Russia and the European Union in the Baltic region: a treacherous path to partnership
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Empfohlene Zitierung / Suggested Citation:

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This article examines policies of Moscow and Brussels in the Baltics since the launch of the European Union’s Strategy for the Baltic Sea Region in June 2009.

An increase in the efficiency of Russia’s policy in the region requires not only the development of bilateral relations with countries of the region but also a dialogue with the European Union, the key player in the Baltic.

The author identifies Russian economic, military, political, and humanitarian interests in the region, and describes the structure, content, and main areas of the implementation of the EU Baltic strategy in 2009—2013. The article examines the evolution of the Strategy, which initially ignored Russian national interests in the region, and yet eventually resulted in cooperative efforts in the areas of common interest such as energy, transport infrastructure, environment, research, education and culture. The results of the Russian presidency of the Council of the Baltic Sea States (2012—2013) are evaluated. It is noted that, despite an appealing presidency strategy and certain achievements in its implementation, Russia was unable to draw up a regional agenda and use the CBSS as an efficient platform for harmonizing its Baltic strategy with that of the EU. The causes of the current deadlock in EU — Russian relations regarding the Baltic are analyzed. The author formulates policy recommendations on fostering Russian-European cooperation in the Baltic Sea region. These recommendations range from the suggestion of joint revisions of mutual conceptual perceptions and strategic goals pursued by the EU and Russia in the Baltic Sea region to more practical measures in the institutional, administrative, and financial fields.

Key words: Baltic Sea region, Russia, European Union, EU Strategy for the Baltic Sea region
Introduction

The current relations between Russia and the European Union in the Baltic Sea region (BSR) are characterized by their strongly pronounced asymmetry. After Poland's accession to the EU in 2004, Russia became the only country in the region that did not belong to the EU. Until recently, Brussels tended to formulate its strategy on the BSR in a way as if the Baltic Sea were "a closed sea" inside the European Union and used all its impressive economic potential and "soft power" resources (moral, political and cultural)\(^1\) to support this position. Russia's interest in the region was barely considered or — sometimes — even ignored. There were only nominal requirements to engage in cooperation with Russia in official EU documents; in practice, there was no interaction on the BSR issue between Moscow and Brussels. At the same time, paradoxically, bilateral relations between Russia and the countries located in the region developed rapidly as also did relations at the level of sub-national and non-state actors.

In this connection, it is relevant:

— firstly, to briefly characterize Russia's national interests in the BSR;
— secondly, to review the content, main directions and evolution of the EU strategy in the BSR in recent years;
— thirdly, to analyze Russia’s attitude towards the EU policy in the BSR as well as Moscow’s attempts to create its own regional agenda;
— fourthly, to evaluate the potential for real (not nominal) cooperation in the BSR and to offer specific suggestions for establishing a genuine partnership between Brussels and Moscow.

Russia’s national interests in the BSR

To characterize Russia’s national interests in the BSR, it is necessary to recollect the radical changes that took place after the end of the Cold War. Since then, the focus of Russia’s policy in the Baltics has changed from the matters of "strong" (military) national security to the problems of "soft" (non-military) security and "traditional" (not related to security) cooperation in such fields as economic development, the environment, tourism, culture and education. After years of being a region of confrontation (and, automatically, a zone of inter-civilization "fracture" in the 1990s), the BSR has not yet become a model cooperation zone (as it was hoped by the Russian and Western worlds in the period of their "romance"). However, it has definitely turned into an area of numerous contacts established both at governmental and non-governmental levels. The BSR is even referred to as "a testing ground" and "a laboratory for European integration" by some Russian and foreign researchers. This emphasizes a unique and, at the same time, innovative nature of the modern Baltic Sea region [10; 11; 13].

\(^1\) To study Germany’s soft power strategy as an example, see [1; 2].
The BSR hardly belongs to Moscow’s top geopolitical priorities, and some other regions, due to various reasons, attract more attention of Russian diplomats. However, there are several factors which are systematically increasing the significance of the BSR in terms of Russia's national interest.

First of all, the BSR is the only region — except for Karelia and the Murmansk region — with the longest Russian border with the EU. Also, it is a territory crossed by very busy routes of passenger, goods and services traffic. Since Peter the Great, the Baltics had been “a window to Europe” for Russia for a long time, and even now it still fulfills this role, despite various geopolitical cataclysms that have taken place in recent times.

Secondly, after the construction of the Baltic Pipeline System and the Nord Stream pipeline, the BSR became one of the main routes of energy supplies from Russia to Europe. This stimulated the growth of the BSR’s importance to Moscow and made it the key factor in the evolving dialogue between Russia and the EU. As a result, other energy corridors between Russia and Europe — neither existent nor expected — will not undermine the strategic importance of the BSR in the foreseeable future.

Thirdly, “the Kaliningrad problem” continues to receive close attention from Moscow. At that, it should be noted that an exclave status of the Kaliningrad region involves both problems (the main one being related to guaranteeing the EU four freedoms, namely free movement of people, goods, services and capital) and great opportunities offered by the “involvement” of the westernmost Russian region in the process of European integration. Both sides, Europe and Russia, consider the Kaliningrad region as “a pilot region” — though they differ in their understanding of this concept — and rather boldly experiment with implementing economic, trade and visa policies in this region.

Fourthly, the issues related to human rights of the Russian speaking communities in the Baltic states of Latvia, Estonia and Lithuania are still on the agenda. Although their critical importance for Moscow has diminished recently, this problem occurs time after time leading to certain adjustments to the regional policy. Besides, several years ago, Moscow launched a new state policy towards compatriots living abroad and established new institutions (Russkiy Mir Foundation, the Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation commonly known as Rossotrudnichestvo, etc.). Russia’s implementation of its soft power strategy provokes rather mixed responses from the officials of the three Baltic countries and the EU. In this respect, the BSR proves to be a territory of rivalry between Russia and the EU in terms of their soft power strategies.

Fifthly, the Baltics still experiences phantom pains of the past era. Although mutual prejudices and fears originated in the Cold War have been "amputated", these phantom pains are sometimes felt. For instance, the three Baltic countries and Poland periodically try to persuade NATO and the USA that there is a threat coming from the East, which necessitates new programmes for modernizing the armed forces or deploying NATO military infrastructure in the BSR. In return, Russia threatens to re-militarize the Kalin-
ingrad region or even its entire northwestern part and station Iskander missile systems in Kaliningrad. Along with these threats, Moscow modernizes the Baltic Sea Fleet and air defense systems and holds military exercises in the region. This situation serves clear evidence of the old agenda related to geostrategic East-West confrontation in the BSR.

In spite of their heterogeneous and even contradictory nature, the above-mentioned factors stimulate Russia’s interest in the BSR.

**EU Strategy for the Baltic Sea Region (EUSBSR): evolution of methods**

The EUSBSR was adopted on 10 June 2009. It was aimed at formulating a common EU policy on the BSR after the accession of Poland, Latvia, Estonia and Lithuania to the EU. Along with the Northern Dimension (2000), the EU Arctic Policy (2008), the Black Sea Synergy (2007) and the Eastern Partnership (2009) projects, the EUSBSR was meant to become another regional dimension of the EU foreign policy in the East. The geographical scope of the strategy covered eight EU members that had an outlet to the Baltic Sea as well as Russia, Belarus and Norway — for the purpose of implementing region-wide environmental, energy and transport projects.

The strategy identifies four main pillars/key challenges:

1) to make the BSR an environmentally sustainable place: it focuses attention on the state of the marine environment;

2) to make the BSR a prosperous place: it is aimed at removing trade barriers in the EU internal market in the BSR, developing research and innovation, supporting small and medium businesses and reinforcing sustainability of the basic industries — agriculture, forestry and fisheries;

3) to make the BSR an accessible and attractive place: it is aimed at improving the access to the BSR by modernization of its transportation system and reinforcing the attractiveness of the region by means of enhancing education, tourism, health, culture and energy efficiency;

4) to make the BSR a safe and secure place: it calls to improve maritime safety and security, to reinforce protection from major emergencies at sea and on land, and to decrease the volume of cross-border crime [8].

The strategy is accompanied by the Action Plan, which is meant to be annually updated, and the Commission staff working document describing the prerequisites for the creation of the EUSBSR. In the Action Plan, the above-mentioned four thematic priorities are divided in 15 priority areas to be covered by individual projects. The most important of them are called Flagship Projects [6].

Originally, the strategy concept as well as all supporting documents emphasized that the EUSBSR was created only for the EU members and Brussels did not plan Russia’s involvement in the projects. However, it proved to be difficult for the EU to manage without Russia due to the necessity to cooperate with the neighbouring countries when implementing the four EUSBSR priorities. Russia was the most important country among them. Therefore, Russia’s participation in the EUSBSR Flagship Projects was introduced in the Action
Plan. For example, Flagship Project 5.2 was aimed at implementing the joint EU—Russia energy efficiency initiative. Despite a heated debate about the Nord Stream project in the early 2000s, the European Commission included it in the Trans-European Energy Networks (TEN-E) programme. Apparently, some EU members interested in the construction of the pipeline (e.g. France, Germany and the Netherlands) insisted on it.

Furthermore, Flagship Projects 6.5 and 6.6 were focused on harmonizing trade and custom policies of the EU and Russia. They focused on improving the border infrastructure, and were set to simplify customs procedures and to ease congestion at border crossings [6, p. 31—32].

Also, the EU and Russia planned a rather impressive programme in the field of transport. Thus, Flagship Project 11.4 was meant to support a Polish-Lithuanian initiative for the establishment of "Functional Airspace Blocks" for the purpose of airspace management. This initiative involved the Kaliningrad region, too [7, p. 71—72]. Another Flagship Project — "Cooperate for Smarter Transport" — was devoted to the development of safety multimodal transport corridors in the BSR, specifically the Green Corridor from ports of Sweden, Denmark and Germany to ports of Lithuania and Kaliningrad [6, p. 55]. As part of Priority area 13, the EU and Russia planned to develop a system aimed at ensuring sea transport safety. That was extremely important due to intensified transportation of crude oil, mineral oil, petroleum products and liquefied petroleum gas across the Baltic Sea. Although Russia was given a rather small role in environmental cooperation in the EUSBSR (there was only one Flagship Project (1.5) focused on assessment of pollution-related risks), Moscow and Brussels developed fruitful relations in the framework of other programmes and initiatives: the Northern Dimension Environmental Partnership, the Baltic Sea Action Plan (the Helsinki Commission), etc.

Flagship Projects 12.7—12.10 (part of Priority area 12) were devoted to the development of strategies for sustainable tourism in the region by harmonizing tourism standards and creating a common marketing strategy aimed at ensuring joint efforts in the BSR’s promotion in the global tourism market [6, p. 59—60].

The Youth Resource Centre was established in Lithuania within Flagship Project 12.6 in order to encourage cooperation among youth organizations in the Baltic Sea region and, additionally, with those coming from Belarus, Ukraine, Moldova and the Caucasus [6, p. 59].

Unfortunately, not all projects which were supposed to involve Russian partners were implemented or completed.

In 2011, the European Commission began to review the EUSBSR. It was necessary due to both rather dynamic processes in the region and criticism of the strategy from Russia and even the EU members. In June 2011, the Baltic Sea States Subregional Cooperation (a political organization for the EU members of the BSR authorities) published an evaluation report. It stated directly that Russia's absence in the BSR was a severe drawback of the strategy [9, p. 9]. The joint position adopted in April 2012 by the BSR subregional, municipal and non-governmental organizations (the Baltic Sea States
Subregional Cooperation (BSSSC), the Union of the Baltic Cities (UBS), the Baltic Development Forum, the Euroregion Baltic) acknowledged an urgent need for including Russia and Norway in the BSR [12].

However, the EU documents released in 2012 (mainly the Communication from the European Commission of 23 March 2012 and Conclusions of the European Council of 26 June 2012) demonstrated that the expressed criticism had been ignored by Brussels. The documents contained essential adjustments related to the EU members. However, they did not include any serious changes concerning Russia. Moscow was offered cooperation in the framework of the existing projects — the Northern Dimension, the Council of the Baltic Sea States (CBSS), the Union of the Baltic Cities, the Baltic Sea States Subregional Cooperation, the Nordic Council of Ministers, etc. [3, p. 6; 8; 4, p. 4]. Apart from that, the documents stressed the importance of cooperation with Russia in maritime surveillance as well as prevention, preparedness and response to disasters at sea and on land.

**Russia's Policy in the Baltics**

The unconstructive position of the European Union did not promote the idea of cooperation so Moscow was forced to look for other opportunities to pursue Russia’s national interests. No reaction on the EUSBSR followed from the Kremlin (as opposed to the Northern Dimension project). It clearly demonstrated that Moscow had no intentions to "force" the EU to develop friendship. Instead, Russia continued to maintain bilateral contacts with the BSR countries within multilateral diplomacy (for example, there has been a real breakthrough in Russia's relationship with Poland and Lithuania in recent years) and concentrated on cooperation with the regional and subregional institutions.

Thus, a lot of attention was directed to the Council of the Baltic Sea States. It is the most effective tool of multilateral diplomacy for Russia as it enjoys equal rights with other countries. The EU enlargement in 2004 put the CBSS in a rather difficult position. After their accession to the EU, Poland and the three Baltic states seemed to have lost any motivation to cooperate inside the CBSS. The adoption of the EUSBSR in 2009 presented another blow for this organization: the strategy had been designed only for "a private club". Being outsiders, Russia, Norway and Iceland had to work really hard in order to transform the CBSS through the adoption of new conceptual documents. These documents clarified the mission and functional objectives of the Council, and reorganized its structure and budget.

It should be noted that Germany (it was one of the initiators of the establishment of the Council in 1992) had a significant role to play in transforming the CBSS. Germany was interested in implementing "a new Hansa project" and maintaining a cooperation channel with Russia. During the German Presidency of the CBSS (2011—2012), the Initiative of Modernization of the South Eastern Baltic Area through regional cooperation (SEBA) was launched. In fact, this programme became a small replica of the EU-Russia Partnership for Modernization and was specifically adapted to the needs of the BSR. Russia supported the Initiative and contributed to its implementation.
The Russian Presidency of the CBSS (1 July 2012—30 June 2013) can be considered a culminating point of Russia's attempt to transform the CBSS. Russia proposed four main priorities:

— cooperation in the field of modernization and innovation with the focus on clusters of growth in the region;

— establishment of a network of public-private partnership as a platform for sustainable socioeconomic development;

— promotion of the traditions of tolerance as a means of combating tendencies of radicalism and extremism;

— promotion of people-to-people contacts and facilitation of the existing visa regime [14].

Although the programme did not articulate the idea of developing cooperation with the EUSBSR directly, all these priorities almost perfectly fitted in the EUSBSR thematic platforms and could be easily integrated with the corresponding projects. Unfortunately, the EU did not demonstrate much interest in Russia’s initiatives. Moscow found individual partners among the BSR countries, which were both the EU and the CBSS members. This decided the fate of Russian Presidency of the CBSS.

On the one hand, Moscow managed to implement several specific proposals. For example, as part of the public-private partnership development, Vnesheconombank and German State Bank KfW signed a credit agreement on extending 110 million US dollars to Vnesheconombank. Besides, there were projects on creating a tourism cluster around Lake Vistynets (Vistytis). It is located on the border between Lithuania and the Kaliningrad region and is often called the European Baikal. Also, the project of a summer youth camp in the Kaliningrad region, "Baltic Artek", was launched in 2010. Finally, the EuroFaculty Pskov project at Pskov State University entered its second three-year phase (2012—2015) drawing on the experience of Immanuel Kant Baltic Federal University.

On the other hand, there were many failures in the implementation of the programme of the Russian Presidency of the CBSS. A number of reasons made it impossible to obtain funding for the planned projects. As a result, the implementation of the SEBA programme — the object of both Russian and German hopes — slowed down. Moreover, the partners turned out to have different ideas about the purpose of the modernization programmes. Russia had a rather rational attitude and was interested in European technology and investment in the economy of its northwestern regions; the Western side insisted on radical reforms of legal regulations and state institutions responsible for creating favorable investment conditions and taking anti-corruption measures.

Russia’s initiatives to promote tolerance, anti-radicalism and anti-extremism in the BSR were practically ignored. The three Baltic States regarded them as Moscow’s attempt to interfere in their internal affairs through Russian-speaking communities. Russia’s call for visa facilitation in the BSR was considered as inappropriate as all visa policies were supposed to be discussed within the Schengen zone. It is obvious that Russia’s visa initiative had been inspired by the success of the Norway-Russia (2010) and Russia-
Poland (2011) arrangements for simplified border-crossing regimes for border residents. However, the BSR cannot make any border-crossing agreements without the EU approval. Thus, the results of the Russian Presidency of the CBSS are rather modest, and the most important problem of uniting two different strategies with the help of the CBSS still remains unresolved.

Some thoughts on further EU-Russian dialogue in the Baltics

It must be admitted that at the moment the EU-Russia relations are in deadlock. However, Moscow and the EU members are engaged in a dialogue, both at bilateral and multilateral levels. So what can be done to make this dialogue more constructive?

First and foremost, expectations for future cooperation between Moscow and Brussels in the BSR should be realistic. So it is necessary to remember that the success of regional partnership depends on the general state of EU-Russia relations. Currently, they are rather strained, and a possible breakthrough is hardly expected to happen in the Baltics. At the same time, compared to other regions involved in the Eastern Partnership programme, the BSR is in more favorable conditions than "the new EU neighbourhood". There are no local frozen conflicts comparable to the ones in Transnistria, Nagorno-Karabakh, Abkhazia and South Ossetia. The level of trade, economic, cultural and educational cooperation between Russia and the BSR countries is higher than the cooperation between Moscow and the countries in the Caucasus or Moldova. These factors inspire some optimism for the prospects of the EU-Russian dialogue in the BSR.

Both the European Union and Russia have to begin serious work to make changes in their perception of each other's ideologies. Thus, it is time for Brussels to stop inconsistency in its evaluation of Russia. Russia is sometimes viewed as a potentially promising "student" who studies market economy and democracy (it was a characteristic feature of the EU in the 1990s and in the early 2000s); or it is considered to be a bad "student" who "does not do his homework" and bullies more diligent "students" (i.e. post-Soviet countries) or even tries to form a "gang" (i.e. the Customs Union, the Eurasian Union, etc.). At the same time, Moscow has to get rid of various stereotypes and stop viewing the EU as a "bureaucratic monster" who tries to undermine Russia's position in the BSR and reduce it to a "raw materials appendage".

In alliance with other countries in the region, Russia should insist on greater openness of the EUSBSR to turn it from "a private club" into a platform for regional cooperation. It would be helpful to use the experience of the Northern Dimension, which started as one of the regional programmes of the EU and eventually turned into a true partnership between the EU, Russia, Norway and Iceland. The process of rapprochement between Russia and the EU should ensure the development of areas of mutual interest like energy, transport infrastructure, environment, humanitarian issues, etc.

Along with other members of the Baltic political process, Russia and the EU could contribute to a better "division of labor" between regional and
subregional organizations and forums (the Northern Dimension, the CBSS, the Nordic Council of Ministers, the Baltic Sea States Subregional Cooperation, the Union of the Baltic Cities, the Helsinki Commission, etc.). At the moment, their activities overlap in many respects, which leads to the dissipation of forces and resources (which are, in fact, rather limited). To remedy the situation, these multilateral institutions should clarify and negotiate their purposes and duties. Some organisations (for example, the CBSS) have to complete their institutional reforms in order to ensure more effective work in our constantly changing environment.

To strengthen a cooperation platform between Russia and the EU, it is necessary to develop contacts at the highest levels, as well as to actively involve sub-national and non-state actors: regions, municipalities, business communities, mass media, educational, cultural and civil society institutions, etc. Excessive bureaucracy and inefficiency of some of the existing cooperation channels lead to failures or even closures of potentially promising initiatives (for example, Twin Cities or Euroregion Motion). Russia and the EU could breathe new life into similar old initiatives and launch new ones with the help of the existing institutions like the BSSSC, the UBC, the City Twins Association, etc.

The financial aspects of cooperation in the BSR should receive special attention of Russia and the EU. The European Parliament approved the EU budget for 2014—2020 so it is high time the interested European countries and organisations reserved funds for regional cooperation programmes because the chronic Eurozone crisis is likely to result in a struggle for the fair share of the "budget pie". Meanwhile, Russia has to estimate resources which can be contributed to common projects in the BSR. Rich "Uncle Europe" is going to stop financing projects in an indiscriminate way. Russia will have to choose from a variety of projects those ones which have potential for ensuring sustainable development.

In conclusion, it needs to be mentioned that the possibilities and prospects of cooperation between Russia and the EU should be the subject of constant attention and discussion of expert and academic communities in Russia and the EU. Research projects concentrated on searching for the ways and means for developing cooperation between Russia and the EU in the Baltics could break the ice in the Russia-EU relations and prove to be significant investment in the future.

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