according to
its authors should become the main idea guiding the sequential progress of the Bela-
rusian state, and correspondingly should assist the state institutions to execute their
functions.

It is useful to bear in mind, when speaking about authoritarian regimes and
specifically relating to the president and his surrounding institutions, the division of
the functions between the government and the parliament and their interrelations.
Usually such regimes do not tolerate the principle of sharing power that is essential to
democracy, although modern or new authoritarianism is a little bit more “advanced”
in this sphere. Formally, they do not separate themselves from this principle but it is
totally ignored in political practice. Belarus is an especially vivid example of this
point of view. That is why in order to understand how the political system of this state
functions, it is necessary not to rely solely upon the analysis of constitutional norms,
but to employ the metaphor of the “Power Vertical” that is currently very popular
among analysts and reviewers. Evaluating this concept, it is very important to empha-
sise that the principle of the Vertical contradicts and finally changes the well-known
principle of “checks and balances”, to be more precise – it fully eliminates it from the interrelations of the institutions.

In the case of Belarus, the Power Vertical can be determined as the hierarchical system that guarantees the direct subordination and dependency of all levels of state institutions upon the president and his administration. The highest and primary person of the Power Vertical is the president for whom the Constitution guarantees the post of the Head of State and the weighty positions are guaranteed by the fact that he is elected in direct public elections. The first article of the Constitution of the Republic of Belarus that deals with the general multifunctional parameters of the president as the Head of State reveals that the president has a “strong” role in the political process. The president is not only the embodiment of the nation’s unity but fulfils the functions of guarantor of the constitution, human freedoms and rights; he guarantees realization of home and foreign policy directions and represents the state abroad, as is common practice for the presidential regime in a democratic state.

The Vertical is further revealed via involvement of the representatives of the president in the composition of the government and, more interestingly, of the parliament. The work of the government is headed not only by the Prime Minister together with ministers but also by a so-called permanent structure – the Presidium of the Council of the Ministers. This leading institution consists of the Prime Minister and his deputies, the Head of the Administration of the President, the chairperson of the State Control Committee, chairperson of the National Bank board and three main ministers – of economy, of finance and of foreign affairs. It is obvious that the main duty of the president’s authorized person is to observe how the policy of the Head of State is implemented. In such a way, the president eliminates even the smallest theoretical possibility of the government to dispose at least minimum independence.

We see an analogous situation with the parliament, although the independence of this institution should not be questioned. Including the Upper parliament chamber – the Council of the Republic – into the hierarchical system does not in practice cause major problems for the president. Alyaksandr Voitovich, i.e. one of the deputies appointed by the president, became the Chairperson of the Council of the Republic. The decision of the president in 2003 to dismiss the speaker of the Upper Chamber by revoking his mandate, to organize an extraordinary session and legally and quickly to appoint former Prime Minister Genadij Novickij as the new Head proves that the application of the “vertical” principle gives “wonderful” results in the case of the parliament. The public confession of the latter: “I am not a politician, I am manager” only further illustrates how coordinated the mechanism of the Vertical functions.

There are no problems with the Lower chamber of the National Assembly. As the result of the president’s persistent “work”, the chairperson of the Chamber of Representatives, Vadim Popov, together with a group of six deputies are the official representatives of the president in the parliament. This group of deputies has received the task “to clarify and to inform operatively the Head of State about the most acute problems of legislature and everyday problems of the parliament members”.

So, the Power Vertical can be identified as one of the most important means enabling the President to concentrate significant personal power. But the President is trying to mask this obvious truth, by making statements in political rhetoric about the
need to develop closer mutual collaboration among governmental institutions. At the same time, concrete steps are undertaken in order to legitimize the Vertical by juridical documents. The opposition of the parliament to the president is almost impossible because the next step of the president can be easily foreseen – extraordinary elections of the parliament.

But this analysis of the Vertical system in Belarusian political institutions would not be complete without mentioning the problems of state ideology. Rare is the political regime that, regardless of how repressive it is, can be based only on power of institutional organizations and power structures. Both democracies and dictatorships with pleasure appeal to the support of the ideologies that consolidate society. Belarus is not an exception in this respect. And oddly, it is here that we can find the Achilles’ heel of Belarus’ Power Vertical. Despite all the attempts of the power institutions, ideology was and still is the weakest link of the whole system.

It is known that the idea of building communism has disappeared together with the Soviet Union, and the Belarusian political elite who came to the helm of the independent state failed to propose new ideas that were understandable and acceptable to the society. On the other hand, the liberal Belarusian political opposition – the Belarusian People’s Front - failed to overcome that challenge as well. It was based on a nationalist ideology but failed to mobilize the Belarusian nation and to ensure sufficient support from the electorate to come to power, as was the case of the analogical structures in Lithuania, Latvia and Estonia.

The history of Belarus was developing in such a way that today it is difficult to speak about the traditions of the state and national identity that would be the supporting point and condition for the further successful development process of the nation towards democracy. Such opinions are often expressed in the various research papers that analyse the problem of the Belarusian national identity and look for the reasons for the failure of democratic reforms. That is why there are no grounds to speak about the strong position of a Belarusian national state idea. On the contrary – it can be seen as weak and rudimentary.

Thus we can state that Belarus demonstrates a double weakness of the state idea – on both the national and ideological levels. During the first years of Lukashenko’s rule, the state institutions tried to compensate for the state’s weakness of ideas, but at that very time the president understood the necessity to dispose of an idea or ideas able to attract the society because the cult of the leader alone cannot guarantee the completeness of the power vertical. It was not by chance that Lukashenko finally initiated a public “debate” about the necessity of having such a conceptual ideology – and openly set the goal – in order to provide the ruling regime with the an additional dose of legitimacy and to give back to the Belarusian nation the socialist “illusions” that were lost during “perestroika”.

Because the ideology of Belarus was built from the top down, the “product” is artificial, a condition which prevails in this complicated process even to the present day. It can be stated that only since 2003 has the process accelerated a lot and given more concrete results due to the serious attention of the president to this issue. In other words, from that moment the creation of ideology became one of the highest priority tasks on the agenda of the president. But first let’s have a look at the source of this process, which started during the first years of Lukashenko’s presidency.
The first serious attempt to create and popularise an independent state ideology was conducted by the scientific personnel of the Social and Political Research Institute. Two years’ effort yielded negligible results because a social ideal able to fill the ideological vacuum in the society just was not found and the main customer was not satisfied with the proposed forms. Another direction of the activities came from multiple discussions in the top power echelons. Meetings with the academic society were not useful either.

More achievements were accomplished in the easiest sphere, namely, setting up the ideological institutions and positions. First of all, the Department of Ideology appeared in the Presidential administration’s institutional structure. Corresponding positions were set up in the lower level power institutions: the boards of the district executive committees and in the analogous sections of the cities, namely – information departments. These proved insufficient, and then the ideological organizational development stepped over the frames of the governmental institutions – step by step, staff positions of the “ideological employee” were introduced in various establishments, organizations and enterprises. So, the institutional contours of the ideological Vertical appeared in the state.

We can make the following observations regarding this initial, quite prolonged stage of organized ideology creation: firstly, the power institutions are oriented to the solution of the ideology creation problem; secondly, the obvious disproportion between the institutional structure of the ideological Vertical and the processes of creating a an ideological concept became vivid when the latter lags far behind. In other words, the institutions serving the ideology are essentially created, but the ideology, as a set of concrete and fundamental ideas, is still at the initial stage of its formation. Thus, the conclusion is very simple – the state institutions are not able to propose clear and attractive ideology to the society.

As was mentioned, since 2003 we can notice the activation of a process that can be related to the concrete event – the seminar for the Heads of the state institutions to discuss the issues of how to perfect the ideology. The President announced the obligatory performance of the ideological Vertical on all levels of state governance, i.e. by territorial and branch principles. Thus, we learn not only how the organizational structure of the Vertical must operate but also that in reality it has not yet developed its total character. In order to accelerate that process Lukashenko directed the extensive formation of ideological units in the “working collectives” and the introduction of a permanent deputy to the Head of any enterprise or organization employing over 150 employees, who would be responsible for ideological work. What is interesting is the stressing of this principle as applied to all organizations, irrespective of their purpose or ownership form.

So, starting with the President, who obviously is the guarantor of ideological formation, development and implementation, other institutions are also oriented towards caring for this ideology and strengthening it. The President, as the official of the state who is mostly interested in the dynamic and content of this process, was obviously not satisfied with the work of his subordinates that dragged on too long without concrete results. This was proven by the public critics of the institutions (the President’s administration and the Governing academy) responsible for ideological activities, resignations of the officials and as was usual in such cases – categorical and ultimate orders from the Head of State.
The second major direction of the activities is oriented towards education. Starting with this school year a programme of ideological lectures “The basics of the Belarus' state ideology” is being introduced in the country’s higher education institutions. The programme was created by the employees of the Department of Ideology of the Management Academy. The methodological instructions indicate the goal – to form important ideas for the students’ values, beliefs and aspirations that are of vital importance to the Belarusian society.

What are the ideas proposed by Lukashenko? Despite long-term efforts by the authorities and scientific personnel, a comprehensive, and more importantly clear, ideological concept was not created; according to the opinion of many experts it is only a collection of separate theses. Following are the main ones: communitarianism and collectivism as counterbalance for the Western individualism, internationalism, the important role of the state especially in the social sphere, and lately more of an emphasis on the faith, demonstrating the support of the ruling regime by the Orthodox Church.

On the basis of the aforementioned themes, we can state that the organizing ideology is closely connected and related to Lukashenka's authoritarian institutional power structures – it is created, propagated and strengthened in order to solidify additional support for the legitimacy of the regime. On the other hand, we can easily identify the weaknesses of the created ideology, the main signs of which are the following: it lacks theoretical completeness, it is artificial (inspired by the initiative of political leadership), institutions choke the ideas themselves, and finally, due to its brief existence, it does not have deep roots in the society. Society's support of the ideas cannot be attributed to the fact that they are attractive, needed or understandable to the society, but rather because such support is demanded by the authorities. If suddenly orders to support the ideology were revoked, the apparent needs of the society would disappear as well. In such a situation, this component of state legitimacy is strongly dependent on changes of the political leadership.

Summarizing the above, we should state that Lukashenka's personal power dictatorship has been created, it is functioning and at the same time its stability is constantly ensured by constitutional means; to be more precise, the imperfection of the constitutional mechanisms provides the president with unlimited freedom of manipulation, directed to preserve power in his hands for as long as possible. That is why the main source of this dangerous situation is the significant concentration of power when everything in the state depends upon one person whose political actions are almost impossible to foresee. Finally, the political system and organizing ideology discussed above are also the result of one politician’s purposeful initiative and activities that are thrust on the society, though with the consent of the majority of this society. Thus, there is sufficient evidence that Belarus is a weak state due to its internal deficiencies and that it remains a potential source of instability and danger for its nearest neighbours and for the entire surrounding region.
2. Security Sector

Like many other post-communist countries in transition, Belarus had to reduce and restructure its military and security establishments, which were inherited from the Soviet Union. It also had to deal with the Communist strategic culture. The difference, however, is that the legacy of the old mentality and attitudes in this country have been particularly firmly embedded. There are also signs of their revival. Although it would be an overstatement to say that the situation has come full circle, many aspects of the Soviet past have been restored, although under the guise of a sovereign state. Belarusian defense and security structures are comprised of the top political leadership, the so-called “force bloc” – Defense Ministry, Interior Ministry, State Security Committee (KGB), Ministry for Emergency Situations, Border Troops Committee, State Customs Committee, Procurator’s Office, as well as a number of interdepartmental agencies, such as the Commission on Export Controls and the Commission on Economic Security. The central role among them, de jure and de facto, belongs to the President and some groups directly subordinated to him, especially the National Center for Draft Law-Making. The latter’s activities are not envisaged by the Constitution. The Presidential Administration (President’s Office) is also taking an active part in the shaping of state security policies by preparing decisions concerning cadre appointments, implementing interdepartmental coordination and supervising governmental policies on major domestic and foreign issues.

The normative basis for SSR in Belarus is the new National Security Concept (NSC), adopted in July of 2001 to replace the previous one that had been in force since 1995. The new NSC lists one of the main national security functions as “control over the activities of state organs, organizations, including public associations, as well as citizens, involved in the sphere of national security, and informing citizens on issues of ensuring national security.” According to the document, the system of ensuring national security is a “complex of bodies ensuring national security, which are united by the objectives and tasks of protecting the vital interests of individuals, society and the state and which are performing coordinated activities within the framework of law.” This system includes state organs, organizations, public associations and citizens. It is directed by the President through the Security Council and the Council of Ministers.

The package of military laws adopted in 2000-2003 radically consolidates the controlling functions with the President. For example, according to the Law on the Armed Forces adopted in July of 2002, control over the armed forces is executed by the President, the Council of Ministers, as well as other state organs within the limits of their competence. This new version of the law does not mention the parliament, which was included in the draft text.

The “gravity center” in the Belarusian law- and decision-making mechanism is the National Center for Draft Law-Making under the President, and the Council of Ministers, along with the subordinate ministries. However, the role of the parliament is secondary. The latter lacks sufficient financing, staff and expertise to perform full-fledged law-making functions concerning national security.

The process of creating a comprehensive system of ensuring internal and ex-
ternal security, which aims to consolidate the existing political regime in Belarus, is paralleled with an unprecedented state-centric securitization across the security sectors – military, political, economic, and societal. The activities of the opposition political parties, civil society actors, NGO’s, human rights groups, independent trade unions, as well as foreign foundations and even education projects are seen by the propaganda apparatus as a real threat to the stability of the Lukashenka regime. The same applies to the external milieu. But the logical result of it, however paradoxical it may seem, is that the domestic support to the regime is dramatically waning, with the first-ever majority opposing the continuation of Lukashenka’s term in office.

The year 2003 has become another important mark in the formulation of the military-political strategy of the Belarusian state. According to the country’s political leadership, NATO enlargement to the East and the possibility of using military force without a UN mandate have seriously complicated the military-political positions of Belarus. Minsk regards the possibility of the deployment of US military bases in Poland and other Central European countries as a threat to its national security. In December 2003 the Security Council of Belarus adopted a package of coordinated plans for preparing the state’s government, economy, finance, territory and the population for the contingency of a military threat. President Lukashenka signed a special Plan of the Country’s Defense during Emergency Periods, which is premised upon a conclusion that the world has come back to the condition when “war and power pressure are real foreign policy instruments,” some states are seeking hegemony and a “monopoly on domination,” and international law “cannot fully guarantee the protection of state sovereignty and territorial integrity.”

Concentration of the country’s efforts towards creating an autonomous system of national defense – as if informed by a realist “self-help” principle – may imply a “mission impossible.” The security autarchy of Belarus in Europe today seems totally nonsensical for many reasons. First, the country has no resources or any other means required to “go it alone.” Second, it is based on the miscalculation, in fact an overstatement, of the military factor and an underestimation, if not a complete disregard, of cooperative security arrangements. Last but not least, there is a misperception of security risks and challenges to Belarus.

Belarus’ leadership claims that the country is confronting the “cultural and ideological aggression of the Western world,” and “the time, the destiny and the situation have nominated Belarus for a great role as the spiritual leader of the Eastern-Slavic civilization.” Fully in line with this view, Belarusian specialists in national security have inferred that “prevention and neutralization of threats to national security in the humanitarian sphere require, first of all, an open declaration of an official state ideology, acceptable for the majority of the population and taking into account cultural and historical traditions of the Belarusian people. Only based on such an ideology is it possible to work out clear criteria for identifying threats to national security, as well as the main priorities and state policy in this sphere.”

Belarusian authorities are expanding the veil of secrecy and control over information, which is motivated by political and ideological calculations reminiscent of the Soviet times. As a result, there is a confluence of several tendencies: centralization of the management in the information sphere and its infusion with state ideology; tightening of administrative control over the mass media; and control of the
production, distribution and consumption of information. This is being done against the backdrop of continued state dominance in political, economic and property relations.

The security sector in Belarus, according to its planners, is nearing completion with the installation of a comprehensive system of control, crowned by the so-called “state ideology.” This last element, however, is likely to overload and topple the whole construction. As history shows, an “ideological completeness” of a closed society ends up in the degradation and collapse of the whole system. With today’s globalization processes, such a system will stand even fewer chances to sustain itself.

A “single-vector” orientation of Belarus foreign and security policy toward Russia and its drive to integrate have turned it into a Russian military outpost and a geopolitical simulacrum of a “union state.” Belarus has also defended the Collective Security Treaty (CST) from the Western direction. As a result, these geopolitical roles have separated and distanced Belarus from the processes of shaping cooperative security systems in the region as well as in wider Europe.

Belarusian authorities have been enthusiastic about transforming the CST into the Collective Security Treaty Organization (CSTO) and took a very active role in it. President Lukashenka went so far as to declare that he considers the use of national armed forces legitimate in case of aggression not only against Belarus, but also against its allies. Nevertheless, after Russia’s rapprochement with the West, Belarus finds itself in a puzzling position. The CSTO has started implementing a plan of cooperation with NATO. So, as a member of the CSTO, Belarus is bound to cooperate with an alliance it has perceived as a military threat. Besides, the main CSTO grouping will be located in Central Asia, which is an indication of the lesser importance of the European theatre for Russia and other CSTO member-states.

The new Russian strategic thinking demonstrates other asymmetries with the Belarusian orthodox approaches. With many reservations, Moscow names NATO and the U.S. as its strategic partners, while Minsk is far away from a similar level of relations.

At the moment, the prospects for Belarus’ incorporation in the Russian Federation are very unlikely. At the same time, what used to be called “Russian-Belarusian integration” has gone quite far, especially in the military-strategic area. Although the present stage of integration (political, military, economic, financial, institutional, etc.) has not yet completely deprived Belarus of autonomous decisions and actions, it is already much more constrained than, for example, Ukraine, in making a pro-European strategic choice. This is especially true with regard to European security structures. Also, the decade-long Belarusian integration odyssey has produced in the West a record that will not be easy to change even if a U-turn in relations with the West is attempted in full faith. This untrustworthy image is underpinned by the fact that in the military and security sphere Belarus used to follow the Russian hard line and continues to tread the same path, even after the pilot has changed course.

The true reason behind the unwillingness of the incumbent Belarusian leadership to acknowledge the new security order in Europe and change its policies accordingly may be very simple. It could be not the fear of changes as such, but of losing power as a result of changes. A similar concern may explain Lukashenka’s recalcitrance to agree with Russia on further practical steps of “integration.”

So, in the case of Belarus there is a combination of domestic and foreign
“power politics” clearly directed at the continuation of the political regime, which serves as a measure of political efficiency regardless of multiple failures, as judged by either ordinary formal or informal criteria.

3. Economy

The Republic of Belarus is the only former socialist country that hasn’t accomplished the task of economic liberalization after 11 years of sovereignty. As a result, it now has a unique economic system, halfway between a socialist planned economy and a free market economy.

Rejecting the path of fast market reforms and preferring the policy of slow changes under strict state control, Belarus managed to restore its production volume to the level of the 1990’s and to avoid deep social stratification of the people. That success allowed the leadership of Belarus to declare the existence of a specific model of transition to a market economy. This statement requires some explanation.

First, the successes of Belarus may be praised only in comparison with some countries of the CIS, where the reforms were accompanied by an open criminalization of the economy and mass export of assets. The successes of Belarus in comparison with the majority of the Central European countries and the Baltic States are very moderate, and the growth indices are much lower than in Poland, Romania, and Slovenia.

Second, none of the European countries had the level of outside preferences that Belarus had. Thus, during the whole transition period it received, and still is receiving, cheap sources of energy from Russia. Belarus accumulated debts owed to Russia from gas and electricity payments. The majority of these payments were carried out in the form of barter accounts guaranteeing its own enterprises the sales of non-liquid products. In the second half of the 90’s such barter payments for gas alone amounted to 400-450 billion USD per year.

Third, the government of Belarus avoided a decrease in the production rate during the initial stage of the transaction period by crediting its large state enterprises while the neighbouring countries were faced with a serious slump in production. This helped the Belarusian enterprises to capture a partial hold over the sales markets of their main competitors’ products.

Fourth, by refusing to privatise large enterprises, the government managed to preserve its control over them and thus avoided the extraordinary development of freeing those assets and their exports through the mechanism of a price scissors.

Fifth, the strict state control over the economy helped the Belarusian government to avoid a marked decrease in tax revenues by being able to maintain a high collection rate. This guaranteed financing of the main budget expenses, including education, health care, and social care, thus gaining electoral support in opposing the demands of market reforms.

But at the beginning of this decade it became quite obvious that such economic policy had exhausted itself and the rates of economic development began to slow down.

The most generalised definition of this policy is as a mixture of the primitive natural “keinsianity” in the sphere of the administrative, stimulating the overall internal demand with some elements of the free market in foreign trade.
To realise this course, the Belarusian government widely used the methods of state regulation of prices and incomes, pursuing the tactics of “the soft budget limitations”. It stimulated the economy through Central Bank outlays and budget subsidies; it practiced taxation privileges for great machine-building enterprises and the agricultural sector; and it quoted and licensed export-import transactions for more than 1200 various types of business activities.

Strict state regulation of the economy was one of the main principles of the Belarusian economic model, which has nothing in common with large private business. As a result, the privatization of the state sector was ceased in the initial stages. Moreover, at the end of the 90's the government put into operation the rule of the so-called “golden share,” which permitted the authorities to interfere with the activities of any joint stock company if the state possessed at least one share.

Still, the analysis of the government’s decisions in recent years doesn’t lead to the conclusion that the Belarusian practice of state regulation is systematic in character and possesses its own inner logic and predictability. As a rule, all of the government activity is directed towards regulating the economy irrespective of strategic aims. The latter, formulated in the 5-year programs (the first program covers 1996-2001, the second – 2001-2006), are not obligatory. Their adoption was timed to the election campaigns of Alyaksandr Lukashenko and they were nothing but a collection of populist slogans. For instance, the last program puts forth an objective for the necessity of further developing national programs which increase home product exports, food production, and house building.

Annual macroeconomic forecasts approved by the President and having the character of the mandatory socialist plans are more exact. They include tasks on 16 parameters in total: GDP growth, increase in production and agricultural output, investments, the amount of housing put into service, the real median wages and salaries, inflation, national currency exchange rate, energy conservation and material consumption of GDP. The government submits its reports concerning the fulfilment of the plan to the President once per quarter and this is the efficiency criteria of economic control. That’s why all the claims of the government about its adherence to the norms of a market economy confound national and foreign businessmen, so they do not risk investing serious funds into the Belarusian economy.

In spite of the growth of quantitative indices in recent years, the Belarusian economy can’t afford to improve its qualitative characteristics. Moreover, this quantitative growth was unstable and has a noticeable tendency of decreasing. This is typified by the production of manufacturing products (the index of 10.3 per cent in 1999 dropped to 4.3 per cent in 2002). Agricultural production, which reached record levels in 2000 due to favourable climatic conditions, also demonstrates minimal growth. The GNP growth index has been unable to achieve 5 percent during the last two years. The index concerning investments was marginally improved, but its increase is connected primarily with the increase of housing construction in the country which is financed mainly from the budget. In 2001-2002 the share of non-productive investments equalled 60-65 per cent of all investments.

It is expensive for Belarusian enterprises to maintain even a moderate tempo of growth due to the expense of using out-of-date equipment. The number of unprofitable enterprises has recently been increasing, and correspondingly, the mean pro-
fitability of the economy is steadily decreasing. According to the results of 2002, the number of unprofitable enterprises was 34,9 per cent of the total number, and the mean profitability was 8,7 per cent, i.e. the majority of enterprises are unable to invest in their own development.

Worsening of the financial state of Belarusian enterprises led to problems with the formation and fulfilment of the national budget. The share of state budget profits in relation to GNP decreased from 36,5 per cent in 1999 to 33,9 per cent in 2002, and the budget expenses decreased from 39,5 per cent to 34,3 per cent. This is mainly due to the tax privileges granted to many manufacturing and agricultural enterprises because of their low solvency. There is also a continuing tendency of growing debts of tax-payers' payments to the budget. According to various estimations, at the beginning of 2003 the total sum of tax privileges and overdue payments was equal to 500-600 million dollars, i.e. about 10-12 per cent of the budget profits or 2,5-3 per cent of GNP.

Inadequate financing of the Belarusian enterprises and the inherent difficulties with the budget revenue will threaten the further increase of real incomes for the people, which is the main argument of the present government in favour of its economic policy. This is due to the fact that up to 70 per cent of the incomes of the citizens are formed from the funds of labour payments (51,8 per cent of all incomes) and social transfers (18,2 per cent).

One should also keep in mind that the official statistics give only approximate data concerning the real incomes of the citizens. It estimates the incomes from entrepreneurial activities as 28 per cent of total earned income. The methods of calculating this index are far from perfect, and the index itself is used to equalize the proportion of the volume of retail sales turnover and the volume of paid off salaries and pensions. In fact, the recognition of incomes from the shadow economy equals 40-50 per cent of GNP according to independent experts' estimates.

Such an active shadow economy is predetermined by a number of specific features of the Belarusian economy. First of all, it is due to the general rejection of private business in the country as official economic policy. It takes a lot of time and money to establish one's own business, to get registered, licensed and so on, and nobody can guarantee its further existence. For example, in the second half of the 90's there were two campaigns in the country to reregister all enterprises and reproduce all documents. The second reason is the high level of taxation, equating to 45-50 per cent of added value. This is the result of Belarus' dependence on foreign markets. About 2/3 of its GNP is aimed for export, and this simplifies the possibility of creating dealer links, including shadow dealers controlling export/import transactions.

In general, the state of Belarusian foreign trade greatly influences the economy. Having no natural resources of its own and being overloaded by great industrial enterprises, whose products can't be consumed by the home market, the Republic of Belarus is wholly dependent on the health of foreign markets, primarily, the Russian market.

In recent years, the market situation was more or less favourable for Belarus. Excluding the fall of the foreign trade turnover in 1999 due to the consequences of the financial crisis in Russia, Belarusian exports during the last five years were stable at the level of 7-7,5 billion USD. In 2002, it exceeded the level of 8 billion, totalling 8,1
billion USD. The negative characteristics of Belarusian foreign trade turnover are as follows: imports constantly exceed exports, and as a result Belarus has an annual negative trade balance totalling 1.3 billion dollars, thus creating problems for the cash sector of the economy.

During the period of its national and political sovereignty, the Republic of Belarus failed to solve the problem of maintaining a stable national currency – the Belarusian rouble.

The reasons are as follows: the authorities do not understand completely the nature and the role of the modern monetary system in the economic life of the state because they lack economic literacy. The leadership of Belarus mainly consists of representatives with agricultural and polytechnic education. Secondly, the sluggishness in conducting currency reforms which is connected with the failure to understand the collapse of the former USSR and with the hopes for Russia, viewed as the inheritor of the united currency space as well. The final reason is the sluggishness of the general economic reforms, for which the republic’s leadership had to use cash to solve social problems, including outlays for financing the budget deficit and supporting the internal manufacturers.

The impudent behaviour in managing the money circulation in the country led to record increases in prices and the decrease of the national currency exchange rate relative to all other post-socialist countries. During 1992-2002 the overall growth of consumer prices increased 2.7 million times, and the exchange rate of the rouble (including the soviet rouble) decreased by 9.5 million times.

But the main peculiarity in conducting the credit and monetary policy of the transient period was the fact that the high level of inflation and devaluation of the Belarusian rouble continued in the second half of the 90’s when all the other countries of the former USSR, the central and south-eastern European countries, had already overcome the consequences of the socialist economic system collapse and managed to stabilise their own financial systems. The Belarusian leadership, in spite of the experiences of other countries and the recommendations of the world finance organisations (World Bank and International Monetary Fund, of which Belarus became a member in 1992), went on with its “soft” monetary policy. Only at the beginning of the 21st century, the authorities undertook some reasonable measures of regulation, including reducing outlays and liquidation of multiple currency rates (official, market, shadow etc.). As a result, the tempo of the price growth decreased.

Now it is quite obvious that the economic policy was failing, causing the rate of economic development to slow down.

Based on available information, we may suppose that the Republic of Belarus, together with the other former republics of the USSR, is trying to catch up to the level of post-industrial development seen in developed countries, but lags behind by 40-50 years. Its main objective as a sovereign state is to reduce this interval by 1,5-2 times during the active life of one generation, that is, every 25 years. In order to solve this task, the rate of its economic development must be twice as high, on average, as in the rest of Europe. For the last 50 years the European economy grew at the average rate of 2 per cent per year. Consequently, in Belarus this index cannot be lower than 4 per cent. It will be very difficult to provide such a tempo for 25 years. Especially if we take into account that nobody currently knows how the world economy will develop in the next 25 years.
In any case, Belarus now needs structural reforms directed to formation of the market economy institutions which will help to realise the economic interests at all levels of society.

Structural reforms should first of all divide the economic and political functions of the state. State regulation shouldn’t be identified with state control. The state should leave the real sector of the economy, in other words, all state enterprises should be privatised. This is a necessary precondition for reforms. And it doesn’t matter how to privatise, whether to sell enterprises to foreign investors, or to trust them to the present management following a stock purchase.

The second most important problem is the formation of a developed financial market. It is currently in its infancy, and it needs stable currency and the free circulation of capital to function normally. There are also problems with compiling state budgets with a moderate deficit.

The third group of problems concerns the development of a legislative system and an independent judicial system for the activities of all economic subjects.

The Republic of Belarus was the first among post-soviet states to restore the pre-reform level of production output. But if it is late with structural reforms, there will be serious problems with its political and economic sovereignty. The steps taken towards economic integration with Russia have proven the bankruptcy of “the Belarusian model” of market reforms.

4. Environment

After the cold war era, the military threat to peace and national interests were replaced by a range of smaller threats whose effects are serious enough to threaten world stability and peace. Among them, ecological threats - degradation of resources and the environment - are considered to be among the gravest ones. The ecological security in the processes of globalization will be built up with a focus towards the nations’ contributions to the degradation of the environment and their roles in protecting the biosphere.

Countries’ dependence on ecological processes within their territories has become a burning topic for a European region with new members joining the European Union. The borders of the EU are approaching the states where ecological threats are not always adequately analyzed, detected early or prevented. The significance of many ecological threats on the national security of countries in transition does not correspond to the threat reduction strategies and reactions of these countries. In these countries, degradation of ecosystems has already caused serious losses in the economy and caused people to migrate from ecologically threatened regions.

Challenges to Belarusian ecological security have a potential to become regional ones due to the geographical situation of the country and international value of its natural territories. Regardless of this fact, the weight of national ecological threats in the national security system and their international impact have not been sufficiently analyzed. The main difficulties faced while analyzing ecological threats are due to underdeveloped principles of sustainable resource management and environmental protection. Though some results have been achieved in elaborating the theoretical
principles of environmental management, mechanisms of prevention and reaction to ecological threats remain embryonic.

This chapter is an attempt to describe the existing threats to the environment in the context of European cooperation for common security. The paper is based on statistical data; ministerial reports; research of scientific institutions and independent international agencies; theses of scientific conferences and international projects.

First of all, the general picture of Belarus’ place in Europe, its threats in the field of environment and the country’s framework of national ecological security are described. Belarus preserves 65% of its natural ecosystems, thereby absorbing greenhouse gases, and thus being an oxygen donor for the whole of Europe. All the big rivers of Belarus are trans-boundary and its territory is subjected to transboundary air pollution from other European countries. The main reasons for environmental degradation and ecological threats are rooted in the dominance of economic values of development, old and inadequate industrial and pollution prevention technologies, and absence of ecological values of development. As a result, the growth of economic losses due to air and water pollution has a tendency to grow faster than GDP. Due to the fall in production levels in Belarus, the environment has experienced substantial positive changes, but these improvements have gone unnoticed and will likely disappear in the future.

In Belarusian legislation, the definition of ecological threat is not given due to the lack of assessment methodologies for a spectrum of risks, from ecological threats to the complex system of “nature-society-economy”. The Concept of National Security defines “threat to the environment” indirectly through “threat to national security” and “life-important interests in the field of environment.” Thus, threat to national ecological security can be described as actions, phenomena or processes (or their combination) keeping a person, society or the state from the realization of their life-important interests in the field of the environment.

Aggravation of destructive processes in the environment of industrial regions, worsening of the quality of the environment, degradation of renewable resources and the risk of techno-catastrophes happening as a result of badly financed declarative ecological programs, may push the Belarusian environment to the threshold of irreversible changes and make further protection activities senseless.

Further in this chapter, the threats to the environment in Belarus emerging from various anthropogenic influences are analyzed. Internal ecological threats are mainly diffuse (water, soil contamination, losses of biodiversity and wetlands) and do not have an acute immediate character, but prevent the country from realizing life-important interests in other spheres of their national security concept. Specific ecological threats to national security emerge from the consequences of the Chernobyl catastrophe.

Soils are the basic component of the biosphere. Soil damage automatically ruins related ecosystems. Losses of soil in the process of erosion, desertification or chemical pollution bring countries to economical defaults, social conflicts and population migrations. The loss of soil fertility due to the above mentioned factors is the main threat to ecological and economic security. The “hot spots” of soil erosion in Belarus are located in Polesie, where soil erosion in some regions reaches 60-70%.
Chemical pollution of soil took place in the previous years due to excessive and ungrounded use of pesticides. As a result, 150,000 ha of soils are hyper limed, 260,000 ha contain Cu (mobile), and 179,000 ha - Zn. The level of soil contamination by heavy metals is above norms in all sample cities. Landscape transformation is another complex ecological threat appearing as a consequence of mineral resource excavation. The landscape transformation of the Sologirsk industrial region as a result of potassium extraction, resulted in the deformation of deep level rocks, higher seismic activity, salination and chlorination of soils and underground waters (5000 ha of agricultural land is occupied by potassium extraction side-products). The ecological threat is spread over an area of 120-130 km².

Biodiversity plays a crucial role in realizing life-important national interests. Losses of biodiversity cause dysfunctional ecosystems and may lead to ecological catastrophes, changes in climate and landscape transformations. Losses of biodiversity in Belarus are connected mainly with the loss of habitats due to economic activities. For example, the loss of Polesie wetlands has caused a 90% extinction of Ariunāšaļu šaludicola. In 2001, the Red Book of Belarus comprised 1580 habitats of 77 species of fauna and 777 habitats of 99 species of flora. The protected territories occupy 7.6% of Belarus. Compared with 1990, the territory of protected lands increased by 32% while the financial allocations in the Republican budget for their maintenance decreased by 38%. The present concept of biodiversity conservation in Belarus is based on the methodology of the 80’s. The forests of Belarus occupy 36.3% of the territory and play an important role in gas and ground water regulation. Though the forest territories in Belarus have grown, the quality of forests is worsening. Defoliation is twice as severe as that of European forests and the percentage of withered trees has increased by 1.6 times since 2000. Anthropogenic influence in the form of melioration, chemical pollution through the air and bad management, create a threat to the oldest and most unique European forest, Belovezhskaja puscha.

Wetlands are the key type of ecosystems on our planet; they regulate water and nutrient cycles and absorb greenhouse gases. Losses of wetlands cause climate changes and the degradation of soil, leading to the loss of biodiversity and ecological catastrophes. Polesie wetlands occupy 32% of Belarus territory and are inhabited by 29% of the population. It is a highly developed economic region, using soil extensively in agriculture and industry. Additionally, Polesie wetlands play a crucial role in the stabilization of natural processes in Europe and thus should be preserved in their original form. The most valuable of Polesie’s 35 landscape types are bogs (14.2% of the territory), because they absorb 7-15 times more carbon than forests and because Polesie is the habitat for the maximum per cent of populations of some species. The wetlands before melioration (1950) occupied 2 939 000 ha. Now almost 80% of these lands are meliorated to various extents (almost 2 mln. ha). History has never known another example of such a large scale melioration. Moreover, the melioration was not scientifically grounded and did not take into account any ecological estimates of consequences. It was carried out in violation of the projected construction of artificial water reservoirs for the intake of water from meliorated territories. Melioration of the wetlands caused irreversible changes in ecosystems and hydrological regimes, changed landscapes and caused hyper mineralization of soils, making them infertile and vulnerable to chemical migration into the ground water. About 290
thousand ha of bogs are classified as degraded. Many of their ecological functions have already ceased. The total negative influence of meliorated wetlands is felt over 3 mln. ha.

Pollution of water resources may constitute a threat to genetic and reproductive health, economic prosperity and social stability. Keeping water quality at a safe level is a nation’s duty towards the next generations while the decrease of its quality may cause regional and global conflicts. Belarus is a water-rich country. Its water potential is 57.9 km³/year of surface water and 15.9 km³/year of ground water, that is enough for meeting present and future water needs. Water consumption per head remains very high – 240-370 litres daily (in Europe – 120-150 litres daily).

The quality of ground water is the main concern because 95% of the drinking quality water is extracted from ground sources. Ground water in Belarus is characterised by a high level of Ferro and Manganese and low content of Fluoride. Extensive use of agricultural chemicals has made the level of chlorides 4-6 times above the permitted maximum concentration, sulphates – 2-4 times above norms, nitrates – 6-10 times above norms. The situation is much worse in the territories under the influence of stock-breeding farms. Water extraction points do not meet sanitary requirements. Presently 52 of them significantly influence the water regimes of 48 rivers. 56% of the plants do not meet the sanitary requirements. In some cities 30%-70% of water samples do not meet the sanitary requirements. Meanwhile, the share of samples with unacceptable epidemiological characteristics is 19%. The threat to drinking water quality is created by the low quality of worn-out water supply systems in the cities which are under threat of collapse. In rural areas, with a population of 2.8 mln. taking water from wells, the situation is even worse; about 30% of samples do not meet the microbiological parameters for drinking water and about 50% - sanitary parameters.

Annually about 25 mln. m³ of inadequately cleaned water is discharged into rivers. The capacity of water treatment plants is bigger than the volume of incoming sludge, but many of them take polluted waters with concentrations of pollutants higher than the permitted level. In many cities, water treatment plants are overloaded and technically inefficient. The main polluters are industrial enterprises and the cities’ communal water treatment plants. There is an increasing trend in the amount of water discharged by polluters. For example, since 2000, 50% of enterprises have increased their discharges, 40% have kept the same level and only 2 enterprises have decreased their water discharge. 40% of surface water pollution is accounted for by air pollution. As a result of the worsened self-cleaning capacity of rivers, reduction in water discharges does not result in an improvement of surface water quality. In 1999, only 10% of Belarusian rivers were classified as relatively clean, 80% as acceptably polluted and 10% as polluted.

Accidents at enterprises may cause heavy transboundary pollution and interfere with the security issues of other countries and the common security of entire planetary regions. That is why the responsibility of countries for state-of-the-art environmental performance of their industries is a common security concern. Diffused threats to the environment from emissions and discharges of industrial enterprises seem less acute given the general downfall of Belarusian industry. However, 539 chemical and 400 explosive enterprises carry a threat to the life of ecosystems and
people due to a 70-80% deterioration of their basic funds. The operation regime of many of these enterprises has become sporadic, creating a threat of volley (accidental) emissions and discharges.

The threats caused by the Chernobyl catastrophe stray beyond the limits of the frontiers of radioactive polluted territories and define the development of the victim states. Consequences of the catastrophe are considered to be the main threat to Belarus national security, but it may grow into a regional threat of irreversible degradation of the functional qualities of the biosphere. The Chernobyl catastrophe reminded humankind of the global character of ecological threats, interdependence and the responsibility of countries. It also revealed serious institutional gaps in the common security concept and the protection of the environment. The consequences of the Chernobyl catastrophe affect all life-important interests of national security and thus are considered to cause threats in the political, economic, military, ecological, information, and humanitarian spheres.

As a consequence of the catastrophe, 23% of the territory of Belarus was contaminated. The contaminated territory was an economically developed part of Belarus: 123 fossil deposits (22 of them were closed), the second and third most important industrial centres, 20% of agricultural land, 20% of forests. After the catastrophe 135 000 persons were resettled; 415 settlements, 283 industrial entities, 607 schools and kindergartens, and 95 hospitals were liquidated. The percentage of pension aged people in some of the contaminated regions is 70%. The three most contaminated regions “lost” 50% of their population. Due to “spotty” contamination, about 4 mln. Belarusians are exposed to radioactivity. Radioactive elements are present in all components of the ecosystems, including in nutrient cycles, thus creating multiple ways of contamination and interfering with the effective use of natural resources. By the year 2050, the activity of Americium$^{241}$ will double that of Plutonium$^{239,240}$, making the radioactivity of soils 2.4 times higher than the post-catastrophe period. The number of settlements with a high level of contamination will increase. The country lacks the financial and technical means to monitor Americium$^{241}$ or to develop any feasible contingency programs, which may undermine its ability to adequately perceive this threat.

The estimated economic and social loss for the country caused by the Chernobyl catastrophe is 235 billion USD (32 annual Belarusian budgets). However, during the last 10 years Belarus was only able to allocate 1.5 annual budgets for mitigating negative impacts of the catastrophe. Activities aimed at reducing the level of contamination are considered ineffective due to the negative influence of many other factors (bad air and water quality, social stress of the population, economic problems and poverty). The Chernobyl catastrophe put the Belarusian nation at the edge of a “struggle for survival”:

- since 1987, birth rate has fallen by 50% while mortality rate has increased by 32.7%;
- in 2001 the mortality rate was 2 times higher than the fertility rate;
- the children’s share of the population has been reduced from 28.9% to 17.5% while the share of old people has increased to 19.2%;
- almost half a million of the population emigrated while around 850 000 migrated within the country;
- genetic deviations and cancer have grown noticeably.
The consequences of the Chernobyl catastrophe demonstrate to all countries a need to take common responsibility for the sake of common security.

Finally, in the chapter certain aspects of institutional gaps in providing for the effective monitoring, prevention and minimisation of ecological threats in Belarus are described. In the process of social transformation and transition, the institutional sphere in Belarus is not able to react adequately or in-time to contradictions in various societal fields producing ecological threats. The key institutional factors of ecological threats remain as follows:

- weak information supply for decision-making due to the crisis in environmental data collection and scientific analysis;
- inadequate perception of ecological threats and low public participation in decision-making;
- lack of legal mechanisms for management of ecological threats and maintenance of national security;
- discrepancies between the control and management systems in the field of resource exploitation and protection of the environment, and the need for mitigation and prevention of ecological threats.

After the collapse of the USSR, Belarus has received a difficult ecological heritage: irrational resource exploitation, imperfect technologies, low levels of ecological culture, and the underdeveloped normative basis for the prevention and mitigation of ecological threats. The country's inability to solve new and old contradictions in the economic and social sphere using the old institutional mechanisms, deepens its national ecological threats and creates a challenge not only to the national but to regional ecological security, undermining the country's ability for sustainable development and keeping it from developing a legitimate national ecological security agenda.

5. Relations with EU

As a result of Lukashenko's management, Belarus has not been able to reap the benefits of its favourable geographical location (at the crossroads between the EU and Russia). Because of the unreformed Soviet-style economy and autocratic rule, Belarus does not attract foreign investors, it severely obstructs local entrepreneurs and it has a sharp budget deficit. The support from the Kremlin enabled the regime in Minsk to provide its citizens with cheap basic services. It has allowed the Belarusian economy to survive, and has enabled Minsk to continuously cancel the restructuring and implementation of potentially unpopular market reforms. One of the most important 'gifts' of Yeltsin were the gas supplies at a preferential rate.

However, since the presidency of Vladimir Putin the relationship with Moscow has changed and has become more businesslike. To the dismay of Lukashenko, the future Union (as agreed by Yeltsin and Lukashenko) between Belarus and Russia has become irrelevant. Putin's priority is to restore the power and influence of Russia. One of the most dramatic consequences of the changing rules by the Kremlin is
that Belarus may lose its preferential treatment. The result of Putin’s pragmatic stance is that Russia’s influence is now extending towards every sphere in Belarus. Without Russia’s support, Belarus is in desperate need of foreign investments, and its leadership is showing signs of despair.

Putin’s political support for Lukashenko is going to be very costly for the latter. The regime will only get support from the Kremlin if it offers something interesting, i.e. the state companies which still need to be privatised. But without these companies Lukashenko will lose his relative independence from Moscow, and become a puppet. In reaction, Lukashenko changed his approach towards the Kremlin. He is sometimes stating his preference for integration with Russia, and at other times furiously objecting to it, arguing that Belarus will lose its sovereignty. The same tactics have been used in the failed privatisation scheme of the country’s petrochemical sector, which was only open to Russian investors. It was obvious that investors could only be successful if they struck a deal with Lukashenko himself, i.e. if they would assist him in holding on to power. However, Russian investors were of the opinion that the price was too high. Moreover, they did not trust Lukashenko based on his notorious disrespect for contract obligations.

Belarus cannot maintain its reliance on a single country, even when it is Russia. Officially, the EU only comes in third place, with respect to Belarusian foreign policy priorities, but the reality shows that the EU is the principal trading partner of Minsk, with both imports from and exports to the EU growing each year. Therefore the EU cannot be neglected by Minsk, nor continued to be viewed as a hypocritical neighbour that wants to interfere in domestic politics (as stated by the government in Minsk). The political but especially the economic weight of the EU, the consequences of EU enlargement (such as the advancement of the ‘Schengen wall’ and the loss of trade and transport), the improving relationship between the EU and Russia, the worsening domestic socio-economic situation, and Putin’s tough attitude towards Lukashenko will all force the leadership of Belarus to pay more attention to its western neighbours, and consequently, to play the game of the EU (e.g. democratisation, economic reforms, good governance). Lukashenko is becoming aware of his increasingly awkward position.

The approach of the EU towards Belarus is varied, which is mainly a result of the different directorates and pillars from which they are originating. First of all, there is the Tacis aid programme that assists the countries of the former Soviet Union. The second approach was only just created in March 2003 and is called ‘Wider Europe – Neighbourhood: a New Framework for Relations with our Eastern and Southern Neighbours’. Next to these two inclusive approaches towards Belarus by the EU, through its CFSP instruments, there is a third approach that has developed within the Directorate-General for Justice and Home Affairs, which focuses on the establishment of an Area of Freedom, Security and Justice within the EU. The security strategy which was drafted in June 2003 by the cabinet of Javier Solana can be seen as a fourth approach of the EU towards its future neighbours. Officially the strategy falls under the rubric of CFSP, but it essentially mixes the tendencies put forward under the EU’s internal and external policies. The document gives an analysis of the new threats the EU might be facing within the foreseeable future: terrorism, proliferation of weapons of mass destruction, weak states and organised crime.
These four different EU approaches have a profound effect on the policies of Brussels: they are inclusive as well as exclusive. On the one hand, the EU wants to engage Belarus and to maximise the so-called economic challenges of enlargement, while on the other hand it wants to construct a strong external EU border that minimises the security risks posed by the unstable countries at the edge of the EU. This second approach will probably better cope with the security challenges posed by Lukashenko's management of Belarus.

The struggle for power. As a result of ten years of presidency, Lukashenko has a total grip on the state structures. He commands institutions and officials in Soviet style, and has direct and strict control over law enforcement, intelligence agencies and the justice system. His closest associates are directing them. In his treatment of top aides, Lukashenko acts as a classical despot: divide and rule. Continuously there is tension within the upper echelons of the regime, as different factions are fighting for influence. Lukashenko is handling former supporters who have become adversaries quite differently: he orders the public prosecutor to conduct criminal investigations. In addition to the harassment of former supporters, the regime is very consequential in its prosecution of opposition politicians and media.

Nevertheless, despite the enormous security apparatus, Belarusian law enforcement structures are unable to implement the rule of law. As a result – and because the border with Russia is porous – illegal migration, human trafficking and drug trafficking are considered to be an enormous problem since Belarus is an important transit country. In addition, it is highly probable that Belarusian border guards profit from the trafficking in illegal goods since their wages are extremely low. According to a public opinion poll held in October 2002, respondents stated that corruption occurs as a result of ineffective legislation, low salaries of functionaries and an absence of state control. The most corrupted are the state authorities, police, customs and local authorities. The measures against corruption are estimated as low or very low. Due to the ineffective law enforcement and the corruption, the EU will face a troubled border with Belarus.

There are even indications that the regime willingly co-operates with criminal gangs, as well as elements within law enforcement structures committing criminal acts that are ordered by their superiors. The most shocking example is the state of affairs around the disappearance of Zakharenko, Gonehari, Krasovsky and Zavads, who have not shown any commitment to solve these disappearances. Two KGB agents who had to investigate the disappearances have shown that the abductions were ordered from above and conducted by a unit that was formed upon an order of Lukashenko. The gang was composed of members of the military elite Almaz-unit. It is alleged that members of Almaz have fought in Chechnya as mercenaries on the Chechen side, and have acted as intermediaries in the delivery of secretly supplied arms from Belarus to Chechen rebels via Turkey and Georgia. The arms supplies are alleged to have been co-ordinated by the then head of the Security Council of Belarus, Victor Sheiman.

There were around ten persons in this 'death squad', some of them convicted criminals or organised crime figures. The gang carried out about thirty murders. The gun that was used for the killings was the one that is used on death row, i.e. a gun that is impossible to identify as it is not registered in any database. The gun was handed
over to the gang for a day or two and returned after the execution of an order. The group was so convinced of its impunity that it conducted several other criminal acts such as armed robberies and murders. The leader of the ‘death squad’, Pavlichenko, was arrested on 21 November 2000 upon the order of Prosecutor General Oleg Bozhelko and KGB chief Vladimir Matskevich. Bozhelko sent a plea to his Russian counterpart Ustinov to provide machinery and specialists to conduct the investigation. A few days later Lukashenko dismissed Bozhelko, Matskevich and the Minister of Culture and released Pavlichenko with a public apology for his arrest. Ustinov was sent a letter that there was no need for the required help. Victor Sheiman, the man who was identified by the investigators as the link between Lukashenko and the ‘death squad’, was appointed as the new Prosecutor General. Investigators and prosecutors who found evidence of the regime’s involvement have fled the country, after one detective unexpectedly passed away and another was killed.

The struggle for money. In order to maintain the political support from a majority of the electorate the government needs to continue its generous social welfare system for the population and to pay salaries and pensions on time. But now that the government is running out of financial means, it has to abandon this policy (or risk bankruptcy). The consequence will be that the public (i.e. electorate) will become more critical of Lukashenko and that he will lose support. Lukashenko’s reaction is reactive: the problems are caused by others. Within the public sector it is caused by either incapable or corrupt officials. Within the private sector it is caused by entrepreneurs who manipulate the market. As a result, and to keep up his image of integrity and honesty (and in order to get rid of non-obeying businessmen, opposition politicians and media), a new fight against corruption and ‘theft from the state’ was started. The regime, however, has found a way out: it is selling weapons to countries that fall under international arms embargoes. The US government has repeatedly stated that it possesses evidence of Belarus’ illegal arms deals. These are conducted through fake companies in Jordan and Syria, from where the weapons are transported to Iraq (and often paid back with oil). The payment scheme is as follows: a buyer transfers the money to an offshore account, from which it is transferred to fake companies in various countries, which then purchase arms from the manufacturers and transfer the money to their accounts. Another curious thing is that although Belarus has for several years been among the world’s top ten leading arms exporters, it does not have a competitive or high-tech arms industry, and therefore the country can hardly sell its weapons on the international arms market. Lukashenko says that the only weapons that are sold are the leftovers from the Soviet period. However, according to leading opposition politicians, US officials and weapons experts, Belarus has long exhausted its Soviet reserves and now acts as an intermediary for Russian arms exports. Belarus eagerly ships arms to Algeria, Angola, Iran, Morocco, the Palestinian authorities, Sudan and, until recently, Afghanistan, Iraq, the Kosovo Liberation Army and Yugoslavia, always with the use of mediators.

Lukashenko himself has also been implicated in dubious financial deals. The Minister of Finance has declared that the president keeps an account on the ‘Belarusbank’, where funds are stored which were earned through the sale of ‘special materials of the Ministry of Defence’. The Minister said that these funds are accumulated on the account as a presidential ‘reserve fund’ and ‘stabilisation fund’ for ensuring the relia-
bility of the population’s hard currency deposits. He admitted that the funds are not mentioned in any of the budget provisions. In other words, the President has the access to funds which are not accounted for and which have an estimated worth of 1 billion dollars. A few months earlier, in August 2001, the former Belarusian ambassador to Latvia, Estonia and Finland (who was recalled from his post after announcing his own political aspirations) said that Lukashenko himself had brokered arms deals with Chechnya.

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Belarus poses no immediate threat to the EU. However, the country acquires more importance after enlargement since it will have a direct border. Due to its location, Belarus is vulnerable to illegal trafficking and organised crime. Belarus is a cross-road for a variety of transit routes. In addition, the customs union with Russia eliminated the internal borders with Russia, and there are no control points for illegal trafficking. Therefore, EU programmes directed at demarcation and overall strengthening of borders have become a priority for the EU. They have not been frozen, despite profound dissatisfaction about the current regime.

On the other hand, Lukashenko is posing an indirect threat to the EU. His domestic and international behaviour give rise to great concern. His closest associates have ordered the formation of a special team to liquidate political opponents and a journalist. Members of this team have fought in Chechnya and have probably acted as intermediaries in the sale of weapons from Belarus to Chechen fighters. Members of this team have committed other criminal acts, but are visited by the Minister of Interior while being detained. Promising leads in the investigations into the disappearances of political opponents have been stopped by Lukashenko himself.

Due to his international isolation, Lukashenko is looking for ways to earn money. He has established co-operation with countries in the Middle East and Africa. The reality is that he makes arms deals with notorious countries through fake companies and other countries. The threat that Belarus poses is not caused by internal instability or the prosperity gap. It is only caused by the President himself, who will do anything in order to hold on to power. He will make deals with criminals or terrorists, in order to liquidate opponents or to get the financial resources he needs to maintain control.

Lukashenko has become a victim of his own authoritarian and isolationist behaviour. Belarus’ leadership cannot maintain its current policy for long. The electorate might currently be divided into urban and rural categories, and into liberals and conservatives; but this division will lose its relevance when the socio-economic crisis widens, deepens and hardens. Then the public will again make a practical assessment and not necessarily back Lukashenko. As a result, Lukashenko has to make changes in the way he governs the country, in order to stay afloat. The only sustainable way to do so is to introduce political and economic reforms. This has two implications for Belarus policy: re-assess its relationship with Russia and with the EU. For the very first time the conditional approach of the EU might be the right instrument.

The EU can play a very relevant role to support democratic changes in Bela-
rus. It would not only benefit the region; the EU also owes it to itself to secure good, friendly relationships with all new neighbours. Brussels should at least try to establish such a relationship with Belarus, instead of remaining oblivious and only focusing on the way Lukashenko rules Belarus. The recently adopted Wider Europe – Neighbourhood initiative addresses some of the concerns that resulted out of the conflicting arrangements for applicant countries: on the one hand Brussels is promoting regional cross-border co-operation but at the same time it is setting strict internal security policies preventing the development of the former. The new initiative is a more refined approach, attempting to synchronise the external and internal policies and connecting its three pillars, to enable an effective and manageable policy towards Belarus. The Wider Europe – Neighbourhood initiative is a welcome step in the right direction, dealing better with the diversity in political, economic and security interests of the enlarged Union, but it needs to contain concrete elements.

With a flexible approach, based on the conditionality that is already known to Lukashenko, the EU can have a more long term impact. Such a strategy would provide the society of Belarus with many incentives and opportunities for sustainable development in the longer term. But that is all that the EU can do. The greatest question is whether Lukashenko is willing to make changes that will cost him his current power and influence. Unfortunately, history has no examples of dictators that have spontaneously introduced changes at their own cost.

Conclusions

The main goal of this research was to enrich and make pithier the evaluation of Belarus as a regional security factor. As was already mentioned, this goal has been raised because Belarus, as a rule, is reduced to a Russian factor by the researchers of European or regional security and thus absolutely disappears from their field of vision or, at best, it is mentioned only in the „margins“ of the analyses as a factor of minor importance. A preponderance of such evaluations is absolutely understandable and justified bearing in mind that the researchers usually are concerned with the essential points and minor factors are just put aside. That is why we would like to stress once more the conventional approach of this book and that the consecutive conclusions which are presented are in no way were questioned and, furthermore, there was no attempt made to negate them. The essence of the project was to try, as much as possible, to be freed as much as possible from the limits of the traditional context of the analyses (i.e. primarily from the Russian factor) and to underline the peculiarities of Belarus’ political system, security sector, economy, ecology, relations with EU and possible trends in their development. At the same time, one more step was made to more widely clarify such atypical consequences of the country’s political choices.

The main conclusion of this research is that the most important characteristics of Belarus as a regional security factor are defined by the choice of the country’s principal political authorities to orient the development of the country to the Restoration of the soviet system with all of the related consequences. But bearing in mind that full restoration of the former state system is impossible due to the altered politi-
cal, economic and ideological circumstances, the real situation is such that in present Belarus two structures, two worlds seem to live together. On the one hand, there are relics of the soviet system supported and constantly reanimated by the authorities. On the other hand – elements shaped by new times that cannot be isolated and ignored, with which the present political authorities are forced to reckon.

So, with a more attentive look at the Belarus political system in this research, we noticed that on the one hand the soviet ruling system is obviously repeated there. But on the other hand, we see some elements that are alien to it - such as NGOs, independent mass media, and minimal parliamentary opposition. Authorities are permanently fighting with them, strictly restricting them and even brutally attempting, without success, to eradicate them completely for a variety of reasons. Finally, the biggest, and perhaps the most destructive, problem of Belarusian Power Vertical which especially clearly differentiates it from the peculiarly “perfect” soviet power system is an ideological vacuum. Although, as we can see from the research, Lukashenko and his supporters understand this problem absolutely clearly and take all possible measures to solve it, the results are deplorable. Separated from the Power Vertical restoration, the restoration of the communist ideology that is of vital importance to the system is impossible in the present day period of information and communication, which is why, little by little, a national state ideology is forming.

It is no wonder that we see the signs of structural junctions peculiar to the Belarusian political system which affect the security sector as well. The research reveals that the soviet rudiment is preserved especially strongly in the main defence policy institutions of the country and in the documents defining its strategy. But despite this fact, the research has revealed the tendencies demonstrating inconsistency, incompleteness and non-perceptiveness of the Restoration. First of all, despite declared enthusiasm or real progress, the military integration of Belarus and Russia faces serious financial and even political barriers. Secondly, the one-way orientation of Belarus towards union with Russia does not move it away from NATO and puts all of Lukashenko’s Restoration project in an embarrassing situation. Finally, despite how “pro-soviet” the Belarus authorities are, they cannot completely ignore the objective differences of state interests between Belarus and Russia as separate sovereign states dealing with security issues.

While it is possible to mask the two-faced situation in the security sector by propaganda measures, the economic situation can be plainly seen. On the one hand, the results of the study show that the state planned economy is preserved in full volume in modern Belarus and today it even functions rather successfully. While it is obvious that this type of economic system can be formed and can exist only with huge support from outside, which Russia continues to offer. On the other hand, the results of the research show that although such an economic system can be stable and experience average growth for quite a long period of time, quality problems will eventually accumulate (for example, the inability of state enterprises to invest in their own development and technological renovation) and for the time being, it will cause a slow down in the rate of growth and an eventual decline due to the disappearance of competition and all of its related social consequences.

Unfortunately, the analysis of the threats to the environment that exist in or originate from Belarus is cause for an even more pessimistic conclusion. There is a
soviet heritage in this area distinguished principally by ecological nihilism in the literal sense of the word. Inherited soviet traditions of collecting and analysing environmental quality data allow neither precise evaluation of the real degree of Belarus' ecosystems degradation nor the level of anthropogenic influence and thus fail to present the true scale of the ecological threat. But even the available data is descriptive enough, as clearly seen in the corresponding part of this study.

Finally, the „success“ of the restoration implemented by Lukashenka is demonstrated by the state of relations with the European Union. The response of the EU to the dominating dictatorship and the suspension of market economy reforms in Belarus, was limited, suspended or terminated relations with the regime. The technical or other support provided earlier has been reduced to a minimum and re-oriented only to supporting the development of a civil society. For some time, the president of Belarus and his closest supporters were even prohibited from visiting EU countries. All measures of this type of sanctions were based on the assumption that the regime, facing such a critical rebuke, would try to normalize relations and thus would be forced to reform. But as the practice shows, the European Union won just a little from such a policy and in a sense it has voluntary been removed from the “game” and lost any real influence upon the processes taking place in Belarus.

At the same time, the results of the study show that there are more than enough reasons for the European Union to reconsider its rather strict position. Firstly, after EU enlargement, Belarus has become an immediate EU neighbour with hundreds of kilometres of shared borders that are impossible to protect without effective collaboration. Secondly, although Belarus itself does not pose a direct military threat to the EU and its member-states, the processes taking place there (political opponents being dealt with physically, the illegal trade of weapons, the danger of social explosion and mass migration, the gap in the level of economic welfare between EU and Belarus increasing more and more, an out of control ecological crisis) raise very acute questions about the future attitude of the European Union. Although it is known that the EU is planning the large programme Wider Europe – Neighbourhood to develop relations with close neighbours, it must be kept in mind that its implementation is related to the conditions imposed by the European Union of observing the basic principles of democracy and conducting market economy reforms. Thus, the circle seems closed. And there is no clear, concrete alternative.

But the results of this study stimulate the realization that in this case we face not the problem of Belarus only, but the broader one that can be defined as the problem of interrelations between democracy and dictatorship. Here we immediately note that there are no ready-made solutions. However, interrelations of democratic states with dictatorships are not limited to the formulation of demands and limiting relations when they are disobedient. The spectrum of possibilities is much wider. World practice shows that these relations vary from the pragmatic decision of maintaining relatively normal business relations while being completely dissociated from the processes that take place inside dictatorships (for example, relations with China) to exceptional cases of military intervention when the goal is to overthrow dictators and supporting opposition forces that are trying to restore or to create democracy in a country (for example, Iraq). These examples and many others, among them the experience of the West’s collaboration with the Soviet Union during the
Cold War, show that a wide spectrum of possibilities for democratic states’ actions are determined not only by the wish of their governments and societies to support democracy, but also by considerably more factors that can be very different based on the specific case. So, when going back to the case of Belarus, we must bear in mind that the former soviet system is partly restored and has deep roots there, this system is subsidized by Russia on a great scale and we have no grounds to believe that the president of Belarus is afraid of being isolated. Therefore, his principal political views would not change through isolation. Thus, the proposal that the European Union should acknowledge the present gloomy reality and free itself from its own rhetorical snare seems to be more rational. The essence of such a turn would be “Deideologization” of the EU views on Belarus and a transformation to emphatically pragmatic collaboration corresponding to EU interests. If Belarus is such a peculiar anomaly – such a “mini Soviet Union” – we must remember the Cold War practices, when despite ideological opposition, there was still collaboration between the West and the Soviet Union on many important issues.

Perhaps the isolation of Belarus and dissociation from its affairs were justified before, when the former EU-15 had no directs connection with Belarus. However, EU enlargement has essentially changed the situation and has become the essential factor stimulating the EU to revise its principles related to its Belarus policy. Finally, we must remember that only by stopping isolation, only by broadening pragmatic, “deideologized” collaboration, is it possible to hope that the structure of the new political and economic system that now is just in a subordinate embryonic state would receive more space to express itself and to grow stronger. Such developments may clearly demonstrate to the Belarusian voters the possibilities and opportunities provided by supporting the return of democracy and observation of human rights.
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Geopolitical Hostage:
the Case of Kaliningrad Oblast
of the Russian Federation

In solving the problem of preserving its sovereignty and assurances of connection with Kaliningrad, Moscow turned that Oblast into a geopolitical hostage – a territory that it received as the spoils of war in the process of cession whereby it is sought not only to maintain (the internal aspect) but also to force other countries or international institutions to carry out or abstain from carrying out any act as direct or indirect liberation of the hostage (the external aspect). Due to the specific situation of the Kaliningrad Oblast (the Potsdam train, geographical position, social-economic factors) it is the interior aspect that might be of more significance to Moscow, which is officially “covered” by the exterior one. Formally Moscow does not oppose, and even encourages that the Kaliningrad Oblast should be treated as a specific, unique region of Russia. However, in practice it does not allow this peculiarity to manifest itself. In this way it seeks to stimulate and maintain the Stockholm syndrome in the Oblast – the residents of Kaliningrad themselves must put up with the status of an ordinary Russian region.

In the article are presented concrete cases revealing how this mechanism of a Russian hostage functions in political practice: by involving the Kaliningrad exclave into the “high politics” to create the air of its peculiarity, and at the level of the “low politics, though keeping alive hopes of peculiarity in the exclave, by preventing them from being realised in practice, to tightly tie the Oblast to Russia. It is necessary to have in mind that there is no opposition between the “high” and “low” politics there.

Introduction

To express one’s opinion today about the issue of Kaliningrad Oblast has become the last word in fashion both in practical international activity and in applied investigations into international relations or foreign policy. It seems that even US President George H. W. Bush knows that the Kaliningrad Oblast is on the Baltic Sea and is almost as large as the state of Maryland.

This state of affairs should not surprise anyone. The mere fact that discussions about the issues of the Kaliningrad Oblast have been held for nearly fifteen years already testifies to the fact that the Kaliningrad (in Lithuanian: Karaliaučius) Oblast is not an ordinary region of the Russian Federation. Its problems after the end of the Cold War were mainly related to the questions of what the Kaliningrad Oblast will

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become in the future, what place it will take and what role it will play. The sphere of issues to be studied was formed by the changing geopolitical environment – the exclave of Russia found itself in the way of Euro-Atlantic integration processes rapidly going on in the Baltic Sea region. Therefore, it was necessary to identify the true parameters of the Karaliaučius problem in the security, political and economic spheres.

In the early 1990’s, primary main attention focused on the aspects of demilitarisation of the region and possible ways of neutralising a military threat (ranging from political-international pressure to various plans of changing the juridical status). In the middle of the 1990’s, perspectives regarding the development of the region were investigated through the prism of two alternatives – the military outpost or the economic bridge between Russia and the West. At the outset of the 21st century, studies closely related to the practical international environment of Kaliningrad appeared. As this period coincided with the beginning of the negotiations between Lithuania, Poland and the European Commission, the circle of issues under study was actually determined by the development of the European Union and its impact on Russia on the whole and on the Karaliaučius Oblast in particular.

Overall, these stages clearly reveal the main points of that interest: the specific weight of the analysis of military-strategic threats gradually decreased and aspects of “soft” security prevailed: the social-economic backwardness of the Oblast, organised crime, illegal migration, environmental pollution, communication with the “great” Russia, etc. Moreover, the Kaliningrad was increasingly assessed not only as one of the main sources of threat to the entire region, but also as a challenge, opening qualitatively new possibilities in the development of both the Baltic Sea region and the exclave of Russia.

It is true, there were people who doubted the possibility of such a scenario. For example, the supporters of the concept of “global” confusion maintained that the analysis of Russian tendencies and trends was made more complicated not only by a geopolitical structure of the world which deteriorated after the Cold War, but also by a number of unforeseeable specific economic, social and cultural factors. These factors in the region’s transformation and international adaptation are taking place in a special way. Those who speak in terms of structural (constructive) geopolitics, explained that the vagueness of the future of the Kaliningrad Oblast was determined by incomparability of geopolitical identities – those of Russia and European Union – being formed. Despite scepticism, post-modernists who have proposed to overcome (suppress) the geopolitical differences by dialogue became prevalent in the academic and political studies of the Kaliningrad issue. According to them, the dialogue should be based on new principles of organising the political space on which EU multistage logic of management rests and which are advocated by EU development: de-terri-

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toriality, decreasing importance of state borders and a qualitative change in their functions, border co-operation and international engagement seeking to eliminate differences between the neighbouring regions and to increase interdependence of the regional players.

This paradigm became popular with the help of the “Kaliningrad Puzzle” metaphor. In Lithuania it was known as the Karaliaučius puzzle, though the authors of the metaphor had in mind a specific aspect of the puzzle, that is, assembly. A vague image of “a brighter future for Kaliningrad” (such is the aim of the game) corresponding to the needs and expectations of Kaliningrad residents, taking into consideration the perspective of relations between Russia and Europe, as well as aspects to the formation of the European space, should be put together in the form of solutions of the currently identified problems (specific environmental protection projects, transit of passengers and visas, border co-operation, etc.).

Nonetheless, despite intellectual advantages and certain achievements, which in practice manifest themselves in EU – Russian engagement, this game of putting together, which actually might never end, pushed aside the principal question – what role does the Kaliningrad Oblast play in the foreign and domestic policy of Russia?

1. On the Margins of the Discussion

The current quiet academic continuation of the debates about the uniqueness of the Kaliningrad Oblast, which formerly made a lot of noise and was held in other than an academic environment, catches the reader’s attention within this context. Some scholars, let us call them particularists, explain that the geographical position of this Oblast of the Russian Federation alone turned it into a unique territorial unit demanding special attention6. The arsenal of their argument contains not only the fact of a specific geopolitical situation (Euro-Atlantic integration, challenges posed by it to the neighbouring country and its territorial political anomaly)7, but also complications arising from identification of that territorial political anomaly (the enclave, exclaves, a separate region, simply a region, etc.8). Generalists opposed to them, when appealing to the analogues of such territorial formation (Alaska, Danzig, Diego-Garcia, Gibraltar, Macao, West Berlin, etc.), try to remind everyone that the Kaliningrad case is not unique9.

At first glance, such an exchange of opinions may remind one of firing blank cartridges. Is the definition of exclaves – the territory of a state or a part thereof surrounded by the territory of other states but having a seacoast – not clear enough? Well-known is the

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5 Ibidem.
7 The term made popular by G.W.S. Robinson. See: http://www.uta.edu/stillwell/notes.
axiom that every case develops within different historical contexts and differs in specific historical details. On the other hand, this specific discussion between the particularists and generalists really directs our attention to the common problems that are characteristic of territorial political anomalies and which should not be ignored, those, which have been historically verified and which a home state, the exclave/enclave, and a host state or the states surrounding the political anomaly, encounter: its administration and security, the economic situation, identity of its residents and communication with a separate territory. Home states usually seek to neutralise threats to preserve sovereignty by all possible means, establishing administration of the exclave/enclave without prejudice to the principles of political-territorial control prevailing in the home state and ensuring effective relationship-communication with it (“ignoring the host state”). The role of the host state manifests itself in its reaction to the actions of the home state seeking to ensure communication with the exclave/enclave. And the latter, especially in those cases when problems of relationship between it and the home state reach the level of so-called “high” politics, experiences the “exclave/enclave syndrome” – in the event the territorial formations are assessed as specific or extraordinary, however, specific needs of such a formation and its residents are not realised by concrete measures. Eventually such a territorial formation (and its residents) “lose” the desire to have a special status.

Without going deeper into this discussion, it is clear that the major role in the home state – host state – territorial political anomaly triangle is played primarily by the home state through its strategy and tactics. If one remembers the question – What role does the Kaliningrad Oblast play in the foreign and domestic policy of Russia? – it should be underlined that in specific investigations dealing with the action of the home state (Russia, Moscow, the Kremlin, the federal centre) with respect to a political territorial anomaly, the motive of “non-self-determination of the home state” prevails. Some examples are provided below.

“Russia has not properly formed its real policy or attitude towards Kaliningrad yet”, Sander Huisman, a visiting researcher of the European Union Institute for Security Studies, explained a year ago.

Quite recently, in solving the issue of transit of Russian citizens from/to the Kaliningrad Oblast, Sergej Koshunov, an expert of the Committee on the International Affairs of the Council of the Russian Federation, expressed his surprise that was in line with S. Huisman: thus far Moscow has not formulated its interests with respect to the Kaliningrad Oblast, the federal centre fails to understand its geopolitical role, clear military interests, a long-term economic strategy, which would reflect the functions of the Oblast in labour division on the scale of all of Russia, in assuring foreign trade relations and measures to be used to encourage its development.

According to Lithuanian experts, the Kremlin has several strategies with respect to Karaliaučius: the first one is that of the Oblast as a forward military post or a peculiar strategic region; the second one is as an experimental platform of economic

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reforms. However, even they are not absolutely clear as to which of the mentioned strategies will dominate and be realised in the policy of post-imperial Russia\textsuperscript{13}. It goes without saying that Lithuanian scholars were more concerned about the place of the “host state” (Lithuania) in Russia’s projections. Therefore the manner in which the above-specified problem is solved does not surprise anyone. An analysis studied how Russia sought and is seeking to make use of the issue of communication (military transit of the Russian Federation to/from the Kaliningrad Oblast through the territory of Lithuania, visas and civil transit), by striving to put a stop to the process of Lithuania’s Euro-Atlantic integration and Lithuania’s joining the European Union. Within this context the Lithuanians think that “taking into consideration the intensity of a diplomatic pressure exerted by Moscow on the candidate countries and the European Union, it is difficult to deny the supposition that the issue of the Kaliningrad Oblast is not a self-contained goal, but only a measure taken by Moscow to influence the development process”\textsuperscript{14}, to create a historical and juridical basis for encroaching upon sovereignty of the Baltic states\textsuperscript{15}.

Finally, the Finn Paami Aalto, among other things has drawn attention to the attempts of the Lithuanians to explain why the Kaliningrad card found itself in the sphere of “high politics”, nearly summing it up as follows: in Russia’s geostrategy, Kaliningrad is a tool for Russia to carry on the tradition of the great power\textsuperscript{16}.

It seems to us that this is only one facet of the home state (Moscow) and exclave (Kaliningrad) relations. In solving the problem of preserving its sovereignty and assurances of connection with Kaliningrad, Moscow turned that Oblast into a geopolitical hostage – a territory that it received as the spoils of war in the process of cession whereby it is sought not only to maintain (the internal aspect) but also to force other countries or international institutions to carry out or abstain from carrying out any act as direct or indirect liberation of the hostage (the external aspect). Due to the specific situation of the Kaliningrad Oblast (the Potsdam train, geographical position, social-economic factors) it is the interior aspect that might be of more significance to Moscow, which is officially “covered” by the exterior one. Formally Moscow does not oppose, and even encourages that the Kaliningrad Oblast should be treated as a specific, unique region of Russia. However, in practice it does not allow this peculiarity to manifest itself. In this way it seeks to stimulate and maintain the Stockholm syndrome in the Oblast – the residents of Kaliningrad themselves must put up with the status of an ordinary Russian region.

Below are presented concrete cases revealing how this mechanism of a Russian hostage functions in political practice: by involving the Kaliningrad exclave into the “high politics” to create the air of its peculiarity, and at the level of the “low politics”, though keeping alive hopes of peculiarity in the exclave, by preventing them from being realised in practice, to tightly tie the Oblast to Russia. It is necessary to have in mind that there is no opposition between the “high” and “low” polities there.

\textsuperscript{14} Ibidem, p. 214.
2. Karaliaučius and the “high politics”: NATO Development

Anatol Liven who visited Kaliningrad in 1991 and 1994 was perhaps the first to notice a grotesque combination of the “high” and “low” politics in the Oblast: a lot of contradictory visions of the development of the Oblast; the concerned Western offices seeking to block the path towards the destabilising security factors of the region and at the same time seeking to preserve the status quo; an enormously increased number of servicemen and the disintegrating military industrial complex; military officers of liberal views starting up private business and voting for Boris Yeltsin and the so-called reformers; alliances of conservative military officials and Russian nationalists determined to preserve Karaliaučius as the last military base in the south of the Baltic Sea and the last trophy of the Second World War (alongside the Kuril Islands); attempts to discover history, the “new Prussians” anew, to rename the town into Kantograd and to produce maximum notices possible of “Koenigsberg”; the idea of a free trade zone, which is sometimes supported by Moscow, is popular in the Oblast, however, it “does not work” in real life; and finally the hope, which is still kept alive, that the West will provide assistance to Kaliningrad just to prevent the Oblast from becoming the centre of destabilisation.17

Somewhat later, Zbigniew Brzezinski called it a reflection of geo-strategic phantasmagoria, historical and strategic confusion in post-imperial Russia where difficulties of internal transformation and failures of economic policy created a collision between the real possibilities for Russia and a still prevailing mood of the former world power.18 It was this collision that naturally served as a starting point for the Karaliaučius Oblast of the Russian Federation, finding itself in a specific geopolitical position, to rapidly rise to “high politics”. At first it became the object of international political futuroism. Later, due its specific geographical position it became the target of practical Russian attempts to solve the said collision – to cover the inadequacy with the peculiar relations with the Western countries (Andrei Kozyrev), to limit their power by any possible means (Yevgeni Primakov), to choose the line of these strategic orientations by mutual concession (Vladimir Putin).19

It should be noted that international political futuroism with respect to Karaliaučius began to fade at the end of 1993 and the beginning of 1994 when the Minister of Foreign Affairs of Russia, Kozyrev, who was called an energetic pro-Western personality, stated that Russia “would preserve its military presence in the regions that had belonged to its sphere of interest for centuries”, and the government’s newspaper “Izvestija” suggested that attention should be paid to the circumstance that Russia succeeded in preserving thirty limitrophes, which formed a line from Kaliningrad to

the Kuril Islands, which in essence corresponded to the territory of the former USSR. It was then that not only the issue of the instrumentality of these limitletes to the development of the identity of post-imperial Russia, but also the question of what the attempts of the home state to preserve the stereotype of the great power within the new geopolitical context meant, was begun to be considered: is Russia waiting for a convenient moment to extend or is it getting ready to survive under the conditions of the “total siege”?20

In the concrete Kalining case, the interpretation based on the conception of the equilibrium (balancing) of power, stating that the home state uses the Oblast as a factor discouraging NATO from extending in the direction of the East, became most popular21.

Really, during the first stage of NATO development at the beginning of the 1990’s, Kaliningrad “found itself” on the front lines of the anti-NATO argumentation of the Russian political elite. It was not only reminded that for unification of Germany the West had promised Michail Gorbatchev that it would not extend the North Atlantic Treaty Organisation, or that such a development posed a threat to maintaining a frail democracy in Russia, but also attempts were made to issue threats of a new iron wall in which Kaliningrad emprise would be wide open.

In some cases, Russian rhetoric reminded one of the phrase coined in the time of Nikita Khruschev; “Berlin is the testicles of the West. When I want the West to scream, I press Berlin”. As early as August 1993, Boris Yeltsin threatened Poland, which had been blessed to march to NATO, with “cold peace”; attempts were made to foist a military corridor on Lithuania, and to turn Karaliaučius into a military-strategic bastion. The Russian Minister of Defence, Pavel Gratchiov, after visiting the Oblast in March of 1994, declared that the Oblast had become a special defence region headed by the Commanding Officer of the Baltic military navy directly subordinate to the Ministry of Defence and the General Headquarters. The generals of Russia and military analysts proposed that the military doctrine of Russia should be changed and the principle of not using nuclear weapons first should be renounced. They threatened to deploy a tactical nuclear weapon in the Oblast and constant military manœuvres were carried out in it22. At the end of 1994 Admiral Vladimir Yegorov explained the situation in a very simple way: it is sought to preserve the territorial integrity of Russia, to bar the way of distortions in military balance, to ensure communication with Russia and the “economic stability of the Oblast”. According to the Admiral, further development of the Oblast will depend on the behaviour of the neighbouring countries in maintaining bilateral security23.

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However, at the same time the military potential of the Oblast was being reduced, Moscow diplomats almost openly proposed to Poland and the Baltic States that they should refuse to join the North Atlantic Treaty Organisation in exchange for the demilitarisation of Karaliaučius territory.

The first wave of NATO development was obviously not stopped and no clear limits of demilitarisation of the Kaliningrad Oblast were defined, however, in 1997 the Permanent Joint Council of NATO and Russia was established, which gave Moscow certain hopes to be drawn into the process of solving strategic issues with the West.

On the other hand, rather heated discussions broke out in the so-called security community of the West about the actual military-strategic significance of Kaliningrad.

It has been considered until now the motivations of the analysts and practitioners of international security who derisively assessed the idea of “Kaliningrad – the advanced post” and experts who treated it “very seriously”. It is still remembered how the US Deputy State Secretary Richard Holbrook never forgot to underline that the issue of the Kaliningrad Oblast seemed complicated only when it was looked at through the geographer’s eyes, though in fact it was a part of Western – Russian relations. The conclusion drawn by the famous RAND Corporation analysts, Ronald D. Asmus and Robert C. Niirick, is that the Karaliaučius Oblast is a strategic military advanced post, a concentration of Russia’s huge military power, which turns the Baltic states into a special case.

Then both opinions were received sensitively in the Baltic States and especially in Lithuania because it seemed that at that time it had not been decided yet whether the special case was an advantage, or on the contrary, a disadvantage. However, within the context of experimental considerations, the resolution of the US Republican Christopher Cox was met especially favourably, which in essence offered American economic assistance to Russian Kaliningrad in exchange for demilitarisation the region.

Irrespective of Lithuanian assessments, in the international security discourse the Kaliningrad factor officially came to be assessed as a problem of relations between the West (NATO) and Russia, though obviously this region of the Russian Federation began to fulfil sooner the function of a pledged thing than that of retention in the strategic East – West exchange based on the tactics of retention – appeasement. By the way, within this context the intervention of some deputies of the Duma of the Kaliningrad Oblast in October 1997, seeking to relate the Lithuanian-Russian Treaty on the issues of the state border being signed to the issue of Russian military transit through the territory of Lithuania to/from the Kaliningrad Oblast, seemed especially expressive.

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24 From 1993 to 1998 the number of military helicopters decreased from 48 to 42, the number of fighter planes – from 35 to 28, that of submarines – from 15 to 2, that of frigates – from 24 to 4, the number of patrolling border vessels – 140 to 30. During that period only the number of tanks increased from 620 to 1000. For more detail about it see: Sirutavičius V., Stanytė-Tolockienė I., Op. cit., p. 177. It should be noted that such an increase was in essence related to a lack of financial means to take them to “great Russia”.


The situation repeated itself in the debates about the second wave of NATO development and its practical distribution. Making use of the events in Kosovo, in 1999 Moscow made traditional anti-NATO rhetoric stricter, “froze” its participation in the NATO – Russian Permanent Joint Council, began to speed up the plans cherished since 1996 to establish a Russian – Belarussian union state, and organised grandiose joint Russian-Belarussian military manoeuvres “Zapad-99” in the Kaliningrad Oblast to prove the revived balancing. The mission of de-escalation was rehearsed during the manoeuvres imitating the use of a tactical nuclear weapon to repel NATO aggression.

In July 2000 Vladimir Putin arrived in Baltisk to celebrate Navy Day and openly spoke about re-militarisation of that limitrophe, underlining that special attention would be focused on the Russian fleet in the Baltic Sea taking into consideration Russia’s strategic interests in all the seas and oceans. It was not only the entire package of documents adopted in the Kremlin on national security, foreign policy, military doctrine and military reforms, but also the meeting of the College of the Federal Security Council held in November 2000 and given the high-sounding name of “On the Situation and Measures to Resist Threats Posed to Security and Sovereignty of the Russian Federation in the Kaliningrad Oblast”, that demonstrated that the President’s words were not just empty rhetoric.

As if confirming Moscow’s turn towards reviving Karaliaučius in the role of a military advanced post, at the beginning of 2001 statements appeared stating that apparently Russia, in carrying out its threat to resist the new NATO enlargement toward the East by all possible means, deployed a tactical nuclear weapon in that territory. At the same time, rumours spread about a possible deal between Germany and Russia at the expense of Karaliaučius, and in the spring of 2001 real pressure exerted by Moscow to legalise Russia’s military transit through the territory of Lithuania to/from the Kaliningrad Oblast by a political treaty came to light. Prior to a visit of the President of the Republic of Lithuania, Valdas Adamkus, to the Russian Federation at the end of March, this pressure reached a climax and turned into anti-Lithuanian hysterics, incidentally, accompanied by rumours spread that the Russians would offer nearly half of the Kaliningrad Oblast in exchange for Lithuania’s refusal to join NATO or would not allow President Valdas Adamkus to visit the Kaliningrad Oblast.

Though during the visit it was possible to perceive that, after Lithuania had resisted pressure with help from the outside, Russia’s authorities tended to put up with membership of the Baltic States in the Alliance, supporters of the hard line

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31 Lopata R. “Relations with the Kaliningrad Oblast within the Context of Euro-Atlantic Integration. Report made at the meeting of the Foreign Policy Council of Lithuania”, Vilnius, 2001, December 21, p. 2. – in Lithuanian
with the West, the so-called “hawks”, went on expressing their dissatisfaction. The number of statements made in Moscow, which related NATO development to the extension of the Conventional Armament Restriction Treaty in the eastern part of the Baltic States and Russia’s participation in an anti-terrorist coalition increased and Vladimir Valujev, Commanding Officer of the Navy recently appointed in Kaliningrad, even threatened that he would not need a nuclear weapon to “put something in its right place” because there are 47 nuclear power stations around Oblast, which are vulnerable to conventional armaments. The former Commanding Officer of the fleet, the present Governor of the Kaliningrad Oblast V. Jegorov, as well as some deputies of the Duma of the Oblast together with its Chairman Vladimir Nikitin at the head, who, by the way, had explained before and after meetings with the President of the Country that NATO development did not pose any threat to the region, found themselves in a very inconvenient situation. The highest officials of the Oblast started to insist on postponing ratification of the Agreement on the Russian-Lithuanian Border.

It is true, this did not change the essence of the matter. With the second wave of NATO development moving forwards, on 27 May 2002 a joint NATO and Russian Council was founded. Though Russia was not granted a veto right in solving the issues of the development of the Alliance or the security of its members, Moscow could boast of sitting together with the representatives of the NATO states in accordance with the so-called “formula of 20”. It looks as if the Kremlin once again clearly demonstrated within the context of retention – appeasement that it treated Kaliningrad as a hostage.

3. Kaliningrad and the “Low Politcs”:
the free (extraordinary) economic zone

Once during a visit to Kaliningrad I happened to hear the following remark made by an influential local politician: “Today the Kaliningrad Oblast of the Russian Federation is a beautiful but blind girlie”. At the time, we did not argue about the beauty because another allegory was offered – a fairy tale about Sleeping Beauty. The implied sense was easily perceived – it is easier to wake up a sleeping person than to expect the blind to recover his sight. It seems that we, Lithuanians and Russians, did not understand one another then. It seemed to us that residents of Kaliningrad in essence ignored all efforts made by Lithuania and the West on the whole to wake them up, that is, to encourage them to think that the future of the Oblast depended on their local efforts. We failed to understand that these efforts were being made, let alone the question of why they were ruined.

Today it is not concealed that the tone for the “low politics” was set by the considerations that started as early as 1989 between Kaliningrad and Moscow about the possibilities for the Oblast to function after Lithuania’s succession from the USSR.

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It was then that the region was given hopes that its lifebuoy was a raising of status (to that of a republic within the structure of the Russian Federation) and pluralism in economic development. A working group headed by the Prime Minister of the Russian Federation V. Vorotnikov did not consider the issue of the status of the Oblast. Moscow was getting ready to block the path towards the idea of “sovereignisation” that was gaining popularity in the then USSR by means of a new conception of regional policy – regional self-sustainability. The latter, by the way, called for both free enterprise and a free economic zone, was attractive to the majority of the then leaders of the regions because it provided for not only their greater independence in solving economic issues, participation of foreign capital in establishing joint enterprises, but also handing over to them management of the objects subordinate to the Union. In July 1990 – September 1991, the Supreme Council of the Russian Federation approved the status of a special economic zone for eleven regions of Russia (7% of the territory with 13% of the Russian population). At the end of the year about 150 more regions expressed a desire to obtain such a status. However, at the end of 1991 and the beginning of 1992, when Moscow decided to implement the concept of an “open economy”, the new aspirants were struck off the list and a rather fierce competitive fight broke out among the old ones.

It was during that period that the Mayor of St Petersburg, Anatolij Sobchak, succeeded in persuading the Kremlin not to increase military forces in Leningrad region at the expense of the soviet troops being withdrawn from Central Europe, suggesting that they, the naval forces in particular, should be deployed in the Kaliningrad Oblast. The Federal Centre, as if justifying itself, went on adopting legal acts explaining the Ordinance “On the Economic-legal Status of the Free Economic Zone “Jantar” in the Kaliningrad Oblast” of the Prime Minister of the Supreme Council of the Russian Federation of June 3, 1991. On September 25, 1991, the Council of Ministers of the Russian Federation approved the “Memorandum on the Free Economic Zone (FEZ) “Jantar”, and in December 1992, the President of the Russian Federation issued the Order “On Assurance of External Economic Conditions for the Development of the Kaliningrad Oblast”. These acts recorded those exemptions and investments to be allocated to the development of infrastructure and agriculture, which were thought to enhance the economic development of the region, and politically – to accentuate the exceptionality of the region. Incidentally, at the end of 1992 the State Duma of Russia agreed to consider the law that had been drawn up in Kaliningrad, and the then Governor of the Oblast Jurij Matochkin even spoke about the possibility for Kaliningrad to become the Baltic Honk Kong within a period of ten years.

39 Clopektij A., Fiadorov G. Kaliningradskaja oblast: region sotrudnichestva, Kaliningrad, 2000, s. 331.
However, on 2 July 1993, after the federal law “On Customs Tariffs”, which annulled the exemptions, was adopted, the validity of the free economic zone in Karaliaučius Oblast was terminated. Though at the end of 1993 the edict of the President of Russia “On the Kaliningrad Oblast”, in May 1994 the Ordinance of the Government “On Urgent Measures to Stabilise the Economic Condition in the Kaliningrad Oblast”, and on 12 October 1994 the Resolution of the Russian Security Council “On the Development of the Free Economic Zone in the Kaliningrad Oblast” were issued, in essence, the free economic zone did not function. The new edict of the President of March 6, 1995 on the annulment of exemptions to be applied to the free economic zone “Jantar” was only a formality. The draft law “On Raising the Status of the Kaliningrad Oblast” submitted to the State Duma of Russia in 1994, turned into the law “On Strengthening Sovereignty of the Russian Federation on the Territory of the Kaliningrad Oblast”, the customs procedures were made stricter, border control was strengthened, and trade agreements concluded between the region and other countries, were annulled. The Deputy Prime Minister of Russia Sergei Shachrjav, who visited Karaliaučius shortly after the visit of the Defence Minister P. Gračiovo, openly attacked “local separatists supporting Western expansion”, and stated that the future of the Oblast, first and foremost, would be decided by the strategic interests of the entire country\(^43\).

According to the residents of Kaliningrad themselves, at the end of 1995 a frail political balance between the interests of Oblast and Moscow was somehow legalised by the federal law “On the Extraordinary Economic Zone in the Kaliningrad Oblast” which was approved by the Federal Council on January 5, 1996, and signed on January 22\(^{nd}\) by Boris Yeltsin\(^44\). On that occasion the Prime Minister of the Russian Federation Vladimir Shumeiko even mentioned the power of Region autonomy, expressed hope that the Oblast might become the centre of international congresses, a visa-free tourist zone and, on the whole, an “experiment of liberal economy”. However, the federal law did not give the anticipated result. The “Agreement between the Kaliningrad Oblast and the Russian Federation” signed and the “Agreement between the Government of the Russian Federation and the Administration of the Kaliningrad Oblast on Division of Competencies” made at the beginning of 1996, as it turned out later, granted no special rights to the Oblast\(^45\). Though on September 29, 1997, the “Federal Target Program for the Development of the Extraordinary Economic Zone in the Kaliningrad Oblast for 1998 – 2005” was announced, the Duma of the Oblast passed the Law “On Local Free Economic Zones in the Kaliningrad Oblast”, and in May 1998, adopted the “Regional Program for the Social Economic Development of the Kaliningrad Oblast”, privileges that were made stricter were only illusions. There was nothing left to do for the then Administration of the Oblast with Governor Leonid Gorbenco at the head but appeal to the Gibraltar example and console itself hoping that in the future it would be possible to co-ordinate functions of the advanced post and the experimental platform of economic reforms\(^46\).

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\(^44\) Gorodilov A., Kozlov S. Geopolitika, Kaliningrad, 2003, s. 61.
Today there are lots of explanations why the fate of the free, and later the extraordinary, economic zone was determined by a contradictory process of Russia’s federalisation, the conceptions of regional policy and the abundance of legal interventions (during the period between 1992 and 1996 more than ten legal acts and secondary legislation often contradicting one another were passed) regulating the activity of such zones caused by a lack of corresponding financial resources from Moscow, a complicated social-economic situation in the Russian Federation shaken by various crises (for example, the 1998 so-called financial crisis), poor administrative abilities of the political elite of the Kaliningrad Oblast, a high level of corruption, inerterness of the public, etc. All of this explains the fate of the free (extraordinary) economic zone in Kaliningrad Oblast quite satisfactorily. At the same time, however, some other circumstances cannot be ignored.

Having more closely familiarised oneself with the acts regulating the activity of the free (extraordinary) economic zone, or programs aimed at their implementation, it becomes obvious that the aspiration to consolidate Russia’s sovereignty in the Oblast and make use of the territory of the Oblast ensuring the defensive power of the country were declared to be the major political priority worth financing. In practice this meant that that the greatest part of the funds provided for in various programs came as subsidies to maintain the military-industrial complex. On the other hand, in assessment made by the residents of Kaliningrad themselves, despite a legal change in the base of the free (extraordinary) economic zone, complications and paralysis caused by it, and one-sidedness of the financing priority, the idea of the free (extraordinary) economic zone nonetheless encouraged structural changes in the economy of the Oblast, played a positive role in stimulating the establishment of joint capital enterprises, and became the idea politically unifying the public and formed the basis for harmonising the interests of the Oblast with those of the federal centre.

The residents of Kaliningrad explained that the problem laid in the fact that Moscow by “presenting one or another decree with one hand, usually took it back with the other hand”. In other words, the federal centre, while raising hopes of granting the Kaliningrad Oblast special status, demanded that all the actions should be co-ordinated with it. This, in turn, increased tension and mistrust between the Oblast and the centre and eventually made it confess that the “peculiarity of the Oblast manifested itself in its closeness” and the term “zone” had to be understood in the most primitive sense of the word.

4. EU Development and Kaliningrad: combination of “high” – “low” politics

EU development towards the East made the Kaliningrad Oblast’s role as Moscow’s hostage more apparent. This was primarily due to Moscow’s manipulations of the Oblast, in practical policy by supporting tendencies of both its possible “opening” and its possible further “isolation”. The neighbouring countries, Poland and Lithuania, which were preparing to accede to the European Union as well as the European Commission, were also drawn in that game.

Today it is universally recognised in essence that desperate attempts, made particularly by Vilnius, to promote the idea that the Kaliningrad Oblast of the Russian Federation deserves special attention, which would allow the region to be turned into an example of the development of relations between the West and the East. These efforts contributed greatly to putting the Kaliningrad issue on the agenda of Russia and the European Union. Of course, in seeking to realise its national interests, Vilnius offered a highly rational principle of cooperation – to turn problems into advantages. Lithuania’s attempts met with a positive Russian reaction. As far back as 1998, Moscow did not oppose putting the Kaliningrad Oblast on the agenda of the Council of the Baltic Sea States and including it in the initiative of the EU North dimension. It was not only institutionalisation of regional co-operation but also joint Vilnius–Moscow proposals significant to EU development, which have acquired the international name of the “Nida initiative”, which demonstrated that residents of Kaliningrad also positively assessed Lithuania’s attempts to “open” Kaliningrad. So much so that in October 1999 the Prime Minister of Russia, Vladimir Putin, personally expressed his opinion on the situation being formed, announcing the possibility of transforming the Oblast into a “pilot” experimental region in the relations with the EU, and also to sign a special EU agreement ensuring protection of the Oblast as the subject of interests of the Russian Federation\(^49\).

Though the idea of the “pilot region” was not developed, it was then that great excitement was felt in Kaliningrad because it was thought that this idea would again open the way to giving a special status to the Oblast. At the end of 1999 and the beginning of 2000, Moscow did not stifle these expectations. However, it was eventually done in a really peculiar way – by increasing political tension in the Oblast.

First a barrage of criticism against the Governor of the Oblast, L. Gorbenko, filled the broadcasts of Russian Independent Television. Then it appeared in the articles published in the central and local press: reasoned accusations of corruption, relations with the criminal world, encouragement of smuggling, criminal rampages of the “Governor’s family” itself. High officials who arrived from Moscow (for example, Vice Minister of Foreign Affairs Igor Ivanov) openly expressed dissatisfaction not only with “regional autarky” but also with the fact that the Governor could not give a concrete answer to the following question: what plans is the Administration of the Oblast devising with respect to the EU Northern dimension and how is it getting ready to become a “pilot region”\(^50\)?

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At the same time, information that the law on the territorial status of Kaliningrad was being drawn up in Moscow appeared in the newspapers. It was again planned to formally approve the existence of the extraordinary economic zone in the Oblast and at the same time to introduce direct federal governing. And this meant that the Governor would not be elected, the Kremlin would appoint him/her. Rumours also spread that the possible successor would be the retired rear admiral, the First Vice-Governor of St Petersburg, Vladimir Grishanov. Hence, a seaman, like L. Gorbenko.

L. Gorbenko himself elucidated the situation following meetings in the Kremlin. Moscow was considering the territorial-administrative reform of Russia, which would divide the territory of the country into seven federal districts, Kaliningrad would be attributed to the Central one, and the election of the Governor would be held at a planned time – in autumn of the year 2000.

It is known that President Vladimir Putin issued an order concerning the territorial administrative reform in May. On the eve of the reform, news programmes on Russian Television showed a future “political” map of the country. Karaliaucius Oblast had been coloured in the same colour as the Central federal district on the map. The colours changed after the order had been issued – the Oblast was now assigned to the north-western district.

The election of the Governor was held at the planned time – in October and November, 2000. Two essential things distinguished programs of the old and new aspirant, Admiral V. Jegorov. Valdimir Putin openly regarded V. Jegorov with favour. V. Jegorov urged harmonising of the legal basis of the Oblast (and the country) with that of the EU. V. Jegorov won the election.

The Admiral’s victory again raised hopes in Kaliningrad that the Oblast would be given special attention. Both external and internal facts allegedly testified to that.

In November 2000 the strategic document of EU development specified officially for the first time that Kaliningrad would feel a considerable impact from EU development. In January 2001 appeared the Communiqué of the European Commission, “EU and Kaliningrad”, in which it was underlined that due to the unique geographical position of the Oblast, the impact on of EU development on the Oblast might be greater than had been thought. In February, the EU Commissar for external affairs, Chris Patten, and the Minister of Foreign Affairs of Sweden, Anna Lindh, and in March – the President of the Republic of Lithuania, Valdas Adamkus, visited the Oblast. On the whole, during the first six months after the election of the Governor, delegations from nearly all the European Union states visited the Oblast and the Governor himself often was a member of Russian official delegations to the EU states.

In Moscow, V. Jegorov easily resolved the conflict caused by the decision taken by the Trade Committee of Russia which revoked privileges of the extraordinary economic zone. He received a promise from the President and the Prime Minister M. Kasjanov, that Moscow would reconsider the decision on attributing the Oblast to

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52 Ibidem., p. 217. An interesting detail – following the election L. Gorbenko receive a personal gift from the President bearing the following inscription “For achievements in developing economy of the Kaliningrad Oblast”
the federal district, perhaps giving it the status of the eighth federal district. Some Vice Governors of the region would be included into a working group responsible for the study of the consequences of EU development for Russia, and politicians of Kaliningrad would be given a special role in preparing a special agreement between Russia and the EU on the Kaliningrad Oblast53.

4.1. However, the promises gradually started to be repudiated.

When on March 22, 2001 the Government of Russia considered the plans for ensuring the social-economic development and vitality of the Kaliningrad Oblast, M. Kasyanov openly, like Shumeiko in 1996, declared that the region would become “the example of application of the market methods”54. Actually the plan provided for only those measures which would help Moscow extend the boundaries of its competence55.

At the meeting of the Security Council of the Russian Federation held on July 26th, Vladimir Putin urged turning the factors of EU development that were negative for Kaliningrad into positive ones as soon as possible and to more quickly make a decision concerning the “Federal Target Program for the Social-economic Development of the Kaliningrad Oblast for 2002 – 2010” prepared by German Gref. The program, lacking nearly 50% of financing funds, was approved only in December. During the meeting it was decided to establish the position of the Deputy of the President’s Commissioner in the northwestern federal district, Viktor Teherkesov. Andrej Stepanov was appointed Deputy responsible for co-ordinating the activities of federal institutions in Kaliningrad and he had to ensure Moscow’s influence (control) in the Oblast56.

For more than a year, politicians of Karaliaučius toiled in preparing the concept and the text of the Russian - EU agreement on the Kaliningrad Oblast., By the way, residents of Kaliningrad had presented their own conception, “the region of cooperation”, before the idea of the “pilot region” had been spread in the centre57. However, the Minister of Foreign Affairs of Russia, Igor Ivanov, speaking at the 9th Session of the Council of the Baltic Sea States (CBSS) in Svetlogorsk, held March 4-5, 2002, stated that signing such an agreement was not expedient58.

Finally, with negotiations between Lithuania and Poland over EU membership gathering momentum and coming closer to the finish, Moscow “drew” Kaliningrad into the considerations of the so-called technical and procedural matters, especially concerning the issue of transit of Russian citizens through the territory of Lithuania to/from the Kaliningrad Oblast.

Until the spring of 2001, Russia demanded that the EU should preserve a visa-free regime for the residents of Kaliningrad to travel to the neighbouring states. On March 6, 2001, Moscow changed its position, requesting that one-year visas be issued to the residents of Kaliningrad free of charge permitting them to enter territo-

ries of the neighbouring states. Some weeks later they demanded that a “corridor” should be made for the residents of the home state travelling to the exclave through the neighbouring states. When the Governor of the Oblast voiced ever stronger concern that the visa regime would become the first dividing line turning the Oblast into a large reserve inside Europe, representatives of the Foreign Ministry of Russia explained that the introduction of visas would not be painful to the residents of Kaliningrad\textsuperscript{59}. The case of the so-called visa-free transit to the Kaliningrad Oblast, which was rapidly developing in 2002, clearly showed that Moscow was concerned with home state interests rather than those of the Oblast\textsuperscript{60}. By the way, the federal centre did not even conceal this. In the summer of 2002 during a meeting of President Valdas Adamkus and Governor V. Jegorov in Palanga, the Lithuanian side presented a variant of the so-called magnetic identification cards, which would use modern means to ensure a smooth process for crossing the exclave – host state border. The response of the representatives of the Foreign Ministry of Russia was straightforward: “We need corridors rather than cards”.

The response of the political elite of Kaliningrad should not be surprising within this context. Local politicians at the Duma of the Oblast were made to adopt resolutions demanding that the issue of transit of passengers should be related to ratification of the Agreement on the Russian – Lithuanian border at the State Duma. On the pages of newspapers or textbooks, they openly expressed disappointment that the ongoing negotiations over transit were not dealing with the deep problems of the development of the Oblast. According to the Vice Chairman of the Duma, Sergej Kozlov, this did not only increase insecurity and distrust in the federal centre, but also once again revealed tendencies allowing the identification of regional development as a quasi-colonial issue: the Oblast was the subject of the Russian Federation in which the influence of servicemen and other federal force structures dominated and in which were left no alternatives for implementing the economic, political and military interests of the home state\textsuperscript{61}.

Having in mind these principles, there is little doubt that after the decisions on passenger transit had been adopted the “increased” attention shown by Moscow to the Kaliningrad Oblast in the summer of 2003\textsuperscript{62} (urging to draw up a new law on the extraordinary economic zone, a visit of Vladimir Putin to Kaliningrad and promises to get a grip on the problems of the Oblast’s economic development) was nothing but attempts to ensure the further functioning of the hostage mechanism.

\textsuperscript{57} Chlopeckij A., Fiodorov G., Op. cit., p. 316; Klemchev A., Kozlov S., Fiodorov G. \textit{Ostrov sotrudnichestva}, Kaliningrad, 2002, s. 155-156, 162-167. Actually the name “region of co-operation” covers efforts to preserve privileges of the extraordinary economic zone, to ensure the exceptionality of the region by exactly defining the center – region relationship, to “legitimate” EU standards in the economic activity, to become the subject of the economic activity of not only the Russian Federation but also that of the European Union.

\textsuperscript{58} Songal A. \textit{The Fate of the Exclave Decided. Manuscript}, Kaliningrad, 2002, p. 2.


\textsuperscript{61} Gorodilov A., Kozlov S., Op. cit., s. 64.

\textsuperscript{62} Stanytė-Toločkienė I. “Kaliningrado ateitis – Maskvos rankose”, \textit{Lietuvos rytas}, 2003 m. liepos 5 d.
Conclusions

The research has confirmed the view that Moscow (the home state, the federal centre), seeking to preserve sovereignty and to ensure links with the Kaliningrad (Karaliaučius) Oblast, has turned that exclave province into a geopolitical hostage.

By specific measures of the foreign policy taken by the Kremlin, the Oblast became established in “high politics”, the relations between Russia and the West, as a headache.

It is obvious that the “acuteness” of the problem depended on Moscow’s ability to manipulate Russia’s position by means of the external and internal factors influencing Russia’s position. It should be recognised that in certain cases the home state has made use of these factors quite successfully. The West actually did not dare to refer to the complicated political and legal aspects of the status of the Kaliningrad (Karaliaučius) Oblast and most often tended to solve the political problem in technical ways. This untied the hands of the Kremlin to use pressure with respect to the neighbouring states surrounding the exclave and to make their dialogue with the Euro-Atlantic institutions more difficult. On the other hand, this paved the way for Moscow to manipulate the alleged opening of Kaliningrad (Karaliaučius) exclave to the external environment without allowing its universally recognised specificity to manifest itself in practice. However, thus far it has not been clear whether the home state will succeed in successfully maintaining the Stockholm syndrome in the exclave through this mechanism of the geopolitical hostage.
Internal Security Issues in Lithuania
Civilian Resistance in the Security and Defense System of Lithuania: History and Prospects

Lithuania is one of the few states in the world whose security and defence strategy assigns an important role to civilian resistance (civilian defence) in addition to the usual military defence. This paper explores the historical circumstances and theoretical presuppositions that have influenced the focussing of Lithuania’s political elite on this non-traditional form of defence. First, there is a short survey of the development of the theory of civilian defence and an overview of the way some of its elements have been applied in Lithuania’s movement for liberation in 1990-91. Next, there is an analysis of the way civilian resistance and civilian defence are conceived in the documents defining Lithuania’s security and defence policies.

Finally, an attempt is made at identifying the role and the prospects of civilian resistance within contemporary security and defence system of Lithuania; the conclusion made is that under conditions of Euro-Atlantic integration and globalization, civilian resistance, as a way of defending civil rights, remains a viable option of response to any kind of threat.

Introduction

Lithuanian National Security Strategy states: “State’s defence consists of military security and civilian resistance”\(^1\). The document explains that civilian resistance comprises both armed (guerrilla warfare) and un-armed (civilian defence) forms of resistance, both to be used in case of foreign occupation. Civilian resistance, as a spontaneous involvement of the civilian population in state defence, is well known and widely documented in various historical sources. However, the advanced incorporation of its potential into the state defence strategy is something quite rare. The two prominent contemporary examples of such incorporation seem to be the concepts of total defence adopted by Switzerland and Sweden.

In attempting to find elbow room for civilian resistance in the broad spectrum of security conceptualizations, one becomes aware of the theoretical indefiniteness of the idea and of the lack of consistency in its conceptual groundings. One wonders whether civilian resistance can be treated as an independent alternative form of defense or be seen rather as a supplement of military defense. What is the relation between military defence and civilian resistance? Is armed guerilla warfare strategically compatible with various forms of un-armed resistance? Some answers to these questions are provided by the theories of non-provocative defence ² and civilian defence. A shared feature of the two theories is that the peak of their popularity belongs to the Cold War period. Both were the expression of an effort to find alternative, non-provocative forms of defence and both focused on strengthening common security and boosting up trust among the states.

The doctrines of non-provocative defence are based on the neo-realist interpretation of the security dilemma. ⁴ As Robert Jervis has pointed out, in the anarchic international system a country's armament, even if undertaken for defensive reasons, can be interpreted as armament for offensive reasons, thus triggering retaliatory actions. So, in order to escape the destabilizing effects of the security dilemma it is reasonable to develop a non-provocative, manifestly defensive security system. ⁵ The theory of non-provocative defence is associated with the ideas of collective security, peace keeping, and confidence building. The idea of non-provocative defence seemed particularly potent in early 1990s. However, as the diminishing flow of publications indicates, the interest in it is now gradually waning. ⁶

Civilian defence can be treated as a specific case of non-provocative defence. ⁷ The concept of civilian defence is close to such scholarly concepts as social defence, non-violent defence, civilian-based defence, and defence by civil resistance. ⁸ These virtually similar concepts are used to conceptualise a particular type of the state defence, the basic principle of which is the capability of people to prevent threats to their fundamental freedoms with non-violent methods. ⁹ This is not territorial defence, but defence of the most important social values (freedom, independence, democracy, peace) and the social structure which supports these values. ¹⁰

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³ The development of the ideas of non-provocative defense was significantly boosted by the activities of the Independent Commission on Disarmament and Security Issues (1982), headed by Sweden’s prime minister Olof Palme.


⁶ Though much debated and enjoying public support, the idea of non-provocative defence had not become part of the mainstream strategic thinking even at the peak of its popularity. Its advocates were associated with peace studies rather than with the prestigious strategic studies, and they were mostly voicing the views of the opposition and not of those in power.

⁷ Zr.:Wiseman, p.10 (note 2).


The concept of civilian resistance comprises the elements of both the doctrine of non-provocative territorial defence and that of civilian defence. This accounts for some inconsistencies engendered by the attempt to merge the positivist realist understanding of international relations with Gandhian normativism. In fact, both the development and the justification of the concept of civilian resistance have more affinities with the concept of civilian defence rather than that of non-provocative defence. The doctrine of non-provocative defence, focused on the analysis of military defence, is mainly concerned with the mitigation of the security dilemma, while the theorists of civilian defence are primarily interested in the potential of the civilian population’s involvement in state defence. In this paper we have relied mainly on the insights of the latter.

The idea to use the civilian resistance in state defence emerged after World War I in the Netherlands among military veterans. This was more an expression of their hatred for war, and the wish to find the type of defence that would preserve the environment and the population, than a theoretically developed idea. This idea was recalled after World War II, especially in the Cold War years. In 1964, the first international conference devoted to the idea of civilian resistance took place in Oxford. Soon the academic studies analysing the perspectives of civilian defence were published in Western Europe. The prominent expert of military strategy Basil Liddell-Hart analyzed the defence strategy under the possibility of nuclear war. He emphasized that in the contemporary populous Europe of big cities the fight against occupation cannot be guerrilla war; it has to be non-military defence. The German brothers Hans-Heinrich Nolte and Wilhelm Nolte have created the concept of autonomic defence. The idea was that a country in the presence of nuclear threat has to rely on its own forces, and not on the systems of the collective defence. They especially emphasised that the system of autonomic defence has to take into account the characteristics of the particular state, and combine ingeniously the military and civilian defences. The idea of the autonomic defence was well accepted among the military and political elite of some European, mostly small, states. It was mentioned in the military doctrines of Belgium, the Netherlands, Sweden, France and Switzerland.

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15 In 1972 the government of Sweden asked Adam Roberts to prepare the study “Total Defence and the Civilian Resistance”, which made a great impact on the understanding of the national security in many Western European countries. See Niezing (note 2) p.27-30.
The collapse of the Soviet Union and the end of the Cold War gave new impetus for the development of ideas on civilian defence. Especially important for the development of the theory of civilian defence was a peaceful liberation of the Eastern Central European countries in 1989-1991. Lithuania had played an exceptional role here. She successfully used civilian resistance in the struggle for independence, and officially defined it as a way of state defence (in 1990-1991). Besides, she has not abandoned this idea since the state gained its sovereignty; instead, she gave it a significant role in the Basics of National Security of Lithuania (BNS) and in the National Security Strategy of Lithuania (NSS).

It is possible to conclude, referring to the official documents, that the main idea of Lithuania's defence is a principle of total unconditional defence. It includes both the military and non-military (civilian resistance) forms of defence. The question arises whether the ideas of total defence and civilian resistance are compatible with the new circumstances of the near future: How will these ideas exist with Lithuanian membership in NATO and the EU and its integration into a system of collective security? In trying to answer this question, this article first makes a short review of the theoretical development of the civilian defence idea, and analyses some peculiarities of its implementation in the Lithuanian liberation movement (1990-1991). Next, there is an analysis of the way civilian defence and civilian resistance is conceived in the documents defining Lithuania's security and defence policies. Finally, an attempt is made at identifying the role and tendencies of civilian resistance within the contemporary security system of Lithuania.

1. The Concept of Civilian Defence

The theorization on civilian defence has two traditions: pacific (principled) and pragmatic. The first one approaches civilian defence as an alternative to military defence. It emphasizes the incompatibility of the military and pacific strategies. A concept of pacific defence is justified by moral arguments: first, violence as the way

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to solve conflicts is unjustified by any, even the noblest, goals. The second tradition explains the requirement not to use violence with the pragmatic arguments (social, political, economical etc) – civilian defence is used not because it is more moral than other forms of defence, but because, in some circumstances, it is more efficient than military defence. The pragmatic interpretation treats civilian defence as the constituent part of total defence, as a supplement to military defence.

Civilian defence as an alternative to the military one does not exist in any country. The elements of the pragmatically interpreted civilian defence are part of the defence conceptions of some states. It is not a very big surprise that the strategy studies on civilian defence are mostly developed in a framework of the pragmatic approach. So, how do we create the defence theory that does not refer to any particular reality? Perhaps in this case we should talk about the creation of the hypothetical theory, the empirical justification of which is the historical analysis of experiences of non-violent struggles, especially related to the resistance of occupation and dictatorship. The thoughts of the classic military strategists Carl von Clausewitz and Sun Tzu are used as the theoretical basis for the new understanding of the defence. Also, some ideas of contemporary military strategists such as Stephen King-Hall and Liddell-Hart have been applied²⁰.

Among works analysing the experience of non-violent resistance in the history of political and social conflicts²¹, the three-volume study by Gene Sharp, *The Politics of Nonviolent Action* (1973), has been the most distinguished²². Sharp described 198 methods of non-violent action and formulated the basic principles of its dynamic. He defines non-violent action as, “a technique used to control, combat and destroy the opponent’s power by non-violent means of wielding power”²³. In the definition of non-violent action Sharp distances from the broad meaning of violence, when it is defined as everything that suppresses the development of the physical and spiritual potency of a human being: violence is related only to whose actions and forms of behaviour threaten human life. Accordingly, the non-violent struggle prohibits physical violence, but does not refuse to use other types of pressure against the opponent²⁴.

The politics of non-violent action are supported by a particular understanding of power. According to Sharp, political power can hold its power through the internal sources of society: these are authority, human resources, skills and knowledge, intangible factors, material resources and sanctions²⁵. These “sources” can effectively “feed” the government until the citizens obey and cooperate. If the people cease

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²⁰ See King-Hall S., *Defence in the Nuclear Age*, London: Victor Gollancz, 1958. In this book Stephen King-Hall recommended to abandon the nuclear weapons in Great Britain and to develop the civilian defence. Also see Liddell-Hart (note 5).

²¹ The most popular examples are the German fight against the Belgian and French occupation in 1923, the Indian fight for independence, the non-violent resistance against the Nazi occupation in Western Europe, the opposition to the Algerian revolt of generals in 1961, the Czech resistance to the Soviet invasion in 1968, the failure of Marcos dictatorship in Philippines in 1986, Palestinian intifada in 1987-1993, the collapse of the communist regimes in Central and Eastern Europe in 1989.

²² Sharp, G. *The Politics of Nonviolent Action*, Boston: Porter Sargent Publishers, 1973. The studies by the American professor Gene Sharp have received a broad international recognition, they have been translated into more than 30 languages, including Lithuanian, Latvian, Estonian, Russian.

²³ Sharp (note 22), part I, p.4.
supporting the government they can control and even destroy it with non-violent means. "If they do this in sufficient numbers for long enough, that government or hierarchical system will no longer have power. This is the basic political assumption of non-violent action". The notion of power as dependent upon the good will of people was applied by Mahatma Gandhi. In 1920 he wrote: "I believe, and everybody must grant, that no Government can exist for a single moment without the co-operation of the people, willing or forced, and if people suddenly withdraw their cooperation in every detail, the Government will come to a standstill". Later, Hannah Arendt emphasized that real power always comes from the people gathering together in the movements: "the people lend their power and support to the government by agreeing to act according to its rules". Kenneth Boulding in his analysis of power defined it as "integrative power". This is, "the most fundamental form of power...the power of legitimacy, respect, loyalty, affection, love and so on".

Sharp defined civilian defence as, "defence by civilians (as distinct from military personnel), using civilian means of struggle (as distinct from military or paramilitary means)". This is, "a projected refinement of the general technique of non-violent action... an attempt deliberately to adapt and develop that technique to meet defence needs". According to Robert Burrowes, the strategic goal of the defence is, "to consolidate the power and will of the defending population to resist the aggression... to alter the will of the opponent elite to conduct the aggression, and to undermine their power to do so". Two types of the fight converge in this process: the defence (the alteration of opponents’ will) and the offence - if the opponents do not alter their will, they can be forced to do this by the non-violent actions that are considered as "the weapons" for the civilian defence.

The "weapons" of non-violent action are divided into three broad categories:

1. Non-violent protest and persuasion (demonstrations, pickets, protest meetings, public lectures and discussions, etc);
2. Non-cooperation, which involves the deliberate discontinuance, restriction, withholding or defiance of certain existing relationships – social, economic or political (strikes, boycotts, non-tollage, electoral and judicial boycotts, civilian disobedience);
3. Non-violent intervention – "disruption or destruction of behavioural patterns, policies, relationships, or institutions that are considered unacceptable" (non-

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26 Sharp (note 22), p.64.
27 As quoted in Sharp (note 11), p.44.
30 Sharp (note 16) p.6.
32 Burrowes (note 16), p.209.
33 Sharp (note 16), p.42.
violent blockades and occupations, fasting, seeking imprisonment, establishing alternative political, economic, and social institutions, alternative schools, energy exchange cooperatives, parallel media, communications and transport networks).

Civilian defence being the “defence by civilians” requires special preparation of the population and strategic creativity of leaders. *Unarmed* defence against the *armed* opponent requires the unity of the population, a developed civil society, the personal courage of the participants, the non-violent discipline (i.e. not to respond with violence to the repressions) and the competence to reveal and exploit the vulnerable spots of the opponent. Besides, there is a special relationship with the opponent here: the civil defence does not seek to de-humanize opponents, instead the goal is to neutralize their hostility and in case of success to turn them to allies.

This short review of the civilian defence theory can make the impression that the theoreticians of the civilian defence are creating a utopian theory of a utopian world. How real is the implementation of civilian defence? First of all, we cannot forget that military defence has thousands years of history: the preservation of statehood has always been conceptualised in military terms whereas the idea of civilian defence is only several decades old. The theoreticians of civilian defence, especially those of the pragmatic approach, are making only first steps in rationalizing the idea. According to them, the move from the theory to its practical implementation has to begin from the top: introducing some elements of civilian defence into the system of national defence. In the eighties, the representatives of some European governments endorsed the usefulness of such a process. In 1986, the parliament of Sweden approved the establishment of the Commission on Non-military Resistance and, in 1990, Defence Minister Johan Holst of Norway stated: “civilian-based defence has the potential of constituting an important complement to traditional military forms of resistance.”

Lithuanian political elites try to put this idea into practice: they give to civilian resistance an important role in the security and defence system of Lithuania.


Many publications analyzing the collapse of the USSR have pointed out that Lithuania played the catalyst’s role in the process of the disintegration of the Soviet Union. The collapse of the empire was a complex process that was influenced by a multitude of internal and external factors. Most of the authors analyzing the collapse of the Soviet empire have noticed its peacefulness; however, the comprehensive analysis of this process from the view of the non-violent action theory still waits for its

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researchers. The non-violent resistance in Lithuania from 1988-1991 played an important role in the struggle for independence. This period can be divided into two stages: the first begins with the establishment of Sajudis (Movement) in 1988 (which ended March 11, 1990 when independence was declared); the second stage lasted until Lithuania was accepted to the UN on September 17, 1991. The spontaneous use of methods of non-violent action against Vilnius and Moscow nomenklatura was typical for the first stage. During the second stage, the fight was directed against the Soviet military and political nomenklatura in order to preserve and consolidate the declared independence. During this period an application of projected and considerate techniques of non-violent action in the defence of independence had emerged. It has laid the foundations for an implementation of some rudiments of civilian defence into the security and defence system of Lithuania.

Lithuania was the first republic of the Soviet Union that unilaterally declared their independence. On March 11, 1990, a mere 1.5% of the Soviet population – inhabiting only 0.3% of Soviet territory – posed a fundamental challenge to the vast empire and its powerful apparatus of repression. After a few days the Extraordinary USSR Congress of the People’s Deputies declared the Lithuanian independence declaration illegal and demanded “to restore the order and legitimacy” in the territory of Lithuania. From the point of view of the USSR, all further actions of Lithuania directed to the reestablishment of independence were illegal. Looking from the theory of non-violent action, these actions could be called civilian disobedience. And from the point of view of Lithuania, this was the defence and consolidation of the statehood. In the response letter the Chairman of the Supreme Council of Lithuania (SC) Vytautas Landsbergis emphasized that the resolutions of the foreign state do not have legal force in Lithuania, and the legitimate interests of the USSR could be the object of the negotiations. Both sides thought the truth was on their side and consistently sought to realize their goals. The essential difference was that the Lithuanian government had the prevailing support of the Lithuanian population, whereas the government of the USSR could rely mainly on its repressive machinery.

After the declaration of independence, the Soviet Union started a policy of intimidation: there were threats to destroy the economy, take over the territory, polarize the society, etc. The Lithuanian government proposed the negotiations and, disregarding the threats, formed institutions strengthening state sovereignty. The Law on Certification Cards was adopted, the border delimitation and control was started and the Department of National Defence was established. Moscow responded with economic sanctions, the occupation and destruction of key facilities and a roundup of the young men boycotting the conscription law. In January 1991, with the support of paratroopers and tanks, it tried to retrieve the obedience of Lithuania. Although the Press Centre, Radio and Television building and Television Transmission Tower were brutaloccupied, the goal written down in Gorbachev’s telegram to the Lithuanian SC – “immediately and completely re-establish the validity of the constitutions of the USSR and the Lithuanian SSR, and revoke the anti-constitutional acts which have been adopted” - was not achieved. On the night of January 13, 1991 the unarmed people stopped the tanks and rendered an abortive coup.

38 That night 13 people died and 702 were injured defending the Television transmission tower. See Ibidem, p.367.
Challenging the empire, the Lithuanian SC and the Sąjūdys, from the beginning, chose the non-traditional un-armed forms of struggle and most often already proved methods of non-violent action. The growing danger of military aggression strengthened the understanding that the only counterweight to it can be the „Gandhi way“. In December 1990 the joined conference of the SC deputies, the representatives of the local governments, and the Sąjūdys' Seimas declared the address “The Republic is in Danger!” The address invited all people of Lithuania “to follow the principles of disobedience and non-cooperation with the occupational institutions”39. On January 8, 1991 when the Moscow aggression seemed unavoidable, Landsbergis made an appeal to the Lithuanian people on the radio: “Come and help your own government, otherwise a foreign one will overcome us”40. The TV showed the movie by Richard Attenborough „Gandhi“. The permanent watch of Lithuanian people near Seimas, the Press Centre, and the Television Transmission Tower organised by Sąjūdys was started. The unarmed policemen, and undergraduates of the Academy of the Police, joined the watch with the main task of preventing armed confrontations.

The January events in Lithuania, and also in Latvia41, did not come up to the expectations of Moscow. The Supreme Council, the Council of Ministers and the local governments kept control in the cities. Lithuanian police stayed faithful to the Republic of Lithuania. The authority and the support to the government grew considerably. The use of violence against the peaceful population has lead to the so-called “political jujitsu”. This is the situation when after the violence has been used the number of resisting people and the disobedience of the population grow, frictions among the opponents show up, and the possibilities to break the disobedience and so to continue the intended politics are diminishing42. According to the British journalist Anatol Lieven, “Soviet measures however only increased the determination and morale of ordinary Lithuanians. Those who, immediately after declaration of independence, had been critical of Landsbergis and Sąjūdys, became increasingly supportive, and popular demonstrations returned to their pre-independence dimensions”43. Besides, after the January events the support of the population of the Soviet Union and other countries for Lithuania had also strengthened.

The January events in Lithuania manifested the efficiency of unarmed defence: the civilian population defended objects very important to Lithuanian independence—the Supreme Council and the Television station in Sitkūnai that later gave the possibility to renew television broadcasting. So, it was not an accident that the support of the Lithuanian government and its society for civilian defence has strengthened after the January events. The government viewed civilian defence as a matter of calculated organization, not merely a spontaneous outburst of people power. As the resolution of the SC dated February 28 stated:

40 Ibid, p.186.
41 See Eglitis O., Nonviolent Action in the Liberation of Latvia, Cambridhe, MA: Albert Einstein Institution, 1993, pp. 31-35.
42 On the concept of the political jujitsu see Sharp (note 16) pp. 58-60.
43 Lieven (note 36), p.239. This was also supported by the survey made on January 14, 1991 by the Laboratory of Sociology of Vilnius University and Public Opinion Research Centre of the Lithuanian Academy of Sciences. The survey showed that support for the Lithuanian independence has increased even among the non-Lithuanians living in Lithuania, especially Russians. See Lietuvos Aidas, January 23, 1991.
In the event a regime of active occupation is introduced, citizens of the Republic of Lithuania are asked to adhere to principles of disobedience, non-violent resistance, and political and social non-co-operation as the primary means of struggle for independence. 44

The resolution was due both to practical experience and to theoretical insights provided by Gene Sharp’s book Civilian-Based Defence. 45 In the beginning, some elements of civilian defence had tried to be implemented in order to deter the Soviet aggression. They were tried to persuade the Soviet political and military elite that their goal – to fight Lithuania back with force – was unreachable, and the attempt to do this would only bring the huge material and moral loss to perestroika and to international prestige of the state. The Department of National Defence began to publish the newspaper, in Russian, Doroga Litvy (Lithuanian Way) as early as January 1991. The newspaper was distributed among Soviet military personnel serving in both Lithuania and the Soviet Union. The material about the January events was also multiplied and distributed. Sajūdis and the deputies of the Supreme Council kept close relations with the national liberation movements throughout the Soviet Union, trying to influence the process of democratisation 46.

The important task was the education of the population and the military, their preparation to use the “weapons” of civilian defence – the techniques of non-violent action. “This is the non-traditional weapon system, which has to be learned to manipulate. It requires much more knowledge, intellect, understanding of human nature than the usual gun or the stick of the policeman”, - Audrius Butkevičius, the minister of National Defence, wrote on the occasion of the publication of Sharp’s book in Lithuanian. 47 The Commission of the Psychological Defence and Civilian Resistance was created on a decree by the government in February 1991. The decree provisioned to “prepare the instruction on civilian resistance for the staff of the KAD [Department of National Defence] and the volunteers SKAT [Voluntary Country Defence Service]... organise the training of the volunteers in accordance to the programmes of the non-violent resistance.” 48 The Voluntary Country Defence Service paid great attention to the organisation of the volunteer training by supporting the translation of related literature into Lithuanian. 49 In order to indoctrinate the population the main Lithuanian newspapers published material on the history and methods of civilian resistance. TV shows presenting to the people the main principles of civilian defence were also broadcasted.

45 The Sharp’s book Civilian-Based Defence (1990) was translated into Lithuanian already at the end of 1990s. The manuscript of the translation was intendedly studied by the director of the Department of National Defence, other officers, the activists of Sajūdis. The other book by Sharp Self-Repliant Defense without Bankruptcy or War (1990) was also translated into the Lithuanian and published in 1992.
46 In Lithuania, after the strikes of the Donetsk and Kuznetsk miners had started, the food was being collected for the strikers on the initiative of the Labour Union. The shipment of the support by lorries through the Soviet Union had a very huge ideological meaning: together with the food the positive information about Lithuania has also travelled.
48 Krašto apsaugos departamento įsakymas Nr.12, February 20, 1991 [Decree of the Department of National Defence]. Author’s archive.
49 The chapters from the books about the experience of the non-violent resistance of Finland, India, Norway, Philippines, Polish Solidarność were translated. The article “The Role of Power in Non-violent Struggle” by Sharp was published in Library of the Volunteer. See: „Jegos vaidmuo nesmuri- tineje kovoje”, Savanorio biblioteké, 1991, 3.
When the putsch started in Moscow on August 19, 1991, Landsbergis insisted: “the main resistance of Lithuania in case of occupation is the unarmed non-violent resistance”\textsuperscript{59}. Lithuanian people again were invited to gather near the building of the SC. The Department of National Defence issued the decree that obliged the staff of the national defence system in case of occupation to “organise and implement the actions of the civilian resistance in whole territory of the Republic of Lithuania using the techniques of the non-violent resistance”\textsuperscript{60}. Soon after the putschists lost in Moscow, Lithuania received international recognition. It became a member of the UN on September 17, 1991.

This short review of the Lithuanian liberation struggle of 1988-1991 proves the efficiency of non-violent resistance and shows its perspectives in state defence. However, it would be very naive to explain the achieved independence only through the strategy of non-violent resistance. The Lithuanian Independence was declared under especially favourable internal as well as external circumstances. Perestroika in the Soviet Union opened the way to publicity and democratisation, and started to destroy the fundamentals of the totalitarian regime. The victory of the Solidarity in Poland, the “velvet” revolution in Czechoslovakia and the unification of Germany created a very favourable international environment for the liberation movements in the Baltic States. During a few years Lithuania, as well as the other Baltic States, accumulated valuable experience of non-violent resistance. In addition, the independent power structures were formed providing for the liberation movement the necessary direction and normative justification. The declaration of independence created a unique situation where the goals of the new power and of the Lithuanian society coincided. Besides, the determination of the population to keep the non-violent discipline, resisting the opponent’s provocations to respond to violence with violence, helped gain the support of world public opinion to Lithuania. The independence was achieved with the minimal number of victims; the resources and the infrastructure of the country were preserved.

3. Civilian resistance in the Security and Defence System of the contemporary Lithuania

After international recognition, Lithuania started developing its independent domestic and foreign policy; which as guidance chose, by the theory of the small state asserting: “a small state’s foreign policy must first of all deal with the potential threat posted by great powers in order to secure its own survival”\textsuperscript{61}. Seeing the main threat in the “unstable and unpredictable” Russia, Lithuania gradually turned away from the idea of a country being a bridge between East and West to closer cooperation with the West. This trend strengthened after the withdrawal of Russian troops from Lithuania in 1993. The consistent implementation of the Western direction in politics led Lithuania to membership in NATO and the EU. The question arises: how is the

\textsuperscript{59} Landsbergis (note 39) p.284.

\textsuperscript{60} Krašto apsaugos departamento įsakymas Nr. 160, August 18, 1991 (Author’s archive). [Decree of the Department of National Defence].

experience of non-violent resistance, which played a prominent role in seeking the recognition of independence, reflected in the contemporary security and defence policies of Lithuania? Is the idea of civilian defence compatible with Lithuania’s participation in the system of collective security, its membership in NATO and the EU? I will try to answer this question by reviewing the conceptualization of the Lithuanian security and defence policies.

The security of the state and the nation has been the main topic of Lithuanian political discourse from the first days of the independence declaration. Already in 1992, the first draft of the national security conception was prepared. It paid much attention to civilian defence. During the same year the Ministry of National Defence, in cooperation with the Albert Einstein Institution (USA), organised the international conference on the application and perspectives of the civilian defence in the Baltic States. In 1992 the educational unit of the Department of Civil Security instituted training courses on the subject. The non-governmental organisation The Centre for Non-violent Action that was established in 1991 also engaged in the educational and academic activities. Later, The Civilian Resistance Training Division at the Adolfo Ramanaukas Civilians’ Vocational Training Centre of the Ministry of Defence started its activity. The short introduction to civilian resistance was lectured to officers of the Ministry of National Defence and other related institutions. In 1995 the draft agreement between Lithuania, Latvia, and Estonia on the cooperation in civilian defence was prepared. Although all countries agreed on this idea, the agreement has not yet been signed. The approaching membership in NATO diminished the attention paid to civilian defence, especially in Latvia and Estonia.

At the end of 1996 Seimas adopted the Law on the Basics of National Security of Lithuania (BNS) that provided the solid legal grounding to civilian resistance. Civilian defence is the essential part of civilian resistance. In section 7.4 (Civilian resistance) of the document it is written:

The power of civil resistance is determined by the will of the Nation and self-determination to fight for its own freedom, by each citizen’s resolve, irrespective of age and profession, to resist the assailant or invader by all possible means and to contribute to Lithuania’s defence.

The system of citizens’ preparedness for civil resistance shall be raised to the national level. Its functioning shall be organized by the Government.

In the event of assault or attempt to violate Lithuania’s territorial integrity or its constitutional order, the citizens and their self-activated structures shall undertake actions of civil resistance — non-violent resistance, disobedience and non-collaboration with the unlawful administration, as well as armed resistance.56


54 In the beginning the participants of the course were the members of the Association of Servicemen of Active Reserve, the leaders of the Scout Union, the commanders of the Riflemen’s Union and the public relations officers of the military troops. See Mankevičius V. and Daugirdas A., Piltinės pasipriešinimas, Vilnius: Mažoji Evelina, 2002, p.3.

55 The impetus for the treaty arose from a 1992 conference in Vilnius attended by representatives of Lithuania, Latvia, Estonia, and Swedish ministries of defence, together with international scholars.

The provisions on the civilian resistance are also included into the National Security Strategy (2002) and the National Defence Strategy (2000)\(^{57}\). The Lithuanian government implementing the Law on the Basics of National Security established The State Civilian Resistance Training Centre at the Ministry of National Defence in 2000. Its goal is “to train and prepare the citizens for individual and organised civil resistance and civilian defence directly and through co-ordination of the activities of other institutions”\(^{58}\). The Centre started its work in 2001. It continues the activities of the Civilian Resistance Training Division.

The review on the implementation of the idea of the civilian resistance in Lithuania during the independence period shows that some elements of civilian defence have been included into the main documents of Lithuanian security and defence policy. “Total preparations of the citizens to the resistance” (BNS) plays a significant role in the deterrence of any “potential aggressor”. However, these preparations, which are mainly educational, are not covering the whole population; mainly they are directed to the institutions linked with the Ministry of National Defence. According to the programme, the activity of The Civilian Resistance Training Centre has to be addressed to a broader audience. It has to cooperate closely with the scholarly and educational institutions, the Church, local authorities and non-governmental organisations.

Civilian resistance is important not only in the deterrence of aggression, but also in the defence. The “Total and unconditional defence” model of Lithuania is comparable to Switzerland’s strategic triad of the total defence (Gesamtverteidigung) of the 1980’s, which was composed of military defence, guerrilla warfare, and non-military defence\(^{59}\). Almost the same components are included in the Basics of National Security: Lithuania “shall seek to deter any potential assailant” by the means of military defence and civilian resistance, which encompasses guerrilla warfare and “the actions of the non-violent resistance”. The civilian resistance should begin after the military defence has been suspended and the aggressor has occupied the country. The essential question of the civilian resistance strategy arises in this defence stage – are armed guerrilla warfare and non-violent civilian defence compatible? The studies on civilian defence assert almost unanimously that a defence where military action and non-violent resistance are simultaneously used is doomed to failure. Such defence destroys the raison d’être of the effectiveness of civilian resistance – the moral superiority of those who are resisting, which is very important when seeking a positive international reac-

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\(^{58}\) Nutarimas dėl Valstybinio pilietinio pasipriešinimo rengimo centro piršapiešos ministerijos įsteigimo 2000 11 07, Nr. 1359, Valstybės žinios, 98, 2000, p. 73. (Decree on the establishment of the State Civilian Resistance Training Centre at the Ministry of Defence).

\(^{59}\) See: Nizing, (note 9) p.29.
tion. Besides, military violence is concurrent with civilian casualties and destruction of the environment and these give reason to justify the repressions\(^{\text{60}}\). Beyond any doubts, the further development of civilian resistance requires a more comprehensive theoretical reasoning: the analysis of the relationship between the military and non-military strategies of defence and studies on the social and political conditions that are necessary to implement this unconventional form of defence\(^{\text{61}}\).

The inclusion of civilian resistance into the security and defence system of Lithuania is a sequel of the principle of total and unconditional defence which commits “each and every citizen to resist aggression by all means possible” (NSS, 6.3.4). Thus an answer to the question of whether the emphasis on civilian resistance in Lithuania’s defence system is a well-timed one depends on an answer to the question of whether the principle of total and unconditional defence is a well-timed one. The adoption of the strategy of total and unconditional defence by Lithuania’s political elite was the result of many different factors, the most important of which was probably a specific interpretation of Lithuania’s interwar history. The interpretation was a kind of polemics of the present with the painful events of 1940, when Lithuania, though militarized, made no attempt at resisting the Soviet Union ultimatum. Presumably, the commitment to total and unconditional resistance should prevent the repetition of such surrender. The choice of total defence was also influenced by the predominance in Lithuania’s political discourse of the neorealist interpretation of her geopolitical environment and by the modernist conception of sovereignty. The experience of neighboring countries, particularly Sweden, has also played a role.

The official documents referred to in this paper show no explicit doubts as to whether membership in NATO and the EU would guarantee Lithuania’s territorial security; however, since „the global dynamic developments will present new challenges, dangerous conditions and threats“ (NSS, 7.3), total civilian resistance is still considered a universal response to potential threats.

Concluding remarks

Just after the recognition of Lithuania’s independence, with the country’s first steps of setting up its national security system, many theoreticians and enthusiasts of civilian defense cherished the hope that Lithuania would become the first country in the world having its security system based on the ideas and methods of non-military civilian resistance. One cannot say that Lithuania has totally failed to live up to their expectations, for elements of civilian-based defense have indeed been included in its security and defense policies. It is to be noted that even though all Eastern and Central European countries have experienced the efficiency of non-violent struggle, Lit-

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\(^{\text{60}}\) See: Нарийн (note 2); Sharp (note 18), and Ackerman (note 8). The same point was made by former minister of National Defence Butkevičius: „After the state has shifted to a civilian-based mode of resistance, it would need to view the organizers of continued resistance violence as possible provocateurs serving the aggressor, for their actions would undermine the defence effort. The state must explicitly declare its defence policy during the occupation to be civilian-based defence. See Butkevičius A. Theses on the Defense Strategy of Small States, Cambridge, MA: The Albert Einstein Institution, 1994, photocopy, p. 26. See also Sharp (note 16), p. 39.

\(^{\text{61}}\) See Gilliam de Valk in cooperation with Johan Niezing, Research on Civilian –Based Defence, Amsterdam: SISWO, 1993.
huania alone has officially recognized its viability. The role acceded to civilian resistance in documents representing Lithuania’s security and defense policies is quite unique in defense conceptualizations currently predominant in the world.

Having briefly surveyed the story of the emergence of the idea of civilian-based defense and of its taking some hold in Lithuania, I won’t attempt any prophecies about its future, but confine myself to noting some tendencies and problems relating to its development in the post-Cold War era.

The theory of civilian defense was fleshed out in the Cold War period mostly in small, non-nuclear countries. The conceptual basis of both civilian and military defense has always been, and still remains, that of the neorealist conception of the international system. Neorealism conceives security in terms of geopolitically determined and constant threats to the state and to the nation, threats that have to be identified and neutralized by political and military means. The world is seen as divided into a secure, rationally manageable inside of the nation state and the threatening, anarchic, unpredictable outside, that is, the domains of peace and danger, respectively. This is the conception of international relations that underlies the rationale of total and unconditional defence and civilian resistance in The Basics of National Security of Lithuania 62.

In the world order as it is conceived by neorealism the basis of a society’s consolidation and mobilization for defence is the recognition, construction and re-construction of common, clearly identifiable threats to its collective (national) identity63. In Lithuania, from 1988-91, the common threat that was conceived as consolidating the society was that posed by the Soviet Union and, later on, by the “unreliable and unpredictable” Russia.

With the demise of the bipolar world order and with the intensification of global processes, the boundary line dividing the domains of peace and danger has lost much of its definiteness and became much more fluid. Democratic countries have been challenged by new common threats related to terrorism, illegal immigration, and human rights violations. The concepts of security and threat have undergone changes, for the enemy, previously so well-defined, is becoming much less clear-cut.

Lithuania’s participation in the Euro-Atlantic integration strengthens its territorial security, yet at the same time it weakens the symbolic tie between the nation and the state, and is erosive of national identity. With threats becoming more diffuse, the factors that consolidate society have also been changing. The role of a common nationality in the formation of a collective identity is on the decrease. The focus for consolidation is increasingly not so much common national identity but rather a public spirit and common civil values. The “strong” national identity is being superceded by what the German philosopher Jürgen Habermas called constitutional patriotism64.


Under these new circumstances the object of civilian resistance and civilian defence has been undergoing changes. Deterrence of aggression aimed at a concrete enemy is losing its point. The main rationale of civilian resistance at the present stage of the country’s democratic development seems to be the defence of fundamental civil rights, the preservation and fostering of a strong civil society and its values. Accordingly, in a system of civilian resistance, deterrence would be transformed into an educational project of preparing people for civic life. This is the way civilian defence has been treated in Lithuania’s system of defence in recent years, as it is evidenced by the program and the activities of the Civilian Resistance Training Centre.
Peculiarities of the Lithuanian Banking Sector Development and their Influence on Residents’ Economic Security

The article analyses the attitudes of the population towards Lithuanian banking and public confidence in the sector regarded as an integral part of economic security. The statement that historically erroneous policies and practices are key to the present-day low public confidence in the banking sector is illustrated by factual samples of Lithuania’s banking experience. The author’s views are based on her previous work experience heading the Vilniaus Bankas Market Research and Marketing divisions, and are explicated on the opportunities exploited by this bank in the context of developing the banking sector. Based on a number of publications, as well as legal and statistical information, the article argues that individual opinions about financial institutions are important to the cognition of national security as a whole.

Introduction

Among the principal requirements for a successful transition from a centralised to a planned economy is the build-up of an effective financial sector. Compared to the EU member countries, where the total assets of financial intermediaries constitute 36% of GDP, with the lowest indicator of 180% in Finland, and the highest of 520% in Holland\(^1\), the Lithuanian financial sector is comparatively small and will face challenges coming from E-business and trade. It must also fill in the gaps related to EU banking safety requirements that appear with new forms of business and globalisation. In terms of the GDP share produced by Lithuanian financial institutions, banks are by far the largest portion, with 32%. Meanwhile, credit unions, leasing and insurance assets combined have only a 4% slice of GDP\(^2\).

By the beginning of 2003, 10 licensed banks and four foreign bank branches were operating in Lithuania, as well as two foreign banks having representative offices. Total assets were LTL 17.2 billion\(^3\); individual or private household deposits were LTL 6.9 billion. The audited profit of the sector in 2002 amounted to LTL 146.8

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\(^{2}\) Ibid.

million, which was the highest since independence⁴. In 2002, losses were reported by three banks, compared to six in 2001. Although there were opinions that re-pegging the litas from the US dollar to the Euro would cause inertia and ambivalence among individuals and corporations, that prediction did not prove correct. The European Commission experts filed a favourable report on the principal bank supervision authority, the Bank of Lithuania, while the World Bank Financial Sector Evaluation Program report concluded that the country had built a well functioning, secure and reliable banking system (...), and has a sound system of credit institutions' supervision, in line with international practice and EU requirements⁵. Yet, at the beginning of 2003, against a background of declared achievement and appraisal, Mečys Laurinkus, Director General of the National Security Department (NSD), issued an alarming comment on rumours about a new banking crisis: "(...) it is the opinion of the NSD that a rumour about a crisis within the largest Lithuanian bank is a menace to national security. (...) The rumour, to some extent, originated within the bank, then spread among certain competitors, and compiled into a complex; and eventually the head of the bank could only have mitigated it with a statement. Since no statement was made (in time), other national authorities and the National Security Department had become involved"⁶. If presumed that the implication of such a statement leads us to the Lithuanian National Security Strategy⁷, whereby economic security is closely related to key national interests, this very fact implies a danger and a threat to the welfare of the population. It becomes a menace, when “shadowy financial and organized criminal groups act to become a threat to the state and the community”⁸.

The response of the market to the rumour of financial difficulties within the banking sector was immediate and resulted in the withdrawal of deposits: in December and January, Vilniaus Bankas customers (individuals and corporations) withdrew about LTL 0.6 billion. During December, time deposits fell by 1.5 per cent⁹, after continuous growth during the previous five-year period at an annual rate of LTL 800 million. It is evident that public trust in national financial institutions as guarantors of personal economic security determines the overall dominating attitude of market participants, thus becoming either a principal strength or weakness, either enhancing or inhibiting change. Individual attitudes and values shape the landscape for change, and the social and psychological context of change.

Lithuanian banks are now adding quite a number of modern services, including long-term deposits and investment management. They have also added new IT systems and banking technologies. The prerequisite for development is the presence of three key elements: the competence and reputation of the financial institutions' staffs, regulations, and effective supervision. Regrettably, regular public opinion polls by Vilnuris show that rumours about bank problems at the end of 2002 pushed the

⁴ Ibid.
⁵ Ibid.
⁸ Ibid.
⁹ Mantas Dubauskas, “Gandų kaina - apie pušę milijardo litų” [The price for rumor - half a billion litas], Lietu vos rytas, 2003 03 06, No. 54.
¹⁰ „Do you trust these Lithuanian institutions?“, Lietu vos rytas, 2003 12, No. 35.
public trust from 32.7% down to 30.1% within one month. Although the 2002 National Security Report admits that “The Lithuanian banking sector is very concentrated and depends on one foreign banking region, thus Nordic financial market problems may influence Lithuanian banking stability” now that privately owned institutions are fighting for the new “meal” – national social insurance funds to be managed by the private pension funds. It is evident that Scandinavian-controlled funds, employing very aggressive measures through expensive marketing tricks and experienced bank employees will consume the largest share. Eventually, tricky pension fund rules, the current level of pensions unbalanced to long-term social insurance contributions, and quite improper marketing actions of competing fund managers to boot, bring about a variety of insinuations during TV discussions and in the press. This leads to the conclusion that the Lithuanian banking system, perceived by the population as an important criterion of economic safety (although considered safe and effective by experts and institutions), has not been positively perceived by its financial services’ customers.

1. The Place of Banking within Security in General as Perceived on the Systemic and the Individual Level

It seems that the electorate votes for their purses in support for the legislation that would serve their private interest

George Soros:

The Government of the Republic of Lithuania, reporting to the Seimas and the society as a whole, praises its achievements in national security and lists a number of economic security factors: guarantees for the stability of fiscal and monetary policy; state debt management; development of a competitive economy and the energy sector; as well as its improvements in the supply and transportation infrastructure. Theory suggests that security “from any objective point of view is estimated via the absence of threat to existing values, and on the subjective level it is absence of fear that

the values shall be attacked”16. The author is not in pursuit of a wider definition of security, but presumes, agreeing with Barry Buzan, that the feeling of security is subjective, or, “credulousness does not necessarily imply real security”17, while the “idea that economic security is an absolute value that might be widely applicable, is just an illusion pursued by a hunter of Chimera”18. The reality of economic security is changeable and relatively linked with a number of contradictions and compromises either in the global finance arena, or national ambition to control capital and its movement, or the interest group level. For these reasons, this article will only stick to the combination of necessities that guarantee an “access to principal human needs (food, water, dwelling, education, etc)”19.

It is impossible to satisfy these needs in an organised society if there is no access to money and its management, i.e. without a functioning banking system. White paper, 1995 EC programme, addressing Central and East European countries accession to the EU, lays out the fundamentals and stresses the financial sector as one of the principal actors in the economies – a channel for private savings and other financial capital to flow into investments, becoming a stimulating instrument of co-ordinated economic development for different sectors where capital can be used to the best advantage. If a well-functioning financial sector should be built on three elements – competence and reputation of the staff, relevant regulations and effective supervision – then, as the above mentioned EU document insists, it is even more important to achieve “full trust of financial market participants, both national and international”20.

Theoretical studies analyse systemic risks, or structural threats, that arise from the “shift of powers on the global financial markets - government (and international institutions) against markets, or public against public powers”, when none of the financial institutions agree to comply with stricter standards than practised by competitors21. Although Lithuania, in response to 1998 agreements with the IMF and the WB, takes all precautions working towards effective international supervision standards and the transparency of financial information to prevent deep financial crises in the region, it does not mean (while bearing in mind theoretical assumptions) that governments are able to effectively control financial markets, or reinstall effective control of capital after the elimination of such control22. The Lithuanian banking sector gets high national security grades on the background of other achievements, such as “low probability of banking threats, but bank management and regulation still to be improved due to the dynamic character of financial markets”23. A formal threat, or risk, is the presence of “Scandinavian investors, owning, through subsidiaries, 68,7% of the market”24. These banks’ network expand over many countries and

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16 Ibid., 70.
17 Ibid., 294.
18 Ibid., 297.
19 Ibid., 297.
23 Šeinas (cit.11).
24 Ibid.
their ratings are not among the highest, thus the risk factor affects Lithuanian national security more than is officially acknowledged. Theoretically, we should accept that the global capital market does not exactly work “as a perfect integrated capital market (…), because borrowers and lenders have different opportunities to participate in this market”25. There exists settlement risk (threat); one time zone bank customer may “have met the obligations of the deal, while the other party is unable to pay the agreed amount at that time, and the liquidity risk – where parties to the deal are not able to pay the agreed amount”26. Presently, Lithuanian banking activities are supported by an interbank settlement system owned by the Bank of Lithuania, clearing every high or low value payment twice a day at fixed times. Integrating into the EU, the current settlement system will have to be replaced by a real-time system, and join the TARGET. Deregulation of the national financial business in terms of services will become acute, when part of competencies have to be transferred into the hands of international supervisory institutions concentrating on unified security standards; the national guarantees will be important to those whose funds for international deals are held by banks. The funds held with the state deposit insurance fund are the principal guarantee today; the required minimum is regularly raised, but its influence on public opinion should not be overestimated. The deposit insurance fund reports that in 2002 its income was LTL 25 million, and the administrative costs stood at the level of 3.4%. The fund held LTL 295 million27, while bank deposits were LTL 11.7 billion. A simple calculation shows that only 1 of 40 litas of depositors’ (both individual and corporate) funds are insured. Of course, reinsurance with foreign companies, liquidity of bank assets, fund management requirements, and state control measures to guarantee stability could be taken into account; but personally, arithmetic is more important.

Some researchers28 offer to describe the concept of security on three levels: that of a state, an economic entity and a human being. National economic security is based on welfare, intellectual endeavours and cultural fields where the economic needs are to be satisfied. At this level, the principal problems and players appear from the economic policy or from within the national habitat29. The author will not go into details of security levels due to the limitations of this article. Taking as a given that the statement above is acceptable and in line with descriptive method30 in search of truth, the author will further estimate the relationship between the internal national environment and its actor – the human being – in the context of developing Lithuanian banking. This is demonstrated by a comment from the author’s favourite economist: “in this world, (…) at the bottom of its economic theories and statistics, are so many sweeping assumptions about people like you and me - about our needs and motivations and the purpose we have given our lives”31. These thinking participants of economic and social affairs have the right to alter economic rules and social systems by simply expressing views on these systems32.

25 Held (cit. 22), 248.
26 Ibid., 264.
29 Ibid.
31 Ibid., 8.
32 Soros (cit. 14), 51.
If applied to views on Lithuanian banking, it is worthwhile to look back at opinion polls by SIC, September – October 2001; respondents indicated their 4 most important qualities of a bank. They were (maximum rank is 51)33:

<table>
<thead>
<tr>
<th>No.</th>
<th>Quality</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Safety and reliability of bank, stability, reliable investors</td>
<td>40</td>
</tr>
<tr>
<td>2</td>
<td>Low bank fees</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>Convenience: easy to reach, many branches, ATMs, good location</td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td>High-quality service and culture, reciprocity in customer relations</td>
<td>18</td>
</tr>
</tbody>
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This particular survey data allows us to conclude that due to past experiences and losses, 78% of the population highly value safety and reliable bank investors. Quality of service and respect to customers is of tompost importance only to 35% of customers. To date, bank customers are users of only two main banking services: current and savings accounts, and payment cards34. The role of contemporary banking business in Lithuania is typically defined with clichés like: “It is O.K. to have such an institution, but it is not a matter of survival”, “money depository”, “a money depository that is safer than the purse or a stocking at home”, “piggybank”, “transmitter of wage or salary”, “an intermediary between me and corporate finances; a possibility to spend as little as possible by using a payment card”35.

Should we agree that “behaviour, cognitive and motivational aspects of values disclose the socialisation process (experience) of an individual or group, are deeply rooted in the present, and are mirrored in the perception of current events the way they are related with the past human experience”36, and should we look back into the origins of Lithuanian banking with its regulatory base, into the reasons of domestic banking crises and the post-crisis events, we will trace the connection between the individual experience and the attitude towards the current banking system, and personal economic safety, too.

34 Ibid., 13.
35 Ibid., 22.
2. The Battle of Economic Arguments and Ambition as Cornerstone of Lithuanian Banking

*Market players do not start from knowledge. They start by making a mistake*

*George Soros*

In 1988-1990, the national banking strategy was disputed, and restructuring methods were the main issue for competitors. Some experts advised an abrupt and swift “introduction” of a market economy, with a banking system suitable for the market economy of an independent country. Another research group insisted that, as long as no free market participants existed, the assets were state-owned, the market itself was disproportionate, foreign currency – the rouble – was in circulation, and the old credit system was still functioning, every restructuring measure should be taken step by step. The Supreme Soviet, the then national legislature, on the wave of emotional upheaval, realised the need to find a solution when the Soviet banks’ nationalisation draft was debated. In autumn 1990, Soviet banks in Lithuania were nationalised; although the regulation was emotionally motivated, it was not based on any analysis or banking practice in market economies. Nationalisation was meant to prevent the criminal use of national assets and the waste of funds. Following the resolution, the government and the Bank of Lithuania had to take over and incorporate into the central banking structure 4 Soviet banks and their assets. As a result, the authors of this resolution were severely criticised.

Nevertheless, central bank management was not responsive to arguments and persuasion. Authorised to perform both central and commercial banking functions, it enjoyed political comfort and, as seen by economists and some politicians, was moving along the track of strategic and tactical mistakes. The availability of state financial resources managed by the central bank, from the very inception to be used for commercial purposes, was met with dissent from the new commercial banking community. The government did not interfere by merely stating that the bank should stand out and operate “ahead” of the economy, while the commercial banks shall perform classical roles, acting as intermediaries searching for trade partners abroad, being “accumulators” of information about resource and commodity markets, etc.

Established in March 1990, the central bank management was preferably ignored by the commercial banking community and evidently not supported by the

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37 Soros (cit.14), 21.
39 Ibid.
40 Linas Šadžius, “Lietuvos šiuolaikinės bankininkystės pradžia”[The beginning of the contemporary Lithuanian banking], http://ausis.gf.vu.lt/mg/98/1112/11bank.html.
government. It was only in September 1990, when the Statute of the Bank of Lithuania was enacted, that the bank acquired its legal status with the exclusive power to license commercial banks, set the prudential requirements and ratios, and establish reporting regulations\(^{41}\). The supervisory function did not come until after the painful lessons of the 1995 Lithuanian banking crisis. Supervision had not existed for quite some time, for both objective and subjective reasons, and the concept of banking as a risk management business materialised after a decade of experience. It was only in 1997 that the Basle Committee and international accounting standards were introduced; traditional bank services\(^{42}\) replaced the profitable, but most risk-bearing, foreign exchange and high risk lending activities.

Commercial banks appeared uncontrolled, in abundance, and in an atmosphere of dispute. They came into existence as a result of the reorganisation of Soviet banks. In 1988, the Soviet Union state and specialised banks were granted the right to issue currency and distribute credit resources, while companies were allowed for the first time to hold accounts with any chosen bank. The State Bank no longer had a monopoly on managing corporate funds. 1988 was the year when the Soviet Law on Cooperation was enacted. It paved the road for the self-sustaining sector and regional co-operative banks\(^{43}\) that first appeared in the cities of Russia, but also activated the market in Lithuania with new business ideas and offers. The independent Lithuanian government resolved to approve the December 1990 “initiative of Vilnius, Kaunas, Klaipėda, Šiauliai and Panevėžys companies to establish commercial banks” and register the institutions at the Bank of Lithuania\(^{44}\), and the idea of banking as a hot business materialised. Among the shareholders and pioneers were employees of state banks, municipalities, and governmental institutions. Those were the days when no land or real estate market existed; the legal system for lending, laws binding a loan to a mortgage, hypothecation were non-existent. Lack of legislation opened wide manipulative horizons for the stakeholders to use bank management for selfish purposes. The elected managerial staff came not from the professional community, but rather from the more aggressive businessmen and stakeholders.

The contemporary Lithuanian banking system appeared in a setting of idealism and financial power. As told by Juozas Nekrosius, one of the pioneers of commercial banking and head of the State Publishing and Printing Houses and Book Sales Affairs Committee by 1990: “Once, when I met Z. Zilevičius, the then head of the Bank of Lithuania, I inquired whether a private bank could be established. “Possible”, he responded, “just send in the man who is interested” (…). The important thing is that we decided to have a bank not just for having a bank, our purpose was to transform the former committee into a modern concern”\(^{45}\).

As reported by the World Bank in 1988, the Bank of Lithuania legislative lag gave commercial banks the freedom to establish and develop as they wished. The

\(^{41}\) Lietuvos Respublikos AT į Vyriausybės žinios, 1990, Nr. 10, 374.


\(^{43}\) TSRS AT žinios. 1988, Nr. 22 (2460).

\(^{44}\) Lietuvos Respublikos AT į AT Prezidiumo dokumentų rinkinys. V., 1991, t.1, 621.

supervisory function was in the grips of planned economy traditions and regulatory documents. It turned a blind eye to recommendations of Lithuanian economists and foreign consultants\textsuperscript{46}. Ten years later, it was obvious that a central bank, busy with commercial functions, could not perform the role of an impartial guardian of the banking business and its incompetent, overambitious resolutions, exactly as some local economists and foreign advisers had forecasted, pushed the young banks to grapple with difficulties.

1990 to 1995 turned into a period of short-term loans. Commercial banks, often disregarding banking practice and foreign volunteer’s advice and uncontrolled by the central bank, ignored credit risk and applied self-devised rules and requirements to loan applicants. Credits might have been granted within several days, unsecured, in millions, in cash, while the mortgage value or viability of a business plan was disregarded. Related or “important” clients enjoyed individual deposit interest rates which were sometimes twice as high as those offered to regular customers. Scrap metal, non-ferrous metals, petroleum products, cotton, milk powder, paper – all worth millions in Russia, Kazakhstan, and Uzbekistan, provided a bank’s helping hand. The success of contracts depended not only on the reliability of the partner, but also on the political factors and criminal situation of the country where the goods originated. In 1993, bank loans to Lithuanian residents in litas were LTL 1.8 billion, in foreign currencies – LTL 1.4 billion; in 1994, 2.9 and 1.7 billion respectively \textsuperscript{47}. Those were the years of colossal lending, comparable only to the larger “harvest” of 2002\textsuperscript{48}. The 1993 litas loan rates stood at 64-108 %, foreign currency – at 53-73 %, and in 1994 respectively 47-74 % and 42-64 %\textsuperscript{49}. Loans were expensive but short-term, agreements incorporated penalties for delayed repayment and, as described by experts, dragged businesses into insolvency throughout the period of 1990 to 1994\textsuperscript{50}. Bad loans were accumulating, the Bank of Lithuania was not qualified to react, and 1995 expired with a moratorium on the biggest privately owned and 3 smaller banks with assets of one fourth of the total assets of the sector. The crisis left a painful imprint on the memory of the population: that of fear about investments and distrust in institutional banking are deeply rooted in the memories of those who experienced this crisis.

\textsuperscript{46} World Bank (cit.42).
\textsuperscript{48} Credit Institutions (cit.3).
\textsuperscript{49} Bulletin (cit.47), 40.
\textsuperscript{50} Maldeikis E., “Bankinės krizės pamokos ir dabartinė bankinio sektoriaus raiða Lietuvoje” [Contemporary banking sector and lessons from banking crisis], http://finansai.tripod.com/bf.htm
3. Behaviour and Attitudes of the Lithuanian Population on the Background of the Banking Crisis

There is no objective criterion to judge about values, because they are not considered to match reality: the criteria to judge about them are within

George Soros

The first financial losses experienced by Lithuanians came as early as 1990 when the Soviet Vneshekonombank terminated its activities in Lithuania, keeping resident and corporate foreign currency funds in Moscow. Foreign currency accounts were held by some union-wide companies and residents receiving their salaries for work abroad (fishing and merchant fleet staff), legacy-holders or beneficiaries of overseas donations. In fact, Vneshekonombank was the only intermediary delivering foreign currency. The number of account holders was not big, but when bank closure rumours spread, long queues lined up for days. The staff of the bank joined commercial banks and refused to “remember” their earlier job as well as the problems at Vneshekonombank. The silence still lingers in the air, especially regarding the losses of 1990, with the exception of a comment that the losses were not significant and that the issue will yet be raised in accordance with international law. Negotiations with the Russian authorities were to no avail, as was the investigation in Lithuania. In May 1999, The Lithuanian Commission For Economic Crime resolved that “(...) due to carelessness of the then head of the Bank of Lithuania, K. Ratkevičius, and bank management, no measures or actions were applied to suspend the funds of Vneshekonombank on the correspondent accounts with the Settlement Centre of the central bank, thereby the funds were misused and the Chairperson of the Liquidation Commission is responsible for the damage to the state of LTL 701,500.”

Journalistic investigations concluded that the total loss amounted to USD 150 million, of which many millions were retrieved by companies, but not by individuals. On April 4th, 2003, on a national TV4 program “Korida”, J. Lioginas, member of the Seimas and former Minister of Finance said that individual depositors of Vneshekonombank had already received 6 thousand litas each (the amount that was set as a compensation for depositors when litas were exchanged for the soviet rouble). He mentioned, too, that Moscow still owed USD 5 million and that any considerable compensation should not be expected.

Although the first experience of losses with Vneshekonombank were not significant for the welfare of the residents, stories about “something happening to some-

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51 Soros (cit. 14), 87.
52 “Dėl buvusios SSRS “Vneshekonombank” Lietuvos respublikinio banko (Ekonominį ryšį su užsieniu banko) perėmimo ir jo reorganizavimo tyrimo eigos, 1999 05 03”, Scimо kronika: Komisijos, 1999 Nr.12 (117), 575.
53 Vyšniauskaitė B., “20 milijonų litų įkalčiai saugomi Varėnoje” [Evidence for 20 million litas have been kept in Varena], Ekstra, 200, Nr. 32 (95).
body I know” were in circulation for quite some time. *Fazo* experts’ survey on the living conditions in Lithuania in a Period of Transition (1996) concludes: “It comes as no surprise that confidence in the political system, as expressed through the people’s trust in public authorities and figures, has dwindled. (…) there is a marked decrease in self-confidence and trust in own abilities, (…) people find themselves fighting the harsh realities of everyday life”54.

The qualitative survey of Lithuanian agency Baltic Surveys, “Lithuanian Population about Banks”55 of December 1994 gives similar conclusions. The survey, based on RISC International methodology, reviewing detailed research of 1992, 1993 and 1994, says: “The majority of the population live as if they did not need banks. More than a half of adults have no relation to banks (…). Inflation expectations in Lithuania are high and typical of all population groups. No socio-demographic group trusts the stability of the litas. The majority among savers are those looking for security. Panic is a threat to personal security and is a sign of the erosion of safety.”56 Economic security in a RISC test of 1994 was the second most important value after “openness to the world”, while “welfare status” stood at number 12, and “good health” was 27th; Estonian and Latvian residents, although they considered “openness to the world” the highest value, put economic security 4th, compared to 5th in UK, Spain, Italy, France and Germany. Thereby, identical surveys in these countries show that Lithuanians attached twice the importance to the values of “openness to the world and economic security”57.

The March–December 1994 survey by Baltijos tyrimai reflected the high trust Lithuanians vested in the state supervision, ignoring the shaping risk of this option. Those who intended to save at banks ranked “high interest rates” (39%) as most important, second was “good reputation” (38%), and third – the “possibility to receive interest on a monthly basis” (25%)58. Although opinion polls mirrored the high importance attached to economic security, they reflected respondents’ financial incompetence, absence of risk awareness and a desire to profit as much as possible from savings. The authors of the survey issued a warning to the banking community: “It is worth mentioning that a similar case (bankruptcy) was observed in Poland, and “Sekunde” case resembles it. Necessary now is an immediate and clear response of mass media, and mobilisation of all financial and administrative reserves of the bank. It is topmost to advance rational behaviour of depositors”59. Regrettablly, the information coming from Baltijos tyrimai was interesting to just a few banking professionals and did not receive wider public attention or incite any action.

High interest rates (the 1993 average litas deposit rate was 88.48%, the foreign currency rate averaged 24.42%)60, as well as uncomplicated account opening and management procedures, enticed non-resident and foreign corporate funds into

56 Ibid., 3.
57 Ibid., 6.
58 Ibid., 16.
59 Ibid., 2.
60 Bulletin (cit.47), 37.
Lithuanian commercial banks. At the close of 1993, non-resident deposits amounted to 4.3%, while by the end of 1994 they increased to 14.2%. The US dollar was programmed to become a specific commodity in Lithuania since 1990, luring the population and companies to take advantage of exchange rate fluctuations and higher deposit rates. Confidence in the dollar had gone up prominently after the losses connected with the introduction of the litas, when a limit was set on the amount of roubles exchangeable to litas. Within one year, residents’ deposits in foreign currencies increased by 2.8 times (from LTL 514.5 million on December 31st, 1993, to LTL 1471.6 million on December 31st, 1994).62

Lithuanian treasury bills were first issued in 1994, and the issue amounted to LTL 563.33 million at an interest rate of 10.55%. The rate was not attractive for the population to invest in since it was just one fourth of the interest paid for deposits at commercial banks. 84.5% of investors into treasury bills were commercial and savings banks, with 11.5% of investors being non-residents.63

The population was saving, lending to banks and to pyramidal quasi-financial institutions, the so-called funds. Interest rates mounted to 100-200%, make-do ads “we will convert you into millionaires” and the bank management demonstration of wealth - all was a decoy for investors. The authorities did not intervene or control the funds. After the first bankruptcies, the Bank of Lithuania refused to acknowledge any responsibility, since, it commented, the funds were not licensed by the bank. Nevertheless, prior to the bankruptcies, the population considered the funds state-controlled institutions. The populace, lacking a basic understanding of finance in general and not being provided adequate information, was a sincere believer in the ideology of the independent state with a competent and virtuous head of state. Over the period we are looking into, the state was perceived as a guarantor of economic security. The opportunity to employ one’s funds and receive hot profit was imprinted in the cognition. E. F. Schumacher’s idea that money is perceived as an almighty force explains the situation: it is generally believed that money can compensate the absence or loss of such values as justice, harmony, beauty or health, even if there is no possibility to buy these values for money.65

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61 Ibid.
62 Ibid., 22.
64 Ibid.
65 Schumacher (cit. 30), 293.
4. Reasons of Erroneous Banking in Lithuania: Politics, Macroeconomics and Mismanagement

Financial markets are distinctive (…): their participants refuse any intrusion of the government, but deep in the heart there is hope that authorities will intervene should the circumstances become harsh

George Soros⁶⁶

Marketing books often give as an example of a banking crisis that which occurred in 1932, when an efficient US Last National Bank disregarded a rumour about its bankruptcy and was ruined within a few days; a number of other banks followed suit since the Federal Reserve was too late to intervene. The case is an example of how the rule of a self-fulfilling prophecy⁶⁷, attributed to Thomas Merton, works. The recommendation is to respond swiftly, using the skills of trained staff. At the start of 2003, the President of Vilniaus Bankas provided justification to the public: ‘We have a policy of how to respond to war or emergency, but, as a matter of fact, we have no plan on how to behave in circumstances we have experienced recently’⁶⁸. It proves that neither global lessons nor failures experienced in Lithuania have been adequately assessed, while the motivation of decisions or behaviour preferences of the population are not considered important. In 2001, the Government of Lithuania, reporting on national security issues, stated that “the project of response to economic threats, guarantees of economic security and functioning of the economy was drawn in 2000, but now, due to problems arising from “double coverage” of the program by other legal acts, the purpose of this project is questioned”⁶⁹.

From the analytical point of view, it is generally accepted that instability in the banking sector would usually follow a serious change in the macroeconomic climate⁷⁰. It refers to stable inflation, change of interest rates, foreign exchange fluctuations and other variables which are unpredictable by market participants. These were the principal causes of the first banking crisis in Lithuania. After five years of independent financial activity, the country was not different from any other post-planned-economy country, where financial market reform was launched from scratch: basic financial relations, rudimentary and hardly efficient, as well as a poor understanding of risk management, generated bad bank loans and vast internal corporate debts. A 1996 survey by Caprio and Klingebiel concludes that political factors, e.g. government interference and authority-imposed loans, were characteristic of one third of 29 systemic bank crises. Other variable factors were representative in half the crises, while mismanagement, poor bank supervision and careless licensing were typical for 60–80 per cent of bank crises⁷¹.

⁶⁶ Soros (cit. 14), 14.
⁶⁷ Ibid., 35.
⁶⁸ Dubauskas (cit. 9).
⁷⁰ Maldikais (cit. 50).
⁷¹ Ibid.
Lithuanian banking regulation, characteristic of other, similar countries, was not analysed using local peculiarities. The emerging banking system had inherited (from a planned economy) poor efficiency and intensive government intervention into the sector via “facile loan extension”. Business and capital was discouraged by voucher privatisation in 1992, when every individual received 5000 vouchers that actually fostered the accumulation of assets. The new entrepreneurs purchased vouchers to acquire assets on the cheap, but they were not oriented to competitive and efficient businesses. The preference was to obtain “hot” credit against non-profit-bearing collateral. The loans were used to finance prestige consumption, additional privatisation, or high-risk projects unrelated to the business activity reported to the bank. The voucher privatisation effect on the banking sector in Lithuania was devastating and propelled dead assets.

It was only in 1994 that the central bank introduced the required reserve ratio. It was the first sign of loss-awareness. The resolution induced a meltdown of bank profit. The required reserve ratio was lifted in 1995 and again in 1996, signalling deterioration of bank assets. Unaware of international accounting standards, management, shareholders and supervisors could not estimate the solvency and liquidity of banks. Supervisors, as a rule, did not find the alarming data useful, which should have served as a warning. More corrupt banks paid out enormous dividends from non-existent profits. The worst flaw was hidden in the taxation system because all fictitious bank profit was taxable. Abuse by management, socially- and politically-oriented lending raised the banking sector losses and reduced the profitability to the extent the there was insufficient profit to cover large operational costs.

When the 1995-1996 banking crisis is discussed, insolvency of two banks - Litimpexs and LAIB – is mentioned. These two suffered primarily due to large loans extended to the state-owned energy sector companies that were principal shareholders of these two banks. In 1994-1995, state-owned banks were on the verge of insolvency, too, and were latently bankrupt. It was only due to rigid supervision and support of the government that they could afford the demonstration of stability. The 1998 World Bank report concludes that the first banks to be closed were small, but in the summer of 1995, the population heard about problems in big banks. Depositors, including the government, began withdrawing funds from weaker banks, and by the end of 1995 a real crisis broke out (…). The government and the Bank of Lithuania were not able to resolve the crisis that embraced four banks, because such emergencies in the banking sector were not envisaged, bank regulation was ineffective while political involvement was ample. All Lithuanian banks were affected by the 1995-1996 crisis, and each was making an effort to solve its own crisis. Efficient solutions meant survival. Vilniaus Bankas was a specimen of a proficient solution. Its employees recall: “The rumour was about Vilniaus Bankas sinking, but we did not panic, because we had plenty of cash. We placed the cash packages at the cashiers’ desks and were paying out money to every depositor wishing to withdraw”.

Institutional measures applied with the

32 World Bank (cit. 42).
33 Vilniaus Bankas (cit. 45), 17.
first signs of the crisis helped more than the psychological. A bank manager remembers: “It was a coincidence that the Securities Commission registered a LTL 17 million issue of shares on “black Friday” – December 22, 1995, when tension was at its highest. Nomura International Plc (…), a London-based bank, subscribed to the newly-registered shares the same day and paid up on December 27”.

A. Fleming, L. Chu and M. Bakker analysed the crises in all of the Baltic countries in 1997 and concluded that such crises are characteristic of transition countries. Governments should face them equipped with stronger supervision and resolute decisions. They concluded, too, that such crises pass fairly quickly, because depositors adjust to banks’ unreliability. A survey of Vilniaus Bankas’ customers (corporates and individuals) conducted by the author of this article February 15 to March 1, 1996 proved that argument. 230 corporate customers (about 20% of all active corporate account-holders, represented by top management) and 150 private individuals (about 5% of deposit-holders) expressed their views on the Lithuanian banking sector. The data, collected by the author of this article, lead to some important conclusions on the peculiarities of banking in Lithuania and on how economic security was perceived in those days.

Customer base analysis (February 15, 1996) indicated that 22% of Vilniaus Bankas customers were corporations who opened bank accounts after the operations of two commercial banks were suspended or those who opened accounts when regulations allowed them to hold more than one bank account. Thus, 68% of corporations had diversified their funds, mostly when the loss of funds risk was realised.

The majority of two bankrupt banks’ customers, dissatisfied with a conservative VB credit policy, believed that the banking sector difficulties were temporary. The strict and formal VB requirements to applicants on providing financial information and necessary documents were unacceptable; respondents recollected the simplicity of operations and loan procedures at their former banks. Respondents were asked about their expectations related to foreign banks. 79% stated that they anticipated foreign banks and motivated the expectations: “foreign banks don’t lose customers’ money”, “loan terms and conditions are better”, “they are better equipped and trust customers more”. The survey leads to the conclusion that even after the first wave of bank crises in Lithuania, businesses had a peculiar understanding of the relationship between the bank and the customer: a commercial bank’s mission was perceived as an easy and urgent financial response to business credit needs. The consequences of “hot lending” policy were not yet realised. Driven by the illusion of “hot business”, corporate customers were not prioritising safety of funds held with banks, even after the operations of several banks were suspended.

The questionnaire for individuals targeted those who either extended their deposit agreements of did not withdraw funds from VB at the start of the crisis. Respondents described their deposits as:

- All savings of the family: 25.8%
- Part of family savings: 22.6%
- Savings for the “lean days”: 16.1%
- Money for consumer expenditure: 12.9%
- Other answers: 22.6%

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35 Ibid., 35.
Their answers may well illustrate the influence of the crisis on the welfare of the population, because in those days almost half of depositors placed either all or part of family savings with banks. When asked why, when crisis occurred, they did not panic and withdraw funds, we can judge that individual bank decisions were influencing customer beliefs, since more than 50% trusted the bank and its staff. Other depositors were indifferent to the situation either because they were not reflecting on the banking situation or were lured by interest rates.

80% of those who decided to withdraw their funds on the deposit maturity date motivated the withdrawal by “urgent need”; those who decided to extend their deposit agreements, explained:

- Trust VB staff competence: 80.0%
- Dangerous to keep money at home: 50.0%
- Deposit with bank is not important business: 35.0%
- Trust positive media comment on VB: 20.0%
- Interest is means for daily existence: 10.0%
- The state guarantees safety of deposit: 10.0%
- No time to visit other banks: 10.0%
- Trust friends’ advice: 10.0%
- Other answers: 20.0%

The distribution of answers suggests that by successfully overcoming the crisis, VB managed to build strong customer trust in staff competence. Nevertheless, almost half remained indifferent to the bank’s reliability factor. They either persistently believed in the state guarantees, friends’ advice, media, or did not wish to attend to banking problems. The population, unlike corporate respondents indifferent to bank reliability, worded comments on the unreliability of the Lithuanian economic safety system as a whole:

- “In Lithuania, one cannot trust anyone, but there’s nothing else to do”;
- “I have doubts about banks, but one needs an account somewhere”.

The survey leads to the conclusion supported by bank analysts that the 1995 banking crisis was regarded as a “necessary and unavoidable evil” by the population. The financial losses were not yet fully comprehended and responsibility for the decision-making was placed on the government. Several years later, a special Seimas-nominated commission published the results of an investigation: “(...) Measures of the Government and the Bank of Lithuania, acts of officials may contain (...) negligence and abuse. Duly unattended to was the LAIB financial situation that caused its undue crisis, bank supervision, 1995 and 1996 ruined budgets, improperly provoked Litiųpeks crisis, lack of preventive and control measures applicable to credit extension and bad debt collection”76. Opinions of officials who were held responsible for the banking crisis were made public, too: “I know why such a scandalous path was taken. But I shall not disclose, for it is not my purpose (...) I do not understand why the authorities didn’t find funds to save the banks, why they allowed to make lists of ...

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depositors and let them queue through freezing nights at bankrupt banks to cause confusion and discontent with banks and the authorities” (comment by K. Ratkevičius, former governor of the Bank of Lithuania). “It was due to poor supervision by the Bank of Lithuania that Litimpeks and LAIB fell. LAIB had not been inspected for three years. If the bank was lending in dozens of millions and the debt was not serviced at maturity, could the Government or A.Šleževičius have anything to do about it? The nation was reciting my name, not K.Ratkevičius'; he was barely mentioned (comment by A.Šleževičius, former Prime Minister)77. The name of A. Šleževičius, and “the Šleževičius deposit story” is unforgettable to thousands as a reminder of the lessons of bank failure. The “story” is “about” a secretly withdrawn deposit: an advisor to the Prime Minister visited the bank with this purpose after the Bank of Lithuania suspended LAIB’s operations in December 1995. A. Šleževičius’ gain was LTL 135 162 in cash, but not the regular LTL 6 000 compensation in government securities afforded to all other depositors. In 2002, The Supreme Court of the Republic of Lithuania ruled that the operation was legitimate (Civil Code, 1964, Art. 434 – 445)78. Public opinion polls show that this fact is considered a case of social inequality and corruption, therefore the 2002 December rumour that “authorities have withdrawn funds from Vilniaus Bankas” was very close to becoming the cause of another banking crisis.

5. Anticipation of the “Self-fulfilling Prophecy” and Comprehension Economic Security

Rule-setting concerns group decisions, or politics.
Play by the rules concerns individual decisions, or, in other words, behaviour in the market

George Soros 79

From the analytical point of view, contemporary Lithuanian banking is a milieu where “aggregate long-lasting consequences of activities of economic entities and governmental institutions in a way correspond to the concept of the institute as a social phenomenon”80. Some authors (T.Veblen, 1991) classify this as a dominating pattern of behaviour (habit) and conventional conception81. The “banking-in-crisis” situation and its solution had demonstrated the role of the authorities as “rule-setter” and “judge”. According to Milton Friedman (1982), our pattern of behaviour is similar to players’ behaviour on the playground. As a good game is a game where the players accept the rules and a referee is there to explain and to watch whether every-

77 Ibid.
79 Soros (cit.14), 23.
81 Veblen T. The Place of Science in Modern Civilization and Other Essays, N.Y., 1991, 31.
one plays by the rules; a good society needs agreement on common rules applied to behaviour, on measures applied in case of disagreement and on the mechanics to guarantee the observance of the common rules82.

The opinions of respondents about bankers and the motivation of behaviour are important criteria in terms of both organized activities and prevention of threats potentially undermining economic security. Lithuanian National Security Strategy does not present a definition of the national security concept, but some contemporary analysts interpret national security as the ability of the national state and its subjects to keep economic entities and systems in balance83. Public opinion polls84 indicate that even five years past the banking crisis, about 20 per cent of the population categorize the banking community as “deceivers, thieves and crooks”, while more than 5 per cent saw a directly linked problem – lack of safety guarantees for deposit. Ordered by Lithuanian Banks Association, a survey conducted in 2000 confirmed that about two thirds of the population had not yet forgotten their experiences and were predicting new bank bankruptcies, i.e. the rule of the “self-fulfilling prophecy” was alive as a forewarning. Lithuanian National Security Strategy makes due provisions in terms of measures and means of economic security, including favorable investment and business climate. It also includes awareness and alertness of the whole economic infrastructure to react in case of emergencies or crises85. Therefore, it is reasonable to expect that institutions and executives would motivate their decisions not so much by theoretical definition, but more by evaluating factors influencing public attitudes towards personal economic security; these factors are still perceived as threats. Among the threats is general public (the aggregate of consumers of financial services) attitudes towards banking and investment that appears in the economic milieu and that is described as “aggregate short- and long-lasting consequences of natural processes as well as activities of economic entities and the regulating institutions”86.

Present-day attitudes of the population are predetermined by the flaws of banking system development, systemic and random mistakes and their consequences. In Banking Survey 2000, the distrust in the banking system causes could be judged from answers to two coded questions and respondents’ wordings87:

1. Loss of deposits: 35.2%
   “people were robbed, businessmen made them paupers”
   “criminals, guilty for depositors’ losses, were not punished”
   “people were robbed, and they grouped together to steal”
   “because there were many people who were duped by banks”
   “the assets were taken away and losses never covered”
   “because I have suffered from Holding”
   “I have suffered from bank Sekunde, therefore I distrust all”

83 Grebliauskas (cit.28), 262.
86 Lydeka (cit 80), 76.
87 Vilmorus (cit.84), 14.
2. **Bankruptcies**: 

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Comment</th>
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<tbody>
<tr>
<td>34.1%</td>
<td>“they have stolen everything and were bankrupt; no justice, only fraud and theft”</td>
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<tr>
<td></td>
<td>“when LDDP was in power(…), all money was lost, now nobody repays”</td>
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<td></td>
<td>“what happened 10 years ago, will happen again”</td>
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<td></td>
<td>“too many bankruptcies and bank fraud”</td>
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<td></td>
<td>“they announce bankruptcy whenever they want”</td>
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<td></td>
<td>“don’t trust owners, and no insurance”</td>
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<td></td>
<td>“if you lose money, the repayment is slow”</td>
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<tr>
<td>19.7%</td>
<td>“bad reputation for long, all enriched themselves”</td>
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<tr>
<td>10.7%</td>
<td>“no way to trust, these days you can’t trust anyone”</td>
</tr>
<tr>
<td>5.2%</td>
<td>No guarantee of deposit security</td>
</tr>
<tr>
<td>16.6%</td>
<td>Other</td>
</tr>
</tbody>
</table>

3. **Cheat, thief, swindlers**

4. **Unreliable, unstable**

5. **No guarantee of deposit security**

6. **Other**

   - “present credit policy of banks is unreliable”
   - “the media informs that one cannot trust them”
   - “there are no real commercial banks in Lithuania”
   - “I have earned my money by honest work, so I do not put them into untrustworthy hands”
   - “if you have reliable friends, then you can trust the bank”
   - “laws on deposit security are ineffective, weak economy and banks”
   - “obscure owners, audit material vague”

In 2002, all Lithuanian commercial banks, in compliance with the central bank Minimal Requirement on Disclosure of Public Information, started publishing core information on their financial situation, asset quality, compliance with bank exposure indicators, etc., on the websites. The Bank of Lithuania website informs the general public on a quarterly basis and presents indicators of the whole banking sector. This kind of competition has been driven by marketing and direct communication that promotes customer favour not only to a specific bank but to the whole banking system, too. This seems but a single honest way to determine the real attitudes of the population and react relevantly in pursuit of the long-term, albeit not easily gained, trust of depositors and investors. *Videliet*, the competition among banks becomes healthy and informal, aimed at winning market participants’ attention using their best efforts and meeting their expectations for “the rules of the game”, which are customer-friendly and guarantee economic security. Otherwise, financial and business authors confirm that “not a single financial analyst has appeared to open a consultancy that would advise a customer. Blindly, intuitively and based on friends’ advice more than on knowledge or professional recommendations we stumble between decisions on either depositing our savings with a bank, or investing into real estate, or life insurance”\(^8\).

\[^8\] Redakcijos skilčius [Editorial], *Verslo žinios*, 2003 03 17, Nr. 453.
Conclusion

Contemporary Lithuanian banking evolved from the Soviet era, when the re-
structuring of the system served to build the prerequisites for the flow of funds from
state-owned to commercial banks. The Bank of Lithuania, as the supervisory insti-
tution, was established hastily, on the basis of a state bank, disregarding international
practice or academic recommendations on economic restructuring. For quite a num-
er of years, its operation was based on the principles of a planned economy, it was
ignoring all advice from consultants about a market economy, it was blundering in
strategic and tactical issues, and welcoming political decisions of the government.

Lack of experience, financial knowledge and a scarcity of information were
the main causes of the public’s confidence in the supervisory function of the authori-
ties and the banking business. As a result, millions were lost. Five years from the
inception of Lithuanian banking business, several banks were bankrupt, and the crisis
had affected every single bank, all businesses and the population. From the analytical
point of view, crises and financial losses are unavoidable in transition economies;
they are transient, but result in depositors forming a perception of banks as unreli-
able. This perception, combined with the conclusion that there is a general public
indifference to economic security, results in attitudes, at the personal level, being
determined by confidential information and rumour.

Official information and statistics convince that banking in Lithuania has
grown into a mature institutional system, capable of managing some of the market
risks. Within ten years, accounting and reporting policies have been installed; effec-
tive supervision rules are now applied to banks working in different countries, but
from different markets. Do we need another decade to erase from the memories the
political and operational errors and financial losses? As noted by foreign experts99,
neither exquisite buildings nor sophisticated banking equipment would help create
the atmosphere for public trust. The real goal of everybody with any influence on
banking – politicians, authorities, bank owners and managers – can only be achieved
through high ethical standards and responsible behavior. Yet, it is regrettable that the
disregard of legal norms; unpunished embezzlement and fraud; and examples of
successful political or business careers of persons whose names are mentioned among
those accused of financial losses do not promise a smooth passage towards favorable
public opinion concerning the banking system as a guarantor of personal economic
safety.

99 Kai Kristoffersen, pranešimas konferencijai “Lietuva: dabartis ir perspektyvos” [Lithuania: pre-
Energy (In)Dependence and National Security of Lithuania

This article analyses the status of the energy (in)dependence of Lithuania, as well as the effects it may have on the national security. The legacy of the soviet era in Lithuania is an energy infrastructure that conditions absolute dependence of certain energy sectors upon the imports of energy resources from Russia. The article argues that ambitions of Russia are not limited to just this kind of structural influence: Russia is making efforts to strengthen its position in the energy sector of Lithuania even more, by acting all in one with the largest energy companies of its own country, as well as through mediators and/or other means. The use of economic levers for political ends is an exceptionally firm line in the current foreign policy of Russia, which is also translated into practice of international relations. In the light of the above, expanding influence of Russia in the Lithuanian energy sector prompts negative assessment of the energy independence and national security prospects in future.

Introduction

In its narrow meaning, the energy independence of a country is defined as independence from the imports of energy resources (i.e. possession of its own resources) or at least a possibility to choose from several suppliers. Like many other post-communist countries, Lithuania succeeded to the energy infrastructure that determines the absolute dependence upon the imports of natural gas, oil, nuclear fuel and other energy resources from Russia. Natural gas from Russia is carried to Lithuania through the single gas pipe Minsk–Vilnius. Mažeikių Nafta oil refinery theoretically could import crude oil through Būtingė Terminal from sources other than Russian oil suppliers; alas, for economic reasons it is also “pegged” to the single pipeline Novopolock-Biržai-Mažeikių and Russian oil supplies. Ignalina Nuclear Power Plant (NPP), which will remain the main electricity producer in the country until the date fixed for its closure, may import nuclear fuel only from Russia, all due to the specifics of the soviet RBMK type reactors that are used at Ignalina NPP. The dependence of the Lithuanian energy system upon imports of energy materials from Russia will persist even after the closure of Ignalina NPP: to comply with the stringent environ-

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1 ELTA, Išvengti maito branduolinio karo kasetėms Lietuva kitmet suanupys 6.6 mln. litų [Avoiding to Pay Customs Tariff for Nuclear Fuel Cassettes Lithuania Will Save 6.6 Million Litas], 23 07 2003 (in Lithuanian).
mental requirements of the EU, the remaining major power plants will be forced to use natural gas for electricity production, while the existing infrastructure, as already mentioned, allows importing gas from Russia only.

Knowing the importance of uninterrupted supplies of energy resources to the health of the national economy, to industry's competitiveness on the world market, to social and even political stability of the country, the issue of energy independence could be viewed as an issue of national security. In case of Lithuania, where energy resources can physically be imported from Russia only, it does not take a thorough analysis to be able to conclude that the country is economically insecure or insecure in general, should economic security be considered a part of the national security.

This article does not attempt to either prove or deny such conclusion. This article concentrates on the dynamics of the energy (in)dependence of Lithuania, and analysis of the energy security outlook of the country. Like any other country, Lithuania seeks to diversify the sources of energy resources supplies; to balance the interests of the Eastern and Western capital through privatization of major energy companies, and to implement other means designed to strengthen the energy security of the country. This approach is provided for in the main legislation concerning the national security and energy sector development outlook, such as the RL Law No. VIII-49 on the Basics of National Security (19 December 1996); the National Energy Strategy approved by the Resolution No. IX-1130 of the Lithuanian Parliament (10 October 2002); etc. The main objective of this article is to analyze and identify possibilities for strengthening the energy independence of the country; or, in other words, the opportunities for reducing the Russian influence upon the energy sector in Lithuania. To achieve this objective, it is first of all necessary to understand what interests Russia has in Lithuania’s energy sector; to analyze the ways and means of their materialization; to identify whether the structural dependence of energy systems of post-communist countries is serving the interests of Russia, and whether there are any attempts of additional and conscious manipulation with such dependence in order to advance wider interests, such as political influence in domestic matters of another country; foreign policy concessions, strengthening dependence on Russia by further impediments to diversification of energy resources in future, etc. One of the best known representatives of (neo)realism in international relations theory Barry Buzan claims that, "the worst case scenario" for the economic security of a country is not when that country is structurally dependent on the supplies of resources, but when the supplying countries attempt to use the resulting vulnerability for gaining favourable political concessions². Thus, one must first analyze interests and behaviour of a supplying country in order to assess the implications of energy dependence for the national security of Lithuania; such analysis is presented in the first part of this article. The second part deals with the influence of Russia in each of the three energy sub sectors of Lithuania (natural gas, oil, electricity), and the likelihood of its expansion or constriction. For this purpose, description of each sub sector is followed by the assessment of the structural dependence on Russia; possibilities or

projects aiming to increase sector’s independence from Russia, and “counter actions” by Russia, seeking to sustain or even strengthen its influence in different parts of the Lithuanian energy sector. The article is concluded with the energy (in)dependence and economic security projections for Lithuania.

1. Russian Energy and Foreign Policy: Interests and Means of Realization

Representatives of the political science and media almost unanimously recognize the period 1997 – 2000 was a turning point in Russia’s foreign policy, in particular in respect of the Baltic States. Until 1997-1998, the dominating features of the Russian foreign policy were geo-political thinking and point-blank vein: active opposition to the NATO enlargement into the Baltic States, the threat of military actions in response to the violation of its national interests or failure to respect the rights of the Russian-speaking population in the Baltic States, etc. Subsequently, in particular after the economic crisis in Russia in 1998, the foreign policy tone started changing. Still in 1997 the Russian President signed a document on the Russian long-time strategy in respect of the Baltic States, which aimed at “maintaining potentially friendly relations between Russia and the Baltic States, and developing a model of constructive relations”. Although still objecting to the membership of the Baltic States in NATO, Russia for the first time demonstrated its commitment to pursue subtler foreign policy in respect of the Baltic States, putting more emphasis on the economic levers. The shift from geo-political towards geo-economic reasoning is in particular manifest in the Foreign Policy Concept of the Russian Federation adopted in June 2000. The said Concept, which was signed by President Vladimir Putin and is valid to this day, expresses a great interest of Russia in the EU enlargement process, as well as in such issues as transit, investments and accessibility of markets. Interpreting implications of such aspirations for the Baltic States allows presuming, that Russia is interested in ensuring favourable conditions for Russian companies operating in the region, and support to the Russian capital in the strategically important industries of the Baltic States (energy, transit and other sectors). The Concept says that, “seeking to protect its national interests, Russia must be ready to use all the available econo-

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4. For instance, the Military Doctrine of Russia (approved in November 1993) contained a statement, that Russia reserves the right to use military force in the event the rights of Russian citizens are breached in any foreign state, or in case of an attempted assault on forward deployed Russian military bases; or in case of expansion of military blocks posing threat to the Russian security interests. For more details see Spruds (note 3), p. 2.

5. Ibid., p. 3.

mic leverages and resources”\(^7\). Meanwhile Lithuania, like other post-communist states, traditionally is falling within zone of key interests of Russia, where it wants to retain the influence it once had. Knowing that Russia today has engaged itself into economy-based foreign policy, increased influence of the Russian companies in the Lithuanian energy sector could be viewed as part of the formal foreign policy of Russia.

Traditionally the largest Russian energy companies (even without the dominant state capital) act as key partners of the Russian Government in the process of implementing its foreign policy in the post-communist countries. Oil and gas interest groups are among the most influential factors in the development and implementation of both the domestic and foreign policy in Russia\(^8\). Moreover, the Russian Government and the Russian energy companies have but the same interests in the Baltic States (including Lithuania) which add to the efficiency of the Russian foreign policy whereby it strives to maintain and/or expand its influence in the energy sector of Lithuania.

Russian oil and gas businesses are primarily interested in maximizing their profits. The prices of raw materials in the Russian market being almost half the world market price and purchasing power relatively low, the Russian oil and gas companies are proactively seeking to increase the exports of raw materials into the sound Western markets. For instance, in 1998 Gazprom’s revenue in cash amounted to 15\% of the total amount due for natural gas supplies in the domestic market; almost 40\% of gas sold in the domestic market (mainly to the state enterprises and power plants) has not been paid for at all\(^9\). Average oil sales prices amounted to only 42\% of the international oil price during the first 6 months of 2001 in Russia. International institutions, however, treated this as a “considerable progress”, for at the end of 1999 the difference between oil prices in Russia’s domestic and on the world markets was expressed by ratio 7:25\(^10\). On the other hand Lithuania, although still buying, e.g. natural gas for prices lower than the West European economies, has had not debts to Gazprom since 1997. The solvency of the Baltic States, as well as their geographical proximity to Western Europe impel Russian oil and gas businesses to retain their raw material markets in those countries. Moreover, Lithuanian, Latvian and Estonian markets are soon to join the EU single market, and Russian analysts, as well as oil and gas companies, view them as “support markets” or “training base”, which will come handy when Russia will start expanding its influence further into the West\(^11\). To

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\(^7\) Концепция внешней политики Российской Федерации, утвержденная Президентом Российской Федерации 28 июня 2000 г. [Foreign Policy Concept of the Russian Federation Approved by the President of the Russian Federation V. V. Putin on 28 June 2000], http://www.ln.mid.ru/nsostrdoc.nsf/0e9272eba34209743256c630042d1aa/1fd86620b371b00f7432569b004872a7?OpenDocument, 15 07 2003 (in Russian).


\(^10\) Ibid, p. 76.

maximize their profits, Russia’s oil and gas companies are eager to control the entire chain, from production to the end user sales; consequently, they are interested in holding oil processing, natural gas transportation and supplies, electricity generation and transmission, as well as energy resources and energy export capacities in Lithuania and in other post-communist countries. The business experience from Lithuania, especially in the view of its prospects of becoming a full-fledged member of the EU, would be an asset for Russian energy companies in their efforts of implementing their long-term strategies of expanding into the West.

Expansion of energy companies westwards is also a matter of “national security level” for the Russian Government. First and foremost, revenues from energy resources export account for more than 20% of GDP and approximately 50-60% of the foreign currency income in Russia\(^\text{12}\). Taxes paid to the state budget by oil sector companies alone make 25% of the tax base\(^\text{13}\). After considerable decline of the world oil prices in 1998, the exports revenue of Russian oil companies decreased by some 30%, and economy of the country was hit by crisis. Thus, the Russian Government is forced to support expansion of the energy companies into the West in order to ensure social and economic stability in the domestic arena. In May 2003, the Government of the Russian Federation approved the National Energy Strategy until 2020, whereby it granted political support for activities of the Russian oil and gas companies in the export markets seeking to gain the maximum benefits from transit and export of energy resources, and to acquire additional processing and export capacities (including power plants)\(^\text{14}\).

The approach of the Russian Government, albeit informal, is that the expansion of its energy companies into foreign countries (e.g., the Baltic States) should be encouraged for political reasons, too. In several reports Russian analytic centers and NGOs acting in the capacity of advisers to the Government emphasized that expansion of the Russian energy companies in the Baltic States provides Russia’s Government with an opportunity to influence political decision-making processes of the energy-dependent countries; and that the Government, therefore, should improve this opportunity more actively\(^\text{15}\). Analytic NGOs report that executive authorities in Russia support expansion of oil and gas companies into the Western markets. In the meetings with managers of the major oil companies, President of the Russian Federation Putin has repeatedly underlined the necessity of strengthening Russia’s business positions abroad\(^\text{16}\). The pressure upon decisions of the political elite of the energy-dependent countries may be expressed not only by drastic means, such suspended oil

\(^{12}\) Jaffe (note 8), p. 134.

\(^{13}\) Ibid.


\(^{15}\) For instance, refer to the proposals for the Russian Government developed by the Russian NGO National Foreign Policy laboratory, concerning a more efficient protection of the national interests in Latvia: Латвия: политические действия, местная экономика и российские интересы [Latvia: Policy Actions, National Economy and Russian Interests], http://www.nlvp.ru/reports/61.html, 20 07 2003 (in Russian); or the Report on Foreign Expansion, drafted by NGO Centre of Russian Political Conjuncture, the clientele whereof includes Russian ministries, special services and other authorities: Зарубежная экспансия (note 11) p. 3-4.

\(^{16}\) Ibid., p. 3, 6.
or gas supplies, but also resorting to a much more subtle ways like raising the price on raw material exports. Increased prices for energy resources immediately cause increase of the consumer price levels, which may, in its turn, provoke inflation, social instability, discontent with the existing government and a change in the deployment of political powers rendering, perhaps, a more favourable attitude in respect of Russia. Alternatively, seeking to evade the above scenario the existing government would be impelled to make political decisions that favour Russia. Thus, there is no doubt that Russia is interested in preserving the presence of its companies in the energy sector of Lithuania, for it represents a powerful instrument of political leverage.

Another, not the least important reason justifying support of the Russian Government for the extended presence of its energy companies in the Baltic States is the future membership of these countries in NATO. NATO enlargement is useful for Russia: once the energy-dependent countries join NATO, Russia will gain additional opportunities to influence consensus based decision-making in the Alliance, as well as to reinforce its position in respect of NATO and USA. For instance, a report by the Centre of Russian Political Conjuncture argues “if Russians control business in the Baltic States, the political elite of these countries will find it complicated to openly manifest a position that is unacceptable to Russia, whether or not these countries become members of the EU and NATO”17.

Thus dependency of Lithuania and other Baltic State upon imports of energy resources from Russia poses a real threat not only to the physical base (economy), but also to the political independence of these countries. The threat is intensified by Russia’s attempts to manipulate with energy dependency of other countries for political purposes in the past. In other words, the threat for the national security resulting from the energy dependency is a “historical concern” (according to Buzan, historical concern is one of the criteria that determine intensity of a threat18).

For instance, shortly after Poland joined NATO, Gazprom started selling natural gas for the country at world level prices, which determined the decline of the living standard in Poland and undermined its competitiveness on the world markets19. There are also examples to the opposite: the victory of the pro-Russian Communist party in the elections in Moldova in 2001 was promptly followed by an agreement with Gazprom to cut prices for natural gas, write-off the gas fines that accumulated since 1994, an arrangement of paying for gas by barter, etc.20 In 2002 Latvia was also subjected to economic and political pressure by Russia: Russia was gradually reducing the quantities of oil transshipped at Ventspils oil terminal for transit into other countries, and suspended all its activity at Ventspils terminal during the first three months of 2003. Analysts estimated that the decline in transit and terminal loading activity resulted in a reduction of the Latvian GDP by 0.5 percent in 200221. Although the official line was that Russia had chosen other oil terminals on the shore

17 Ibid.
19 Зарубежная экспансия (note 11), p. 49.
21 Латвия: политические действия (note 15).
of the Baltic Sea for more favourable transit fees, many analysts agreed the main reason for such a blockade being the pressure upon the Latvian government to sell shares of Ventspils Nafta to the interested Russian companies (all the more so as the blockade of the oil terminal by Russia was not withdrawn when exceptionally good rates for Russian oil transit through Ventspils were fixed)\textsuperscript{22}. Lithuania was in a similar situation during the process of privatising AB Mažeikių Nafta. After unsuccessful attempt to become an operator of AB Mažeikių Nafta, Lukoil was actively exercising its powers as a coordinator of Russian oil supplies throughout 1999-2000. The US company Williams International, the operator of AB Mažeikių Nafta oil refinery, was practically not allowed to reach any agreement with other Russian oil companies regarding raw material supplies, while Lukoil’s prices for oil were artificially raised. The Russian media was reporting that Lukoil was exercising the commercial blockade of Mažeikių Nafta under the auspices of the Russian Ministry of Fuel and Energy, seeking to compromise and eliminate the American capital (Williams International) from Mažeikių oil refinery\textsuperscript{23}.

In the light of the above, the following conclusions could be made:

1. Economic levers are becoming an important weapon of Russia’s foreign policy arsenal.
2. Russian energy companies and the Russian Government have the same interests in the post-communist countries (including Lithuania), thus the Government of Russia manifests active support to consolidation of their presence in the strategic sectors of the dependent countries.
3. The Russian Government is interested in retaining and strengthening its influence on the energy sector of the dependent countries as long as possible.
4. Energy dependence of the Baltic States (including Lithuania) on imports of energy resources from Russia is a realistic threat not only to economic security, but also to political independence of these countries. The threat is intensified by Russia’s inclination to manipulate energy dependence for political purposes.

2. Russia’s Interests in the Lithuanian Energy Sectors: Projected Changes in National Security Profile

2.1. Natural Gas

Lithuania uses about 2.7 billion cubic meters of natural gas annually\textsuperscript{24}. Natural gas reaches Lithuania from Russia (Gazprom as the prime supplier) through the

\textsuperscript{22} Ibid.


territory of Belarus by a sole gas pipeline Minsk – Vilnius. The gas supply infrastructure inherited by Lithuania from the Soviet era, provides no possibility to import natural gas from sources other than Russia.\(^{25}\) It is often argued that reliability of gas supplies to Lithuania is increased by the fact that the territory of Lithuania is used to supply gas to the Kaliningrad area of the Russian Federation, which also has no possibility to get gas from elsewhere. Taking into account the negligent size of the Lithuanian gas consumer market (in 2002 Gazprom extracted approximately 522 billion m³natural gas\(^{26}\), and the share of sales to Lithuania accounted only for 0.5% of this amount), it is nevertheless hard to expect that Lithuania’s control over the gas transit to Kaliningrad region could be a strong argument in negotiations with Gazprom over more favourable prices for gas and terms of supply.

In general, the natural gas sub sector is of exceptional importance to the energy system of Lithuania: gas supplies and prices are critical for uninterrupted operation of certain industries (fertilisers, glass or other product manufacturers), as well as to determine the prices for heating and electricity (majority of the power plants, except for Ignalina NPP, prefer using more environment-friendly gas to fuel oil; on the other hand, they are forced to do so in order to comply with strict environmental standards and avoid high pollution taxes), etc. Should the prices for this resource increase, it may destabilise the social situation (e.g., increased charges for utility services and prices for consumer goods may cause a strong reaction from the low income groups of population), cause inflation, undermine international competitiveness of the country, etc. Thus Russia, being in control over Lithuania’s natural gas sector, has an exceptionally powerful instrument to influence the political life of the country, including decision-making processes and distribution of the governing political powers. Moreover, once Ignalina NPP is closed, natural gas will be the main fuel used for production of electricity\(^{27}\), therefore the threat for national economic security posed by the dependence on natural gas is bound to increase, too.

For the purpose of analyzing realization of the Russian interests in the Lithuanian energy sector, it is important to remember, that Gazprom, a company holding world-largest reserves of natural gas and pipeline system, is also the most consistent executor of the official Russian foreign policy provisions.\(^{28}\) The controlling interest is

\(^{25}\) AB “Lietuvos dujos”, *Lietuvos gamtinių dujų tiekimo sistema* [Natural Gas Supply System of Lithuania], http://www.dujos.lt/lit41.html, 02 08 2003 (in Lithuanian). Apart from the connection Minsk – Vilnius, in the Lithuanian natural gas supply system there are other points connecting cross-border gas supply pipelines: Ivacevici (Belarus) – Vilnius and Riga (Latvia) – Panevezys. Gas supply branch Ivacevici – Vilnius stands idle. This segment could introduce some changes in the transit route of the Russian natural gas through the territory of Belarus in case, for instance, of a technical accident on the route Minsk – Vilnius; however, these changes will not have any impact on the dependency of Lithuania upon natural gas imports from Russia. Theoretically connection Riga – Panevezys could enable exporting natural gas from Latvia, but the latter has no resources of its own, being dependent on the natural gas imports from Russia, too. Thus, the existing cross-border connections of Lithuania and neighbouring countries do not add to the energy independence of this country.


\(^{27}\) Šimėnas D., „Lietuva be Ignačinos vartų keliskart daugiau dujų“ [Gas Consumption Will Triple After Closure of Ignalina NPP]. *Verslo žinios*, 16 11 2001 (in Lithuanian).

\(^{28}\) Зарубежная экспансия. (note 11), p. 6, 49-52; Khripunov (note 8), p. 38-40 etc.
held by the State together with the company; as a rule, the top managers of the company were always people close to the regime. For instance, when President of the Russian Federation was Boris Yeltsin, Gazprom was managed by V.Chernomyrdin, the former Minister of Fuel and Energy, he was succeeded by R.Viakhirev, the former Deputy Minister of Fuel and Energy\(^{32}\); in 2000, when Putin was elected President of the Russian Federation, management of Gazprom was entrusted to A.Miller, an emigrant from St. Petersburg, who knew personally and was close to the President\(^{32}\).

In its National Strategy, Lithuania has committed to diversification of the sources of natural gas supply. Despite the existing international projects aiming at exploration of possibilities to provide Poland, Lithuania and maybe some other countries of the Eastern Europe with natural gas extracted by Norway or Denmark in the North Sea\(^{31}\), Lithuania’s possibilities to evade complete dependence from Russian gas remain highly unassured both for the objective reasons that are beyond Russia’s control, and because of active attempts by Gazprom to gain control over the Lithuanian sector of natural gas by preventing any possibility of implementing Lithuanian gas supply system development projects that are detrimental to Russia’s interests.

The group of “objective” reasons preventing Lithuania from achieving independence in the sector of natural gas, includes the following circumstances:

1. At present, there is a huge difference between the price for gas paid to Gazprom by Lithuania and the market price for gas, which is usually defined as an average price for gas exported by Russia/Norway into the Western Europe\(^{32}\). Once Lithuania completes liberalization of the natural gas sales market as required by the EU, consumers will have a freedom of choice, and there might be no demand for Norwegian gas. Knowing this, private investors are not likely (at least in the near future) to be interested in building a pipeline to provide Lithuania with natural gas from Norway.

2. Based on different calculations, the explored natural gas reserves in the North Sea will suffice only for some 25 years\(^{33}\).

3. Theoretically, Lithuania could import natural gas from the Western countries, provided the feasibility of implementing such project will be

\(^{31}\) Ibid.

\(^{32}\) Незаменимых нет [Everyone Can Be Replaced], http://www.garweb.ru/project/vas/news/smi/01/05/20010531/317952.htm, 09 08 2003 (in Russian); Алексей Миллер сменил Рема Вячирева на посту председателя “Газпрома” [Alexey Miller Replaced Rem Viakhirev at Gazprom], http://www.garweb.ru/project/vas/news/smi/01/05/20010530/317267.htm, 09 08 2003 (in Russian), etc.

\(^{33}\) Сытас А., „Dujos į Baltijos šalis tekes per Lietuvą“ [Gas to Other Baltic States Will be Transformed Through Lithuania], Verslo žinios, 23 07 2001 (in Lithuanian).

\(^{32}\) For instance, in 2001 the average price for gas for the Western European countries was 136 USD / 1000 m³, while Lithuanian companies bought natural gas from Gazprom at 77-79 USD / 1000 m³. For more details, refer to International Energy Agency (Footnote 8), p. 127; as well as Damauskas Z., „Dujių kainų lemčių privatizavimo scenarijus“ [Privatisation Scenario Will Determine Gas Prices], Lietuvos rytas, 2001 09 24 (in Lithuanian). For instance, in 2001 Poland was buying gas from Gazprom for an average price of 122 USD / 1000 m³, while the price for Norwegian gas would be about 150 USD / 1000 m³. For more detail, ibid.

agreed in advance by Norway, Denmark, Poland and other Eastern Europe countries which could undertake to consume a certain amount of Norwegian gas (as estimated by Norwegians, building of a pipeline is feasible only if Poland consumes annually at least 8 billion m$^3$ of gas from the North Sea; however Poland has already signed a long-term gas supply contract with Gazprom, which will completely meet the growing consumption needs of the country at least for ten years)\textsuperscript{34}.

Under these circumstances it clearly will not be easy for Lithuania to diversify its natural gas supply sources. Even if other above mentioned countries were working hand in hand, such project would not be of commercial nature, and the state would have to make certain budget allocations (the value of the projects amounts to approximately 11 billion USD\textsuperscript{35}). Taking into account the fact that development and implementation of the alternative gas supply projects could provoke discontent of the present sole gas supplier Gazprom, and increase of the prices for natural gas for Lithuanian consumers, there is little hope that any government of Lithuania would dare to initiate these processes.

Gazprom is eagerly striving to control the natural gas sales market in Lithuania, thus gaining additional chances to keep Lithuania dependent only from Russian gas supplies.

Like in other countries that depend from Russia “energy wise”, in Lithuania Gazprom resorts to two instruments of ensuring its influence: 1) by participating in privatisation of gas companies which administer the pipeline infrastructure and sell natural gas to the end users in the dependent countries; and 2) by establishing its mediating companies in the dependent markets.

When privatising AB Lietuvos Dujos (Lithuanian Gas Company), the Lithuanian government decided to seek for a fair balance between the Eastern and Western interests: an investor meeting the criteria of “European and transatlantic integration”, and a natural gas supplier were to be offered to acquire equal shares of AB Lietuvos Dujos, i.e. 34% each\textsuperscript{36}. The first block of shares was sold to the German consortia of Ruhrgas and E.on. companies. Negotiations with the supplier – Russian Gazprom - took longer than expected, and the privatisation process is not over yet to this day\textsuperscript{37}. Lithuania’s negotiation position is weakened by unsuccessful experience of privatising AB Mažeikių Nafta, when appointment of the Western company to operate oil refinery Mažeikių Nafta prompted Russia to take up actions against Lithuania and suspend supplies of oil to the refinery at market prices. Another detri-

\textsuperscript{34} ELTA. Norvegija rašina Rytų Europą ir Baltiją išgelbėti dujų planą [Norway Calls upon the Eastern Europe and the Baltics to Save the Gas Plan], 06 06 2002 (in Lithuanian).

\textsuperscript{35} Ibid.


\textsuperscript{37} As for September 2003.
mental factor is that Gazprom is the only company qualifying for the second 34% block of AB Lietuvos Dujos shares. Thus, it is highly probable that namely Gazprom will become the co-owner of the Lithuanian gas company.

On the other hand, Gazprom would still be able to control completely the Lithuanian gas sales market in its capacity of sole gas supplier, without making its way into the management of the Lithuanian gas company. If necessary, Gazprom could injure the Lithuanian counterpart economically. To ensure its influence, Gazprom has established own mediating companies in almost all former Soviet and post-communist countries of the Eastern Europe. Until 1992, natural gas in Lithuania was bought directly from Gazprom and sold to consumers by the Lithuanian gas company only. Gradually other gas suppliers emerged in the market, and started selling gas either to the Lithuanian gas company or to the major end users directly. The share of gas bought by the Lithuanian gas company was continuously falling, while mediating companies were getting the largest shares of the market and the most favourable prices of natural gas. From 2002 the market has been dominated by Dujotekana, Gazprom’s mediator. In 2002 the value of AB Lietuvos Dujos direct sales was only 0.58 billion m$^3$ of natural gas, which made some 22% of natural gas consumed in Lithuania annually.

As a rule, Gazprom offers to a selected mediating company not only the largest gas quota, but also a price which is lower than that offered to other operators. Such policy allows the Russian gas corporation to have an absolute control over the natural gas market in a dependent country. There might be several gas providers in a market (in case of Lithuania there are two: private company Dujotekana and Lietuvos Dujos), but they do not compete in reality, as there is only one prime gas supplier: a mediating company loyal to Gazprom resells gas at lower prices to the major gas consumers, thus holding the largest share of the market, while the national company, which holds all the gas supply networks and thus experiences higher operational costs, purchases natural gas from Gazprom at higher prices and holds only a negligible share of the market. Moreover, such policy may have a negative reflection on the financial indicators of the “unprivileged” company; and if such company is listed for privatisation, which is the case with Lietuvos Dujos, Gazprom has a possibility to push the price for the company downwards.

The fact that over 50% of Gazprom’s shares are owned by the State and the company itself, leads to a presumption that control of the natural gas market though mediators in Lithuania, like in many other dependent countries, makes a part of the state policy line of Russia. This could be evidenced by the fact that at the end of 2001 President V.Putin has publicly demanded Gazprom to give up the practice of selling gas through mediators abroad, since Gazprom and, consequently, the Russian budget was loosing a considerable amount of potential income; however at the beginning

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36 Kulikauskas T., ”Rusija padidins gamtinių dujų kainą Lietuvoi” [Russia to Increase Gas Prices for Lithuania’], *Respublika*, 29 05 2003 (in Lithuanian); Damauskas Ž., “Gazprom nori padidinti dujų kainas Lietuvoi” [Gazprom Wishes to Increase Prices for Lithuania’], *Lietuvos tydas*, 13 11 2002 (in Lithuanian), etc.
of the year 2002 Lithuanian natural gas market already had a new player – Gazprom’s mediator private company Dujotekana. Knowing the loyalty of the Russian gas corporation to the regime, one may presume that the benefits of having mediating companies in Lithuania are greater than losses to the national budget of Russia, which could be easily avoided if Gazprom could sell gas in the dependent countries without any mediators at all.

Although the Lithuanian natural gas sector is already to a large extent structurally dependent upon the natural gas imports from Russia, the latter, nevertheless, makes effort to ensure its long-term influence in the sector. Gazprom’s mediating companies are serving as tools for control over the natural gas sales market in Lithuania. Through its mediating companies, Gazprom may also impinge on the value of the to-be-privatised Lietuvos Dujos. Established role of Russia’s gas corporation in this company will enable Russia to block unacceptable gas sector development projects that Lithuania may have in future (e.g., connection of the national gas supply network with the European one), thus Lithuania’s chances to free its natural gas sector from dependence on a sole supplier are nothing less than doubtful.

2.2. Oil

In the sixties and eighties of the last century, an integrated oil refinery complex was built in Lithuania. It consisted of oil refinery AB Mažeikių Nafta, Birzai Oil Pumping Facility and the oil main Novopolock (Belarus) – Birzai; from Birzai one arm of the oil main is directed to oil refinery Mažeikių Nafta, and the other to Ventspils. The oil refinery complex was designed to process the oil extracted in Russia, and to supply with oil products the entire Northwest region of the Soviet Union. After Lithuania regained its independence, the oil refinery complex was supplemented with Butinge oil export-import terminal in the Baltic Sea (launched in 1999). The terminal enables Lithuania to import and process oil from sources other than Russia. In reality, however, this is not a viable option, since transportation of oil to Butinge Terminal by oil tankers would be a lot more expensive than carrying oil from Russian oil fields by pipelines, thus making Mažeikių Oil Refinery products not competitive in the market. Moreover, the design capacity of Mažeikių Oil Refinery is 15 million tons per year, while Butinge Terminal may import only 6 million tons of oil annually (capacity of the oil main arm to Mažeikių Oil Refinery amounts to 16 million tons per year).41 In 2002, Mažeikių Oil Refinery processed 6.6 million tons of oil42.

Thus, the existing infrastructure allows Lithuania to get crude oil from other regions of the world, although in reality the oil economy of the country still depends upon oil supplies by pipelines from Russia. In fact, Lithuania has some oil resources of its own: the geologically projected and actually extracted oil resources amount correspondingly to 278 million and 87 million tons43, but the economic conditions

and the existing infrastructure are not suitable for procession of the Lithuanian oil in Mažeikių Oil Refinery.

Capacity of Mažeikių Oil Refinery is exceeding the oil needs of Lithuania by far, but the idle time of Čiūna Oil Terminal, e.g. in years 2000 – 2001, is detrimental both to the company, and to the state budget. Contribution of AB Mažeikių Nafta to GDP of Lithuania amounts to approximately 10%44; therefore provision of the oil refinery with quantity of crude oil sufficient for its operation and export through Butinge Terminal is of great relevance for the economic stability of Lithuania. In 2002, 6.1 million tons of oil were exported through Būtingė Terminal45, its export capacity is 8 million tons annually46.

On 19 September 2002 a Russian oil company Yukos purchased from Williams International Company its interest in AB Mažeikių Nafta thus becoming a holder of the controlling interest (53.7%) in the company. Since then Yukos acquired de facto control over the businesses of oil supply to Lithuania, and oil refinery and export through Butinge Terminal. When Yukos started running AB Mažeikių Nafta in 2002, the oil refinery was processing exclusively oil from Yukos, and over 50% of the crude oil exported through Būtingė also belonged to Yukos47.

Unlike in the natural gas sector, the dominance of the Russian company Yukos in the oil sector is determined by its formal capacity of a holder of the controlling interest in AB Mažeikių Nafta, as well as by certain Government concessions and business guarantees handed over by Williams International, including, for instance, preferential rate for oil handling services at Klaipėda oil terminal (company AB Klaipėdos Nafta), and 15% customs duty on oil products imported into Lithuania48. These and other concessions enable Yukos to dominate also in those markets where it has no controlling interest in the operating companies. For instance, approximately one third of oil products retail market is held by the Western companies, such as Statoil, Neste or others; but due to economic reasons, these companies prefer buying oil products from AB Mažeikių Nafta, which is run by Yukos, rather than importing from other Western countries49. Lithuania consumes only some 28-30% of the oil products produced by AB Mažeikių Nafta; the rest is exported to Poland, Latvia, Estonia and other countries50, mainly through oil terminal operated by AB Klaipėdos Nafta. AB Mažeikių Nafta is the main client of Klaipėda oil terminal. Seeking to maximise its income and control the entire production chain until the product is sold

45 AB „Mažeikių nafta“, (note 41).
48 ELTA, „Yukos“ paprastas vyras, vyriausybė nesiryžo mažinti maito arktinių dyzelinių [After Yukos Objection, Government Did Not Dare to Decrease Customs Duty for Arctic Diesel Fuel], 16 01 2003 (in Lithuanian).
49Ibid.
50 AB „Mažeikių nafta“ (note 41).
to the end user, Yukos is interested in taking part in the privatisation bid for AB Klaipėdos Nafta. The RL Law No. IX-1132 on Undertakings and Equipment of Strategic Importance for the National Security Purposes, as well as on other Undertakings of Importance for the Purpose of Ensuring the National Security adopted on 10 October 2002 provides for a condition that the State must retain the determining powers in the company Klaipėdos Nafta. Alas, AB Klaipėdos Nafta does not contribute to strengthening the economic security of Lithuania or reduction of the Russian influence in the sector even if it is not privatised: due to the existing infrastructure, other clients (apart from Mažeikių Oil Refinery un by Yukos) of the company are also oil product manufacturers or their mediators from the East.

Compared to other Russian oil companies, Yukos is traditionally considered to be less politicised. Management of the company underlines, that they are interested just in doing business in Lithuania, and Yukos is sticking to the principle of staying out of the politics, does not finance any electoral campaigns, etc. On the other hand, Yukos has not dissociated itself from politics in Russia: after the incidents with law enforcement authorities in July 2003, the management of Yukos declared their commitment to co-operate with the opposition political powers in Russia. Incidentally, President of the Russian Federation had a meeting with the president of Yukos Mikhail Khodorkovsky in person as early as in spring 2002, and, according to the media, encouraged him to concentrate more efforts on the Eastern Europe. Soon after, in June 2002 Yukos became a shareholder of AB Mažeikių Nafta and provided the refinery with long-term oil supply and export guarantees. The political nature of Yukos’ presence in the Lithuanian market can also be evidence by a fact, that for a long time Lithuania has been in the interest zone of the Russian oil company Lukoil, which has the country largest network of gas stations. Representatives of Lukoil were active in the process of privatising AB Mažeikių Nafta, and later co-ordinating supplies of oil from Lithuania to Latvia. All of the above leads to a conclusion that the decision regarding “division of the interest zones” and Yukos investments into Lithuania must have been made on the higher levels of the Russian authorities.

Like natural gas sub sector, the Lithuanian oil market depends upon crude oil supplies from Russia; and in both sectors Lithuania has some trump cards to keep Russia from imposing drastic measures, such as suspension of supplies. The strong point in the natural gas sector of Lithuania is the transit of natural gas through its territory to Kaliningrad region. In oil sector, Russia has a particular interest in Butinge oil export terminal, since oil extraction by Russian companies is increasing more rapidly than consumption, leaving them with the shortage of oil export capacity.

51 For instance, statements by Lord Owen, the Chairman of the Board, Yukos International, in Lopeta V., “Yukos atstovai ragina nebijoti Rusijos” [Yukos Says Not to be Afraid of Russia], Lietuvos žinios, 29 08 2002 (in Lithuanian).
52 „Karas su “Yukos” dar nesilaižia” [War with Yukos Continues], Republika, 29 07 2003 (in Lithuanian).
To export oil to the North European countries, such as Finland, Germany, the Netherlands, the UK, Belgium, etc., Russia uses terminals located on the Western coast of the Baltic Sea: Ventspils Terminal in Latvia with annual capacity of 30 million tons; Gdansk Terminal in Poland, Būtingė Terminal in Lithuania (annual capacity 8 million tons; to be increased to 13–14 million tons per year)\textsuperscript{55}. A part of Russian oil is exported through terminals in Estonia, where oil from Russia is brought by railway.

In general, more than half (57\%) of Russian oil is exported through terminals, and only a minor part is carried by oil pipelines. As early as in 2000 the export capacity of oil terminals in the Baltic and Black seas was used by 89\% on average. The oil pipeline Druzhba, which carries Russian oil to the West European countries, also had an idle reserve capacity of 10\% only\textsuperscript{56}. According to Russia, out of all oil terminals in the Baltic and Black seas, only Ventspils and Būtingė still have a certain reserve oil export capacity\textsuperscript{57}.

On the other hand, an economic pressure of Russia upon Ventspils oil terminal in 2002 demonstrates that the mere existence of export capacity in the country is not a self-contained guarantee of energy supplies. There are also a number of other factors that contribute to weakening Lithuania’s position with regard to Russia. At the end of 2001, a brand new oil terminal was built and put into operation in Primorsk near St. Petersburg (project “Baltic Pipeline System”). Although the sea in Primorsk is frozen for 6 months of a year, the current export capacity of the terminal amounts to 12 million tons per year. After building additional arms of the oil pipeline, Russia expects to export up to 50 million tons of oil annually through Primorsk\textsuperscript{58}. Russia invested about 550 million USD into this project, and all comments to the feasibility of the project underlined its potential to increase Russia’s security by eliminating the imminence of depending upon export through individual foreign countries, and to strengthen Russia’s position in negotiations over the port duties for oil carried through the terminals of other Baltic States\textsuperscript{59}. According to oil refinery Mažeikių Nafta, in 2002 the company incurred a loss of about 5 million USD of income due to the competition with Primorsk\textsuperscript{60}.

To conclude, structurally the oil market of Lithuania is not completely dependent upon crude oil supplies from Russia. However, after Yukos became the holder of the controlling interest in Mažeikių Nafta oil refinery, the economic control over the Lithuanian oil sector is now in the hands of this Russian company. Lithuania is refining only Russian oil, for it is more worthwhile. Moreover, Yukos strives to strengthen its position in those businesses that will enable the company to control the entire chain of production, from manufacturing a product until its sales to the end user; i.e. in Klaipeda oil products export terminal and in retail fuel market. Yukos is

\textsuperscript{55} International Energy Agency (note 9), p. 12, 94.

\textsuperscript{56} Ibid.

\textsuperscript{57} Ibid.

\textsuperscript{58} For more details, Ibid, p. 97.

\textsuperscript{59} Цели и задачи проекта [Aims and Tasks of the Project], http://www.lenobt.ru/transport1, 09 08 2003 (in Russian).

\textsuperscript{60} Senapénienė E., „Ventspils smukdo Mažeikius“ [Ventspils Sinks Mažeikius], Verslo Žinios, 05 02 2003 (in Lithuanian).
not entirely isolated from politics in Russia, although it neither follows the political will of the present government. Meanwhile, V.Putin’s government is committed to reduce Russia’s dependency upon oil pipelines in the ports of the Baltic Sea countries: the project “Baltic Pipelines System” has abated economic security of Lithuania, for the export capacity existing in the country is no longer so important for Russia after it has constructed an oil terminal in Primorsk.

### 2.3. Electricity Sector

Lithuania consumes about 8 TWh electricity in one year (2002)\(^\text{63}\), while the total power plant production capacity in the country amounts to about 20 TWh\(^\text{62}\). Like other energy sub sectors, the electricity network of Lithuania under the soviet regime was developed to become a constituent part of the Soviet Union joint energy system in the Northwest. Major power plants of the system included the power plant Lietuvos Elektrinė, built in Elektrėnai at the beginning of the seventies; Ignalina Nuclear Power Plant, put in operation in the eighties; and Kruonis Pumping Storage Plant, construction of which was started still under the Soviet regime. All these power plants were intended to meet the needs of a huge region, not just Lithuania. Lithuania’s electricity grids are connected with those of Kaliningrad, Belarus and Latvia, which still make a part of the parallel operated unified energy system of Russia.

After a considerable decline of demand for electricity and the plunge of electricity export levels during the years of independence, the dominant position in the energy system of Lithuania was gradually taken over by Ignalina Nuclear Power Plant. Since 1992, Ignalina NPP has been producing over 80% of electricity consumed by Lithuanian users\(^\text{65}\). Such status of the nuclear power plant was determined first and foremost by the production costs which are considerably lower than those of other power plants of Lithuania (Lithuanian, Vilnius, Kaunas, Mažeikių and Klaipėda Thermal Power Plants)\(^\text{64}\). Decommissioning of Ignalina Nuclear Power Plant (it is most likely to occur in 2004 (1st reactor) and 2009 (2nd reactor) as planned in the National Energy Strategy of Lithuania and the Negotiation Chapter 14 Energy\(^\text{66}\)), the largest electricity generation load will be put on the power plant Lietuvos Elektrinė and other thermal power plants which use natural gas or fuel oil for production. The fuel oil is refined by Mažeikių Nafta oil refinery, or it could be imported; natural gas, as already mentioned, can only be imported from Russia. Incidentally, under negotiation chapter Environment Lithuania undertook to refrain from burning fuel oil

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\(^{64}\) Miškinis (note 43), p. 9.

\(^{65}\) Ibid. (note 43), p. 10.

\(^{66}\) Ibid.
with sulphur contents above 1% until 2004, while fuel oil produced by Mažeikių Nafta oil refinery does not comply with such requirement yet\textsuperscript{66}.

All of the above leads to a presumption, that still functioning Ignalina NPP to a certain extent reduces dependency of the Lithuanian energy sector upon Russia. Although the nuclear fuel suitable for Ignalina NPP is produced only in Russia, the supplies of such fuel are not of the uninterrupted nature, which undermines Russia’s chances of destructing the activity of the Lithuanian energy sector by drastic means, such as cutting fuel supplies. After closure of Ignalina NPP, the bulk of electricity for the country will be produced by natural gas fuelled power plants, thus expanding Russia’s influence on the energy sector in this country.

Of the major power plants (excluding Ignalina NPP):
1) The largest power plant Lietuvos Elektrinė uses natural gas, fuel oil and ormulsion, although only 1 block out of 8 is prepared to burn ormulsion, which is imported from Venezuela\textsuperscript{67}; currently the Lithuanian Power Plant is working in a “stand-by” regime, and it will be the largest electricity producer after the closure of Ignalina Nuclear Power Plant.
2) Kaunas Thermal Power Plant may use natural gas and fuel oil, but since its acquisition by Gazprom lead consortia in 2003, it is most likely to use natural gas only.
3) Mažeikių Thermal Power Plant may use natural gas and fuel oil;
4) Vilnius Thermal Power Plant currently may use natural gas and fuel oil; but in future it may switch part of its production on ormulsion\textsuperscript{68}.

In some entities of the Lithuanian electricity sub-sector Russia has a direct influence. In 2003, for instance, a consortium consisting of Gazprom, Dujotekana and Clement Power Venture purchased Kaunas Thermal Power Plant\textsuperscript{69}. Russia has interests in other entities to be privatised: the Russian corporation JES Rossi, oil company Yukos and other Russian capital companies are among the candidates to acquire some profitable Lithuanian companies, including the distribution companies Rytu Skirstomieji Tinklai and Vakaru Skirstomieji Tinklai, Lietuvos Elektrinė and Kruonis Pumping Storage Plant, which has a potential of becoming a regulator of the Russian electricity supply system\textsuperscript{70}.

\textsuperscript{68} Elta, “Vilniaus energiją” renja orimulsijos naudojimo studija [Vilnius Energy Conducts Feasibility Study for Use of Orimulsion], 13 11 2002 (in Lithuanian).
\textsuperscript{69} BNS, Pasirašyta Kauno elektrinės pardavimo sutartis [The Treaty Signed for the Sale of Kaunas Power Plant], 31 03 2003 (in Lithuanian).
\textsuperscript{70} Damauskas Ž., „Rusijos energetikai braunasi į Lietuvą“ [Russian Energy Companies Invade Lithuania], Lietuvos rytas, 19 09 2002 (in Lithuanian); Markevičienė E., „Elektros tinklų privatizavimas gali užbėsti“ [Privatisation of Electricity Transmission Networks May be Protracted], Lietuvos žinios, 16 06 2003 (in Lithuanian).
The Lithuanian market has become an exceptional focus of the Russian corporation RAO JES Rossi, a vertically and horizontally integrated natural monopoly in Russia’s electricity sector run by “oligarch” A. Chubais, who is considered to be among the most influential persons in the internal policy domain. Since 2000, the daughter company of the corporation Inter RAO JES controls exports of the Lithuanian electric power to Belarus and Kaliningrad region. In March 2002, Lithuania undertook to continue co-operation with this company until the closure of Ignalina NPP. Thus, the business niches in the electricity market where Lithuania used to have certain advantages against Russia (e.g., Kaliningrad region has no other options of electricity supplies but import from Lithuania) have been handed over to the Russian company. Although dominance in the electricity export market (Inter RAO JES holds 84% of the Lithuanian electricity export market71) does not automatically mean that this company will take over control on other businesses in the Lithuanian electricity market, it must be admitted, that such business approach of Inter RAO JES enables the company to raise the capital for privatisation and build an relative advantage against other companies which might be willing to participate in the privatisation bid for the same entities, but, unlike Inter RAO JES, will have neither the experience of doing business in the Lithuanian market, nor formal and informal contacts.

Moreover, the company has already tested the same approach in other post-soviet countries Moldova, Armenia, Azerbaijan and others: first it put a feet between the doors of the electricity export market, and then participated in the privatisation of electricity transmission and power generating companies72. Inter RAO JES announced that it will seek expanding its activity into the markets of the Central and Eastern Europe, and Balkans in future72.

Back in 1997, Lithuania and Poland were discussing a possibility of joining their electricity networks (“power bridge”). This project could have enabled Lithuania to reduce its energy sector dependency on Russia in general, and dependency on exports into the Russian markets in particular; as well as to raise production efficiency in the energy market and to acquire a possibility to import excess electricity from Poland or the Western Europe, if it becomes necessary, e.g. after closure of Ignalina NPP. Unfortunately, the initial project feasibility studies were made at the time when the early closure plans of Ignalina NPP did not exist yet. The situation changed, the power bridge project was put into oblivion, and saw the daylight again only in 1999-2002, when a possibility to get the EU funding emerged. The total value of the project is about 1.4 billion Litas, period of implementation 6-7 years. Experts estimated, that the project is feasible provided 61% of its total value is covered by the grant from the EU funds74. Construction of the power bridge, however, could be delayed by the lack

71 BNS, Pornai elektrons energijos exportas itaujo 63,4 proc. (papildytas) [Electricity Exports Increased by 63.4% Last Year (Updated)], 03 01 2003 (in Lithuanian).
73 „Анголт Чубайс намерен объединить Россию и Европу“ [Chubais Intends to Unify Russia and Europe], Нехвилиное паголе, 28 03 2002 (in Russian).
74 Damauskas Ž., „Atgūrinama elektros tilts į Vakarus ideja“ [The Idea of Building Power Bridge to the West Has Been Revived], Lietuvos rytas, 05 10 2002 (in Lithuanian).
of interest from the Polish side. Poland has an excessive power supply, and the country is interested in its own right to export the excessive electricity output to Slovakia and other countries in the Western Europe. Building of the power bridge would mean allowing competitors to enter its electricity export market.

However, even if the project is implemented, Lithuania can not get rid of the Russian influence in its energy market, because natural gas can be imported only from Russia, because Russian companies dominate in the electricity production market, and because of a price for electricity generated in the East, which is by far lower than the Lithuanian one (it might be a concern if Lithuania has to import electricity to compensate for its lack of the generating capacity). For instance, Belarus now buys electricity for its own needs from Ignalina NPP through a mediator – Inter RAO JES, at the same time exporting the electricity generated by its own power plants through the same mediator to Poland – according to Belarus, “it is a better deal”75. No doubt, neither Russia nor Belarus are interested in Lithuania having a possibility to export electricity into the Western market directly, and the above example is just one illustration of the economic pressure that Inter RAO JES is capable of exerting upon exports of the Lithuanian electricity into the East European markets, meanwhile being interested in holding the most profitable entities of the Lithuanian energy sector. All of the above, the lack of interest from the Polish side in building the power bridge, as well as rather weak chances for Lithuania to get rid of the dependency upon natural gas supplies from Russia leads to a conclusion, that the dependency of the Lithuanian electricity generation sub-sector upon Russia after closure of Ignalina NPP is most likely to increase.

Conclusions

The conclusion is that energy wise Lithuania does depend upon Russia. The chances of reducing such dependence are minimal, thus turning it into a real threat to the national security of this country. Analysis of the Lithuanian natural gas, oil and electricity sub-sectors highlights the following aspects of the energy dependence upon Russia:

1) dependence on imports of raw materials from Russia is of structural character; in the natural gas and electricity sector this type of dependence was determined either by a system of pipelines inherited from the Soviet era, or the technologies employed for construction of Soviet energy objects (e.g., RBMK type reactors), which today presupposes complete dependence of the Lithuanian energy sector on raw material supplies from Russia;

2) by making resolute steps, the largest Russian energy companies themselves and (or) through their satellite companies have won control over the most important markets or businesses (e.g., control over the natural gas sector by Gazprom is materialized through its mediator, a Lithuanian company Dujotekana; Yukos dominates the oil supplies, refinery, export and even fuel retail sales markets; Inter RAO JES has entrenched in the electricity export market of Lithuania, etc.).

The first type of energy dependence (structural) threatens the national security by increasing vulnerability of the national economy and social stability, especially in cases of technical accidents (e.g., an accident in the pipeline used to carry gas or oil to Lithuania), or a conscious manipulation with such dependence (raw materials or their prices) for political purposes.

The second type of dependence – the consciously created and strengthened one – threatens the national security by giving the Russian companies, which dominate in a number of different energy sub sectors, a competitive advantage against other companies. Later Russian companies could use this advantage not only for privatisation of the major energy companies of Lithuania thus formalizing its hold over the energy sector, but also for influencing the fate of the energy projects aimed at increasing Lithuania’s energy independence; in other words, Russia may, directly or indirectly, impede implementation of projects that may put Russia at a disadvantage (e.g., construction of the power bridge between Lithuania and Poland; merging the gas supply system with that of the EU, etc.). Awareness of the ever-increasing importance of economic leverages in the foreign policy of Russia, as well as of the developing co-operation of the regime and energy companies in Russia for the national security purposes, translates this threat into a realistic menace.

So far Lithuania has experienced the consequences of such increased co-operation only once, when the Russian company Lukoil imposed an economic blockade on the oil refinery Mažeikių Nafta during its privatisation. Although the primary purpose of such pressure upon Lithuania was of political character, a considerable damage was done to the national economy, too. In the history of Russia’s foreign policy there have been other, though infrequent, instances of manipulation with energy dependence of other countries, and this fact increases the relevance of threat resulting from energy dependence to the national security even more.

The threat to national security is posed not only by direct or indirect attempts of Russia or Russian companies to anchor in the energy sector of Lithuania, but also by alternative projects that have potential of reducing the competitive advantage of Lithuania against Russia. One example is construction of the terminal in Primorsk, which downgraded the importance of Būtingė Terminal for Russian energy companies.

The dominance of the nationalistic approach and geo-economic thinking in Russia’s foreign policy is a certain warning signal to countries that depend upon Russia energy wise. In fact, the energy dependency related threat to national security cannot be mitigated even by hard or soft security guarantees that will be available for Lithuania once it becomes a fully-fledged member of NATO and the EU.
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