

TEN YEARS IN THE EURO-ATLANTIC COMMUNITY:

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“Ten Years in the Euro-Atlantic Community: Riga Conference Papers 2014” is a collection of analytical articles compiled by the Latvian Institute of International Affairs (LIIA) for The Riga Conference 2014. The authors of this publication bring diverse approaches, diverse views, and problems when debating current economic, political, and military security aspects in the Baltic States, in the European Union (EU), or even from a global perspective. While touching upon the 10 year anniversary of the EU/NATO enlargement that embraced the Baltic States and most Central and Eastern European countries the authors are looking at the challenges from the point of view of the 2014 Ukrainian-Russian conflict and the future of the Eastern Partnership, from a geopolitical perspective of Central Asian countries, including historical, the political economy, smart defence, and energy security, as well as the Latvian Presidency of the Council of the European Union points of view. The collection represents the views, findings, and opinions of the authors, and are not necessarily those of the Latvian Institute of International Affairs or supporters of the project: NATO, the Ministry of Foreign Affairs of the Republic of Latvia, and the Konrad Adenauer Foundation.

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INTRODUCTORY REMARKS: READJUSTING SECURITY?

Andris Sprūds, Kārlis Bukovskis

We have experienced a dynamic shift in the tectonic plates of international politics and economics in recent years and months. This has had a formative impact on the Euro-Atlantic community. Russia's aggression in Ukraine, annexation of Crimea, and continuous competition of integration projects in the neighbourhood of the EU and Russia has become an important "game changer" in regional and global politics. Perceptions of engagement, and expectations of wider regional cooperative frameworks, have apparently been replaced by a growing mistrust, mutual deterrence strategies, and great power rivalry. Moreover, the threat to Ukraine's integrity is not the solitary challenge on a global "chessboard". A slow recovery after the economic recessions in European countries and growth of anti-EU sentiments within the EU, a protracted turmoil in the Middle East, security concerns in Afghanistan after the NATO troop withdrawal, as well as growing tensions in South East Asia, have considerable implications for global and regional developments in the years to come.

In the context of a growing number of concerns and challenges, it becomes even more important to have strong Euro-Atlantic partnerships, viable institutions, and sustainable and credible strategies. Over the years NATO has developed a vision and toolbox for regional stabilization. NATO's efforts to stabilize Afghanistan have brought mixed results, and difficulties with security and state building in the country remain. As NATO prepares to withdraw its troops, Transatlantic partners need to manage regional security implications as well as adjust strategically and identify its toolbox for further modus operandi and sustained relevance globally. Russia's assertive actions in the direct proximity of NATO countries also reminds us of the importance of collective defence and mutual reassurance for all members of the alliance in the face of traditional and non-traditional security concerns.

The issues of acute economic recession, political crisis, and institutional disarray within the European Union have been put aside. However, questions of long-term economic, social, and institutional sustainability, global effectiveness and relevance, and the ability to speak with a common voice remain. Institutional changes in the European Union must not only bring answers to "who gets what" but should become a new, fundamental restart opportunity for addressing concerns within societies and reinforcing its role as a relevant economic and political player regionally and globally. In

the 1990s a vision for the enlargement of Euro-Atlantic institutions played an instrumental role for the reconstituted identity of NATO and the EU and a more stable, secure, and prosperous neighbourhood, which eventually became an integral part of the Euro-Atlantic security community.

Baltic countries have substantially gained from their NATO and EU memberships. Enlargement of the Euro-Atlantic community has reduced geopolitical “grey zones” in the region, and extended windows of opportunities for stabilization, growth, and confidence building. The Baltic countries have joined a security community of those who are “like minded” and this has contributed to launching a more pro-active and confident international agenda. Latvia has demonstrated its engagement strategy with strong endeavours to extend political and economic interaction with Russia, promote modernization and Europeanization of Eastern Partnership countries, and strengthen cooperation with Central Asian states. Latvia is well prepared to follow Lithuania’s example and assume and lead a successful presidency in the EU Council for 2015. Ten years after enlargement Riga will become one of the hubs for political decision-making and intellectual thought exchange in the EU. On the other hand, the Baltic countries as fully-fledged members of NATO and the EU have experienced, and been influenced, by challenges and complexities within and beyond the Euro-Atlantic community. The conflict in Ukraine and Russia’s assertiveness in the neighbourhood underlines once more the stabilizing significance of the enlargement, and the obligation to proceed with homework, promoting cohesiveness and effectiveness within the community of those like-minded.

Riga Conference Papers 2014 aim to contribute to the understanding of Baltic achievements, concerns, and strategies ten years after NATO and EU enlargement, in the context of global and Euro-Atlantic developments and challenges. What are the existing and developing security and perceptual landscapes in Europe? What about NATO effectiveness, reassurance, and credibility in the face of hybrid challenges? How do we address risks and opportunities in the neighbourhood and beyond? Would the new enlargement be beneficial for increased regional stability? How do we deal with an assertive Russia? What is the role of the Baltic countries and how can Latvia contribute to common strategies during its EU presidency? This publication intends to address these questions, explain the determining forces and patterns behind regional and global transformations, outline challenges and windows of opportunities, and provide visions for possible future scenarios.

The international body of distinguished contributors has been vital and is highly appreciated when reflecting on the diversity of opinions and

multifaceted nature of the regional and global security agenda. A number of internationally recognized authors from the US, UK, Poland, Estonia, Latvia, Lithuania, Germany, and Georgia, contributed to debating challenges the Baltic region, European Union, and Transatlantic community are facing ten years after the EU and NATO embraced the Baltic States and many Central and Eastern European countries. Searching for security, stability, and a feeling of belonging within the Euro-Atlantic Community has allowed the dividing lines in Europe to be altered. In spite of the achievements, multiple economic, political, and military security aspects remain as homework still to be done. The diverse experiences and outlooks by authors of the articles in “Ten Years in the Euro-Atlantic Community: Riga Conference Papers 2014” indicates multidimensional challenges that need addressing in the coming years, or even months.

For this reason, the authors’ viewpoints, and articles in the collection, range from conceptual, historical reconciliation perspectives, geopolitical outlooks, and evaluations of security achievements especially in the Baltic countries. They also construct a more detailed analysis of the Russian-Ukrainian 2014 conflict, energy security aspects, economic and societal security in Latvia and prosperity in the Baltics, Russia’s factor in the Baltics and Western perceptions, modern smart defence challenges, as well as the future of the Eastern Partnership, and the role of Central Asian countries, especially Georgia, in regards to regional security. Authors investigate from multiple intellectual positions, contributing to a more coherent perspective concerning the 10 year anniversary of the “Big Bang Enlargement”; the EU and NATO welcoming former USSR states as equal parties in the organization. The importance of being 10 years in the Euro-Atlantic Community is not a prerogative of only Baltic or EU decision makers. Apparently the period has, nonetheless, a symbolic value for Eastern Partnership countries and also Russia.

The successful implementation of this analytical endeavour was enabled by a number of joint efforts. The current publication takes full advantage of a long tradition of productive cooperation between the Latvian Institute of International Affairs and its international partner institutions in the Euro-Atlantic community and beyond. Support from the Latvian Ministry of Foreign Affairs for Riga Conference Papers 2014 has been essential. The Ministry has repeatedly demonstrated its leadership in promoting intellectual engagement and thorough international debate in the region and beyond. Moreover, the continuously generous support from NATO and the Konrad Adenauer Foundation has been instrumental in facilitating the exchange of thoughts and bringing important international issues to decision-making and

expert communities, and the general public. Last but not least, this publication benefits from a reader who is attentive to the subject, and interested in understanding the challenges and opportunities for Baltic countries ten years after the enlargement of the Euro-Atlantic community.

JUXTAPOSING ECONOMIC AND SOCIETAL SECURITY: LESSONS FROM LATVIA

Aldis Austers

Latvia, like Estonia and Lithuania, has been a member state of the EU and NATO since 2004. No doubt, the EU enlargement has been a success through making Europe a much safer, and more prosperous, place. Yet, it can easily be seen that the economic benefits of membership have not accrued to every new member state at the same rate. In Latvia's case, despite high expectations, the first ten years of these memberships have delivered a somewhat ambiguous outcome.

On the one hand, Latvia managed to reduce national income gap from 41% in 2004 to 62% in 2013 (in purchasing power standard) and penetrate the core of the EU by joining the Schengen Area of border-control free travel in December 2007 and the Eurozone in January 2014 – a major Latvian geopolitical goal. In 2015, Latvia will take on the task of the rotating presidency of the Council of Ministers of the EU – a memorable event in Latvia's rather gloomy history. Renovated public buildings, new blocks of apartment houses, and higher quality goods in supermarkets attest to Latvia's regained economic fortune after prolonged fastening under Soviet repression and its transition years during the 1990s. Moreover, Latvia's political system, despite economic and political turmoil from 2008 to 2011, has remained compliant with basic democratic principles.

On the other hand, the period of the post-accession economic boom was followed by a deep slump in 2008 – 2009. While benefiting politically from belonging to the world's richest countries club, Latvia had to ask for international bail-out assistance. Now Latvia is again growing economically and its membership in the Eurozone has removed the menacing threat of exchange rate collapse and made the country's financial system much safer. However, investors remain cautious about Latvia's future development as attested by its relatively still high sovereign credit risk ratings. Moreover, statistics on unemployment, crediting, and price dynamics point to a still depressed state of economy. In fact, Latvia is faced with new challenges in the form of deindustrialisation, depopulation, and growing regional and social inequality. Moreover, huge wage differentials, volatility of economic development, as well as flaws in social care and security systems, prompt the departure of many young people from Latvia for more affluent and socially generous countries. So far very few emigrants have returned, and when combined with a demographic

decline, it puts the longevity of Latvia's economic growth at risk. What's more, anxiousness over regional security caused by Russia's recent aggression towards Ukraine, and a war of sanctions between the EU and Russia makes Latvia's further economic development questionable.

So, what is wrong? Is this linked to constraints inherent to small economies or to wrong economic policy making in Latvia? How has the EU framework been conducive to Latvia's growth problems? What prevents Latvia from utilising its full potential within the European Union?

The argument in this paper is that Latvian policy makers have long neglected the complex character of economic security. The so-far chosen path of Latvia's economic policy making has addressed only a few, mostly external, aspects of state's economic security, thus portraying some naivety from the Latvian political elite. More attention henceforth should be devoted to societal security issues in Latvia, as goals of economic security and social stability can occasionally be conflicting. In addition to this, the EU framework is conducive to amplifying the effects of domestic deficiencies. Small states can be very successful in terms of economic development if appropriate policies are designed to cure their inherent weaknesses and to allow them to profit from their natural advantages. Therefore, and particularly due to the recent global financial crisis of 2008 and the Ukrainian conflict, a rethinking of today's economic security agenda at EU level is required, which should involve a move towards greater solidarity among EU member states.

From Traditional, to Economic, and Societal Security

The understanding of what denotes "economic security" varies according to the respective nation state's geopolitical situation, endowment with resources, state of economic development, and status in power hierarchy or size. Moreover, some scholars also point to temporal ideological particularities under which a specific state has formed, as a factor determining the content of its economic security perception.

Traditionally, military capabilities have played the most prominent role in the states' security discourse. Until the 1980s economic issues were assigned the status of "low-politics", although the economy provided a base for military expenditure. With the ascent of globalisation, the concept of economic security was born. By moving from an age of mass production (embedded liberalism) to an age of globalised production chains (open markets), the states, along with environmental degradation concerns, became anxious about the risks

stemming from increased exposure to global economic developments which affected their national security capabilities, but of which their political elites had little or no control.

The smaller the state; the more relevant economic openness is to its development; the more vulnerable that particular state is. Vulnerability is a function of openness to capital and trade flows, export concentration and dependence on strategic imports, and is an inherent feature of small economies. Yet, studies on small states in the world economy point to a fact that despite high vulnerability due to economic openness some small manage to achieve very high economic growth, by far exceeding the level of large states. This apparent paradox is explained by an economic resilience from the policy-induced ability of an economy to withstand or recover from the negative effects of external shocks.

According to Lino Briguglio *et al.*, resilience should be considered from two perspectives.¹ First, the ability of an economy to recover from adverse shocks or “shock-counteraction” matters. This is associated with the flexibility of an economy, enabling it to bounce back after being affected by a shock. Macro-economic stability is essential in this respect. Low debt, a sustainable fiscal position, limited current account deficits, low unemployment, and inflation present space to manoeuvre in case of a shock. Second, the ability to withstand or absorb shocks is equally as relevant. This relates to the ability to absorb shocks, and to reduce or neutralise their negative effects. Micro-economic market efficiency is relevant, e.g. flexibility of labour, the robustness of competition, and limited regulatory restraints on business. Also, good governance matters too. In other words, according to Briguglio, it is essential to understand that vulnerability is an intrinsic (structural) feature of small states, while economic resilience is a nurtured response to vulnerabilities.

Furthermore, the literature on small states point to a number of opportunities and constraints the small nations are facing. A study by Credit Suisse² claims that the success of small countries is conditioned by: 1. less pronounced wealth inequality and better quality of education, healthcare, and intangible infrastructure; 2. ethnic, linguistic, religious and cultural homogeneity of the population; 3. a greater openness to external trade which enhances the specialisation and attraction of foreign subsidiaries of large corporations; and 4. less tax burdens (up to 5 per cent for individuals). At the same time, small states are characterised by some innate peculiarities,

¹ Lino Briguglio et al., “Economic Vulnerability and Resilience: Concepts and Measurements,” Research Paper no 2008/55, World Institute for Development Economic Research.

² *The Success of Small Countries*, Credit Suisse, July 2014.

called also the “signature” of small states, which are close to impossible to change without severe damage to the socio-political fabric of these countries. According to Puniani Austin,³ these are: *monopoly* as the natural number of most things tends towards just one, thus impeding the working of the free market; *totality* meaning the state and its manifestations are ubiquitous and omnipresent; and *intimacy* meaning the threshold of privacy is low, familiarity is excessive, and role overlap are rife and unavoidable.

Moreover, temporal and ideational frameworks also matter for small nations’ success or failure. Thus, according to Rainer Kattel *et al.*,⁴ the currently prevailing global ITC based production paradigm imposes on small nations *de-agglomeration* denoting abolishment of traditional intra-state hierarchies of job distribution between different skill levels, *de-linkaging* meaning that labour does not consume its own product, and *de-diversifying* implying that outside global high-tech centres the production is constrained to simple assembly operations. This all is compounded by inherent financial instability in small states caused by unrestricted and volatile foreign capital flows. As a result, companies based in small states are not motivated to innovate, as it is more efficient and secure for them to move research and development (R&D) activity to specialised off-shore technological centres. In order to overcome this problem, involvement of state authorities is required. Yet another problem is, runs the argument, that small states have a limited pool of knowledgeable public managers to guide and sustain investments in cutting-edge development. Unfortunately for the Baltic States, the public governance reforms leading towards small and decentralised state administrations with increasing use of independent agencies in an already weak administrative environment has been “hollowing out the state administration at a time when the states’ capacity to steer the economy and innovation processes is direly needed”.⁵

Ironically, the state and nation building in the Baltic States coincided with the ascent of neo-liberal ideology requiring a retrenchment of state. In fact, the aforementioned study of Credit Suisse suggests there is a significant difference in economic, social, and institutional performances between “old” small countries (those in existence before 1945) and “new” small countries. Alpine and Nordic countries could serve as a model to other small nations, although some factors contributing to their success may not be transferrable.

³ Puniani Austin quoted in Godfrey Baldacchino, “Meeting the Tests of Time: Small States in the 21st Century,” in *Current Issues in Comparative Education*, Teachers College, Columbia University, 15(1), 2012, p. 17.

⁴ Rainer Kattel *et al.* “Small States and Innovation,” in *Small States in Europe: Challenges and Opportunities*, ed. Robert Steinmetz and Anders Wivel, Ashgate, 2010, pp. 65-86.

⁵ Rainer Kattel *et al.* “Small States and Innovation”...

The Baltic countries, according to this study, along with Iceland, Portugal, and Ireland, were the most prominent losers in the aftermath of the global financial crisis.⁶

Therefore, it is essential to point to yet another strand of security literature which recognizes societal security and even an individual's security as equally relevant aspects of security building. The concept of societal security was developed by the Copenhagen School of Security Studies. It proposes that society, not a state, should be the object of security studies. Accordingly, societal insecurity exists when a community feels threatened and at risk of survival. In fact, this acknowledges the cohesion between different social groups within a state, and underscores how people can be made insecure by their own state. In other words, the state and nation are not the same and prolonged societal insecurity can result in an open revolt against authorities or, as in the case of Latvia and Lithuania, in a massive "exit" of people from the system through emigration.

Economic Security in Latvia before 2004: An Existential Struggle between Two Worlds

Latvia, like the other two Baltic States, is without doubt a small state. This is how Latvia is perceived by other states, and how Latvians perceive themselves too. Although territorially Latvia is twice as big as, for example, Belgium, the intensity of economic activity in Latvia is many times less than in Belgium, if population density and GDP per capita is taken into account.⁷ This, of course, has had an impact on Latvia's military capabilities. In fact, military spending in Latvia is being perceived with a great dose of scepticism, because people doubt Latvia's ability to stage a major resistance to Russian superior military forces in the event of conflict.⁸ Instead, Latvia has pursued a strategy of soft defence through political and economic integration with the West, with an expectation that foreign interests in the country, and international clout, would act as a shield against Russia's possible advance.

The political and economic challenges facing Latvia have varied through

⁶ *The Success of Small Countries*, Credit Suisse, July 2014.

⁷ In fact, this different intensity of economic activity between Latvia and Belgium can be estimated from 17 to 18 times. Latvia is approximately twice as big as Belgium territorially, and has a population 5 times less than Belgium. The Latvian GDP per capita is 1.76 times lower than in Belgium (2013). Altogether it makes a difference of 17.6 times (2x5x1.76). This proportion roughly equals the nominal GDP difference between the two countries.

⁸ Latvia's public spending on military purposes amounts to around 1 per cent of the GDP. In order to reduce the status of "security consumer" and show its good will, Latvia has actively engaged in international military missions in the Balkans, Iraq, and Afghanistan.

the years, and so has economic security discourse. Western attitude towards Central and Eastern European countries, as well as political developments in Russia, played a major role in this process. Ideational factors have also had a considerable impact on Latvia's external economic policy, and at some moments in time geopolitical and security considerations prevailed over economic interests. The truth is, Latvia's statehood to a large extent represents antagonism to a union with Russia. Historically Latvia's subjection to Russia resulted in human suffering, repression, and the population's "Russification", be it tsarist Russia in the eighteenth and nineteenth centuries or Soviet Russia in the twentieth century. Latvian people felt tired of their economic backwardness, political repression, and the immense inefficiencies caused by the Soviet system, and were happy to rediscover their Western cultural roots once the system started to falter in the late 1980s.

In the early 1990s, the Baltic States were desperately searching for ways on how to increase the stake of Western powers in their existence, however, full membership of the then European Communities and NATO seemed a very distant, even utopian, idea. So initially Latvia chose a balancing strategy between East and West. Latvia wanted to become a bridge between two parts of world – a great hub of transit and banking. First, Latvia had inherited from the Soviet Union a well-developed transit infrastructure with Russia – oil pipelines, sea ports, railways, and back in the 1990s most of Russia's exported oil passed through Latvia's territory. Second, the liberalisation of capital transfers in the early 1990s and a lax regulatory regime of financial transactions turned Latvia into a centre of currency exchange operations for the whole former Soviet Union.

Yet hopes for mutually beneficial economic relations with post-Soviet Russia turned out to be short-lived and were dashed by political strife between the two states. Latvia refused to be a satellite of Russia (i.e. to be part of the Commonwealth of Independent States), insisted on the departure of Russian military forces from Latvia's territory (the last units left in 1995), and engaged in constructing a nation state (citizenship was reinstated only to the citizens of pre-war Latvia and their descendants,⁹ pre-war constitution was restored, and the Latvian language was awarded status as the exclusive official language). Furthermore, Latvia refused to sell strategic assets linked to

⁹ In fact, the citizens of pre-war Latvia and their descendants received citizenship by way of registering. Other groups within the Latvian population (mostly those who arrived in Latvia during the time of the Soviet Union) were allowed to apply for citizenship through naturalisation. The initial annual quota system was cancelled towards the end of the 1990s. Moreover, those children born from 1991 onwards, and those who have an obtained educational certificate from a Latvian school are now allowed to become Latvian citizens by way of registration. The other contenders have still to pass examination of proficiency in the Latvian language and constitution.

transit infrastructure to Russian companies. This, of course, irritated Russia. Russia's response was to use economic leverage for political goals. It gradually reduced its dependence on Latvia's transit routes by building its own sea-ports for oil export and, at the same time, increasing prices of those commodities whose imports Latvia was dependant on, like natural gas.¹⁰ The recently build North Stream gas pipeline under the Baltic Sea, directly connecting Russia with Germany, can also be seen as a continuation of efforts to reduce Russia's dependency on "prickly" transit countries.

Russia's negation against Latvia's chosen path of state and nation building, and continuous interference in Latvia's domestic affairs, raised fears regarding Russia's intentions with the Baltic region. Yet, the more intense Russia's pressure became, the more resolute was Latvia's strive for membership in the EU and NATO. The year of 1995 marked a turning point in Latvia's external economic strategy along with its plans for integration in Western political structures. In 1995, the Latvian government declared Latvia saw accession into the EU as indispensable for the survival of the nation and preservation of the state. Thus, Latvia abandoned the balancing strategy in favour of bandwagoning vis-a-vis the EU and NATO. In 1994 Latvia signed the free trade agreement with the EU, which was followed by the European Agreement in 1995. In 1995 Latvia submitted an application for EU membership. In 1999 Latvia was invited to start accession negotiations. NATO initiated the Membership Action Plan in 1999 and invited Latvia and six other CEE countries to start accession negotiations in 2002. In 2004 Latvia became a fully-fledged member of the EU and NATO.

Internally, the period between 1995 and 2004 can be characterised as a phase of balanced growth. In line with general Western strategic orientation, Latvia was expanding its network of bilateral and multilateral preferential and free trade agreements with trusted countries. In 1999 Latvia became a member of the World Trade Organisation. In order to lure direct foreign investments, Latvia was positioning itself as a low-cost, low-tax habitat. The cornerstone of macroeconomic stability was a fixed exchange rate policy. To Latvia's bad luck, this policy did result in a very few high value FDI projects, mostly in financial and retail sectors, while a chronic lack of budgetary resources led to meagre public services, social exclusion and, ultimately, gradual alienation of a large part of Latvia's population from the state.

¹⁰ In contradiction to its energy delivery diversification plans, the Latvian government signed an agreement with Gazprom in 1997, awarding this Russian state-owned gas giant exclusive rights for gas delivery to Latvia until 2017.

Economic Security in Latvia Post-2004: From Survival to Developmental Discourse

Baltic post-enlargement foreign policies illustrate a shift away from explicit traditional security concerns towards “soft security” and further deepening of European integration, according to David Galbreath and Ainius Lasas.¹¹ Indeed, after the accession to the EU, Latvia and the other Baltic States were striving for deeper integration, e.g. full participation in the Schengen Area and of the Eurozone. Also, Latvia was seeking options on how to diversify energy supplies,¹² and to improve transportation infrastructure to help increase its capacity for cargo transit between East and West.

Without a doubt, accession to the EU was rewarded by greater political autonomy, and Latvia, like Estonia and Lithuania, “did not hesitate to use the newly obtained policy freedom to strengthen their global position.”¹³ In Latvia’s case this involved integration in the larger international security architecture through accepting certain capabilities in the North Atlantic infrastructure (like expertise in the clearing of mines and special task diving operations) and assuming military missions far beyond Latvia’s borders like in the Balkans, Afghanistan, and Iraq. Moreover, Latvia was looking for policy niches where its competence could be advanced at EU level. This direction included engagement with other post-Soviet states in direct proximity of the EU like Belarus, Ukraine, Moldova, and also further East – Georgia, Azerbaijan, and the states of Central Asia. Latvia’s historically good relations with these countries, and superior expertise of their political and economic systems, are being seen as an asset.

After accession to the EU and NATO, Russia’s bellicosity somewhat eased. Moreover, membership in the EU has provided the Baltic States with an institutional vantage point,¹⁴ giving space for a better Baltic economic co-operation with Russia. Russia is Latvia’s third largest trading partner, after Lithuania and Estonia, accounting for 12 per cent of total external trade. Latvia continues to depend on Russian oil and gas supplies, while the Russian market

¹¹ David J. Galbreath and Ainius Lasas, “Continuity and Change in the Baltic Sea Region: looking at the impact of enlargement on Baltic foreign policy,” a paper prepared for the ECPR-SGIR 2007 Conference in Turin, Italy, http://www.eisa-net.org/be-bruga/eisa/files/events/turin/Galbreath-galbreath_and_lasas_paper.pdf

¹² In fact Latvia encounters difficulties in defining a clear long-term sustainable energy strategy, which would ensure economic welfare and political sovereignty. Latvian analysts point to conflicting cost considerations between existing and diversified deliveries, vested interests, and a lack of transparency in decision-making. See Andris Sprūds, “Latvia’s energy strategy: Between structural entrapments and policy choices,” in *Energy: Pooling the Baltic Sea region together or apart*, ed. Andris Sprūds and Toms Rostoks, Riga: Zinatne, 2009, pp. 223-249.

¹³ David J. Galbreath and Ainius Lasas, “Continuity and Change in the Baltic Sea Region”...

¹⁴ David J. Galbreath and Ainius Lasas, “Continuity and Change in the Baltic Sea Region”...

is important for Latvian food products. Russia is the eighth biggest investor to Latvia. Yet there are worries about recent changes in the investment direction of Russian businesses; “while previously there were purchases of production capacities, today, major interest is focused on strategic areas such as banks, telecommunications, energy, and real estate.”¹⁵ What’s more, consolidation of Putin’s autocratic regime in Russia and recently expanding Russian hostility towards democratic and liberal ideals in general, and Western countries in particular, has renewed popular concerns about the Baltic fate.

One may ask whether these developments represent a proper move beyond long existential overtones in Latvian foreign policy, as proposed by Galbreath and Lasas. According to Maria Mälksoo not really, as perceptions of security and identity have not changed after the double accession, and the shift by Baltic States’ from existential politics to normal politics is far from being accomplished.¹⁶ Certainly, the European identity of the Baltic societies may not yet be mature enough, and “behaving like a European” can still be noticed as the dominant attitude in the three countries. Moreover, the ongoing Ukrainian conflict represents a complex dilemma to the Baltic States. On the one hand, the instinct of state survival dictates the necessity to defend Ukrainian independence and integrity. In the same vein, also Byelorussian independence matters a lot to the Baltic States, notwithstanding Lukashenka’s repressive headship.¹⁷ On the other hand, this political logic contradicts economic interests, as the blockage of economic relations with Russia will hurt economically, and if the Ukrainian conflict drags on, render the Baltic region on a deep periphery of the European Union.

Domestically, accession to the EU and NATO was followed by an investment glut. Sudden and unrestricted post-accession inflows of capital met Latvia’s authorities in flux, resulting in an economic boom and excessive imbalances. The nominal annual economic growth soared up to 36 per cent in 2006, while current account deficits surged to 25 per cent of the GDP and inflation – to 15 per cent. Latvia’s external indebtedness was also accumulating very rapidly – from 80 per cent in 2005 to 165 per cent in 2010. At the same time, the application of viable resilience policies was hampered by a disagreement between Latvian monetary and fiscal authorities about the extent of vulnerability to Latvia’s economy and an appropriate course of action.

¹⁵ Victoria Panova, “Foreign Economic Policy of Russian Federation: the Constraints and Opportunities of the Baltic Dimension,” in *The Economic Presence of Russia and Belarus in the Baltic States: Risks and Opportunities*, ed. Andris Sprūds, Riga: SIA Apgāds Mantojums, 2012.

¹⁶ Maria Mälksoo quoted in David J. Galbreath and Ainius Lasas, “Continuity and Change in the Baltic Sea Region: looking at the impact of enlargement on Baltic foreign policy?”

¹⁷ Edijs Bošs, “Lukashenkonomy: Belarus’s Perilous “Third Way” Between Russia and the West,” in *The Economic Presence of Russia and Belarus in the Baltic States: Risks and Opportunities*, pp. 65-92.

As a result, Latvia's strive for early membership to the Eurozone led to an excessively stringent exchange rate policy, which, unmatched by an equally stringent fiscal policy, contributed greatly to the economy's overheating. When the crisis struck Latvia had no choice but to ask for international financial assistance. The assistance was delivered, but in exchange Latvia had to effectively hand over economic management to the international lenders – the IMF and the European Commission. The remedy prescribed was a harsh fiscal austerity and a number of structural reforms. In mid-2009 Latvia's economy was again growing, however, by that time around a quarter of its economy was lost, unemployment had reached 21 per cent and every fifth banking loan turned out to be non-performing. In the meantime, Latvian people were eager to enjoy the freedom of movement within the EU *en masse*, a process which had already started in 2004, but was greatly accelerated by the crisis.¹⁸

Conclusions: A Way Forward

The post-accession boom was a unique event, one near impossible to replicate. Ironically, because of the crisis, today economically Latvia is not doing substantially better than its neighbouring non-EU countries like Byelorussia and Russia, notwithstanding Latvia's privileged, unrestricted access to the European common market, extensive FDI inflows, and funding from the EU agricultural and structural funds. Sadly, this is a conclusion from Latvia's first ten years' in the EU. This is partly an effect of geopolitical constraints faced by Latvia, partly an effect of economic illiteracy and neglect of people's concerns, and also partly a consequence of deficiencies in the functioning of the EU.

Some points for consideration to Latvian policy-makers:

- Latvia is a small state, therefore societal stability matters much more than the text books on modern economics would suggest. Social corporatism is a paradigm for successful small states. Now is the time to make distribution of Latvia's national income fairer and to pay more attention to labour interests during policy making;
- Latvian policy makers should not be afraid of raising taxes on capital and wealth, as the majority of wealthy Latvian people depend on incomes generated domestically and, instead of less wealthy, will not leave;

¹⁸ According to the most recent national census, between 2001 and 2011 Latvia's population has shrunk by 15 per cent to 10 per cent on the account of emigration and 4% on the account of demographic decline. For more details about economic, social and political consequences of the recent financial crisis in Latvia see Aldis Austers, *How Great is Latvia's Success Story?*, Friedrich Ebert Stiftung, February 2014, http://www.liia.lv/site/docs/FES_Austers_Latvia_crisis_2014.pdf

- Low corporate taxes in Latvia should be left in the past. Instead, Latvia should strive for a better business environment and eradicate the grey economy, corruption, tax non-compliance, and judicial failings;
- It will not be possible to arrest the outflow of people from Latvia by administrative means. Instead, Latvia should be prepared for tough competition for talented and laborious people. Circular migration has to be fostered by all means, including removing obstacles to access public procurement contracts by foreign companies;
- Better educational achievement should be part of Latvia's economic security policy, as it "balances human resource needs with trans-territorial aspirations of the brightest and most able";¹⁹
- Last but not least, Latvia, in cooperation with other smaller EU member states, should aspire to renegotiate the growth framework of the EU. Without more solidarity in the fields of smart investment, R&D, and reproduction of human potential, the development of those small member states and the EU in whole will be hampered.
- After the crisis Latvia has scrupulously followed fiscal discipline prescriptions. Now, here are some ideas addressed to Latvia's European partners about how to allow Latvia to become a more prosperous area in the future:
 - Latvia's strategic asset is its geographic location between East and West, therefore, Latvia's aspirations to redirect transit flows through its territory should be supported;
 - In a free market Europe it is easier to move labour than fixed assets across borders. Latvia is suffering from the lack of fixed direct investment and well-paid jobs. Like Eastern Germany, Latvia needs reindustrialisation, otherwise depopulation will continue. If private investments fail to reach depopulated areas, public investments should come instead. European-wide unemployment insurance would be a step in the right direction;
 - In a post-Lehman Brothers' world, even seemingly large states, even superpowers, have become increasingly concerned about their economic security because of existing interdependencies. Regulation of financial institutions should be improved, however, most likely that miracle will not happen, and economic growth will not come to save bad European banks and over indebted governments. Europe needs a proper banking union with a well-financed resolution mechanism and deposit insurance;

¹⁹ Godfrey Baldacchino, "Meeting the Tests of Time: Small States in the 21st Century," in *Current Issues in Comparative Education*, Teachers College, Columbia University, 15(1), 2012.

- The Lisbon Treaty has introduced more “Europe”, and made EU decision making more efficient. Most small member states were happy to bring that Treaty into effect. Yet the post-Lisbon tendency of intergovernmentalism is something to deplore. This undermines the spirit of the European project and alienates smaller member states.

Latvia will hold the EU presidency during the first half of 2015. The leitmotif of the Latvian presidency will be “involvement, growth, sustainability”. More specifically, Latvia’s has proposed three specific areas of priority action: 1. a competitive EU as the basis for growth and improvement in the quality of people’s lives; 2. strengthening the information society; 3. strengthening the EU’s role at a global level, and development in the area of welfare and security in neighbouring regions of the European Union. Apparently, the proposed agenda is covering the current challenges of the EU well. Whether Latvia will have enough clout to master critical support among member states and European institutions for these ideas is another issue, and will be the subject of another research paper. Peter J. Katzenstein has noted small states that see themselves as successful, present themselves as having done so by virtue of the nimbleness, social corporatism, canny opportunism, and policy flexibility that their size provides and permits.²⁰ Hopefully Latvia will fit well into this group.

²⁰ Godfrey Baldacchino, “Meeting the Tests of Time...”

NATO: RUSSIA'S MAIN GEOPOLITICAL ENEMY

Jānis Bērziņš

Introduction

Although nowadays these theories are marginal, imagine for one moment if the writings of Samir Amin, Immanuel Wallerstein, Andre Gunder Frank, Giovanni Arrighi, John Bellamy Foster, Noam Chomsky, and David Harvey, just to cite few, turned to hugely influence Russian geopolitical and military thought. In short, the result would be Russia considering itself a victim of American and European economic interests made instrumental by the financial system, multilateral organizations, and diplomacy. The West would only be interested in its natural resources, forcing the country to be in a permanent state of Development of Underdevelopment.¹

The promotion of democracy and human rights would be an excuse to force the country to submit to foreign interests, mainly to tame nationalist internal politics, thus facilitating the depletion of the country by American and European companies. Thus, Russia's natural destiny would be to accept being junior partner in the international system, and a submissive one at that. Rephrasing a popular motto in 1960's Brazil: "What is good for the United States is good for Russia."² Although for the West this may sound absurd, in short this view has become increasingly popular within Putin's inner circle and the military. Yevgeny Bazhanov, rector of Russia's Diplomatic Academy, recently stated that: "People in power did not object to or even greet the Western efforts to plant democratic values in Russia and teach the nation how to live in a "free state." Today, this looks like an effort to weaken power in Russia and to "force it to its knees."³ The aim of this paper is to present the Russian defense and security sector's narrative on NATO, the United States, and Europe.

¹ Andre Gunder Frank, "The Development of Underdevelopment," *Monthly Review* 18, no. 4, 1961, pp. 17-31.

² The original is: "What is good for the USA is good for Brazil." The phrase was coined by the first Brazilian ambassador to the United States during the military dictatorship (1964-1985), General Juracy Magalhaes.

³ Evgeny Bazhanov, "Rosii i Zapad (Russia and the West)", *Mezhdunarodnaia zhizn*, no. 12, 2013, p. 23.

Putin's World View

In the very beginning of his first term Vladimir Putin already suggested Russia should reassure its role in a multipolar world, one where the regime has sovereignty. Although there were clear signs of deepening the Eurasian trend in Russian foreign policy, Putin also tried to develop friendly ties with the West, especially with the United States. He soon understood the relationship would not be smooth. The U.S.-Russian Strategic Stability Cooperation Initiative of 2000 is one example.

The document President Bill Clinton and Vladimir Putin signed was aimed to be a “constructive basis for strengthening trust between the two sides and for further development of agreed measures to enhance strategic stability and to counter the proliferation of weapons of mass destruction, missiles and missile technologies worldwide”. However, the act on Russian-American Confidence and Cooperation approved by the US Congress forbid the White House to restructure Russia’s foreign debt, until closing a radio electronic center in Lourdes, Cuba. Without options, Russia was forced to close it.⁴ Russia is convinced that the terms of its foreign debt restructuring were especially designed to weaken its economic power, thus its military power. Shutting down the military naval base Cam Ranh, in Vietnam, because they lacked resources to pay for the lease is one example.

Putin concluded the West is dangerous and unpredictable. The Trans-Atlantic Community, especially the United States, uses instruments of irregular warfare such as NGO’s, and multilateral institutions (IMF, World Bank) to destabilize Russia. As a result, the view that Russia constantly faces threats from the outside has become mainstream. In face of these threats, Russia considers itself a fragile country. Putin and those in his inner circle understand its economy is too dependent on oil and gas. As a result, there is not enough energy for expansion. At the same time, it is necessary to maintain its regional influence by all means. Since there are many factors outside Russia’s control, Putin believes external factors can influence those which are internal, and can result in Russia’s crash. This explains why Russia is engaged in not letting Ukraine to be closer to the West.

Russia has been trying to present itself as a serious global player. In this sense, the Georgian war of 2007, from a psychological perspective, served as a way to reassure the Russian internal public. It also reflects a clash of worldviews. On one hand, the West tries to impose its model, one that is flawed. NATO, the USA, and

⁴ In July of 2014, Russia signed an agreement with Cuba to re-open the Lourdes radio station. Senior Russian military officers consider that the closeness of the facilities to the United States will permit the Russian military to work almost without looking back to the highest tiers to capture radio waves.

the EU's moves are unilateral and disregard the chain effects of their actions, for example, an Islamic dictatorship being substituted by fundamentalist regimes. On the other, Putin considers international development as a comprehensive process, with no place for values-based politics, but with particular interests in concrete cases. Putin is convinced defending his and his inner circle's private interests and beliefs is tantamount for defending Russia's national interests. Thus, any attempt to make Russia more transparent, democratic, and tolerant, is considered to be not only a personal attack against him and his allies, but against basic Russian values.

Russia, NATO, and the United States: Geopolitical Enemies

The rhetoric that the Trans-Atlantic Community, especially the United States, is Russia's main enemy has been developing for some years. Although relatively marginal until the second half of the 2000s, the idea that Russia is a victim of vested interests from the United States, implemented and executed by multilateral agencies and NATO, has been gaining legitimacy. In the last ten years, this idea has been gradually incorporated in Russian policy making. It has also had significant influence in the military.

One of the first times the Trans-Atlantic Community was openly called Russia's main enemy was in Col. A. Yu. Maruyev's article "*Rossiiia i SShA v usloviakh protivoborstva: voenno-politicheskii' aspekt*" (Russia and the U.S.A. in Confrontation: Military and Political Aspects), published in the main Russian military scientific journal *Voennaya Mysl'* (Military Thought). For the first time the term "geopoliticheskyy protivnik" (geopolitical enemy) was used to refer to the United States and its Atlantic allies. This concept implies foreign powers and international political entities are acting with the objective to weaken Russia's position in the international system. To achieve this objective, the United States and its Trans-Atlantic allies have been pursuing policies to debase the political, economic, and cultural foundations of the Russian state.⁵

First, the USSR and the United States engaged in a long period of confrontation for worldwide influence. Second, the West, following American leadership, fought for the disintegration of the USSR and the whole of the socialist system by using political, economic, and its special services. Third, again United States' lead, Central and Eastern Europe countries and the Baltic States were integrated into the Euro-Atlantic Alliances with the objective of weakening Russia. Fourth, Washington is aiming to gain broader access to

⁵ A.Yu. Maruyev, "Rossiiia i SShA v usloviakh protivoborstva: voenno-politicheskii' aspekt (Russia and the U.S.A. in Confrontation: Military and Political Aspects)," in *Voennaia Mysl'*, no. 8, 2009, p. 9.

Russia, the South Caucasus, and Central Asia's energy resources, promoting the idea that these resources are part of a common world wealth and these countries alone are unable to exploit them efficiently.⁶

The American strategy towards Russia has five points. First, reduce Russia's economic power and defense potential. Second, turn it into a supplier of raw material for the American economy. Third, submit Russian foreign and domestic policies to America's interests. Fourth, keep Russia's geopolitical interests within the boundaries of its own territory. Fifth, destabilize the sociopolitical situation in Russia by, for example, fueling antagonism between ethnic Russians and people of other nations living in Russia or by instigating religious conflicts between orthodox Christians and Muslims. As a result, Russia's geo-strategy to be aimed at preventing the West to weaken Russia. Specifically to counter NATO, the strategy should be directed at deepening existing differences between the United States and several European countries over the Alliance's future. It is in Russia's interest NATO turns into a peacekeeping organization aiming to solve European problems, including terrorism.

A very comprehensive analysis of NATO and the Trans-Atlantic Community in relation to Russia was made by Major-General (ret.) Aleksandr Vladmirov, the president of Russia's Board of Military Experts. He is the author of more than 150 publications on defense and security issues. He is also one of the authors with the idea that a war between the United States and Russia is inevitable within 10 years. This idea was fully developed in 2008 in his article "The Great American War". The article starts with the statement "*Tseli Vashingtona – Polnomasshtabnyi kontroly nad prirodnyimi resursami planet*" (Washington's objective: total control of the planet's natural resources).⁷ This is the result of five factors.

First, economic. Although the United States has the most powerful economy in the world, it is also the most fragile. This is the result of American external debt, trillions of dollars, being not payable. The only way the United States has to maintain its influence is to provide security to the world and demonstrate its superior power. Second, the military. The United States has extensive military and technological superiority over the rest of the world (including Russia and China). Third, information. The United States practically controls sources of information, being able to picture facts to their advantage. Fourth, geopolitical. The United States has the possibility of controlling the majority of nations in the world, although this power is in

⁶ A.Yu. Maruev, "Rossiia i SShA v usloviakh protivoborstva...", p. 4.

⁷ A.I. Vladmirov, "Bolshaya Amerikanskaya Voyna (The Great American War)," in *VPK – Voenno-Promyshlennyi Kurier*, no. 38, 2008, <http://vpk-news.ru/articles/1776>

decline. This includes controlling Europe, and attempting to push European countries to the political periphery. Fifth, internal politics. In the United States, the basis of internal stability is a high level of consumption. Thus, any reduction in the level of individual consumption will certainly result in social unrest and a loss of political legitimacy. Since natural resources are limited, the United States needs to guarantee their control at any cost. The conclusion is, the United States never ceased to conduct warfare against Russia on several levels and forms, with an objective to submit Russia's national interests to the needs of the United States.⁸

However, Vladmirov's two most relevant writings on understanding how Russia's military strategically consider NATO and the United States are: NATO v paradigme obshchey teorii voyny (NATO in the Paradigm of the General Theory of War) and SShA – Glavnyy Aktor Mirovoy Voyny (The United States – The Main Actor in the World War).

In the first, the author develops the idea there are many civilizations in the world, but only four are really geopolitically relevant. The Christian/Western Civilization (USA, Europe, and Australia) with the objective of globally imposing fundamentalist liberalism; the Orthodox civilization (white Russian), which objectives are still developing; the Islamic civilization, with the objective of expanding radical religious Islamic fundamentalism; and the Chinese civilization, with the project to slowly expand Chinese chauvinism. Following this division, all significant conflicts in the world can be divided between the West against Orthodox, West against Islam, all against China, and vice-versa. The general rule is that each civilization is fighting alone and will lose alone. Thus, Russia has no other choice, but be independent and look for its own path of development and interests.⁹

It follows that the project of Western civilization is, in reality, the project of the United States. There are four implications for NATO. First, NATO intentionally and willfully fails to fulfill its obligations. In the preamble of the North Atlantic Treaty, it is stated that NATO members are “determined to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law.”¹⁰ In other words, NATO's main objective is to guarantee security of the Trans-Atlantic Community, thus, of Western civilization and its cradle, Europe. It is failing because, in face of the current civilizational war between

⁸ A.I. Vladmirov, “Bolshaya Amerikanskaya Voyna (The Great American War)”...

⁹ A.I. Vladmirov. “SShA – Glavnyy Aktor Mirovoy Voyny (The United States – The Main Actor in the World War),” in *Kadet.ru*, http://kadet.ru/lichno/vlad_v/USA_gl_aktor.htm

¹⁰ NATO. “The North Atlantic Treaty,” NATO. http://www.nato.int/cps/en/natolive/official_texts_17120.htm

Western and Islamic civilizations, Muslim immigrants and their descendants are gradually physically displacing indigenous European ethnic groups on European soil. At the same time, while the Western civilization is losing the civilization war in its own cradle, it does nothing for its own salvation. On the one hand, it engages in a pointless and costly war for freedom and democracy in places where these values are not important or are even not wanted; on the other, the result is rather the radicalization of Islamic people, not only where NATO soldiers have been fighting for freedom and democracy, but inside Europe and the United States.¹¹

Second, NATO is not ready to contain the approaching civilizational stress Europe is facing at this moment. Europe does nothing to save its own indigenous people, instead hiding behind the ideology of political correctness. This is extremely dangerous, since the result, mostly probably, will be war between civilizations inside Europe, as the fires in Paris and revolts in Stockholm already signaled. The result will be Europe's implosion. Similar scenarios are to be expected in the United States and Russia. Third, NATO has lost its meaning and purpose and still has not found a new sense. NATO's security guarantee to its members is still to only assure its members that the USSR, and now Russia, will not engage in a war against them. The annexation by Russia of Poland, Estonia, Latvia, Lithuania, Ukraine, and Georgia is neither necessary nor strategically significant. Therefore, in its present form, NATO is a necessary first to the United States, since it is an instrument to legitimize American actions. As a result, the United States is able to ignore the UN Security Council. Second, for its own bureaucracy. Third, for splitting regimes – in Z. Brzezinski's terms (sic).¹²

Regarding Russia, NATO has never confirmed its friendliness. It continues to consider Russian an enemy and constantly prepares for war with Russian military forces. Finally, NATO supports anti-Russian military-political trends in regions of natural Russian interest. Notwithstanding the difficult relationship between NATO and Russia, both need each other. First, as basis for certain continental bipolar stability. Second, as a necessary strategic deterrent. Third, as the "official" enemy. Fourth, as incentive for development. Fifth, as potential strategic ally to win the civilizational war. In this sense, Russia's efforts to weaken NATO are counterproductive.¹³

¹¹ A.I. Vladmirov. "SShA – Glavnyy Aktor Mirovoy Voyny (The United States – The Main Actor in the World War)"...

¹² A.I. Vladmirov. "SShA – Glavnyy Aktor Mirovoy Voyny (The United States – The Main Actor in the World War)"...

¹³ A.I. Vladmirov. "SShA – Glavnyy Aktor Mirovoy Voyny (The United States – The Main Actor in the World War)"...

The problem, for reaching stability and establishing a productive relationship with NATO countries, is the United States. It has to maintain its global hegemony to guarantee the dollar being the global currency by excellence. This is necessary to guarantee financial stability, mostly because of the American unpayable foreign indebtedness. Also, to give the United States the power to buy unlimited amounts of whatever is necessary to maintain its global hegemony. The American pursuit of globalization results in a state of permanent war, causing poverty, injustice, and lawlessness. Also, in the United States the formation of values and the development of financial, economic ideological, technological, informational, and organizational power, guaranteeing national survival were transferred from the state to private transnational corporations. The result is the establishment of global oligarchical fascism.¹⁴

The United States' strategic objectives are:

- In the short-term: to control the Middle East's natural resources; to prepare public opinion for the admissibility and legal framework to support the unrestricted use of NATO in the interests of peace and of humankind (in reality, the interests of the United States); to create the conditions to increase military and economic power over the enemy, and a fragmented Islam.
- In the medium term: the defeat and destruction of Russia as the United States' main geopolitical enemy; total control of Russia's natural resources, and denying access to the rest of the world, specially China;
- In the long term: the defeat and destruction of China as the United States' main political rival; implementation of a global American dictatorship.

For this, the United States has been strengthening its military dominance in the world, while Europe is unable to surpass the economic crisis. The concept of Smart Defense, although quite ambitious, may reduce European military capability, and even jeopardize its military industrial sector. Since common purchases are done, it is believed the United States will push to make equipment being purchased be American. This will benefit the American military industrial complex, making European companies face severe losses. The conclusion is that, since England, France, and Germany will lose their military capabilities, they will also lose their national sovereignty. The United States will be able to force these countries into an unavoidable Global war.¹⁵

¹⁴ A.I. Vladmirov, "NATO v paradigme obshchey teorii voyny (NATO in the Paradigm of the General Theory of War)," in *Kadet.ru*, http://www.kadet.ru/lichno/vlad_v/NATO&Obschaya_teoriya_voyny.htm

¹⁵ A.I. Vladmirov, "NATO v paradigme obshchey teorii voyny (NATO in the Paradigm of the General Theory of War)"...

More recently, the Kremlin backed Izborsk Club's "Defense Reform as an Integral Part of a Security Conception for the Russian Federation: a Systemic and Dynamic Evaluation".¹⁶ Many of the text's authors are influential among the military, people in Putin's inner circle, or both.¹⁷

The first point is understanding the 1990s idea of Russia not having any direct external adversary has been proved unreal. Adopting a strategy of unilateral diplomatic concessions showing Russia as a responsible and serious international player, therefore persuading the West to accept it in the international system as an equal partner, resulted in failure.¹⁸

The second is that the main external threat to Russia is the interests of the United States and its Western allies. Accordingly to this idea, the West has no interest in Russia restoring its status of global power. Instead, it pursues policies, mostly economic, to force Russia to become a raw materials producer unable to develop military power. To achieve supremacy over Russia, the Euro-Atlantic community has been using soft-power instruments, including the imposition of unbalanced agreements on, for example, the reduction of strategic nuclear missiles and tactical nuclear weapons. The main instruments are:¹⁹

- Stimulation and support of armed actions by separatist groups inside Russia with the objective of promoting chaos and territorial disintegration;
- Polarization between the elite and society, resulting in a crisis of values followed by a process of reality orientation to Western values;
- Demoralization of Russian armed forces and military elite;
- Strategic controlled degradation of Russia's socioeconomic situation;
- Stimulation of a socio-political crisis;
- Intensification of simultaneous forms and models of psychological warfare;
- Incitement of mass panic, with the loss of confidence in key government institutions;
- Defamation of political leaders who are not aligned with the United States interests;
- An annihilation of Russia's possibilities to form coalitions with foreign allies.

¹⁶ A.A. Nagorny and V.V. Shurygin V.V., eds., *Defense Reform as an Integral Part of a Security Conception for the Russian Federation: a Systemic and Dynamic Evaluation*, Moscow: Izborsky Club, 2013, <http://www.dynacon.ru/content/articles/1085/>

¹⁷ The Izborsk Club is formed by a group of Russian nationalists, some of them sympathetic to national-bolshevik ideas. It has a major influence on Vladimir Putin's thinking and policies, including in Eurasiansim (Dugin), geopolitics (Ivashov), socio-economic doctrine (Glaziev), and the concept of Russian civilization clashing with the West (Platonov).

¹⁸ A.A. Nagorny and V.V. Shurygin V.V., eds., *Defense Reform as an Integral Part of a Security Conception for the Russian Federation...*

¹⁹ A.A. Nagorny and V.V. Shurygin V.V., eds., *Defense Reform as an Integral Part of a Security Conception for the Russian Federation...*

It follows that Russia should prepare for three possible military conflict scenarios. First a major war with NATO and Japan. Second, a regional-border conflict scenario, i.e. disputed territories. Third, an internal military conflict as a result of terrorism. It is not believed a direct military conflict with NATO in the short term is expected, however, Russia has been facing severe pressure with the infringement of its strategic national interests. NATO has politically and militarily wiped out most of Russia's natural potential allies. This can be exemplified by NATO's expansion into the former Warsaw Pact space. The monetarist economic ideology imposed by the International Monetary Fund, the World Bank, and other multilateral organizations, not only had the objective to weaken Russian society overall, but resulted in underfunding the Armed Forces, thus operational degradation.²⁰

Major General I.N. Vorobyov and Colonel V.A. Kyselyov published some months ago an analysis of the United States and NATO efforts to instigate "color revolutions." Since the modern political technologies of state breakup focus on changing aggression from the military-geographical space to the information-network one, it was possible for the United States and NATO to develop the model of "controlled chaos" to a level never seen before. This model of attack was revealed in the color revolution and in the Arab Spring. It has three stages. First, there is crisis-inspired destabilization and stimulation of internal conflicts. Second, degradation, impoverishment, and disintegration of the country (failed-state). Third, the United States and NATO pose as savior and benefactor, but change the political regime to another one. If necessary, American troops are readied to invade a country in a "stabilization" operation.²¹

The authors are convinced the Transatlantic Community has been trying to implement the model of "controlled chaos" in Russia. This has been done by a technique of information intervention directed to stimulate illegal activity of extremist nationalist, religious, or separatist movements, or organizations. The objective is to destabilize the internal political environment by taking control of government organizations, the mass media, non-governmental organizations, and others, using slogans of democracy, civil-society, and human rights protection. The main target is the population's mindset. Since Russia has a great Islamic population, insurgency is the greatest risk for its security, sovereignty, and territorial integrity. As a result, the Russian military and policy-makers need to urgently learn from Yugoslavia's disintegration and the color revolutions.²²

This would give a basis for developing a strategy to neutralize the

²⁰ A.A. Nagorniy and V.V. Shurygin V.V., eds., *Defense Reform as an Integral Part of a Security Conception for the Russian Federation...*

²¹ I.N. Vorobyov and V.A. Kiselyov. "Strategii sokrusheniia i izmora v novom oblike (Strategies of Destruction and Attrition in a New Version)," in *Voennaia Mysl*, no. 3, 2014.

²² I.N. Vorobyov and V.A. Kiselyov. "Strategii sokrusheniia i izmora v novom oblike (Strategies of Destruction and Attrition in a New Version)"...

information-network war of controlled chaos the United States and NATO has been waging against Russia. The first step is to include in the military doctrine the list of factors threatening the state. These are rebels, extremists, ethno-religious and nationalist organizations using rebels, bandits, and mercenaries conducting warfare without any rules and classical canons. The most important is a type of subversive weapon called “Westernization”. It is the imposition on Russia of a social system, economics, ideology, culture, and way of life similar to the West. The objective is to discredit Russia’s political and social system, resulting in population stratification into hostile groups, which are then supported by the United States and NATO.²³

Final Remarks

The Western reader will probably be very skeptical about the ideas discussed in this paper. The first reaction will be to dismiss the authors as marginal and non-influential: radical, paranoid, nationalist, military. Maybe Russian people and politicians share some of these ideas, but in a softer and milder version. It is not the case. There is an urgency to understand the paranoid narrative regarding a clash of civilizations, of Russia as a fragile nation being victimized by foreign powers interested only in its natural resources, and color revolutions as instruments of organized warfare, have become very strong among the population, the politicians, and the military. It serves the interests of the ruling political elite to maintain power. Also, the Russian General Staff has been translating the Kremlin’s ideas and policies into military terms, analysis, and strategy.

The Kremlin is unable to consider the possibility that people tired of living under corrupt and authoritarian regimes may revolt, even without foreign stimulus or help. It is clear Putin has been trying to make Ukraine fit the “Color Revolution supported by the West” narrative, without considering that Russia is the foreign power trying to prevent legal and legitimate national forces to reestablish peace and order. In other words, Russia will use this narrative to (re)assure its influence whenever necessary. As a result, any genuine process of democratization can be considered an attack from NATO against Russia.

The Russian military are openly considering the Trans-Atlantic Community, especially the United States, Russia’s main geopolitical enemy. Also, Russia reserves the right to use nuclear weapons to respond to conventional aggression, including at a regional level. That is why NATO must develop a more pragmatic approach towards Russia, and at the same time be ready for increasing instability at Europe’s borders. That is why there

²³ I.N. Vorobyov and V.A. Kiselyov. “Strategii sokrusheniia i izmora v novom oblike (Strategies of Destruction and Attrition in a New Version)”...

is an urgency to increase the presence of NATO at border states such as the Baltics. Also, to continue engaging in diplomatic talks with Russia to promote disarmament and ban using nuclear weapons, especially as a response to conventional aggression.

At the same time, the United States and Europe must seriously consider and discuss to what extent economic interests jeopardize the Trans-Atlantic Community's own security. This is not only related to Ben Judah's hedge fund politicians,²⁴ but the role of finance and business, if not the European economic model itself. It is clear that because of the bailouts for the financial sector, the defense budget of many NATO countries were dramatically reduced. Some time ago a bitter joke circulated the internet saying: selling high tech weapons to Russia would possibly result in economic growth. As a result, the defense budget would increase and NATO countries would be able to acquire similar weapons instead of cutting costs and reducing operational capability. Jokes must only be jokes.

This year commemorates 10 or 15 years of NATO membership for many countries of the former Warsaw Pact. These countries are also members of the European Union. There is no doubt that these countries and the Trans-Atlantic Community are more secure now – in a broader sense – than before. However, at the same time, the world has become more dangerous and unpredictable. Not only has the art of war been evolving, but many questions that had seemed to have lost relevance are again posing strategic challenges for the Trans-Atlantic Community. As threats evolve, strategy must follow.

²⁴ Ben Judah, "Why Russia no Long Fears the West," in *Politico*, 02.03.2014, <http://www.politico.com/magazine/story/2014/03/russia-vladimir-putin-the-west-104134.html#.U-4yEUj0-zk>

PAROCHIALISM VS. COLLECTIVE SECURITY: ENERGY, THE BALTICS, AND THE TRANSATLANTIC RESPONSE TO RUSSIA'S ATTACK ON UKRAINE

Matthew J. Bryza

The Transatlantic community's response thus far to Russia's military assault on Ukraine has been an exercise in parochialism rather than strategic wisdom. Largely absent has been the spirit of collective security and a readiness to sacrifice for the common good that eventually drove the Western world's reaction to Europe's last example of *Anschluss*, nearly 80 years ago. By embracing economic self-interest over collective security, however, the West risks tempting President Putin to extend his military adventure not only deeper into Ukraine, but toward the Baltic region, just as the Baltic states celebrate the tenth anniversary of their membership in NATO and the European Union.

Parochialism and strategic short-sightedness are not new to Transatlantic foreign policy. It took the existential threat of Hitler's *blitzkrieg* to awaken Western leaders from their post-Munich stupor. In the 1980s, the United States (US) supported Islamist extremists in fighting the Soviet Union in Afghanistan, only to declare two decades later that "any country that is not with us is against us" in its struggle against these same radicals following the September 11 terror attacks. Today, Russia vigorously defends the international legal principles of territorial integrity and non-intervention when it comes to its own separatists in the Caucasus, while stoking separatist tension in neighboring Ukraine, part of which it has already invaded and annexed.

The parochialism of wishful thinking has largely prevailed in Western governments since Russia invaded Crimea in late February. At first, the United States and its Allies refused to recognize the inconvenient truth that Russian President Putin had initiated a titanic East-West confrontation over Ukraine's right to choose its strategic future. US Secretary of State Kerry declared on February 26 the Moscow-induced crisis over Ukraine's preference to associate with the EU should not be seen as an "East-West tug-of-war", even as Russian Special Forces were covertly infiltrating Crimean territory and taking over Ukrainian government offices. Western leaders chose to avoid confronting President Putin's obviously false assertions that troops taking over Ukraine's sovereign territory in Crimea were not Russian. Days later, as

Russia was planning to annex Crimea, German Chancellor Merkel blocked consideration at the European Council of sanctions against Russia for two weeks; predictably, Russia used this reprieve to formalize its territorial grab.

Even after President Putin admitted in his April 17 press conference that he had been lying all along, and Russian troops had in fact invaded Crimea, Western European leaders still could not muster the strategic backbone to impose sanctions to deter further Russian military aggression. Washington provided clear evidence that Moscow was supplying tanks and other heavy weapons to its mercenaries and the separatists it commands in Eastern Ukraine; yet, Europe still hesitated, with France insisting on selling to Russia the very type of warship that could be used to invade NATO's own Baltic members. It seemed as if human suffering and a strategic setback at the hands of a dictator in Europe's East were beyond the daily economic and political calculus of much of Europe's West.

This all changed with the criminal shooting down of Malaysian Airlines Flight 17 (MH17) on July 17 by pro-Russian separatists. Suddenly, many who had resisted tough sanctions against Russia realized the "rebels" who murdered their compatriots are supplied and commanded by Russian military and intelligence operatives. Thus, the horrific deaths of so many Western Europeans made the consequences of Russia's war on Ukraine finally hit home. European governments now awakened to the need to stand firm against President Putin's aggression, especially in the Netherlands, whose citizens formed the largest contingent of victims.

Perhaps the MH17 tragedy will become a strategic watershed in Europe. Hopefully, the coordinated economic sanctions applied by the EU and US in its aftermath signal a broader realization that eradicating the strategic virus of President Putin's military adventurism requires domestic sacrifices that spring from the spirit of collective security. Maybe this time, Western leaders will not forgive and forget Russia's invasion of a neighbor as they did in February 2014, when, while explaining their boycott of the Winter Olympics' Opening and Closing Ceremonies, they failed to mention that Russian troops illegally occupy sovereign Georgian territory in the distance of a cross-country ski race from Sochi's Olympic venues.

President Putin, however, seems to be betting that he holds the stronger hand, and that Russia's ban on food imports and a threatened prohibition of foreign airlines' overflights of Siberia will compel Europe to back down. If Europe blinks, the consequences for NATO's easternmost members and for the Alliance itself could be catastrophic. Latvia could be particularly vulnerable to the hybrid warfare tactics Russia has employed in Ukraine.

A worrisome scenario might involve Moscow exploiting energy-related corruption among political elites; agitating Russian-speaking communities; invoking Russia's right/duty to protect these communities; then covertly deploying Russian Special Forces to occupy a swath of Latvian territory. As extreme as this scenario may sound, Russian Ambassador to NATO, Alexander Grushko, warned during an open session on Ukraine at GMF's Brussels Forum on March 22, 2014 that: "...hundreds of thousands of people in the Baltic states have their human rights violated simply because they choose to speak Russian".

The potential consequences of this scenario are chilling. Latvia would likely invoke Article 5 of the North Atlantic Treaty. Confronted by the prospect of full-scale war with Russia over a handful of fields and towns in eastern Latvia (or perhaps even Estonia), several NATO member states may refuse to join a consensus to respond militarily. As a result, President Putin might be able to undermine Article V's credibility and effectively dismantle NATO without firing a shot.

Even if President Putin refrains in the near term from a military adventure against NATO's Baltic members, he can still use energy as a strategic lever to weaken social cohesion and lay the foundation for a possible future use of force. Latvia, Estonia, and Lithuania remain "energy islands," entirely dependent on Russian natural gas supplies, while their electricity systems are synchronized with northwest Russia's electricity grid rather than the EU's. Russia has exploited these vulnerabilities. In 2012, Russia punished Lithuania for implementing the EU's own directives for strengthening energy independence from Russia, unilaterally imposing a gas price of \$497 per thousand cubic meters (tcm), which was 15 per cent higher than Germany's and 30 per cent higher than Europe's average. Gazprom Vice President Valery Golubov starkly explained in February 2012 that Gazprom's price gouging in Lithuania was justified by "Vilnius's inadequate behavior while restructuring the gas sector..." to reduce Gazprom's monopoly leverage.¹

Under the leadership of Energy Commissioner Gunther Oettinger, the European Commission has shown strategic foresight in working with the Baltic States to reduce such vulnerabilities by helping them integrate their gas and electricity systems into European networks. Besides two subsea electricity

¹ Gazprom Vice President Valery Golubov admitted in February 2012 that Vilnius's determination to its vulnerability to Moscow's monopoly power "...justified the price increase." Алексей Грибач (Aleksey Gribach), "Зампред правления «Газпрома» Валерий Голубев: «Цена газа для Литвы не зависит от состава правления Lietuvos Dujos» (Gazprom deputy chairman Valery Golubev: "The price of gas for Lithuania does not depend on the composition of the board of Lietuvos Dujos)", *Московские Новости* (*Moskovskie Novosti*), 11.02.2012, <http://www.mn.ru/business/20110211/300430801.html>

cables connecting Estonia and Finland, several other key infrastructure projects (e.g., LNG terminals and gas and electricity interconnections) are under development – often with EU financial support. Lithuania is working most actively, with Estonia not far behind. Latvia, however, is moving more slowly, reflecting penetration of the country's energy sector by Russian business and political interests.

It is now crucial for the EU to show similar strategic foresight with regard to Ukraine's energy sector. Energy plays an important role in Moscow's effort to blunt the Transatlantic community's response to its war against Ukraine. The timing of President Putin's rush to conclude an economically unattractive natural gas deal with China (and cave in to Beijing's decade-long price demands) this past May 21² suggests an attempt to frighten Europe into thinking Russia may take its gas elsewhere. In reality, Europe will remain Russia's most important natural gas market for decades, with future exports to China slated to equal only one quarter of Russia's current deliveries to the EU – and with Russia's gas export capacity to Europe scheduled to increase dramatically in coming years. The Russia-China gas deal has nevertheless generated genuine fear among many Europeans.

Such fears contribute to dissonance on both sides of the Atlantic in the midst of the Ukraine crisis, with Washington often viewing Berlin (as well as Rome, Budapest, Bratislava, and perhaps even Prague) as beholden to Gazprom, while Europeans see Washington as callous thanks to its lack of analogous economic exposure to Russia. Within Ukraine itself, Moscow is complementing its hybrid war of covert invasion, stoked insurrection, and information warfare with a threat to cut off natural gas to Ukraine unless Kyiv either: accepts a doubling of the gas price, which will bankrupt energy intensive industries and destabilize Ukraine's political system; or negotiates a deal that perpetuates Moscow's ability to exploit vulnerabilities among Ukraine's political elite, who are addicted to commercial relationships with Gazprom and shady Russian intermediaries.

It is perhaps this second threat that is the most dangerous for Ukraine and its Transatlantic partners. During the past two decades, Ukraine's oligarchs (including top politicians) have generally amassed their fortunes by buying Gazprom gas cheaply (via privileged connections) and selling it in the EU for double or even triple the price. This was possible because Ukraine never installed gas meters on its border with Russia, making it impossible to determine how much gas enters Ukraine. Consequently, Ukrainian and Russian schemers have

² See Ilya Zaslavskiy's analysis for Chatham House of how politics trumps the economics of the Russia-China gas deal, <http://www.chathamhouse.org/expert/comment/14633#sthash.RCsl3hfB.dpuf>

been able to pad gas deliveries to EU customers and sell undetected additional volumes through shady intermediaries for billions of dollars.

The most famous such deal ended Russia's January 2006 gas cutoff to Ukraine. It was brokered by Russian organized criminal Semyon Mogilevich³ on behalf of a shady Swiss company called RosUkrEnergo, jointly controlled by Gazprom and one of Ukraine's most powerful oligarchs, Dmitro Firtash. Under US federal indictment for bribery, Firtash has been a key donor to virtually every top Ukrainian politician since 1991 (perhaps with the exception of current President Poroshenko).

The RosUkrEnergo deal illustrates the nexus of natural gas, Russian organized crime, and Ukrainian politics that has generated legal and political vulnerabilities – consistently exploited by Moscow – since Ukraine's independence in 1991. Many of Ukraine's top politicians – even during the pro-reform euphoria following former President Yanukovich's ouster – have avoided taking tough decisions required to build a truly independent state; they have instead chosen to protect their jobs, which lucratively connect them with Russian business and government leaders in the natural gas sector. As a result, the Ukrainian Government was paralyzed when Russia launched its hybrid war in Crimea in late February 2014.

The Ukrainian Government will remain hamstrung in managing its existential crisis with Russia until this black hole of corruption in Ukraine's natural gas sector is eliminated. The momentum of a new and legitimate Ukrainian president coupled with continuing pressure for change from Ukraine's revitalized civil society provide the most realistic opportunity in more than two decades to enact critical natural gas sector reforms and end corrupt gas trading schemes that Moscow will always exploit.

To succeed, such a reform effort will require active and unified participation by the European Union in pursuit of three key demands from Kyiv and Moscow: a gas metering station on the Russia-Ukraine border; oversight and/or operational control of Ukraine's gas transit system; and a single price for Russian natural gas at the Russia-Ukraine border, which will deny Moscow the ability to divide-and-conquer within the EU by offering individual member states preferential (or discriminatory) natural gas deals.

Russia will resist these steps, first offering sweetheart deals to Germany, Italy, and Central European members of the EU, and later threatening to cut off gas flows into Europe. But, if EU member states can remain united and thereby obtain these demands, Ukraine stands a chance of emerging

³ At the time, Mogilevich was on the FBI's Wanted List; in 2009, he was elevated to the FBI's Top Ten Most Wanted List.

as a stable and prosperous country that is less vulnerable to manipulation by Moscow. If not, Russia will be tempted to pursue similar economic and military aggression beyond Ukraine, perhaps in the Baltic States, which face their own energy and political-military vulnerabilities as discussed above.

Maintaining EU solidarity in pursuit of these energy reform goals will be difficult, especially as negotiations between Moscow and Kyiv over this winter's natural gas deliveries into and across Ukraine grow intractable in coming months as winter looms closer. The European Union should therefore be preparing itself now for a worst-case of Russian gas cutoffs this winter, with the European Commission coordinating three key steps.

First, the EU should ensure all natural gas storage facilities in Europe are full. This would provide Europe with a reserve of 99 bcm, or 61 per cent of the pipeline gas supplied by Russia in 2013, and thus, a buffer against a threat by Moscow to cut gas supplies. As of early August, European gas storage stood at 81 bcm – a sizable increase from 46 bcm in March; the EU should ensure that this welcome trend continues.⁴

Second, the European Commission should explore options for imports of liquid natural gas (LNG) via Europe's underutilized LNG terminals. Theoretically, EU member states (excluding southern France, Portugal, and Spain, where LNG terminals are not connected to the EU's natural gas grid), have sufficient regasification capacity for purchases of 104 bcm of LNG, or 65 per cent of the 161 bcm imported from Russia in 2013.⁵ In practice, however, the EU imported only 25.7 bcm of LNG in 2013⁶ due to the considerably higher price of LNG on the spot market compared with long-term contracts for delivery via Gazprom's pipelines. Providing the EU an LNG buffer against a Russian gas cutoff by utilizing LNG terminals to their full capacity will thus be expensive. To estimate that cost, we can make some relatively conservative assumptions, namely that:

- Total EU demand for Russian natural gas during 2014 will again be around 160 bcm (as in 2013);
- The EU will be able to meet half of that demand for Russian gas by burning the 80 bcm already in storage, leaving an additional 80 bcm to be purchased from Russia;

⁴ Geoffroy Hureau, "Gas storage in Europe: Amid hope and uncertainty", in *Journées Annuelles des Hydrocarbures*, 23-24.10.2013, Paris, http://www.gep-afp.com/_upload/ressources/jah_2013/presentations/24_octobre/atelier_12/cedigaz_-_hureau.pdf

⁵ *Gas Infrastructure Europe*, GLE LNG Map Dataset, <http://www.gie.eu/index.php/maps-data/lng-map>

⁶ *BP Statistical review of world energy 2014*, Database, http://www.bp.com/content/dam/bp/excel/Energy-Economics/statistical-review-2014/BP-Statistical_Review_of_world_energy_2014_workbook.xlsx; also, GLE LNG Terminal Activities, Madrid Forum XXIV, 15.10.2013.

- Were Russia to cut off even that remaining 80 bcm of gas delivered via pipeline, EU consumers could replace it by purchasing 80 bcm of LNG;
- Using the current futures price for LNG delivered this winter to spot markets at northwest Europe's natural gas trading hubs of €235 million per bcm⁷, the total cost to the EU of its LNG buffer would be €235 million per bcm x 80 bcm = €18.8 billion.

By comparison, the EU provided €110 billion to bailout Greece's economy, and set aside €440 billion for the European Financial Stability Facility (EFSF) to aid other ailing Eurozone economies. In this context, allocating €18.8 to protect EU member states against the threat of a Russian natural gas cutoff during the Europe's most serious international crisis since the end of the Cold War seems realistic.

Financing an emergency LNG buffer leads to the third urgent step for the European Commission: a European Energy Security Fund. This could be an emergency financing facility capitalized at €20 billion for emergency LNG purchases, and operating like the ESFS through bonds guaranteed by EU member states, but perhaps only one-twentieth the size of the ESFS. The energy security fund would be intended as a deterrent: by demonstrating Europe's resolve to resist, the fund's mere existence would demonstrate that Europe could weather a Russian gas cutoff, while Russia's considerably smaller and more fragile economy would be imperiled by foregoing revenues from gas sales in Europe.

Maintaining the level of solidarity required within the EU to achieve these steps will be difficult, especially as Moscow tries to peel off individual EU member states from the EU consensus. The EU's Transatlantic ally, the United States, can help invigorate a collective spirit of Transatlantic solidarity, if it is able to overcome its own economic parochialism with regard to hydrocarbon exports.

The technology-driven boom in unconventional oil and gas has boosted US oil production by over 50 per cent over the past five years. In 2014, the US overtook Russia and Saudi Arabia to become the world's largest oil (and gas liquids) producer at 11 million barrels per day.⁸ Similarly, thanks to the shale revolution, the US is now the world's largest natural gas producer, and enjoys natural gas prices roughly half those in Europe and one-third those in the Far East.

⁷ "European Natural Gas. Daily Natural Gas market prices, news and analysis", in *Argus*, Issue 148, 01.08.2014., <http://www.argusmedia.com/~media/Files/PDFs/Samples/Argus-European-Natural-Gas.pdf?la=en>

⁸ Grant Smith, "U.S. Seen as Biggest Oil Producer After Overtaking Saudi Arabia" in *Bloomberg*, 04.07.2014., <http://www.bloomberg.com/news/2014-07-04/u-s-seen-as-biggest-oil-producer-after-overtaking-saudi.html>

Relatively cheaper natural gas has given energy-intensive industries in the US a new comparative advantage over their global competitors, leading President Obama to declare in his 2014 State of the Union address that US “businesses now plan to invest \$100 billion in new factories that use natural gas”.⁹ Unfortunately, outdated legislation prohibits export of LNG (and crude oil) from the United States, except to countries with which the US has a free trade agreement. Consequently, the US’s European allies are unable to import cheap LNG from the US to reduce their dependence on Russian natural gas. Though this US legislation resulted from bygone price controls and the 1973 oil shock, energy-intensive industries in the US have successfully lobbied to keep such export prohibitions in place.

Now is therefore the crucial moment for the United States to overcome its own economic parochialism and weaken Russia’s dominance as its Allies’ most important foreign supplier of natural gas. The first step would be for the US Congress to enact legislation enabling the United States to export LNG to its European Allies (assuming such exports make commercial sense). This right should then be enshrined in the Trans-Atlantic Trade and Investment Partnership currently under negotiation.

In addition, the US should offer diplomatic support to European political leaders and regulators who are promoting a single and unified European energy market. A key step will be to expand to the Baltic region the system of natural gas trading hubs that have facilitated the emergence of a genuine – though regionalized – market for natural gas in northwest Europe, where prices are set by supply and demand rather than monopoly power. A strong US diplomatic push could prove decisive to overcoming Russian resistance, as was the case in the late 1990s with regard to oil and natural gas pipelines to Europe from the Caspian Sea.

If Washington chooses to “lead from the front” on these energy issues, it can help its key European Allies transform their need for reliable and market-priced supplies of natural gas from a parochial vulnerability into a strategic tool, which can weaken Russia’s ability to conduct hybrid warfare against its neighbors. But, if Washington chooses to “lead from behind”, the United States will contribute to the Transatlantic community’s strategic drift on which President Putin has relied to threaten the viability of Ukraine as an independent state.

Left unchecked in Ukraine, the Kremlin’s neo-imperialist belligerence could drift toward the Baltic region and threaten the viability of NATO itself

⁹ President Obama’s 2014 State of the Union Address, 28.01.2014., <http://www.whitehouse.gov/the-press-office/2014/01/28/president-barack-obamas-state-union-address>

in Latvia (and elsewhere). Some may argue that this potentially existential threat to NATO means that extending NATO membership to the Baltic States was a mistake. But, this argument is foolhardy, not just strategically, but even from the perspective of Western Europe's parochial interests. After all, Putin's war of choice against Ukraine, a country beyond NATO's embrace, has already cost hundreds of West European lives. Had the Transatlantic community shown the strategic fortitude to deter President Putin from military adventurism in Crimea and eastern Ukraine, the horror of MH17 would never have happened.

The tenth anniversary of Baltic membership in Transatlantic institutions should therefore serve as a reminder that expanding the pledge of collective security eastward has made Western Allies safer. By eliminating temptations for military adventurism by a revanchist Russia, NATO's enlargement has prevented the loss of life in both Eastern and Western Europe, and laid the foundation for the strategic victory of a Europe that is finally whole, free, and at peace.

BALTIC SECURITY OVER THE DECADE: POLITICAL THREATS AND THE RUSSIA FACTOR

Andis Kudors

Introduction

In 2004, immediately after the accession of Baltic countries to NATO, Latvian President Vaira Vīķe-Freiberga said Latvia's accession to NATO provided unprecedented security guarantees. Ten years later, in 2014, a number of British MPs expressed the view that NATO was not ready for the dangers that would result from Russia's attack on members of the Alliance. In July 2014 Rory Stewart, Chair of the Defense Select Committee of the British Parliament, stated NATO has been too careless towards Russia's threats, and was not well prepared.¹ The Committee also noted that Latvia and Estonia, countries with significant Russian-speaking minorities, faced the risk of information warfare used to fire the unrest in Ukraine.² The Economist newsweekly editor Edward Lucas pointed out that Lithuania, Latvia, and Estonia were the "front-line states", and a security crisis in the Baltic States is the biggest threat to NATO, therefore the Alliance had to boost its presence in the region to deter Russia.³

What has happened in these ten years to so radically change the crux of the debate on safety for the Baltic States? This paper examines only a small portion of all risks that Baltic countries have experienced over the past ten years. So far, within the context of NATO, military threats have been discussed most often, however, in light of the situation in Ukraine it is necessary to draw more attention to the political threats and risks, which security theorist Barry Buzan relates to certain values and identity.⁴ Notably, Buzan wrote his landmark monograph *People, States, and Fear: The National Security Problem in International Relations*, which, inter alia, addressed political threats during the Cold War at the time when there was a strong competition of ideologies. After 1991, the history seemed to reach its end and ideas of communism as well

¹ Kylie MacLellan, "Complacent' NATO unprepared for Russian threat – MPs", in *Reuters*, 31.07.2014., <http://uk.reuters.com/article/2014/07/31/uk-ukraine-crisis-britain-nato-idUKKBN0FZ2MD20140731>

² Kylie MacLellan, "Complacent' NATO unprepared for Russian threat – MPs"...

³ Lucas warns US senators: Baltic security crisis is "dangerous threat" to NATO alliance, in *Lithuaniantribune.com*, <http://www.lithuaniantribune.com/69962/lucas-warns-us-senators-baltic-security-crisis-is-dangerous-threat-to-nato-alliance-201469962/>

⁴ See Barry Buzan, *People, States, and Fear. An Agenda for International Security Studies in the Post-Cold War Era*. London: Harvester Wheatsheaf, 1991.

as the juxtaposition of the two political camps presumably went into oblivion. However, Putin's presidency in Russia has changed the situation. During the past decade Russia has been cultivating an "anti-Western" stance with the ideas of Vladislav Surkov, the Deputy Head of Presidential Administration, about "sovereign democracy", Dugin's "eurasianism" and the Huntington-ictal "partnership of civilizations" backed by the Russian Orthodox Church.

During Jeltsin's presidency, Moscow was responding to criticism from international organizations on issues of human rights, the rule of law and fundamental freedoms, with appeals to give it time for improvements. Since the second term of Putin's presidency, the Kremlin does not just obey or disobey the West; rather it implements "a normative counterattack" by challenging the universality of human rights and other democratic and legal norms. Baltic countries stand on the front line of the "counterattack".

Regarding geographical proximity, sizable Russian minorities in Estonia and Latvia and the popularity of Russia's media for a Russian-speaking audience make the Baltic countries a relatively easy target for the activities of Russia's foreign policy agents. Russia's aggression in Ukraine revealed the thoughts and desires of Russian political elite previously hidden behind diplomatic stories on protecting the rights of compatriots living abroad and Russia's "natural" interests in its neighborhood. For several years, Russia has been using its media and the so-called compatriots' policy to cultivate conditions for its aggression against Ukraine and for anxiety about the security of the Baltics. Russia's goals are to dominate the region and, if possible, to change the foreign policy course of Baltic countries. Russia has made no effort to establish good neighborly relations with the Baltic States, as in reality, it can live without such. It is of note that since Latvia, Lithuania, and Estonia regained their respective independences in 1991, not one Russian foreign minister, prime minister or president has visited the Baltic countries, only those "ex-office".

What has been NATO's response to the increasing importance of non-military threats so far? Among the minor elements to such reactions was the establishment of NATO's centres of excellence in the Baltic countries. In 2008, NATO's Cooperative Cyber Defense Centre of Excellence was established in Tallinn; in 2011, NATO's Energy Security Centre of Excellence was launched in Lithuania and gave NATO's accreditation in 2013. Latvia contributed to the development of NATO with the creation of the Strategic Communications Centre of Excellence in 2014, an adequate response to the increasing importance of information warfare and the so-called hybrid-wars in recent years. Such centres serve the common goals of NATO, and the accumulation

of the necessary knowledge for risk prevention for each Baltic country. It is clear that such centres are not enough to respond adequately to regional risks posed by Russia. Cyberspace, energy, and strategic communications are spheres that, to a certain extent, have been securitized or are probably on their way to a deeper securitization in the Baltic States and throughout NATO. It is important to note that Russia was the first to implement such securitization by lifting the abovementioned areas, as well as media, culture, history, and even spirituality, into its own security domain.

The theoretical limits of a security domain have expanded both vertically (global, regional, national, and individual security) and horizontally (by threat segmentation: military, political, economic, social, and environmental threats). One scientist who contributed to the “horizontal” expansion is Barry Buzan. He defined security in the following way: “Security is taken to be about the pursuit of freedom from threat and the ability of states and societies to maintain their independent identity and their functional integrity against forces of change, which they see as hostile”.⁵ Buzan wrote that typical political threats were directed against the idea of the state, especially against its national identity and organizational ideology, as well as the institutions that implement this idea.⁶ Buzan’s ideas have passed the test of time; they are still applicable for the analysis of current events and processes. Two of Buzan’s discussed factors of political threat analysis – values and an identity – are used as research units in this particular article to analyze Russia’s role in the creation of political threats and risks in Baltic countries.

The Assessment of Non-military Threats by Baltic Security Institutions

One can partially judge awareness about non-military threats and risks in Baltic countries from reports by security authorities and conceptual documents about security policy. A Latvian Constitution Protection Bureau report in 2012 stated: “the hidden objective of Russia’s foreign policy is to discredit Latvia worldwide by: reproaching Latvia for the rebirth of fascism and rewriting of history, attributing to Latvia an image of a failed state, and emphasizing focused discrimination of the Russian speaking population. The non-compliance of the stated objectives and the actual ones is the dominant

⁵ Barry Buzan, “New Patterns of Global Security in the Twenty-first Century”, *International Affairs*, 67.3, 1991, pp. 432–433.

⁶ Barijs Buzans. *Cilvēki, valstis un bailes. Problēmas, kas saistītas ar starptautiskās drošības izpēti periodā pēc aukstā kara*. Rīga: AGB, 122. lpp.

national security risk for Latvia created by the compatriot policy”.⁷ The Security Police of Latvia in 2012 issued a report stating that: “...if Latvia’s policy for the integration of society is focused on the integration of minorities, then, on the contrary, the Russian Federation’s implemented compatriot policy poses risks to the development of society in Latvia”.⁸

In the 2012 review, the Lithuanian State Security Department specifically stated that some countries – having Russia in mind – are not using just traditional power means to promote their national interests. Lithuanian security risks include “the creation and support of influence groups in Lithuania, [...] active informational, ideological policy and “history rewriting”, [...] fostering ethnic and political discord, weakening the integration of ethnic minorities in Lithuanian society, promoting distrust in the democratic political system of Lithuania, and supporting specific political forces in the country”.⁹ Similarly, to Latvian and Lithuanian colleagues, the Estonian Internal Security Service (KAPO) in their Annual Review 2013 referred to Russia’s compatriot policy as a divisive factor in society. KAPO called it an interference in Estonia’s internal affairs: “In the Russian argument, the protection of compatriots and the defense of the rights of Russian citizens is a standard justification for intervening in the internal affairs of other countries.”¹⁰

The National Security Strategy of Lithuania in 2012 outlined external threats and risks for Lithuania, including efforts to influence the political system, military capabilities, social and economic life, and cultural identity of the Republic of Lithuania. The strategy also pointed out information attacks – actions of state and non-state entities in the international and national information space aimed at spreading biased and misleading information, thereby, shaping a negative public opinion with regard to interests of national security to the Republic of Lithuania, and cyber-attacks.¹¹

It appears that during past years Baltic countries have strengthened confidence that Russia’s non-military instruments have a negative impact on the democratic development of independent countries. However, so far there is

⁷ “Minister of Interior Affairs: money came from Russia”, in NRA, 2012, <http://nra.lv/latvija/politika/71815-iekšlietu-ministrs-krievu-valodas-referendumam-nauda-naca-ari-no-krievijas.htm>

⁸ The Security Police Report 2011, Ministry of Interior of the Republic of Latvia, http://www.iem.gov.lv/files/text/DP_2011_p.pdf

⁹ Yearly review of the State Security Department, 07.06.2013., http://www.vsd.lt/vsd-ataskaita_20130607.pdf

¹⁰ “Estonian Internal Security Service”, *Annual Review* 2013, http://www.kapo.ee/cms-data/_text/138/124/files/kapo-annual-review-2013-eng.pdf

¹¹ *National Security Strategy of Lithuania*, 26.06.2012., http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=433830

an insufficient response towards these risks and threats. Such countermeasures would be more effective if all three Baltic countries intensified cooperation to impair the risks posed by Russia.

Political Threats and Risks in Baltic Countries

The EU Eastern Partnership Summit in Vilnius in autumn 2013 was accompanied by active propaganda against the EU and Ukraine on Russia's TV channels. Since then, there has been ongoing public debate in the Baltics about the necessary countermeasures against Russia's widespread misinformation and propaganda campaigns. On one hand, the Baltic countries really have no choice – to securitize local media or not; on the other hand, it is not easy to find a balance between democratic freedoms and the necessary security measures. In addition, the choice of available instruments is affected by negative examples of the securitization process in Russia, associated with a significant restriction of democratic freedoms.

The section “Culture” of the Russian Federation's National Security Strategy until 2020 (approved in 2009) includes the following statement: “The efforts to reconsider Russia's views about history issues (...) intensify the negative influence of national security in the field of culture.”¹² If a risk or a threat is defined in a state security document, then it must be followed by actions aimed at preventing this threat. The abovementioned strategy defines the main instrument of prevention – “the development of a unified humanitarian and informative area in the territory of CIS and neighboring regions.” This means in Baltic countries as well. The securitization of culture completely changes the assessment of Russia's compatriot policy, media, and cultural presence in Baltic countries. What Russia has intended as “defense”, from the Latvian perspective looks like an “attack” carried out by Russian media and compatriot organizations.¹³

The desire of official Russia to securitize the interpretation of history and other cultural factors is tied with Russia's objectives for regional dominance and the national identity building process, which has gained specific direction since Putin became president. Russia's identity formation process goes beyond its national borders, creating a backlash in neighboring countries who have a vulnerable development of internal inter-ethnic relations after 1991.

¹² Стратегия национальной безопасности Российской Федерации до 2020 года (*National Security Strategy of the Russian Federation until 2020*), <http://www.scrf.gov.ru/documents/99.html>

¹³ Andis Kudors, “Latvia Between the Centers of Gravitation of Soft Power – the USA and Russia”, in *Latvia and the United States: A New Chapter in the Partnership*, Indans I. (ed.), Riga: CEEPS, 2012, p. 103.

What is the geographical area where Russia “is constructing” its own identity after the USSR collapse? Unfortunately, for the Baltic nations, Moscow is drawing a borderline through the Baltic countries and trying to incorporate Russians living in the Baltics into Moscow’s sphere, ignoring the borders of Baltic countries and Russia in a virtual space.

By looking at the dimensions of national identity (culture, political dimension, social memory, etc.) we can conclude that, to a greater or lesser extent, throughout the previous decade the official Russia has attempted to affect each Baltic country in all of these aspects.

Competing Identities

Russia’s influence in the Baltic countries should be reviewed in multiple dimensions of national identity however, given the scope and volume constraints of this article, hereinafter only three dimensions will be discussed: language (as part of the cultural dimension), historical memory, and political dimension.

Language (as part of the cultural dimension)

The question of language is one most often included in the political agendas of Latvia and Estonia, countries with significant Russian minorities. For the Baltic nations, language is one of the most important elements of national identity. However, Latvia in particular has had difficulties to strengthen the Latvian language as the state language, due to the self-sustainability of the Russian language. Russia’s compatriot policy, with the Russian language as its key element, has complicated the abovementioned process. For years, official Russia ignored the fact Russian is widespread in the Baltic countries; nonetheless, Moscow has regularly wrongly accused the Baltic nations for limiting use of the Russian language.

Russia’s position was evident in 2012, when a Latvian referendum took place on the Russian language as a potential second official language in Latvia. A total of 821,722 voters, or 74.8 per cent of those who took part in the referendum, voted against changes to the Latvian constitution, while 273,347 (24.88 per cent)¹⁴ supported the Russian language as a second, official language. The Latvian side pointed out Russia’s direct and indirect involvement in the referendum. Russian Foreign Minister Sergei Lavrov commented on the organization of the referendum during a press conference in Moscow in

¹⁴ “The results of the referendum 2012”, in CVK, <http://www.tn2012.cvk.lv/report-results.html>

January 2012, prior to the referendum, saying, “I do not undertake to predict the outcome of the referendum, but it is important that people want to be heard. They want to have their right to speak, think and raise their children in their native language [and] to be respected”.¹⁵ Notably, Lavrov took the liberty to comment on the referendum before it took place, thus attempting to influence the outcome of the vote.

Within Russia’s compatriot policy, popularization of Russian language materializes not only as support for Russians outside Russia; rather it is an element of a policy for regional dominance based on the concept of the “Russian world”. The “Russian World” is viewed as a supranational formation aiming to nourish Russia’s influence in neighboring countries.

Historical Memory

Another topic central to Russia’s compatriot policy and media influence is distribution of specific historical interpretation in the CIS and Baltic countries. Freedom of speech allows one to distribute a wide range of views; however, radically divergent views of different ethnic groups about the same historical events are dividing society based on ethnicity.

The social memory for Estonians, Latvians, and Lithuanians on one hand, and Russians living in Baltic countries on the other, differs. Scholar Brigita Zepa pointed out that the collective memory of Russians living in Latvia formed during the 70 years of the Soviet Union’s existence. This period consisted of three new generations, which is sufficient to maintain the continuity of social memory in an informal environment.¹⁶ Meanwhile, ethnic Latvians, Estonians, and Lithuanians possess living memories of the Free States and the way it was before the Soviet occupation in 1940. After 1991, Russians living in Latvia continued to be alienated from Latvian culture and history. Vita Zelče, professor at the University of Latvia, stated: “The official Soviet history, together with the history of modern Russia, still served as the main instrument for Russian social memory, including the falsifications and omissions of the Soviet abuse of the conquered lands and people”.¹⁷

¹⁵ Lavrov’s comments on Russian language referendum in Latvia, 18.01.2012., <http://vz.ru/news/2012/1/18/554493.html>

¹⁶ Brigita Zepa, “What is National Identity?” in *Latvija. Pārskats par tautas attīstību 2010/2011: Nacionālā identitāte, mobilitāte, rīcībspēja*, Zepa B., Klave E. (eds.), Riga: LU SPPI, 2011, p. 18.

¹⁷ Vita Zelče, “History – responsibility – memory: Latvian experience”, in *Latvija. Pārskats par tautas attīstību, 2008/2009: Atbildīgums*. Rozenvalds J., Ijabs I. (eds.), Riga: LU SPPI, 2009, p. 46.

Russia's official interpretation of 20th century history is distributed in Baltic countries using different channels. One of these is the foundation "Russkii mir", established in 2007 under the decree of President Putin. In addition to this, the Russian media and film industry is a significant channel for historical explanation in Baltic countries; another is the activity of "propagandists of history". In 2008, in Moscow, a foundation called "Historical Remembrance" was established. Its director is Alexander Dyukov, The purpose of the foundation is to fight the "rewriting of the history" of the 20th century in the Baltic States and Ukraine.¹⁸ In 2009 (on the 60th anniversary of the 1949 mass deportations), Dyukov presented his book *The Genocide Myth: Soviet Repressions in Estonia (1940-1953)*. Vladimir Ilyashevich, a former KGB officer, who is also a member of the Coordination Council of Russian Compatriots in Estonia and representative of the Russkii Mir Foundation, published the Estonian version of this book.¹⁹

In March 2012, in response to Russia's initiatives to explain the "correct" history in Latvia, Foreign Minister of Latvia, Edgars Rinkevics, had to declare two Russian historians, Alexander Dyukov and Vladimir Simindei, as undesirable persons (*persona non grata*) in Latvia, and include them on the list of persons to whom entering Latvia is prohibited. Ainars Lerhis, senior researcher at the Institute of History of the University of Latvia, indicated that Russian researchers Dyukov and Simindei sometimes used references to documents from the FSB Central Archive, which could not be accessed by other researchers, thereby excluding other scientists from the possibility to test the veracity of their conclusions.²⁰ In the context of the securitization of history in Russia, one should note the foundation "Historical Remembrance", in collaboration with the Russian Institute of Strategic Studies (RISS), issued biased books about the history of Latvia. The director of RISS, Leonid Reshetnikov, is a former General of the Russian Foreign Intelligence Service.²¹ The Latvian Constitution Protection Bureau report in 2012 stated that the foundation "Historical Remembrance" had contributed to Russia's propaganda campaigns.²²

¹⁸ Pelnēns G. (ed.) *The 'Humanitarian Dimension' of the Russian Foreign Policy toward Georgia, Moldova, Ukraine, and the Baltic States*. Riga: CEEPS, 2010, p. 76.

¹⁹ Pelnēns G. (ed.) *The 'Humanitarian Dimension' of the Russian Foreign Policy...*, p. 77.

²⁰ Ainars Lerhis, "With *non-grata* against Russia's "descent of history"", in *DELFI*, 14.03.2012., <http://www.delfi.lv/news/comment/comment/ainars-lerhis-ar-non-grata-pret-krievijas-vestures-desantu.d?id=42204938>

²¹ See Leonid Reshetnikov, director RISS, <http://www.riss.ru/index.php/jomsocial/profile/613-reshetnikov-leonid-petrovich>

²² *CPB Report 2011*, <http://www.sab.gov.lv/index.php?lang=lv&nid=284>

Political Dimension

The political dimension of a national identity includes civil ties of individuals with the state and society. One of the ways to strengthen or weaken these is through the activity of political parties. If a country has political parties with close affiliations with powers in another country, socio-political processes in particular may be affected.

The Centre Party in Estonia has a cooperation agreement with United Russia, the pro-Kremlin ruling party in Russia. Political unions between the “Harmony Centre” in Latvia and the Lithuanian People’s Party have similar agreements with Putin’s party. When thinking about United Russia as a partner, it is worth remembering that in its manifesto of 2003 titled “The Party of National Success” the following was written: “...at the end of the previous century, most of us saw the collapse of the Soviet Union as a personal tragedy.”²³ In 2009, Boris Grizlov stated that United Russia party’s ideology was based on “Russian conservatism”,²⁴ which in turn, was significantly different from the conservative movement in the West. One of the core ideas of Russian conservatism is a negative attitude toward “Western” liberalism, and values in a broader sense. Continuation of cooperation with a party that regrets the collapse of the USSR and advocates for Russia’s aggression against Ukraine is showing an indirect support for such policies.

In Lithuania, the political mobilization of Russian-speakers is not as pronounced as in Latvia and Estonia, and is mainly represented by two parties: the Union of Russians and the Russian Alliance. In addition, Russia is trying to utilize the influential Polish political party “Electoral Action of Poles”, which plays an important role in the Lithuanian political landscape, for its own interests. The ethnic Polish minority in Lithuania is larger than the ethnic Russian minority. Moscow is trying to use the minority, which has a good command of the Russian language (often better than the Lithuanian language) as a part of the “Russian world”. Significantly, the Polish party “Electoral Action of Poles” in Lithuania’s leader Voldemar Tomashevski was a member of the public council of the *Baltiskij Mir*, a leading magazine for Russian compatriots in the Baltic States.²⁵

Russia’s attempts to influence the political dimension of national identity is seen not only through the cooperation of political parties, but by using media to influence public-political processes in the Baltic countries. One

²³ See *Manifesto 2003 of United Russia*, <http://www.gazeta.ru/parliament/articles/19345.shtml>

²⁴ *Congress of United Russia party a weathervane of Russian politics*, http://news.xinhuanet.com/english/2009-11/24/content_12527418.htm

²⁵ See *Baltiskij mir*, <http://ruvek.ru/?module=issues&action=view&ids=4&id=198>

of these ways is to influence public opinion, and the popularization of certain anti-western values, via Russian TV news and analytical broadcasts. Another way is giving support for specific events and processes in Baltic countries from media and the so-called GONGOs (Governmental Operated Non-Governmental Organizations). An example of this was an attempt by Russian TV channels to affect results of the referendum on the Russian language as the second official language Latvia in 2012. Such an attempt to interfere in political processes resulted in concern from a large part of the Latvian population who understood Russia was not a neutral observer of the political processes in Latvia.

Conclusions

Although the officially declared level of military threats until 2014 has been relatively low, cooperation between the Baltic countries in the field of defense has been very active in the previous decade. By contrast, much less joint attention was paid to non-military threats, including political threats (and risks).

This can be explained in part by the overall understanding of contemporary threats in leading NATO and EU countries, which up until Russia's aggression in Ukraine drew little attention to the political risks caused by Russia for its neighbors. In addition, Estonia, Latvia, and Lithuania, keen to not become "one subject countries", tried "not to complain" too much to their allies about Russia's policy in the region. However, Russia's aggression against Ukraine showed that Baltic concerns about the revanchist moods in Moscow were justified. These political and social threats link to the distribution of certain values, and impact on the process of building national identity in another country. Over the years (especially at the beginning of Putin's second presidency) Russia has been trying to influence certain national identity dimensions in the Baltic countries: culture (through language, traditions, etc.), social memory, and political identity.

In the Baltic States, Russia's compatriot policy, activated during 2006-2007, was implemented in several directions. By increasing the popularity of the Russian language and fighting for its status; by the promotion of Russian culture and its presence in Baltic countries; by the dissemination of Russia's official views on history; by the support of compatriots on legal matters; and through the support of Russian language media in the Baltic States. These directions are implemented using financial support for Russian NGOs in Baltic countries from the "Russkiy mir" fund, funding from Russian

embassies in Tallinn, Riga, and Vilnius, and from other foundations. Russia's TV channels are very popular among Russians living in Baltic countries. Moreover, commercial Latvian, Lithuanian, and Estonian TV channels often broadcast programs produced in Russia, and are not only entertaining but also ideologically saturated. Unlike the majority of local TV channels in the Baltic States, the most popular Russian TV channels available in the region are under the control of Russia's authorities and distribute one-sided information and dis-information about political processes in Russia and abroad.

The securitization of history within Russia's National Security Strategy to 2020 requires a vigilant look at the popularization of Russia's interpretation of history in the Baltic States and other neighboring countries. Russia's foreign policy implementers are trying to influence political process in the Baltics using contacts within Russian media, politicians, political advisors, and NGOs who are actively involved in socio-political processes in the Baltic countries. To interfere in Baltic public-political processes Russia utilizes the activation of certain identity elements within Russian and the so-called Russian-speaking population in the Baltic countries, which contradict Latvian, Lithuanian, and Estonian national and democratic values. The goal of this influence is to foster a change of direction for Baltic countries' foreign policy, in favor of Russia's interests and strengthening Russia's regional influence.

At the moment there is no evidence that Russia's non-military influence could drastically turn Latvia's, Estonia's, and Lithuania's foreign policies away from further, and even deeper, integration in the EU, NATO, and other Western structures. However, vulnerability in resolving ethnic issues, and a large presence of Russian state-controlled media in Baltic countries remain as risks that, under certain circumstances, may affect Latvia's internal political developments and foreign policy choices.

While not dismissing the prevention of military risks, Baltic countries have to treat non-military risks more seriously. The Baltic States have to think about the institutional framework for preventing non-military threats and allocate adequate resources for the prevention of political risks. NATO and the EU need to think about their types of assistance to enable Baltic countries to mitigate the abovementioned risks. It is worth remembering the Baltic countries are on the front lines of the information field; on the other side is Russia, which has just shown it is ready to not only use information warfare weapons, but also to annex the territories of independent countries.

TEN YEARS OF AN ENLARGED NATO AND EU – OVERCOMING UNCERTAINTIES, CREATING EFFECTIVE SECURITY

Kai – Olaf Lang

When Central Eastern European countries joined the European Union (EU) and NATO, a “period of relief” was supposed to open up a new time of stability and security in Europe. Membership in the established frameworks of the West was the political overcoming of the Yalta-system and an institutionalized promise of mutual assistance and reassurance. However, soon after gaining access to the Western communities, numerous developments brought about doubt and ambiguity among new members. These developments resulted from the transformation of NATO, reorientations in US foreign and security policy, and fluctuations in the EU.

Uncertain Membership in a Changing Security Landscape

NATO continued to move away from a defense alliance, to a political community. Their traditional “job profile”, aiming at collective and territorial defense, was complemented or even superseded by missions with offensive or peacekeeping out-of-area character. Whereas this tendency was obvious since the end of the Cold War, it got another push after the emergence of terrorism and the attacks of September 2001. In the context of fighting terrorism and other new threats, NATO underwent a profound diversification of its scope and went “global”. This process implied considerable adaptations in conceptual thinking as well as in military capabilities and planning, which made NATO’s strategic shift more sustainable.

To a substantial degree, NATO’s reshuffle was a product of changing US interests and objectives. The US view of NATO after 9-11 was to have it as a military “tool box” or a political forum to gather “coalitions of the willing”. Moreover, irrespective of the war on terror, a profound redefinition of threats and risks in Washington’s strategic mindset started, which in geographic terms meant additional moves away from Europe and in the direction of new centers of power or possible epicenters of conflict. The most evident manifestation of this grand, strategic shift has been termed the “transpacific pivot”. Even though “pivot” has not meant a swift and comprehensive transfer of attention and resources from Europe, it has signaled a long-term

broadening and re-balancing of US foreign and security objectives – and it has entailed the possibility of a further downsizing of NATO and its classic features for Washington.

Given this all, member states that joined the Alliance in 1999 or 2004, were in an uneasy position and were faced with a sort of “new-NATO-predicament”. They wanted to preserve a “traditional” NATO, but they had to support the process of rebuilding the Alliance into a globalized tool – in order to keep NATO attractive for the US. By actively participating in out-of-area-missions, new members intended to “invest in reciprocity” with allies, especially the US, so that in case of a future crisis Western partners would show solidarity and empathy.

In spite of their efforts to become loyal allies and security producers, new member states could find reasons for doubt, if their calculations really would work. The “reset” and Washington’s rhetorical, as well as diplomatic, announcement of a new cooperative attitude towards Moscow, was seen as a conceivable grand bargain between the US and Russia, due to which Central and Eastern European (CEE) interests might be marginalized. The Obama administration seemed to confirm these CEE questions. The ill-communicated and unexpected termination of the old version of missile defense in Poland and the Czech Republic on the symbolic date of September 17, 2009 (i.e. the 70th anniversary of the Soviet intrusion in the Eastern parts of Poland) triggered a feeling of uncertainty about US reliability. In a larger sense, the combined effects of the US “global outlook”, the pivot to Asia, and detente plus entente with Russia appeared to undermine the fallback strategy for a weakening NATO many CEE countries and other members of the Atlanticist caucus in Europe had, i.e. forging bilateral security and defense partnerships with the US.

Growing disenchantment and mounting disappointment about a lacking pay-off for loyalty (particularly in the Iraq war and afterwards) brought a new stimulus for the EU as a security community. The instructive advice for Washington of one of CEE’s staunchest Atlanticists, Radek Sikorski, (as early as 2007) to not “take Poland for granted” was an early hint, that what was once called “new Europe” would enter a more realistic stage of relations with the US. Part of this realism was a sober assessment of US interests in Europe and the “discovery” of the EU as a provider of security. Countries that entered the EU in 2004 soon discerned the opportunities of EU membership in areas like energy or Eastern policy. Anchoring “energy solidarity” in the new Lisbon Treaty, i.e. the primary law of the EU, and developing new instruments for the reduction of energy dependence on external producers, was part of the successful post-accession agenda of Central and South Eastern European

member states. Similarly, new EU members were among the launchers and drivers of the European Neighborhood Policy (ENP) and more particularly the Eastern Partnership as new frameworks for enhancing political and economic reforms beyond the EU's Eastern borders. Whereas new member states experienced a feeling of political efficacy in the EU by efficiently "uploading" some of their national interests on the European level, the EU also showed limits and new uncertainties.

The quest for a genuinely common foreign and security policy, continued to be constrained by particularisms and the perseverance of privileged bilateral relations of member states with third countries. This was not completely surprising. The "founding experience" of the enlarged EU in foreign and security affairs was the Iraq conflict, hence a deep schism in Europe between Americanists and Europeanists, with each camps nurturing its special relationships with a big other, i.e. the US or Russia. Irrespective of moments of commonality, like in 2007 when the German Chancellor in her capacity as the head of government of the Council presidency declared that Poland's conflict with Russia about a ban for agricultural goods on the Russian market is also an EU problem, individual interests of member states were impediments rather than building blocks towards developing a coherent approach vis-a-vis Russia and the Eastern neighborhood.

Alongside these rather mixed impressions, the EU had quite modest results in solidifying its security and defense dimension. In spite of a firm political commitment to develop a European, and later on a Common Security and Defense Policy (CSDP), in spite of numerous EU stabilization missions, and in spite of the establishment of EU military and planning capabilities, the lack of a political impetus to make the Union a strong security actor at least in the broader vicinity continued to exist. Security initiatives and missions were launched and implemented by small groups or single member states and only rarely by "Brussels". Thus, for those countries that joined the EU in 2004, CSDP continues to be primarily a forum where they can show their willingness and ability to contribute to the common European cause or to particular interests of important member states, expecting benevolent support for their objectives.

The emergence of the sovereign debt and financial crisis and concomitant clashes in Eurozone countries brought about additional complications. At least in the time of financial and monetary crisis management, the EU became increasingly inward-looking, and devoted most of its political and economic efforts to internal stabilization. In spite of dynamic change beyond its peripheries in the East and South, the EU lost transformative

power. Whereas the intensified steps for a reformed economic governance of the Eurozone and the EU as a whole are aiming at a more unified form of European integration, for the time being, strong elements of re-nationalization, de-Europeanization, and bi-lateralization have been characteristic for European policy making. Even though this might change in the future, at the moment the internal dynamics of European integration seems to resemble the logics of intergovernmental EU politics rather than the other way round.

A Mixed Security Landscape

In sum, the period of uncertainties has brought about a complex picture for countries from the Eastern part of EU and NATO. The European and trans-Atlantic security landscape and its main tenets were characterized by the following features:

The EU turned out to be an important community of solidarity, providing key capabilities in critical areas where these countries are vulnerable – from energy, to finance, and economy. The financial crisis with its tendencies of internal fragmentation and differentiation has opened up the risk of being relegated to the fringes without being part of the prospective future center of integration, i.e. the Eurozone. Those who are outside this core of the Union could end up in an outer sphere of lower solidarity – financial solidarity, but at some point in the future political solidarity also. Those who are inside have a higher probability of enjoying deeper solidarity and support since they are more interwoven with their partners from the inner sphere. It was no accident the narrative about the Euro-adoption in the Baltic States was very much driven by security arguments, which was based on the very assumption that belonging to the monetary Union means additional mutuality and increased commitment of partners in case of a crisis.

Notwithstanding the new role of NATO, the Alliance still kept its “dual” nature as a trans-Atlantic defense pact *and* a global stability community. The 2012 Chicago NATO Summit brought a new Defense and Deterrence Posture Review, which reflected the compromise between proponents of both dimensions of NATO. At least two factors stood behind that. On the one hand, experiences like the 2008 Georgia war and Moscow’s attempts to modernize and upgrade its armed-forces or the large military exercises in Russia’s West of fall, 2009 (Zapad and Ladoga), brought about the image of a restive, rather than a cooperative, Russia. On the other hand, the

announcement and continued implementation of finalizing the Afghanistan mission had more than a symbolical meaning. For some NATO members it heralded the end of an era of large-scale global missions (and Poland with its Komorowski-doctrine maybe being the most prominent example). Not excluding future alliance operations for the sake of stability in different places of the world, they saw the moment to refocus their national efforts for homeland defense.

Eastern Disturbances and Their Implications for the West

Without the escalation in and around Ukraine, Western organizations would have continued their multiple and “dual” analysis of threats and related defense and military capabilities’ development. With the Ukraine-crisis, however, a catalyst of change entered the Western security assessment. The restoration of stability in the direct proximity of EU and NATO, and the creation of a credible and appropriate response for conceivable security risks stemming from beyond the Eastern borders of the institutionalized West, have come to the fore. This process entails a number of opportunities and risks:

- *The EU with its initiatives toward its Eastern neighborhoods has produced little results, but (paradoxically) palpable effects.* The EU’s Neighborhood Policy or the Eastern Partnership includes a huge variety of planned reforms, a number of instruments, and limited aid to induce change. Despite partial success in some specific issues areas in most partner countries there has been no transversal dynamics of reform, which would have transformed economies, policies, or public administrations. Nevertheless, the presence of “Europe” in the political discourse, and in segments of political life, has had an effect for the political process. The (rather vague) promise of Europeanization has become a proxy for changing the status quo of clientelism, stagnation, and in transparency, a factor for mobilizing societies. If the EU was inefficient in helping establish pluralist democracies and rule of law, it was a crucial background factor for creating niches of autonomy and disagreement in society, parts of the business community, and segments of the political system. In the near future, the EU will have to think if it is to recalibrate its activities which have been concentrated around the (partial) export and implementation of its legal *acquis* plus according support for civil societies, by the inclusion of relevant “enlightened” power groups and elite factions. In other words, in order to reach political effects and make change possible, the EU needs to assist the emergence of reformed alliances including institutionalized

civil society, the political and administrative apparatus, and parts of the economic and political elites. The price for a more robust process might be its gradualization.

- *For the EU's Eastern neighbors, in terms of security, Europeanization has been a mixed blessing.* The process of bringing these countries closer to the European Union has not brought about more protection, but essentially more vulnerability. With Russia's active skepticism regarding Europeanization efforts in its vicinity, the approximation of Eastern neighbors to the EU has become an endeavor which entails not only domestic costs, but external risks. The idea of cooperating with the EU in order to gain stability and safeguards, or at least a strong geopolitical counterweight to Russian influence, has worked only partially. Neither Ukraine's see-saw policy nor Azerbaijan's hopes to gain a geo-economic balancing factor have brought results. Of course, there are elements of support in important areas. Neighborhood policies and the Eastern Partnership include palpable areas of cooperation and help. Energy is an important and instructive example. By involving Eastern neighbors like Moldova and Ukraine in the Energy Community, these countries and their energy sectors are partially included into the European energy market. Reverse flow projects, such as trying to transport gas from the EU to the neighbors, will make substantial contributions for diversification and improving the energy security of specific countries. However, for the time being, the EU did not create a *ring of solidarity* around and beyond its Eastern borders. Brussels and the member states, hence, have to think about the scope and depth of solidarity with those countries in the East which want more Europe but are not, or not yet, or not fully, part of the EU's political scaffolding.
- *Neighborhood policy and the EU's relations with its Eastern partners need a security dimension and the US as a background stabilizer.* The EU neighborhood policies and the Eastern Partnership set out as "neutral" endeavors of technical adaptation and bureaucratic reform. However, the strategic dimension of the EU's policies became increasingly visible with growing Russian resistance to what it saw as an unfriendly intrusion into its sphere of privileged interests. The EU's response to Russia's impeding countermeasures, especially to the creation of "frozen conflicts", was to circumvent these roadblocks against Europeanization. The existence of territories without control by the mother country has not prevented Georgia or Moldova from embarking on a road of association with the EU. The events in Ukraine show, however, that the EU and a partner can

be faced with situations of a protracted open conflict – where a mere circumvention or “insulation” of the hot spot in order to continue reforms and European approximation will not be possible. This does not only mean that the EU should redouble its diplomatic efforts concerning such conflicts (basically it has done this for years without substantial results). Nor does it automatically need direct US involvement in its political relations with Eastern neighbors and Russia. But the EU needs a solid trans-Atlantic relationship, a firm NATO, and a sustained US presence in Europe as indirect background factors for creating the preconditions of effective engagement beyond its Eastern borders.

- *The West should help Russia to not be tempted to risk conflict with the EU, or NATO members.* If Russia at some point in the future attempts to test Western steadfastness and cohesion by destabilizing one of its members, the probability of a major showdown between the West and Russia will rise. NATO especially has to signal it is willing to eliminate weak spots and Achilles heels. This implies that NATO (and the EU) should eliminate zones of different security inside these communities. Creating a stable environment requires at least three elements geared at transforming Western institutions towards a sphere of homogeneous and effective security: reliable reassurance, credibility, and the creation of military and infrastructure preconditions. Countries like Poland or the Baltic States and their wish for allied “boots on the ground”, resemble Germany and other Western European countries in the times of the Cold War: They want to deprive their partners of the privilege to hesitate in case of a crisis. A sort of “quasi-automatic” solidarity would be an insurance policy against allied dithering and hence against invitations to check the depth and scope of Western mutuality from outside.

All in all, the institutionalized West has to change its level of ambition. In the last two and a half decades, the EU and NATO rightly wanted to project and maintain stability in its Eastern neighborhoods. Now they have to overcome instability and prevent escalation. This requires more activity than just designing new offers and better incentives for partners and neighbors: NATO and the EU have to develop policies for strengthening and exporting resilience and credibility.

Conclusion

It is not yet possible to assess the long-term implications of the conflict between Russia and Ukraine, and between Russia and the West. It is not yet clear what level of escalation the crisis in Ukraine will reach. It is not yet clear how the situation in Ukraine, and maybe other countries in the post-Soviet area, will unfold. Nor is it clear what a post-conflict constellation would look like, and on what philosophy it could be built on – even though it appears the West and Russia for a long time will not only have a wary eye on each other, but will build their relationship on mutual adversaries, rather than cooperation. However, two basic elements of the Euro-Atlantic future seem to be quite visible. On the one hand, NATO, for a considerable time, has postponed the risk to become historically sidelined as a fundamental buckle for trans-Atlantic relations. Maybe, the Transatlantic Trade and Investment Partnership (TTIP) is going to be something like an “economic NATO”, but it will be supplemented by a continued, and probably renewed, security partnership. On the other hand, even though the experience with Russia in 2014 (and maybe beyond) is a defining moment for the West, it will probably not turn out to be the overarching determinant of US or European security policies and threat perceptions. In other words, Ukraine 2014 will not be the 9-11 factor of the upcoming decade, i.e. the one and overarching factor for pre-configuration strategic thinking and action. Developments and challenges which have marked the dynamics of trans-Atlantic relations, NATO, and the EU will return or simply continue. If the Russian question is back on the agenda of the West, it is there together with a broad range of other issues: the rising importance of Asia, fragile security in East-Asia, concomitant US reorientation, instability in the Wider Middle East, or the fragmentation of the EU. A decisive question for the West is whether NATO and the EU can create enough enduring attention for its broader Eastern neighborhood. All in all, one thing that can be said already is that for the West and its organizations, the 2013 and 2014 Ukraine events came mostly unexpected, but early enough to rearrange and create the necessary conditions for solidity and efficiency. If the EU and NATO will be able to do so, their endeavor, which was originally an attempt to reconstruct the East, will have contributed to revitalizing the West.

FROM UNPARALLELED SECURITY TO CRISIS: A DECADE IN NATO

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When Latvia joined NATO with six other European countries in spring 2004, we achieved a level of security previously never enjoyed in our country's history. Ten years later it is unfortunate to acknowledge that Latvia's security today is more threatened now than at any time since we regained our freedom in 1991. So what has happened? What prompted top British journalist, Edward Lucas, in giving evidence to the United States Senate Foreign Relations Committee on July 8, 2014, to assert that: "A security crisis in the Baltic region is the single most dangerous threat facing the Atlantic Alliance". In answering the question as to how we have reached this crisis point, I think it is useful to recall the circumstances surrounding our integration into NATO more than a decade ago, and remind ourselves about the current security situation in the Latvian region, and comment about what may lie ahead.

The Lead-Up to Joining NATO

I was privileged to serve as Latvia's Ambassador at NATO from 1997 to 2004, so these observations about events leading to Latvia joining NATO are also based on my personal experience of the process. After the 1999 Washington Summit enlargement of NATO that accepted Poland, Hungary, and the Czech Republic, it was unclear whether, and if so when, Latvia and other aspirants would be admitted.

First of all we had to defeat proponents of the theory that Latvia, Lithuania, and Estonia were "undefensible". There were rumours that a secret report in the United Kingdom Ministry of Defence had highlighted this very question. Interestingly, even today the issue still reappears. While speaking to a group of Central European students at the Antall Jozsef Summer School in Budapest in July, I was asked about the undefensibility of Latvia as a NATO member. There have also been references to Ukraine not being qualified to join NATO because it could not be militarily defended. Given that collective territorial defence lies at the heart of NATO's existence, military considerations need to be taken very seriously. I have every confidence the question of Allies being able to fulfil collective defence obligations in Latvia were properly examined

¹ The views expressed in this article are entirely those of the author alone.

enabling the appropriate NATO military plans to be drawn up thereafter. At the same time, we should remember what the Washington Treaty says about enlargement, namely, that membership is open to any “European State in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area”. Latvia and other aspirant countries were, of course, able to convince existing Allies that at the time of joining NATO we were security providers, not merely consumers.

Just as today’s crisis arose because of Russia’s actions, the initial sensitivities surrounding our being invited centered primarily on Russia. The catch phrase was that Russia “has a voice, but not a veto”. Caution and a lack of enthusiasm for further enlargement was particularly noticeable in German and other European Government circles. Given the recent events surrounding Russia’s occupation of part of Ukraine, the whole question of the “voice” we hear from Russia has today taken on an entirely new dimension.

Together with all other countries who joined from 1999, Latvia also accepted the NATO “three no’s” policy, namely that “NATO has no intention, no plan and no need to station nuclear weapons on the territory of any new members”. This essentially meant that, as well as other new member states, four new NATO members with a Russian border – Poland, Estonia, Latvia, and Lithuania – became nuclear free territories within the Alliance. This informal NATO-Russia agreement was probably a concession given to Russia to help swallow the bitter pill of NATO enlargement.

The other challenge we faced concerned the role of the United States (US). After the accession of Poland, Hungary, and the Czech Republic in 1999, what would the new Bush Administration do? It did not take long for initial scepticism regarding US leadership on NATO enlargement to start to diminish. A positive message of encouragement was given during President Bush’s Warsaw speech in 2001 when he referred to “Europe whole and free from the Black Sea to the Baltic Sea”. This was the marker to what became the “big bang” enlargement and, to my mind, this policy approach was already being formulated before the 9/11 terrorist attacks on the USA in 2001.

But receiving the hoped for invitation was certainly not all “plain sailing”. Latvia had specific concerns about the US position. I recall a conversation with Victoria Nuland in the splendid surroundings of the US NATO Ambassador’s residence in Brussels. She had just arrived as Deputy Head of Mission. Her first question to me was to elicit my views about only one Baltic country being invited to join NATO. At one stage, this was indeed the policy being advocated by Lithuania. Estonia had at that time been invited to start negotiating for EU accession. This approach would have been

disastrous for Latvia's Euro-Atlantic integration aspirations. Fortunately it did not make headway.

In spite of these different nuances in our approach, the NATO integration process successfully encouraged all three Baltic countries to develop closer defence and security cooperation. Numerous joint projects evolved, such as agreeing to seek assistance from Allies to police the NATO airspace above the Baltic territories, developing a Baltic Defence College in Estonia, and a joint Diving Centre in Latvia. Today this cooperation helps us to “punch above our weight”, and was a precursor to what, in the meantime, has come to be called “smart defence”. Our cooperation in defence and security is the most successful and refined element of Baltic cooperation, and is regarded as such also outside the region. It also forms a strong foundation for moving from cooperation towards integration, and for expanding the cooperation to embrace Nordic countries, and even the Visegrad 4.

The Current Security Situation

Latvia, Estonia and Lithuania have individually and together successfully discovered niches which give added value to the Alliance. This is particularly so when we look at the NATO Centres of Excellence. Estonia captured the market for cybersecurity with its centre; Lithuania did so on energy security. By the September Summit in Cardiff, Latvia hopes very much to have accredited our Centre of Excellence on Strategic Communication. Cybersecurity, energy security, and strategic communications – if we look at recent events in and beyond Europe, it is clear these are issues at the very forefront of challenges faced by the Alliance as a whole.

Putin's Russia has this year regrettably taken a course of action that has turned Europe's security situation upside down. His largely unpredictable and sudden change of direction caused confusion and shock waves as profound as those that followed 9/11. The post-Cold War order has been sunk. Repercussions have become global. On March 1, 2014, Russia's Parliament gave authorisation for military action in Ukraine. In violation of International Law and international commitments, Russia invaded, occupied, and annexed Crimea, the territory of a sovereign neighbouring country. Russia also carried out military actions in Eastern Ukraine, where provocations continued through summer.

In Latvia these steps sent shudders down the spines of many people who were reminded of the military occupation of Latvia in 1940, deportations to Siberia by Soviet forces, and the 50 years of post war totalitarianism as an illegally occupied

country. No doubt there were echoes of 1956 in Hungary, 1968 in Prague, and the initial crushing of the Solidarity movement in Poland in 1981.

There were also comparisons to events in the late 1930s when Nazi Germany took over the Sudetenland in Czechoslovakia using the pretext of defending German nationals. Russia's Putin maintained his actions in Crimea, just as those in Georgia's South Ossetia and Abkhazia in 2008, were necessary to protect Russian nationals.

Unfortunately this hybrid war by Russia has been a game changer because it jolted many out of the comfortable assumption that Russia was becoming a more democratic country respecting western values and therefore worthy of being a strategic partner. Instead, Putin's KGB-led nation has trampled on democratic rights both within and outside its borders, and is threatening the "Europe whole and free" that Atlantic allies worked so hard to achieve following the fall of the Berlin Wall and collapse of the Soviet Union.

The methods used by Putin to achieve his goals have not been those of conventional warfare. It is a type of state sponsored terrorism. We saw armed soldiers, referred to as "green men" in unidentifiable uniforms and sometimes masked, suddenly appearing on the streets in Crimea. A hasty so-called "referendum" was held in full pretence that this was the legitimate will of Crimean inhabitants. To support and legitimise these actions, Russia has also been carrying out an unprecedented Information War of propaganda and lies, using local resources such as Russia Today and many other media outlets. This propaganda war has been described as being more extensive than that carried out during Soviet times. Western commentators and journalists have been manipulated; people previously described as "useful idiots" who gladly engage in promoting Russia's deceitful messages.

There will be no "quick fix" in response to these actions. The shooting down of the Malaysian Airline plane on July 17 has considerable implications which deepen the security crisis. The outcome of this conflict with Russia could well determine the fate of Latvia and other countries in the region in the years ahead. Being part of the Alliance at least provides reassurance.

The events that have unrolled since March 2014 have also shown NATO stands united in upholding its core values, in particular the collective defence of its members. Just as in September 2001, we have witnessed the ability of NATO to react in a speedy and flexible manner to Russia's unprovoked unilateral aggression against its neighbour. Those pre-enlargement sceptics – and I recall there were quite a few – who doubted an enlarged Alliance could make prompt and necessary decisions with so many countries sitting around the table, have been proved wrong.

Let me mention a couple of reactions by NATO. Firstly, following a request from Poland, the North Atlantic Council held consultations under Article 4 of the Washington Treaty on March 4 and agreed, amongst other measures, to intensify its on-going assessment regarding implications of the crisis for NATO. Then one week later, on March 10, the NAC approved the establishing of AWACS orbits over Poland and Romania to enhance NATO's situational awareness of activities in the region, and to reassure allies. These aircraft only fly over NATO territory and come from the NATO fleet and allied contributions. They have been linked in to NATO air exercises over NATO airspace. These measures were in addition to other bilateral actions taken by various member states and other international organizations. More airplanes have been sent to patrol NATO airspace in the Baltic region; US soldiers have been temporarily deployed; and high level military exercises and visits have taken place.

But these types of actions by a united Alliance are really not so out of the ordinary. Alliance solidarity and resolve has also been expressed by the deployment for the past year of six Patriot missile batteries to Turkey, so as to augment the air defense capabilities of Turkey, to defend its populations and territory in view of the events in neighboring Syria. This support also followed Article 4 consultations and subsequent decisions by Allied Ministers of Foreign Affairs.

Important assurances at the highest level have been given by the US as a result of Russia's aggressive actions in Ukraine. As President Obama said in Warsaw on June 4, with specific reference to Article 5 commitments: "An attack on one is an attack on all...Poland will never stand alone. But not just Poland. Estonia will never stand alone, Latvia will never stand alone, Lithuania will never stand alone". NATO's Summit in Cardiff on September 4-5 will inevitably address the current security situation, especially given the theme for the Summit will be "Building Stability in an Unpredictable World".

Looking Ahead

In dealing with the current crisis over Ukraine, I want to mention some of our most important goals for the foreseeable future. First and foremost, security and territorial defence of all NATO allies needs to be guaranteed in accordance with the Washington Treaty commitments, signed 65 years ago, and still of great relevance today. A mix of political and military actions have to continue. Secondly, the credibility of NATO's deterrence posture needs reiterating,

perhaps even revisiting, in view of the inevitable changes to threat perceptions by the Alliance as a result of recent events. This could mean a reinforcement of “boots on the ground” by NATO allies in areas where Alliance territory is perceived as being under increasing threat. Poland has called for two brigades to be sent. Deployments should be made permanent and come with additional infrastructure. Vigilance amongst Allies needs to be supported by plans that ensure a readiness to handle the new threats. Thirdly, we need to continue to support Ukraine’s endeavours to move ahead with Euro-Atlantic integration. Successful Presidential elections in May were positive and paved the way for President Poroshenko to sign the EU Association agreement on June 27. I do not think a deal with Russia should be carved out to deny Ukraine’s right as a European country when applying to join NATO.

But other matters also need to be addressed. The land grab of Crimea was a wake up call to increase defence spending which must be followed through by governments, including Latvia’s, who have lacked the political wisdom to devote sufficient resources to defence. As Minister of Defence, I had the dubious distinction of having to agree to a slashing of Latvia’s defence budget by some 50 per cent at the height of our 2009 financial crisis.

Latvia needs to have parity with our Estonian neighbours as soon as possible. Upholding our freedom comes at a price. We cannot be free riders and rely just on our Allies. The decision of Latvia’s Parliament on July 3 to ensure at least 1 per cent of the GDP being allocated to defence next year rises to 2 per cent by 2020 is encouraging and was very necessary as a positive step in time for the September Summit. It should be upheld by the next Government, and Parliament, after elections in October 2014. These additional resources need to be spent wisely and with integrity. It is necessary to reject loud and clear the notion that aggression can be justified on the so called grounds of “protecting compatriots”. Just as many Western countries refused for half a century to recognise occupation of the three Baltic countries by the Soviet Union as being legal, it is essential to uphold such a policy of “non-recognition” vis-a-vis Crimea.

There is also a need to concentrate on countering the aggressive propaganda campaign of disinformation. This has emanated from Russia not only in connection with Ukraine, but it has also been consistently used as a soft power instrument by Putin’s regime during the last decade, and more. Nothing indicates it will abate. To quote what former Secretary of State Madeleine Albright wrote in the Washington Post on March 21, 2014: “Under Putin, Russia’s rhetoric can be described as a fantasy inside a delusion wrapped in a tissue of lies”. Therefore, the need to grant accreditation to

NATO's Strategic Communications Centre of Excellence in Riga at the Cardiff Summit in September is clearly apparent. NATO's public diplomacy and strategic communication will be critical in the years ahead.

Communication channels with Russia should of course remain open. The importance of bilateral contacts has not diminished since March, with Germany's role being prominent. Efforts at multilateral involvement, particularly on the ground in Ukraine through the OSCE, should continue. But there should be no repetition of the "appeasement" of the 1930s.

Through the ISAF operation in Afghanistan, NATO has worked together with numerous like-minded partners whose contributions to the Alliance should not be underestimated. As the focus moves from out of area operations back towards territorial defence, full use should be made of the invaluable cooperation with partners, if necessary by ways of differentiation. The aspirations of some to join, and their readiness to do so, means further enlargement should not be placed on the back burner for too long, especially in this changing strategic security environment. Montenegro, for example, will close the gap of NATO members along the Adriatic Sea once it enters the Alliance. Latvia will continue to be a strong advocate of Georgia's aspirations. I would also endorse the idea regarding some type of special "Gold Card" partnership with Finland and Sweden, given the vital strategic role both countries play in regional security.

Looking at Latvia's turbulent history during the last century, we can be gratified that since regaining independence more than 20 years ago, a comparative sense of peace, security, and stability in the country has prevailed. 2014 marks the 100 year anniversary of the outbreak of World War One. Today, NATO's most pressing challenge is to ensure the territorial defence of its members at a time when a new type of warfare has emerged, with armed, masked invaders taking over local government buildings, backed by sophisticated propaganda campaigns. The serious threats now facing the Alliance will have to be met with vigilance, flexibility, and sound policies that make the world's greatest military Alliance worthy of its title.

ENP TEN YEARS ON: THE RUSSIA-UKRAINE CRISIS AND THE IMPACT ON SECURITY AND STABILITY IN THE SOUTH CAUCASUS

Amanda Paul

The year 2014 marks the tenth anniversary of the NATO and EU enlargement. There can be no doubt this dual enlargement contributed to the stability and security of the European continent. When, in 2012, the EU was awarded the Nobel Peace Prize for contributing “to the advancement of peace and reconciliation, democracy and human rights in Europe for over six decades”, after so many years of peace, war between European states had become unimaginable. Yet just two years later, Europe has found itself facing the most significant challenge to its security since the end of the Cold War. The quick and unhindered way in which Russia was able to annex Crimea, before moving to challenge Ukraine’s territorial integrity in the East of the country has challenged the established world order, violating the Helsinki Final Act of 1975 and the agreement to not redraw the map of Europe. It also sparked a significant unease from a number of other countries in the region, including the South Caucasus. It has impacted on the fragile security situation, most visible with the recent escalation of hostilities surrounding the Nagorno-Karabakh conflict. Furthermore, it has also left Armenia, Azerbaijan, and Georgia contemplating how this brazen land-grab policy may further impact their region as a consequence of their own policies aimed at strengthening ties with Euro-Atlantic institutions and what sort of support they can expect from the West.

According to Russian expert, Edward Lucas, “Russia believes it has the right to determine its neighbor’s future and they have no right to complain about it.”¹ The actions of Russia in Ukraine is a signal of Russia’s more aggressive and assertive reaction towards European engagement, following on from the 2008 Russian invasion of Georgia which tested Western resolve. When Russia paid no price for that aggression, Moscow’s belief the West, Europe, and NATO were weak, vulnerable, and in decline was reinforced. Perhaps if the West had responded more robustly to events back then, rather than quickly returning to business as usual with Russia, it may have had an impact on how the events in Ukraine unfolded.

Hence Ukraine has become a test for the West in terms of its commitment, strategic vision, and ability to deal with this new assertive Russia. The outcome

¹ Edward Lucas, “The New Cold War: Putin’s Russia and the Threat to the West”, in *Bloomsbury*, 2009, p. 147

of this test will have a significant impact on future security and stability in the region and Russia's revanchist aspirations for the former Soviet space, including the South Caucasus. It will also impact on future foreign policy choices of the states of the region including in their relations with the EU.

EU Enlargement and the South Caucasus

The South Caucasus is a centuries old intersection for energy and transport routes, and of considerable strategic importance. After the collapse of the Soviet Union, the region went through a period of significant turmoil. Like other post-Soviet republics, Armenia, Azerbaijan, and Georgia experienced a difficult political and economic transition. This was compounded by the consequences of the horrific conflicts which erupted at the beginning of the 1990s, and led to significant political and economic instability, as well as high numbers of Internally Displaced Persons (IDPs). Protracted conflicts, separatism, closed borders, territorial disputes, and weak governance make South Caucasus one of the most fragile and explosive regions in the EU's neighborhood today.

Sandwiched between three powerful and erratic neighbors (Russia, Iran, and Turkey), the South Caucasus is a fragmented and disconnected region. Azerbaijan and Armenia have been locked in war for the past two decades over Nagorno-Karabakh. As a consequence of having two closed borders – Azerbaijan and Turkey, (Ankara closed its border in 1993 following Armenia's occupation of the Azerbaijani region of Kelbejar) – Armenia has had to increase its dependence on Russia and Iran. Georgia has tried to have good relations with both Armenia and Azerbaijan

Russia remains the most dominant power, including having a significant military presence via its bases in Armenia and in the occupied Georgian territories of South Ossetia and Abkhazia. The EU is the relative "new boy on the block". Only during the last ten years has the EU increased its engagement. First, through enlargements the EU moved geographically closer to the South Caucasus. In an attempt to avoid the perception of building a new iron curtain following the 2004 enlargement to Central and Eastern Europe, the EU developed the European Neighbourhood Policy (ENP). The ENP somewhat ambitiously aimed to create an area of stability, security, and prosperity embedded in EU values. This was followed by the Eastern Partnership in 2009 which opened the door to much closer political and economic cooperation. The EaP received an unexpected boost

following the 2008 Russia-Georgia war as it gave impetus to some initiatives that might otherwise have taken considerably longer to see the light of day: namely Association Agreements, and Deep and Comprehensive Free Trade Agreements (DCFTA) with partner states.

Second is the issue of EU energy security. The Caspian region, with Azerbaijan as the “gateway”, represented a significant opportunity to diversify energy sources and routes. Moreover, EU energy interests in the region gave an additional reason to feel concerned about the fragile security situation as a consequence of unresolved conflicts in South Ossetia and Abkhazia (Georgia), and Nagorno-Karabakh (Azerbaijan and Armenia). Third, the 2008 Russia-Georgia war left the EU as the main international security actor involved in the conflict after Russia vetoed the extension of the mandates of UN and OSCE Missions in 2009. For the first time the EU, rather than the US, led the process of ending a war in the European neighborhood. It is also part of the Geneva Process talks between Russia, Georgia, and Abkhazia and South Ossetia, although this is a palliative process more focused on maintaining stability rather than a solution. Furthermore, the December 2003 Security Strategy, underlined the need to avoid new dividing lines in Europe, calling on the EU to “take a stronger and more active interest in the problems of the South Caucasus.”²

However, despite this new engagement the EU has never carved out a coherent policy with clear objectives for the region. While declaring improved regional security as one of its key aims, the EU has had a very cautious approach towards its role in the protracted conflicts, particularly the Nagorno-Karabakh conflict, which some experts have labelled as “benign neglect.”³ Ultimately, there has been a lack of political will from many EU member states to get too deeply engaged, despite the potential threat to EU security.

Between the EU and Customs Union

During the last two decades all three states have taken steps to carve out foreign policy strategies that endeavor to balance ties with Russia, while combining integration with NATO and the EU. All three have increasingly strengthened their ties with NATO via the alliances Partnership for Peace (PfP) programme, including giving important support to NATO’s ISAF Mission in Afghanistan. They are also increased political and economic ties

² *EU Security Strategy*, December 2013, www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf

³ Richard Giragosian, *Challenges for the EU in the resolution of the Nagorno-Karabakh conflict: An Armenian perspective*, European Policy Centre, Policy Brief, June 2013.

with the EU to varying degrees and with varying levels of success. However, while all three are pursuing policies of integration, this is not being carried out in a cohesive manner; as a region with a common aim.

Georgia's foreign policy priority remains to achieve full membership in the EU and NATO. As a state of central and Eastern Europe, Georgia considers that Euro-Atlantic integration is the only way to guarantee its security including assuring their permanent independence from Russia. Georgia, along with Ukraine, and Moldova, signed its Association Agreement with the EU on June 27. Georgia is no stranger to Russian aggression, having been tested by a wide range of tools from the hostile power during the past 20 years in order to try to retain its influence politically and economically.

Armenia has chosen to deepen ties with Russia. As a traditional ally of Russia in the South Caucasus, including being a member of the CSTO Russian-led Security bloc, the extensive influence Russia has over Armenia led to President Serge Sargsyan making a geostrategic U-turn on September 3, 2013, when he announced Armenia was planning to join the Russian-led Customs Union, and ditching plans to sign an Association Agreement/DCFTA with the EU after some four of negotiations. This development firstly entrenched Armenia's dependence on Russia, which threatens Armenia's national security and sovereignty. It consolidated Moscow's entrenched hold over Armenia, including its economic and energy sectors, as well as shoring up its dominant position as guarantor of Armenia's security. Furthermore, it also underlined Moscow's new assertive policy of pushing back against EU engagement in the former Soviet Space, sending a message to others in the region. It remains to be seen whether Russia will target Armenia's increasing cooperation with NATO. Armenia still aspires to have a new agreement with the EU, however, what shape that is now going to take remains to be seen. As Armenia analyst, Richard Giragosian points out, "it should be based on a more realistic recognition of the limits and liabilities of Armenia as a partner".⁴

Azerbaijan has no aspirations to join the EU or NATO, although it has deepened ties with both and is presently negotiating a "Strategic Partnership for Modernization (SPM)" along with ongoing Association Agreement talks. Not yet being a member of the WTO Baku cannot negotiate a DCFTA. Nor is Baku interested in joining the Russian-led Customs Union. Baku has decided upon a policy of "choosing not to choose" and avoiding confrontation with Russia. Nevertheless, when analyzing Azerbaijan's relationships with the West and Russia, it seems Baku's foreign policy is increasingly Western

⁴ Richard Giragosian, *Armenia's Strategic U-Turn*, European Council on Foreign Relations, April 2014.

orientated. It began 20 years ago when former President Heydar Aliyev signed the “Contract of the Century” with a consortium of Western energy companies, having energy as the backbone of relations, and Azerbaijan the enabler of the Southern Gas Corridor. Baku wants Western “know-how” including vocational training, best practices in sectors such as energy, science and technology and education. Azerbaijan, along with Georgia also fully supported Ukraine’s territorial integrity following Russia’s annexation of Crimea, while Armenia supported Moscow’s position.

The Price Tag for Russia’s Security

Like with Ukraine, as Georgia, Armenia, and Azerbaijan have deepened their ties with the EU, Russia has become increasingly uneasy towards what it considers to be an encroachment of its sphere of influence, threatening its core strategic interests. For more than two decades Russia has openly linked its own security and survival to limiting the sovereignty of its neighbors through creating enough internal instability in order to achieve an external subordination of the states. Russian security comes at the price of the insecurity for everyone that surrounds it. According to academic John J. Measheimer, “the West’s triple package of NATO enlargement, EU expansion and democracy promotion, added fuel to a fire waiting to ignite”⁵.

In the last twelve months or so Russia has openly stated that it views the signing of AA/DCFTA’s with the EU as detrimental to Russia, including being a threat to its security. Developments have shown the EU underestimated the geopolitical impact of its neighborhood policies, while Moscow underestimated the attractiveness of EU policies for former Soviet countries until very late in the day. Therefore Russia has tried to increase and consolidate its power and influence in the region, including stepping up its use of “soft coercion”, which James Sherr describes as: “...a tool that fills the hiatus between hard power and soft power...”, using the leverage it has in areas such as security, labor migration, and trade, along with the Russian church, Russian financed NGO’s, and ethnic Russian minorities. Indeed Russia’s claim that it has a responsibility to ensure the security of Russian citizens, ethnic Russians and even mere Russian-speakers in its “near abroad”, has created concern. There is an estimated half a million Russian passport holders in the region. While Georgia and Azerbaijan have adopted a single citizenship policy, Armenia continues to have a policy which allows for dual citizenship.

⁵ John J. Measheimer, “Why the Ukraine Crisis is the West’s Fault”, in *Foreign Affairs*, Council of Foreign Relations, September/October 2014.

While Moscow's efforts to increase its power was most obvious during the 2008 war in Georgia, (which ended with Moscow recognizing the breakaway territories of South Ossetia and Abkhazia, and set back Georgia's goal of joining NATO), other moves from Russia since that time reinforced this trend, including the Armenian U-turn, increased military spending and their presence in the Caspian Sea, and the financing of NGO's in the region.

The regions protracted conflicts are of crucial importance to Russia as these conflicts allow Russia to pursue a policy of divide and rule, supporting separatist regimes in an effort to weaken the three states. Moscow has been coercive and manipulative, being part of both the conflicts, and the solutions. Russia's military presence in the region is crucial for Moscow as it enables the capital to project power. Furthermore, while Russia is not directly involved in the Nagorno-Karabakh conflict, it is a co-chair in the OSCE Minsk Group. Yet whereas Russia is tasked with conflict resolution, at the same time Moscow continues to sell arms to both Armenia and Azerbaijan, playing the two states against each other for Moscow's own benefit. Moreover, it is a concern that the West has been happy to allow Russia to take the lead role in negotiations between Azerbaijan and Armenia.

The Impact of the Russia-Ukraine Crisis

There is little doubt that events in Ukraine have shaken the South Caucasus to the core. It has created an ambiance of ambiguity and uncertainty over what lies ahead. First, security in the region has become more volatile, with the recent flare-up of the Nagorno-Karabakh conflict in a direct consequence of the Russia-Ukraine Crisis. Karabakh serves as a pretext for Russia's presence in the South Caucasus. As long as the conflict continues, and no one knows how long it will last, Russia will maintain its presence in the region. If the conflict is somehow miraculously resolved, Moscow's sway over Azerbaijan and Armenia will diminish.

Furthermore, the blatant violation of the 1994 Budapest Memorandum, signed between the US, the UK, and Russia, to provide Ukraine with security guarantees if it turned over its nuclear arsenal, makes it unlikely today that Armenia will accept similar guarantees in exchange for the Azerbaijani territories it occupies. Moreover, after Russia's annexation of Crimea, it also seems less likely that the four United Nations Security Council (UNSC) resolutions passed in 1993, which demand the withdrawal of Armenia from Azerbaijani territory, will ever be implemented.

It has strengthened the resolve of the so-called leaderships of breakaway states to hold out for independence or annexation to Russia rather than work towards a solution of compromise. While South Ossetia has frequently lobbied for Russia to annex it, it seems highly unlikely Moscow would follow this course. The current situation serves Russia's purpose of undermining Georgia's security.

Second, the Ukrainian crisis devalues Russia's peacemaking efforts; fewer and fewer people still believe it is willing, and able, to resolve conflicts in post-Soviet space. However, by allowing Russia to take a lead role, the West is basically accepting Russian power and influence in the South Caucasus. Even after the events in Ukraine there was no objection to Putin bringing the Armenian and Azerbaijani Presidents together in Sochi.

Third, Armenia's forthcoming membership of the Eurasian Union is not only negative for Armenia's security and independence, it is also negative for regional stability. As Armenia has no border with Russia, this necessitates a transit state – Georgia being the first choice. For Georgia this would create tensions with neighboring countries Azerbaijan and Turkey. Furthermore, there are ongoing concerns from fellow Eurasian Union members Kazakhstan and Belarus, which does not want to damage its ties with Azerbaijan over the possibility of goods coming from Nagorno-Karabakh. Hence Kazakhstan has insisted membership should be within internationally recognized UN borders. However, with this obvious lack of appetite from Customs Union members, and the repeated delays in Armenia's accession – now postponed until October 2014 – it seems to signal that Moscow was more interested in having Armenia say no to the EU rather than having as part of the Customs Union.

Fourth, it has sparked efforts to form stronger regional alliances. Azerbaijan, Turkey, and Georgia have taken steps to strengthen political, economic and security cooperation with Baku, who is also taking steps to improve ties with Iran, with which it has had a rather turbulent relationship. As a consequence Armenia has become further isolated and dependent on Russia, with Yerevan being increasingly viewed by the world community as an appendix of Putin's Russia.⁶

Fifth, it has increased the importance of Azerbaijan as a crucial cog in EU energy diversification plans, with the EU carrying out a number of high profile visits, including President of the European Commission, Jose Manuel Barroso, before the summer, who apparently hoped to have Baku sign the

⁶ David Shahnazarian, *In Sochi Putin and Aliyev Sought to de-internationalise the Nagorno-Karabakh Peace Process*, <http://en.aravot.am/2014/08/15/166513/>

SPM. This created a charmed offensive and diplomatic frenzy from the Russian side which underlines the delicate position Baku finds itself in.

However, it has also produced a wave of anti-Western sentiment in Azerbaijan, with many in the country accusing the West of having double standards: The view of many Azerbaijani's is that the West condemns Russian occupation of Crimea, places sanctions on Russia for challenging Ukraine's territorial rights, and supports a Ukrainian military operation to take back land seized by separatists, while Azerbaijani lands remain occupied with little interest from the West. Baku would like the EU to have a more credible and consistent approach towards recognizing Azerbaijan's territorial integrity, as it does with other EaP countries that have territorial disputes including Georgia, Moldova. Unfortunately, the EU's ambiguous approach towards Azerbaijan's territorial integrity is a thorn in relations. In light of Russia's revanchist ideas, the EU should give explicit support to the territorial integrity of all EaP countries, not only those with territorial disputes.

Sixth, after seeing "little green men" on the ground in Ukraine, along with news of trade embargos and problems with migrant workers and remittance transfers, it has generated significant concerns regarding what Russia could do in the South Caucasus. While it has not shifted Georgian resolve, with millions of Armenians and Azerbaijani's working in Russia, there is concern over the consequences of any restrictions placed by Moscow. Furthermore, in Armenia many people now believe they may have had a lucky escape by backing out of the agreement with the EU. While this has worked to the benefit of Armenia's leadership, for those working to promote the democratic development of the country it has been a significant blow.

Seventh, it has made it absolutely crucial that Euro-Atlantic institutions double their engagement and commitment to the region. Russia does not only occupy land, it also occupies minds, and the Kremlin's propaganda machine has been peddling all sorts of fairytales about the role of the West in the Russia-Ukraine crisis, and what closer ties with the EU represents or does not represent. This has not been sufficiently countered. If the EU, and the West more broadly, does not continue to push back against Russia, and carve out a real strategy for the region, it will be signaling it accepts Russia's goal of recreating zones of influence. The first opportunity will come at the forthcoming NATO summit in September. Secretary General of NATO, Anders Fogh Rasmussen, recently stated that: "Europe is more dangerous and less stable than it was a year ago. NATO has to be ready for whatever the future holds". Hence it is important the summit provides the far-reaching strategic vision and initiative that is so badly needed in the face of Russian aggression

in Ukraine. This should include agreeing on measures for supporting the preservation of independence and territorial integrity for Ukraine, Georgia, and other partner states by the Alliance.

After Crimea there are no longer any rules in the game for Russia. Moscow wants to move as quickly as possible to try and make as many irreversible actions as possible – such as Crimea – which are then impossible to challenge without taking huge and extraordinary risks. As Putin said during a visit to Armenia on December 2, 2013: “Russia will never leave this region (Trans-Caucasus), on the contrary, we will make our place here even stronger”. To achieve this, Russia has one key tactic – to seek out geopolitical vacuums, promote vacuums where they are only nascent, and then seek to fill them by military force if necessary. It has been at the core of Russian expansionism since the time of Ivan III. If the West wants to stop Putin it needs to fill the vacuums or stop them opening in first place.

THE RIGHT TIME TO RECOMMIT: HOW THE WEST COULD HELP THE EASTERN PARTNERSHIP TO BECOME A MORE SECURE REGION

Diāna Potjomkina

The present is, or should be, the time when the Eastern Partnership rises to the absolute top of the EU's and NATO's agenda. Not only are the six Eastern Partnership (EaP) states facing a daunting number of challenges themselves, as Ukraine has shown, they also have the potential to dramatically change the Trans-Atlantic security landscape. The increasingly volatile, uncertain, complex, and ambiguous environment in the neighborhood thus calls for unprecedented measures by Western actors. The aim of this paper is to offer a quick recap of current and potential security challenges for neighborhood, solutions offered by the West (heavily focusing on the EU), and grey/blank spots which remain un(der)addressed. Security here is taken in its broadest meaning.

What Eastern Neighbors are Facing?

In mainstream European discourse, Eastern partners are generally divided into “star performers” and “slackers”, where Georgia, Moldova, and Ukraine belong to the former group and Armenia, Azerbaijan, and Belarus the latter. This, at least for those skeptical about the whole Partnership business, may give an impression the “stars” are well on track with Euro-Atlantic integration and have only passing difficulties, while the “slackers” – in line with the EU's “more for more” principle – may generally be left on their own unless their governments call for cooperation. Unfortunately not. Most processes in the region are malleable and reversible, and the task of the EU and other like-minded partners, is to now take full stock and reverse them in the most beneficial direction.

Military, or “hard” security, has come to forefront with the escalation of the Ukrainian conflict. Five out of six EaP states are now embroiled in territorial disputes of one sort or another, while the sixth – Belarus – is willingly or unwillingly accepting an increased Russian military presence. Russia is of course a common denominator for regional security. It has skillfully used pre-existing fault lines, and even created new ones, with the aim of maintaining influence in the “near abroad”, and now, several levers can be used for destabilizing the situation at any given time. Nagorno-Karabakh, Transnistria, Abkhazia, South Ossetia and now also Crimea, Donetsk, and

Luhansk are best-known; but previously low-profile cases such as Gagauzia or Samtskhe-Javakheti may prove similarly dangerous. Gagauzia, located at the Ukrainian border, approved this February (allegedly) by 98 per cent to join the Customs Union and gaining independence “should Moldova lose sovereignty”. (According to some, this may have referred to the Association Agreement.) They may soon vote for independence with more clear-cut wording.¹ Samtskhe-Javakheti is part of Georgia predominantly populated by ethnic Armenians, and host to part of the strategic Baku-Tbilisi-Ceyhan pipeline.² Other “opportunities” can also be found here. Not that Russia is always enthusiastic about annexing new territories; for instance, Transnistria has for years been unsuccessful in joining the Federation. In turn, even the generally loyal Armenia and Belarus are not purely pro-Russian. However, maintaining a constant presence in the region and escalating/deescalating it as necessary is key to Russian strategy.

The region, however, should not be perceived as a mere field of contestation between Russia and “the West”. Turkey is one of the most crucial players for the resolution of the Nagorno-Karabakh conflict and for the Black Sea region as a whole; its NATO membership is just one factor for Turkey dealing with numerous local complexities. Iran is another major player. Then one should also not forget international institutions such as CSTO or the newly founded Eurasian Economic Union, and other states from the Caspian Sea region (like Kazakhstan) and beyond. Although their importance is secondary in most cases, they should not be forgotten. And then there are the various ties among the six EaP states, which sometimes bring counterintuitive results, like Georgia and Ukraine lobbying for the softening of the EU’s criticism of the Lukashenko regime,³ or Lukashenko serving as a platform for Russian-Ukrainian talks (as a Russian proxy?).

The aforementioned “pre-existing fault lines” should actually be given serious consideration. Even if many conflicts are blown out of proportion by external influences, there are still certain enabling conditions on the ground. The Armenian-Azerbaijani dispute was threatening to unfreeze as this article

¹ Anita Sobják, “Is Transnistria the Next Crimea?”, in PISM Bulletin, No. 49 (644), 1, 01.04.2014., http://www.pism.pl/files/?id_plik=17064; Leonid Litra, “Moldova: A Sinuous Road to Europe”, in *Regional Repercussions of the Ukraine Crisis: Challenges for the Six Eastern Partnership Countries*, Europe Policy Paper 3/2014, A. Inayeh, D. Schwarzer, J. Forbrig (eds.), The German Marshall Fund of the United States, July 2014), <http://www.gmfus.org/archives/regional-repercussions-of-the-ukraine-crisis>

² See Nino Liliashvili, “Georgia: Time to Domesticate Domestic Politics” in *Regional Repercussions of the Ukraine Crisis...*

³ „Грузия и Украина поддержали Беларусь на саммите „Восточного партнерства” (Georgia and Ukraine have supported Belarus on Eastern Partnership Summit), 29.09.2011., http://www.ej.by/news/politics/2011/09/29/gruziya_i_ukraina_podderzhali_bielarus_na_sammite_vostochnogo_partnerstva_.html

was submitted to print, despite some positive tendencies in recent years. Even experts sympathetic to Georgia, Moldova, and Ukraine have found shortcomings in their policies, starting from the incapacity to tackle structural problems such as rampant corruption, down to potentially preventable mistakes such as human rights infringements by current pro-government forces in Ukraine.⁴ The South Caucasus states have been criticized for insufficient respect of minority rights and insufficient power sharing;⁵ surveys in Ukraine also showed that the percentage of those who feel discriminated because of their language increased from 2007 – 2014,⁶ which may partly be a consequence of propaganda but also an indicator of uneasy interethnic cohabitation.

In general, public opinion in the Eastern neighborhood shows how the region's path to Euro-Atlantic integration is wrought with problems, even in the best-performing states. In Moldova, known by its unstable political environment, the return of the Communist party after its autumn elections is one of the most serious threats to successful implementation of the Association Agreement (AA) with the EU; according to recent data its approval rating has soared to 47.2 per cent.⁷ Georgian society remains convincingly pro-European – leading among the six EaP states – but its support has somewhat dropped after the escalation in Ukraine, and in Ukraine itself, only about a half of inhabitants favor the AA.⁸ Public sentiments in Armenia, Azerbaijan, and Belarus are even less positive. And according to Freedom House, none of the six EaP states qualifies neither as consolidated, nor even a semi-consolidated democracy; the three star performers are “transitional governments or hybrid regimes” and the rest – authoritarian ones.⁹ In conjunction with a general lack of consensual political culture this means formal and informal mechanisms for dialogue with and among different society groups are insufficient.

Finally, the economic situation of the neighborhood leaves it vulnerable

⁴ See *Abductions and Torture in Eastern Ukraine*, EUR 50/034/201, London: Amnesty International, July 2014, <http://www.amnesty.org/en/news/ukraine-mounting-evidence-abduction-and-torture-2014-07-11>

⁵ Fernando Garcés de los Fayos, “Minorities in the South Caucasus: New visibility amid old frustrations”, European Parliament, Directorate-General for External Policies, Policy Department, June 2014, DG EXPO/B/PolDep/Note/2014_104, <http://www.europarl.europa.eu/>

⁶ Uilleam Blacker, “No real threat to Ukraine’s Russian speakers”, 04.03.2014, <http://www.opendemocracy.net/od-russia/uilleam-blacker/no-real-threat-to-ukraine%E2%80%99s-russian-speakers-language-law-ban>; Steven Pifer and Hannah Thoburn, “Nuanced Views in Eastern Ukraine”, 28.04.2014., <http://www.brookings.edu/blogs/up-front/posts/2014/04/28-nuanced-views-eastern-ukraine-pifer-thoburn>

⁷ Alina Inayeh, “The Regional Impact of the Ukraine Crisis: Overview and Conclusions” in *Regional Repercussions of the Ukraine Crisis...* See also Stanislav Secrieru, Anita Sobják, “Three Stress Tests for Moldova’s Association Agreement with the EU”, PISM Bulletin No. 92 (687), 27.06.2014, http://www.pism.pl/files/?id_plik=17707

⁸ Alina Inayeh, “The Regional Impact of the Ukraine Crisis: Overview and Conclusions”.

⁹ Freedom House, “Nations in Transit 2014”, http://freedomhouse.org/report/nations-transit/nations-transit-2014#_U-XVrWMUeE8

both to external pressure and to internal discontent. Only Belarus and Azerbaijan rank as upper middle income countries, the rest in the lower middle group.¹⁰ Although economic growth in the region resumed in the wake of the economic crisis, implications of the Russian-Ukrainian conflict will likely be damaging for everyone.¹¹ In 2012, the EU was, sometimes by far, a more important trade partner than Russia for Armenia, Azerbaijan, Georgia, and Moldova, while in the case of Ukraine and Belarus its importance was similar to the Russian one.¹² However, Russia's economic leverage is not limited to trade flows; it is the main state of destination for work migrants from (and thus a source of remittances for) all EaP states but Moldova (its inhabitants emigrate to Russia and the EU in equal proportions)¹³, and is the single supplier of natural gas to Armenia, Belarus, and Moldova (the latter plans to diversify this year), with Ukraine being dependent on Russian supplies for 72 per cent of its needs.¹⁴ With the idea of social contract widely popular across post-Soviet space, economic woes can backfire politically, and this is what Russia realizes only too well.

The Western Response

What does the West (mainly the EU, which has the most comprehensive presence in the region) offer to these challenges? The main problem areas are already covered, the issue is, assistance is still not commensurate with the challenges, and often just symbolic. The EU's self-congratulating leadership has hailed the new Association Agreements as "historic", and¹⁵ "milestones"¹⁶, and indeed historic they are, compared to previous levels of EU commitment. The internal decision-making mechanisms of the EU-28 are highly complicated,

¹⁰ World Bank List of Economies (July 2014), http://data.worldbank.org/about/country-and-lending-groups#Europe_and_Central_Asia

¹¹ See Olga Rosca, "Recovery in Eastern Europe and the Caucasus Affected by Russia-Ukraine Crisis", EBRD, 14.05.2014., <http://www.ebrd.com/pages/news/press/2014/140514c.shtml>; Neil Buckley, "EBRD warns Ukraine crisis having 'severe' effect on eastern Europe", in *Financial Times*, 14.05.2014., <http://www.ft.com/home/uk>

¹² Michael Emerson, Workshop "Countdown to the Vilnius Summit: The EU's Trade Relations with Moldova and the South Caucasus", European Parliament Directorate-General for External Policies of the Union, Directorate B Policy Department, 2013, http://www.europarl.europa.eu/Regional_Repercussions_of_the_Ukraine_Crisis...

¹³ *Regional Repercussions of the Ukraine Crisis...*

¹⁴ "Gazprom's Grip: Russia's Leverage Over Europe", data from 2013, <http://www.rferl.org/content/infographics/gazprom-russia-gas-leverage-europe/25441983.html>

¹⁵ José Manuel Durão Barroso, *Remarks by President Barroso ahead of the European Council*, Press conference, Brussels, 25.06.2014., http://europa.eu/rapid/press-release_SPEECH-14-500_en.htm

¹⁶ Herman Van Rompuy, *Statement at the Signing Ceremony of the Association Agreements with Georgia, Republic of Moldova and Ukraine*, Brussels, 27.06.2014., EUCO 137/14, www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/143415.pdf

and any politically and financially binding agreement on this scale is difficult to reach, especially when it concerns a sensitive foreign policy issue. The question is whether any historic changes will also ensue, or if the policy has to be overhauled first. And I opine that a substantial overhaul is needed.

On the metastrategic/political level, the EU's mistake – which has often been pointed out – is the unwillingness to extend a clear promise of membership to partners, while hoping they will complete the same reforms as prospective members from Central and Eastern Europe did in their time. The situation in which Eastern Partners are in is actually worse than the one “new” EU members faced in the 1990s: Russia is much more assertive; societies still remember the difficulties which came with liberalization in the wake of the USSR's collapse but in many cases have not felt significant improvements in their own lives; the “end of history” moment has been lost as Belarus and Azerbaijan offer seemingly successful non-democratic alternatives, while the West remains rather passive. Indeed, balance for the EaP states is worse than for the Balkans: the latter have a membership perspective and at the same time have to implement less stringent reforms than current AA signatories.¹⁷ Admittedly, some shifts in the EU's policy have gradually taken place. The European Parliament has been speaking about giving a membership perspective since at least 2005,¹⁸ the accession prospect was *almost* included in the Vilnius declaration,¹⁹ and this July, the European Commissioner for Enlargement and Neighbourhood Policy, Štefan Füle, also called on EU institutions and Member States to offer partners the accession perspective.²⁰ Of course not everyone in the EU is enthusiastic about accepting new members – this would mean changes in voting balances within EU institutions, and less EU aid for current recipients etc. – but this could partly be remedied by e.g. commissioning impact assessment studies on the potential losses and benefits. In order to get the six Eastern Partnership states out of the “grey zone” they are currently in, first we must show that we actually *want* them in the “blue” area of Euro-Atlantic institutions. And this must be done very convincingly, to make up for the 20+ years during which European states were divided into “first” and “second” tiers, and to prevent any doubts.

¹⁷ Michael Emerson, Workshop “Countdown to the Vilnius Summit...”

¹⁸ Flemming Splidsboel Hansen, “The EU and Ukraine: Rhetorical Entrapment?”, in *European Security* 15, No. 2, 2006, pp. 115-135, <http://dx.doi.org/10.1080/09662830600903561>

¹⁹ See Steven Blockmans and Hrant Kostanyan, “A Post-Mortem of the Vilnius Summit: Not Yet a ‘Thessaloniki Moment’ for the Eastern Partnership”, in *CEPS Commentary*, 03.12.2013., <http://www.ceps.eu/book/post-mortem-vilnius-summit-not-yet-%E2%80%98thessaloniki-moment%E2%80%99-eastern-partnership>

²⁰ Štefan Füle, *Speech: Eastern Partnership reached important historic milestone*, 17.07.2014., SPEECH/14/555, http://europa.eu/rapid/press-release_SPEECH-14-555_en.htm

On the policy level, there are two main areas where the EU's action is insufficient, and these are: assisting inclusive economic growth, and promoting regional security and resolution of frozen conflicts. The first may sound surprising, after all, the EU has offered the Deep and Comprehensive Free Trade Areas to its partners; it is ready to open its own market asymmetrically, like in the case with Ukraine;²¹ and it will help partner states to implement DCFTAs. The fundamental aim behind the DCFTA is to increase prosperity of the EaP region. However, the main problem lies in the medium to long-term direction of the EU approach, without making amends for short-term complications. In the medium to long term, *if* the DCFTAs are implemented successfully, partners will indeed gain: the percentage growth would be similar to what can normally be observed in a developing economy (estimates for Moldova are about 3.2 per cent to 5.4 per cent of their GDP, for Ukraine – 11.8 per cent²²) but it would be complemented by modernization, environmental sustainability, and other benefits of the EU economic model. In the short term, however, even gradual opening and liberalization will likely bring negative socio-economic results. In a 2011 study of the Georgia-EU agreement it was called a “bad policy” for both partners, threatening to slow down Georgia's industrialization and drive its trade away from the EU, thus not bringing political benefits.²³ The Georgian economy stands out because it was unilaterally liberalized since 2005, while the shock to Ukraine and Moldova will likely be even greater.

To ensure the DCFTAs really come true, the EU and/or other Western donors should, first, provide tangible financial assistance to, and close administrative cooperation on, partner states' social policies – or they should at the very least not impose budgetary austerity on these states if social benefits are at stake. The EU recognizes that the Association Agreements will not be “an immediate panacea”²⁴, but then other medicine must be found. Pensions, unemployment and disability benefits, education etc. should not suffer, and all necessary assistance must be offered to those who might lose their jobs and profits as a result of economic readjustment. Admittedly, this would run counter to the EU's own experience, where social policy remains the competency of member states. It would also require additional financial investment at a time

²¹ Ievgen Vorobiov, “What's Next, after Ukraine Signs Association Agreement with the EU?”, in *Bulletin PISM*, No. 94 (689), 01.07.2014., http://www.pism.pl/files/?id_plik=17717

²² Michael Emerson, Workshop “Countdown to the Vilnius Summit...”

²³ Patrick Messerlin, Michael Emerson, Gia Jandieri, Alexandre Le Vernoy, “An Appraisal of the EU's Trade Policy Towards Its Eastern Neighbours: The Case of Georgia”, Groupe D'économie Mondiale, Sciences Po, Paris; Centre for European Policy Studies, Brussels, 2011, <http://ceps.eu/book/appraisal-eu%E2%80%99s-trade-policy-towards-its-eastern-neighbours-case-georgia>

²⁴ Ievgen Vorobiov, “What's Next, after Ukraine Signs Association Agreement with the EU?”...

when the budgetary situation in many EU member states remains precarious. *However, maintaining social stability through the course of reforms is perhaps the single most important thing that can be done for the security of the region.* Society tends to think in the short term, and the electoral cycle is short; even the most enthusiastic proponents of Euro-Atlantic integration may reconsider if their well-being is affected by carelessly executed liberalization. Russia has been exploiting this sentiment very successfully with its “fast food”²⁵ offer of gas and similar subsidies (as well as market access which is not unproblematic but does not require the level of adaptation demanded by the EU), and will not hesitate in pointing out any negative consequences of the DCFTAs. At the same time, an example of stable and socially secure transitioning in the three leading EaP states may entice the people in Armenia, Azerbaijan, and Belarus to call for the same; not mentioning that societal well-being should be the primary aim of any reforms.

Some other measures should also be implemented by the EU, and other donors, in addition to maintaining a sound social protection system. On the strategic level, there is a need to agree on a working mechanism for economic cooperation among the EU, the DCFTA signatories and Russia, especially in the light of the newly established Eurasian Economic Union – without just repeating that the EU’s DCFTAs are not in conflict with the EaP states’ trade with Russia; and to economically integrate breakaway regions. While it is a challenge to economically connect Abkhazia and South Ossetia with the rest of Georgia, Transnistria is overwhelmingly dependent on trade with Moldova and the EU. Although it ignored Moldovan calls to engage in the DCFTA negotiations and later misleadingly complained, ways must be found to tie it economically to Moldova²⁶ even if it comes at a cost, because with economically losing Transnistria now, opportunity for further reintegration of the region may be lost.

On the tactical level, some valuable instruments already exist. The EU will fund Comprehensive Institution Building programs and has planned monitoring of the implementation of agreements, and their consequences (this should include up-to-date comprehensive statistics on partner states, the breakaway regions if possible, and cross-sectorial impact assessment, plus a real possibility to introduce changes in the AAs). The partner states will be engaged in research cooperation with the EU (Horizon 2020), and

²⁵ See Irina Kuzņecova, Diāna Potjomkina, and Mārtiņš Vargulis, *From the Vilnius Summit to the Riga Summit: Challenges and Opportunities of the Eastern Partnership*, Riga: Latvian Institute of International Affairs, 2013, <http://www.liia.lv/en/publications/from-the-vilnius-summit-to-the-riga-summit-challenge/>

²⁶ Michael Emerson, Workshop “Countdown to the Vilnius Summit...”; Stanislav Secieru, Anita Sobják, “Three Stress Tests for Moldova’s Association Agreement with the EU”.

communication with society is supported. Support to infrastructure building is crucial for economic development, for equitable geographical distribution of growth, and for positive visibility of the West, although here, like in the other areas, the EU could definitely do more. Additionally, some measures that have already been suggested are greater assistance to the partner states' entrepreneurs (such as counselling, subsidized loans,²⁷ multilateral networking opportunities – this should not be limited to SMEs only); significantly expanded scholarship opportunities abroad and improving the quality of education on the ground, including life-long education and professional retraining courses; engaging the civil society closely; and making sure that the EU's protectionism in such sectors as agriculture is curbed so that all the neighbors can access its market on fair terms.²⁸ The Western protectionism of course is especially dangerous when it harms profitable and/or employment-intensive sectors of the partners' economy. Opening up the EU's labor market is yet another politically sensitive measure for the Union but also important to minimize Russia's leverage over the EaP states.

The case of AAs/DCFTAs is also a good example of why the EU's one-size-fits-all, more-for-more approach will not bring the desired result of all six EaP states' (re)orientation towards the Western community. Belarus and Azerbaijan are not interested in the offer; Armenia had negotiated the DCFTA before and still wants to continue the reforms, but is now poised to join the Russia-led Customs Union.²⁹ Large-scale investments in economic cooperation with these states would be politically controversial for the EU, as the first two are not even WTO members. The EU also can, and should, exercise diplomatic pressure on Armenia, Azerbaijan, and Belarus to ensure that such agreements do not serve only the interests of the ruling regime – for instance, in the case of Belarus, a separate “modernization dialogue” is going to be established with authorities upon their demand, that will circumvent civil society and most likely serve only the interests of the Lukashenko regime. Meanwhile, Belarus's high economic dependence on the EU means the latter has leverage over it. However, the primary aim for the EU should be to ensure every single one of its six EaP partners has sufficient incentives to keep it onboard (differentiated joint ownership over the EU's uniform conditionality), even if it means developing new types of agreements (possibly as an “interim phase” before hopefully concluding full-fledged AAs). For instance, if Armenia was allowed to sign only the political part of the AA like

²⁷ Ievgen Vorobiov, “What's Next, after Ukraine Signs Association Agreement with the EU?”...

²⁸ On the latter (Ukraine), see Michael Emerson, Workshop “Countdown to the Vilnius Summit...”

²⁹ On Armenia, see Michael Emerson, Workshop “Countdown to the Vilnius Summit...”

it requested after deciding in favor of the Customs Union,³⁰ it would change the meaning of the AA as seen by the EU, but would still provide a welcome European anchorage for Yerevan. Of course, the original concern that more progressive EaP states would be disappointed over such double standards remains, but as international context changes, this should give way to a more result-oriented policy.

Western involvement in regional security is similarly under-resourced, and this in particular applies to the EU. There is no overarching regional security architecture and only an eclectic scheme of security guarantees, and views within the Western community on how to proceed differ significantly.³¹ The EU recognizes that a “resolution of conflicts” is needed³² but has no rapid reaction mechanisms for solving crises in the neighborhood and only relies on the long-term benefits of its current “soft” approach; NATO has relatively well-developed bilateral relations with Ukraine and Georgia (although the latter is still unsure whether it will ever obtain a candidate status) and also maintains links to the other four, but it has no comprehensive policy towards the Eastern Partnership – which is yet another example of missed opportunities in EU-NATO cooperation. The best solution would be to develop a comprehensive security strategy for the Eastern Partnership, engaging the EU, NATO, OSCE, and other stakeholders (including the US, which already invests substantial resources in military cooperation with e.g. the Southern Caucasus, and possibly Russia herself), and perhaps putting it under the aegis of the EU which is perceived as a comparatively neutral player in security issues; plus reinvigorating already existing mechanisms such as the Minsk Group. Efficient diplomatic mechanisms are needed but also practical steps in strengthening security and defense sectors of the partners. On the latter, opinions within the Western community differ greatly: for instance, while some call for providing Ukraine with weapons and military aid, others fear retaliation from Russia. While Russia may actually use increased Western military cooperation with the EaP as a pretext for destabilizing the region, at least the minimum program may be realized through large-scale, possibly regional-level trainings of police and other security forces, including

³⁰ Valérie Ramet and Fernando Garces de los Fayos, “The Ides of March in the Eastern Neighbourhood: An Overview”, In-Depth Analysis, European Parliament Directorate-General for External Policies, Policy Department, March 2014, DG EXPO/B/PolDep/Note/2014_66, <http://www.europarl.europa.eu>

³¹ See e.g. Alina Inayeh, “The Regional Impact of the Ukraine Crisis: Overview and Conclusions”; Jos Boonstra, Natalia Shapovalova, “The EU’s Eastern Partnership: One Year Backwards”, Working Paper 99 (Madrid: Fundación para las Relaciones Internacionales y el Diálogo Exterior (FRIDE), May 2010), http://fride.org/download/WP99_EP_ENG_may10.pdf

³² See in particular “Joint Declaration of the Eastern Partnership Summit, Vilnius”, 28-29.11.2013., <http://www.eu2013.lt/en/news/statements/-joint-declaration-of-the-eastern-partnership-summit-vilnius-28-29-november-2013>

paramilitary ones (the Eastern Partnership Police Cooperation Programme already exists); further strengthening the capacity of regional and state institutions in charge of security policy; and preferably establishing some form of cooperation or dialogue with breakaway regions. The EU launched a Common Security and Defence Policy (CSDP) Panel in Vilnius and also recently made a much-needed step by establishing the EU Advisory Mission for Civilian Security Sector Reform Ukraine (EUAM Ukraine), but the same mechanism could potentially be extended to the other EaP states and even regionalized.

Of course there are many other directions to work in. Energy stands somewhere between “hard” and “soft” security; not only can energy supplies be manipulated by Russia (only Georgia and Azerbaijan are independent on Russian gas) but this is also a purely economic problem due to extremely high levels of energy inefficiency e.g. in Ukraine. The EU has been working on these issues but problems on the ground persist – although Eastern Partners’ energy security is, in fact, closely related to the Union’s own. The more than \$10 billion (USD) stolen by Yanukovich,³³ or data that only about 30 per cent of donor assistance actually crosses the Belarusian border,³⁴ are just more proof that providing assistance must go hand-in-hand with combatting corruption at all levels and in all spheres, as well as flexible planning and close monitoring of aid. Establishment of visa-free regimes, unilaterally if needed and possible, cannot be reminded about often enough. There are numerous mechanisms for how civil society can get engaged in EU policy-making and cooperation with partner states, but they are not necessarily efficient.³⁵ And the state of democracy must not be forgotten not only in Azerbaijan and Belarus, but also in the remaining partner states; democracy is indeed one area where compromises should not be accepted. There are numerous other specific issues which go outside the scope of this article but have been identified and can realistically be resolved.

³³ Guy Faulconbridge, Anna Dabrowska, and Stephen Grey, “Prosecutor: Yanukovich’s ‘Mafia’ Government Stole Up To \$100 Billion From Ukraine And Some Of It Is Funding Rebels”, 30.04.2014., <http://www.businessinsider.com/r-toppled-mafia-president-cost-ukraine-up-to-100-billion-prosecutor-says-2014-30#ixzz3A5ZeeZ4C>

³⁴ Zmicier Lukashuk, “West Invested \$700 Million into Belarus’ Democratization over 5 Years”, 29.07.2013, <http://euroradio.fm/en/west-invested-700-million-5-years-belarus-democratisation>

³⁵ See e.g. Hrant Kostanyan, “The Civil Society Forum of the Eastern Partnership Four Years On: Progress, Challenges and Prospects”, Report commissioned by the Eastern Partnership Civil Society Forum, CEPS, January 2014, <http://www.ceps.eu/book/civil-society-forum-eastern-partnership-four-years-progress-challenges-and-prospects>

Latvian Presidency of the Council of the European Union

In 18 months, in Vilnius, May 2015, Latvia will host the next Eastern Partnership summit. Eastern Partnership is one of the top foreign policy priorities for the Presidency, as Latvia has always been a leader in promoting closer links with the region. The Presidency is clearly motivated to deliver, despite potential Russian pressure, and recent events in and around Ukraine will likely help reignite the interest of more reluctant European partners. The exact content of what will be offered at the Riga summit is of course as yet unknown, but some estimates can already be made.

Like every presidency, Latvia will have to deal with a mixture of pre-made commitments, incentives coming from real situations in the partner states, and its own priorities. The fact that the current approach must be reviewed is clear to all sides, and Latvia has somewhat cautiously declared that the summit “should mark the beginning of reforms in the EU’s Eastern Partnership”;³⁶ however, there is still room to discuss exactly which changes should take place. For the last few years, Latvia has been a steady but also pragmatic and cautious supporter of the Eastern partners, keeping in mind not only the historical, economic, and geopolitical importance of putting the neighborhood on the Euro-Atlantic path but also immediate economic and security interests as well as the limited amount of available resources. It also has a cautious and pragmatic attitude towards the EU’s enlargement meaning the “open doors” principle is maintained as a ground rule but only those partner states which qualify can accede. However, the fears that Latvia will go no further than a general “review” of implementation of the AAs, and previous cooperation more broadly, may well prove unfounded. For instance, Latvia, which highly prizes its relationship with the US (yet another presidency priority), has already come forward with the initiative of a Euro-Atlantic Eastern Partnership closely engaging the US.³⁷ It is also clear the Latvian presidency will work towards a more individualistic approach respecting the particular interests of partner states, so new possibilities may open up even for those not interested in joining the EU. There will likely be other innovations, like a new focus on media freedom (a separate conference will take place in the margins of the summit). And the possible creation of a regional economic area³⁸ will be a legacy from the Vilnius summit; a feasibility study is already foreseen.

³⁶ “Foreign Minister Rinkēvičs: Riga Summit Should Launch Reform of EU Eastern Partnership”, 21.03.2014., <http://www.am.gov.lv/en/news/press-releases/2014/march/21-03-04/>

³⁷ “Foreign Minister Rinkēvičs Urges to Transform Eastern Partnership into Euro-Atlantic Eastern Partnership”, 23.03.2014., <http://www.am.gov.lv/en/news/press-releases/2014/march/23-1/>

³⁸ “Joint Declaration of the Eastern Partnership Summit, Vilnius, 28-29.11.2013.”

Conclusions

This is a challenging time for the Eastern Partnership and Western partners who indeed have a direct stake in the stability, security, and prosperity of the region. The task now is to “keep their feet on the ground and head in the clouds”, meaning aiming at a new, ambitious strategy which should nevertheless depart from the EU’s clichés like “more for more” and should instead be grounded in local conditions. There are many fields where the EU is already working in the right direction and should merely step up, or sometimes tweak, its efforts, like in supporting the partners’ businesses, promoting energy security, or engaging civil society in dialogue on Euro-Atlantic integration. There are other fields where the EU should invest considerably more, in particular, winning the hearts and minds of broader societies in the region. The current EU approach is rather elitist, focused on particular groups like high-profile representatives of civil society, students, state administration workers, and SME representatives, while the pensioners, the unemployed, factory workers, and other people in the regions are often at best unaware of EU contribution or at worst, affected by Russian counter-propaganda. Societies in the neighborhood should clearly understand, and believe in, the link between liberalization and improvement to quality of life, and this means not only publicity campaigns but in tangible measures to sustain social stability and high levels of employment throughout the implementation of the AAs, as well as visible investments in those states which have not yet decided to embark on reforms. Strengthening security cooperation and creating a stable multilateral security architecture is another major direction in which the EU should be working. Generally, the EU should of course respect the individual wishes of partner states but it should also become more proactive in assisting partners to make their choice. And although the necessary reforms will demand a massive investment of financial resources and political will in the next 10 to 15 years (10 years have been allotted for establishing a DCFTA³⁹), this is still the right time – maybe even the last opportunity – to recommit. The Ukrainian example (where the EU now has to invest much more than the assistance package originally requested by Yanukovich) shows what the cost of non-engagement may be.

³⁹ Michael Emerson, Workshop “Countdown to the Vilnius Summit...”

IS THERE A ROLE FOR HISTORICAL RECONCILIATION AFTER THE UKRAINE CONFLICT?

Matthew Rojansky

The ongoing conflict in Southeastern Ukraine is imposing severe costs not only on those in Ukraine and Russia who are its participants or victims, but on the Euro-Atlantic space as a whole. Fear and uncertainty have decimated citizen and investor confidence in both countries, while the burden of backing up bold declarations about ending the conflict and punishing those responsible poses a serious test for the United States (US) and European governments. Russia has suffered a degree of international opprobrium and isolation from Western partners not seen since the worst decades of the Cold War. Meanwhile, states with no immediate stake in the conflict are nonetheless observing closely and extracting lessons about the inadequacy of the current international security order to address sustained internal and international armed conflict.

In the face of these urgent and expansive costs of the Ukraine crisis, the lost opportunity for Ukrainians and Russians to engage in dialogue over their centuries-long shared history may seem like an unfortunate afterthought or a distraction. Opponents of such dialogue might even seek to discredit the idea by associating it with any of the history-manipulating propaganda that has featured prominently on all sides in the debate over Ukraine. Yet it is precisely this connection between history and politics – and, more specifically, between historical memory in the region and the political drivers of conflict within Ukraine and between Ukraine and Russia – that makes the current freeze in meaningful dialogue especially concerning.

This article does not advance the argument that historical dialogue can solve the current conflict in Ukraine, nor does it suggest the conflict is rooted only in the region's complex and conflicted historical memory. Rather, the purpose of this article is threefold: first, to highlight the close connection between divisive historical memory in Ukraine and Russia, and the ideologies and politics that have been marshaled on both sides to justify the current conflict. The important implication is that a failure to address sources of historical tension through dialogue in peacetime may exacerbate the difficulty of preventing and resolving conflict when it does occur. Second, the article points to a possible conceptual approach to historical reconciliation

with some positive examples from the recent past, which may provide hope and inspiration for Ukraine and Russia. In light of these, finally, the article examines the major obstacles to reconciliation in and around the current conflict, and suggests a path forward for the short-, middle- and long-term post-conflict period.

The Politics of Historical Memory and Conflict in Ukraine

Historical memory has been central to Ukrainian politics from the outset of Ukraine's post-Soviet independence in 1991 and even long before. Ukrainian politicians at all levels, from practically all parties and of all ideologies, have used and abused collective historical memory to shape public sentiment around domestic and foreign policy debates, and to advance their personal political interests. In all of these respects, Ukraine is hardly unique – the same approach to historical memory is common among politicians throughout Europe and worldwide.

Peter Verovsek, of Harvard's Center for European Studies, describes the use of history in politics this way: "Politicians frequently make references to the events of the past, or rather to myths created within memory, to justify their decisions and standpoints on a variety of issues, both foreign and domestic. They seek to gain political advantage by monumentalizing group-specific understandings of the past in order to legitimize their actions in the present to gain an advantage in the future. Though these debates are usually based on domestic cleavages or on national and sub-national interpretations of history, they frequently spill into international politics, as differing and seemingly irreconcilable collective understandings of events come into contact and clash politically. In this way, politicians activate memory as a weapon both against domestic opponents and in international affairs."¹ In Ukraine, especially, the use of history and historical memory by national leaders as a "weapon" against opponents at home and abroad has become an endemic and deeply destructive feature of national life.

During and immediately following Ukraine's 2004 – 2005 Orange Revolution, the new political leadership sought to discredit not only their Soviet and post-Soviet predecessors, but to distance themselves from the legacy of Soviet and Russian history in Ukraine altogether. The key vehicle for doing so became manipulation of collective memory around tragic chapters

¹ Peter Verovsek, "The Politics of Memory: A Conceptual Approach to the Study of Memory in Politics," in *"The Interdisciplinary Memory Conference,"* New York, 2008, pp. 4-5, www.yale.edu/macmillan/ocvprogram/conf-papers/Verovsek.pdf

in Ukraine's history, particularly the 1932 – 1933 Holodomor famine and the World War II era, both of which entailed mass civilian deaths and triggered widespread anti-Soviet and anti-Russian sentiment. In addition, then-President Yushchenko and his allies raised up controversial symbolic figures from these and past historical periods as national heroes, in an attempt to solidify a unique Ukrainian historical narrative distinct from that previously shared with Russia and the Soviet Union.

Focused on the commemoration of Ukrainian victimhood and resistance against “occupiers” who were understood to be Russian (whether Tsarist, Soviet, or post-Soviet), the politics of memory in Orange Ukraine also ensured new political leadership a strong base of electoral support in the country's western provinces. These Ukrainian-speaking, often very anti-Russian areas, some of which had never had any connection with Russia until after World War II, were fertile ground for the new leaders' agenda of forging a dominant Ukrainian national identity. However, official endorsement by Kyiv of an explicitly Western Ukrainian narrative alienated not only citizens of Russia, but millions of Russian-speaking and ethnic Russian citizens of Ukraine itself, particularly in Crimea and the Southeastern regions of Donetsk and Luhansk.

At the other end of the historical memory debate in Ukraine is a narrative far friendlier to the Russian and Soviet role in Ukraine's development, the Russian language, the Russian Orthodox Church, and other key symbols associated with today's Russia. While most Ukrainian leaders have paid some lip service to the common experience of Russians and Ukrainians during the past several centuries, especially the shared victory over Nazi Germany and its allies in World War II, the regime of Viktor Yanukovich, which came to power following the collapse of the Orange coalition, fully embraced this approach.

For Yanukovich, rollback and delegitimization of the Orange government's identity-creation narrative also helped justify policies intended to secure his own electoral base, concentrated in precisely the same Russian-speaking southern and southeastern regions that had been alienated by the previous authorities. Yanukovich followed a well-worn Soviet and post-Soviet path in condemning anti-Russian strains of Ukrainian nationalism while endorsing a common East Slavic historical narrative, including celebrating Ukraine's achievements in Tsarist and Soviet times and commemorating the common origin of East Slavs and the Orthodox Church in Kyivan Rus'. These efforts won grudging appreciation from Moscow, which facilitated conciliatory foreign policy gestures and cheap Russian energy imports, from which Yanukovich and his allies syphoned huge amounts to line their own pockets.

The two polarized and contradictory conceptions of Ukraine's history described above have at times been deployed in direct opposition to one another, championed by government and opposition politicians respectively, while at other times coexisting uncomfortably within a single political party platform or even in the professed ideology of a single politician. Still, an overwhelming majority of Ukrainians have not jumped on the bandwagon of either extreme approach, but rather preferred a compromising view that gave deference to the central themes of both narratives, while committing state resources and national policy to neither. Unfortunately, this view has proved barely achievable in the winner-take-all context of Ukrainian politics and is certainly unsustainable in the immediate aftermath of the Euromaidan Revolution and the ensuing war in Southeast Ukraine.

In light of the current conflict in Ukraine, historical memory politics is far more than a mere abstraction. Ukrainians on all sides of this crisis may perceive the rhetoric adopted by the new government in Kyiv and among radical nationalist forces now ascendant² on the one hand, as well as that of Russian-backed separatists and Russia itself on the other hand, can easily translate into concrete policies that, depending on who prevails in the conflict, will promote the interests of one side at the other's possibly dire expense. Adherents of the pro-Russian historical narrative, and even some Russian speakers in Ukraine more broadly, read into the historical narrative espoused by the radical nationalists a promise that the misery of Ukraine's 1944 – 1954 civil war will be repeated, and that they will suffer. At the same time, many Ukrainians fear that any compromise with what they consider Russian-backed terrorists will ensure that Ukrainian identity, including the Ukrainian language and the rights of Ukrainian speakers, will be once again repressed, as in Tsarist and Soviet times.

These deep-seated fears are exacerbated by the general atmosphere of chaos and uncertainty in Ukraine today. Far from a settled, post-Revolutionary capital city, Kyiv itself is still subject to the pressure of Maidan activists, who have camped out in the city center for months following the ouster of Yanukovich, and insist they must remain in order to “control those in power, so they won't relax.”³ Far from relaxing, Ukrainian leaders are in

² A prominent example is the “Radical Party” of Supreme Rada Deputy and ultra-nationalist Oleh Lyashko, which enjoys nearly 20 per cent support among those most likely to vote in the next parliamentary elections. “Соціологи объявили партию Ляшко лидером на парламентских выборах,” in *ZN.UA*, 04.07.2014., http://zn.ua/POLITICS/sociologi-obyavili-partiyu-lyashko-liderom-na-parlamentskih-vyborah-148342_.html

³ David Herszenhorn, “Independence Square in Kiev Ukraine: A City Divided Over an Occupation Without End,” in *The New York Times*, 08.08.2014. <http://www.nytimes.com/2014/08/04/world/europe/independence-square-in-kiev-ukraine-a-city-divided-over-an-occupation-without-end.html>

fact engaged in their own power struggle, with top officials and politicians jockeying for advantage in the early parliamentary election scheduled for late October, and some oligarchs who have already enhanced their political power taking advantage of the current situation to expand their business empires and undercut their rivals.⁴ Even among ordinary workers and small and medium entrepreneurs, particularly in the Southeast, no one can be certain of holding onto their hard-earned positions or possessions in the new Ukraine without protection from powerful officials. All of this means that fears of political disenfranchisement and material dispossession conjured by extreme rhetoric about identity and history can pressure people on all sides to cling to hardline positions and resist compromise.

Reconciliation in Theory and Practice

At this moment, Ukrainian domestic politics and Russia-Ukraine tensions appear mired in a vicious cycle of deepening distrust and insecurity, which makes meaningful dialogue on historical reconciliation increasingly difficult. However, theory and past practice offer some cause to hope that reconciliation may be possible in the future. To approach this challenge in a practical and concrete way, let us dispense with what reconciliation cannot achieve: it will not impose a ceasefire on the current conflict, nor will it bring perfect harmony to Ukraine's deeply divided domestic politics, nor can it resolve the major geopolitical disputes between Russia and Ukraine.⁵ At best, reconciliation would be an ongoing process in which Ukrainians among themselves and with Russians undertake jointly to examine the historical roots of their mutual distrust, and agree to move gradually but steadily from a posture of confrontation to one of cooperation and even friendship.

The truism that "time heals all wounds" does not apply to festering conflicts with historical drivers because as time passes, individuals who possessed personal knowledge and experience of disputed events to which they might attest, as well as the unique brand of empathy that comes of living through inhuman suffering, disappear. They are gradually displaced by new

⁴ "Kolomoisky: Assets of Firtash and Akhmetov have to nationalize," in *RIN.ru*, 14.07.2014., <http://video.news.rin.ru/eng/news/44907/>

⁵ For insights into the broader principles and context of historical reconciliation, the author would like to thank distinguished members of the Euro-Atlantic Security Initiative (EASI) Commission's working group on historical reconciliation, particularly Rene Nyberg, Adam Daniel Rotfeld, and Istvan Gyarmati. Appreciation is also due for advice and insight from Lily Gardner Feldman at the American Institute of Contemporary German Studies. Her work on the broader topic of reconciliation has been invaluable background for this analysis. See e.g. Lily Gardner Feldman, *Germany's Foreign Policy of Reconciliation: From Enmity to Amity*, Rowman and Littlefield, 2012.

generations, for which disputed historical events are at best received memories, and at worst highly mythologized narratives of victimhood. Yet these received memories are no less sensitive – rather, they are all the more explosive precisely because younger generations understand them in black and white, essentially abstract terms, often with far less capacity to appreciate the complexity and moral ambiguity than among those who personally lived through the past.⁶ For Russians and Ukrainians, the symbols and collective memories of World War II have already entered this phase of destructive abstraction, since many young activists on both sides look upon the current conflict as their chance to vindicate one side’s version of a titanic struggle in which their grandparents and great grandparents fought, suffered, or even perished.

In past successful cases, the immediate motivation to begin reconciliation has come from a combination of vital national interest – that is, when political leaders recognize the need to resolve conflicts with neighbors to avert significant economic, political, or social damage and secure gains – plus moral imperative, often underscored by courageous spiritual leaders or civic groups persuaded that reconciliation is simply the right thing to do, even as a matter of faith. Consider the 1965 example of the letter from Polish bishops to their German counterparts, which is seen as the beginning of the Polish-German reconciliation process. There have likewise been various efforts by American and Israeli Jewish religious leaders and church leaders from Germany and Eastern Europe to spur dialogue and reconciliation over the Holocaust. In either case, bold leadership is indispensable, especially to defend and sustain the reconciliation process against inevitable attacks from all sides.

In practice, the “breakout moment” at which national policies supporting reconciliation replace those exacerbating distrust and conflict can be unexpected. It may occur through tragedy, such as in April 2010 when a Polish airliner carrying dozens of senior government officials, including President Lech Kaczynski, crashed near Smolensk, Russia, killing all aboard. In this case the foundations of a historical reconciliation process were already in place, but the tragedy served as a dramatic wake-up call to previously indifferent publics on both sides, who could neither downplay nor deny the traumatic impact on Poles or the symbolism linked to the 1940 Katyn massacre. Of course, breakout moments have also occurred thanks to determined planning

⁶ Various actors adopt symbols of the past for contemporary political reasons, but that does not make them any less powerful or sensitive today. Take for example the mixture of elderly Waffen SS veterans and young neo-Nazis who seem to revel in provoking international ire and damaging Latvia’s foreign relations with their annual march in Riga. “Neo-Nazi Tendencies in the Baltic States: Latvian Ruling Party to Appeal Against Ban on Waffen SS March,” in *RIA Novosti*, 07.03.2010. <http://www.globalresearch.ca/neo-nazi-tendencies-in-the-baltic-states-latvian-ruling-party-to-appeal-against-ban-on-waffen-ss-march/17987>

and leadership: Recall Willy Brandt's famous "kniefall" at the Warsaw ghetto monument, the visits of other German leaders to memorial sites throughout Central and Eastern Europe, Turkish-Armenian "football diplomacy," reciprocal high-profile visits by presidents, parliaments, and faith leaders, and other events both commemorative and symbolic.⁷ A breakout moment may even stem from anonymous actions, such as the leakage of state secrets or archival records, though their impact depends on the freedom and integrity of the media and public discourse.

Once the urgent need for historical reconciliation is recognized and the cycle of distrust is at least interrupted, societies may adopt a wide variety of tools and mechanisms to advance the process of reconciliation itself. However, successful processes are likely to demonstrate several common characteristics. Each of these should be undertaken on a maximally inclusive, mutual and reciprocal basis.

First, the process must be oriented toward uncovering and documenting truth. This means not only establishing facts and figures through forensic historical or archaeological research, but memorializing the testimony of participants in the events, on all sides, including the thoughts and feelings of those affected by the events in subsequent generations. This deep and detailed truth-gathering process must be of a high professional quality, and yet open to public participation, rather than limited to the cloistered world of academic historians.⁸ Student and professional exchanges, film, art, and cultural exhibitions, and even public hearings – with appropriate expert management and oversight – all have a role to play in such a truth-gathering process, as these are tools to enhance outreach to societies as a whole, rather than just elites or advocates. Ideally, the process should also bear the blessing and imprimatur of governments on each side, yet without excessive state intervention or politicization.⁹

Reconciliation can also benefit greatly from institutional engagement of various kinds. Among the parties to the process – whether states or sub-national groups – it is helpful to establish expert groups and other institutional support structures, which can, in turn, pursue formal or informal partnerships with foreign counterparts. Groups committed to truth-seeking and accountability

⁷ See, e.g. video of Brandt's "kniefall" at the Warsaw ghetto memorial, <http://www.youtube.com/watch?v=rp4jq7Ojb7E>; "Turkish-Armenian "Football diplomacy"", in *The Economist*, 03.09.2009., <http://www.economist.com/node/14380297>

⁸ *The Polish-Russian Group for Difficult matters*, co-chaired by Adam Daniel Rotfeld and Anatoly Torkunov offers a valuable example. A summary of proceedings, http://www.mfa.gov.pl/en/news/meeting_of_the_polish_russian_group_for_difficult_matters

⁹ According to the author's conversations with co-chair Adam Daniel Rotfeld, this was the nature of support received by the Polish-Russian group from both governments.

through reconciliation, such as the Polish-Russian Centers for Dialogue and Understanding established in Warsaw and Moscow¹⁰, help sustain the momentum to continue reconciliation processes as time goes on, for the simple reason that they concentrate resources and expertise on the problem.¹¹

Second, the process should entail a clear element of accountability, in place of amnesty or forgetting. In practically every case in which it has been tried, especially in Europe, the imperative to “forgive and forget” has proved an unhelpful burden on successful reconciliation.¹² At the same time, accountability need not – indeed probably should not – equate to some form of legal liability, particularly for events in the more distant past. It is crucial that the biblical and juridical principle that children shall not be punished for their parents’ sins be respected, and when responsibility is truly shared by a whole society, it may be understood as collective responsibility, but not collective guilt. In order to ensure productive and satisfying engagement from all sides, the potential consequences for those accepting accountability must be clearly delimited to exclude fears of retroactive criminal prosecution, confiscation of property, defamation of cherished ancestors, or protracted court battles as a consequence of the truth-seeking process. While individuals must of course remain free to seek their own legal remedies, truth uncovered through a reconciliation process should not carry any special evidentiary weight in court, so that the purpose and practice of historical reconciliation remains squarely focused on the moral dimensions of truth and accountability.

Finally, while no process of historical reconciliation will ever reach a single, definitive endpoint, all participants should agree to move with reasonable speed toward the development of a common future agenda, so enhanced trust from the reconciliation process can be put into practice in the form of concrete cooperation with benefits for all sides. This progress will also help reassure skeptical participants and observers that the ultimate purpose of the reconciliation process is not to determine winners and losers. Relations among individuals, groups, or nations who have been subject to traumatic shared history can never be without sensitivity, yet through deliberate steps

¹⁰ Although worsening political relations between Russia and the West inhibited the successful work of these two centers, Russian-Polish cultural exchange is still taking place thanks to the reconciliation process, even in the midst of reciprocal economic sanctions and deeply divergent official positions on Ukraine. See “Посол Польши: поляки и россияне должны иметь шанс понять друг друга,” *RIA Novosti*, 12.08.2014., <http://ria.ru/interview/20140812/1019699889.html#ixzz3ABH7xOtY>

¹¹ For information on the twin Centers, see <http://www.cprdip.pl/main/index.php?lang=en> and <http://www.rg.ru/2012/10/31/smuta.html>

¹² Even Spain, famous for its post-Franco “pact of forgetting,” has begun to grapple with the need for reconciliation over events stretching back to the 1936 – 1939 Civil War. See e.g. Fiona Govan, “70 years on, Spain hopes to heal civil war wounds,” in *The Telegraph*, 18.07.2006., <http://www.telegraph.co.uk/news/worldnews/europe/spain/1524263/70-years-on-Spain-hopes-to-heal-civil-war-wounds.html>

toward reconciliation, it should be possible to replace mutual hostility and estrangement with friendship and even normalization.

The ongoing conflict in Ukraine exacerbates already severe obstacles to beginning a historical reconciliation process either within that country or between Ukraine and Russia. The continuing violence, which could easily escalate into a sustained and bloody regional war, not only makes it difficult for politicians on any side to contemplate dialogue or mutual understanding, but constantly adds fuel to the fire of mutual resentment and distrust. If Ukrainians and Russians fear participating in historical reconciliation dialogue will delegitimize their respective views of their own history, then certainly doing so while under physical threat from “the other” is even more terrifying. Until there is an end to the fighting and a durable armistice, it is hard to imagine how any of the key elements of a reconciliation process described above – truth seeking, accountability, or normalization – could be pursued by either side.

A Path Forward

Though the daily reality and looming threat of violence inhibits progress, the current tragic circumstances in Ukraine may reveal a silver lining for future reconciliation efforts. The Euromaidan Revolution and conflict in Southeast Ukraine have concentrated significant international attention on the dysfunction of Ukraine’s domestic politics as well as deeply strained relations between Moscow and Kyiv. Likewise for Ukrainians and Russians themselves, the conflict may provoke insecurities and inflame nationalist passions, but it also draws attention to underlying sources of tension within and between these societies. This elevated attention to conflict in the region, if sustained, could provide the sense of urgency needed to achieve a breakout for reconciliation in the near future.

The current conflict is also producing a new generation of Ukrainians and Russians with both awareness of history and personal experience of recent events that could be a powerful force for reconciliation. In the half century following the horrific events of the Hitler-Stalin era, East and West Ukrainians lived in artificial harmony with one another, and with Russians, based in part on the Soviet Union’s suppression of all non-official history and identity politics. This enforced mutual acceptance, permitted unreconciled, mutually hostile historical memories to grow and fester within families and communities, and ultimately within post-Soviet governments on the national level.

Now that these memories have found expression in the rhetoric and symbols supporting violence within Ukraine and between Ukraine and Russia, there is a new generation that has much energy and anger, but also unique credibility earned by sacrifice, and with it the capacity to appreciate the complex circumstances and shades of gray that attend every controversial historical event or individual. The result is that the Ukrainians and Russians who emerge from this conflict could be better equipped to undertake meaningful reconciliation than any of their predecessors for more than six decades.

The next steps will be critical. In the immediate short term, the obvious priority is to end the fighting in Southeast Ukraine and limit the extent of any further harm to people, property, and communities. In addition, whatever the shape of the ceasefire or political settlement, it is important for all sides to commit to limiting the spread of inflammatory propaganda in the post-conflict phase. Moreover, the sides must resist temptation toward polarized treatment of grievances and memories immediately following the fighting – burying and ignoring reminders of others’ suffering while positioning one’s own grievances as insurmountable obstacles to progress and reconstruction. Instead, the government, non-governmental organizations, and the international community should assist victims to maintain a careful accounting of the human and economic costs of the conflict, and to preserve all documentary and other evidence so it can be used in support of truth seeking and accountability in the context of a reconciliation process. In the short term, the priority is not to seek a breakout moment for reconciliation, but simply to ensure that building blocks and the openness to such a process exists for the future.

Once fighting has ended and an environment conducive to engagement and dialogue can be established, several key steps can facilitate the start of intra-Ukrainian and Ukrainian-Russian historical reconciliation processes. First, documentary evidence and oral testimony related to the most recent conflict as well as past divisive historical issues should be gathered and archived in a neutral – ideally international – repository. One venue might be the Organization for Security and Cooperation in Europe (OSCE), which has played an important role observing and monitoring developments on both sides of the Russia-Ukraine border, and facilitating national roundtable dialogues within Ukraine. The OSCE offers the additional advantage of being inclusive – it is the only security organization in the Euro-Atlantic and Eurasian region that includes both Russia and NATO member countries. Symbolically, the OSCE could be a good choice because it is the successor to the 1973 – 1975 Helsinki process, which dealt explicitly with the legacy of World War II in the politico-military, human, and economic dimensions.

Second, civil society, government, and international actors should support the creation of expert working groups on re-engagement and trust-building within Ukraine and between Ukraine and Russia. With reference to past best practices, such as the Russian-Polish working group on difficult matters and the German-French and German-Polish joint historical projects, Ukrainian and Russian experts should establish a joint commission to examine difficult questions of shared historical experience ranging from Kyivan Rus' to the modern era. As in past successful projects, the goal should not be to negotiate a single authoritative truth, but to create a safe space in which each side's unique perception and experience can be heard, and documentary evidence may be carefully and responsibly discussed. It may be unrealistic to expect the Ukrainian and Russian governments to co-sponsor such a project in the near future, however, there will be more than enough interest from civil society and the expert community, and financial support would likely be forthcoming from international donors.

Lastly, in Ukraine especially, it will be important to undertake the process of national rebuilding and identity formation in a way that is sensitive to the need for national historical reconciliation. In the ongoing aftermath of the Euromaidan Revolution and the ouster of the Yanukovych regime, there may be a temptation to associate the former President's perspective on Ukrainian history and national identity with his corruption, cruel violence, and abuses of power. To paint with such a broad brush would, of course, be a serious mistake, since it would also alienate many Ukrainians who suffered equally under Yanukovych, yet were sympathetic to his position on controversial historical issues. Particular sensitivity should be exercised in making any changes to school curricula and history textbooks, because of the danger that still living memories of the latest conflict could become hardened and inflexible in the minds of a new generation, as has happened in the past.

In the long term, successful historical reconciliation within Ukraine and between Ukraine and Russia will demand each of the major elements described above, including political leaders who appreciate both the concrete national interests and moral imperative at stake, and who can deliver the breakout moment necessary to begin reconciliation on the official level as well as between societies. It may be years before such leaders or opportunities emerge in either Ukraine or Russia, however the international community can still play an important role in assuring that politicians at all levels see clear incentives for reconciliation.

Foreign governments and private donors should continue to support reconciliation projects in both Russia and Ukraine despite the political difficulties they will invariably face. Engagement with the wider international community in this area is essential to help local leaders gain experience and see best practices at work first hand. Above all, Western politicians must demonstrate their own commitment to historical reconciliation by making serious efforts in this area a precondition for Ukrainian or Russian participation in regional political, security, and economic integration projects. For the moment, it may be a bigger incentive for Ukrainians to undertake internal reconciliation dialogue than to do so with Russians, but that is precisely why clear conditionality is needed. Merely burying intra-Ukrainian tensions under the unifying mantra of European integration would risk repeating the tragic myopia of the Soviet authorities in the aftermath of the previous war.

Though Ukraine's new leadership will understandably seek security guarantees and economic benefits through closer ties with the EU and NATO, the country can ill afford to do so at the expense of sidestepping its own internal divisions over identity and history or ignoring the severe gulf between Ukrainians and Russians on these issues. A policy of integration before reconciliation may seem practical or politically unavoidable in the aftermath of the Euromaidan and war with Russia, but it will in fact deepen domestic dysfunction in Ukraine and provide fodder for Russia-Ukraine tension in the future. Ukraine's Central and East European neighbors, which are this year celebrating a decade of EU membership, can lead by example if they also renew commitments to engage in reconciliation dialogue internally and with Russians, as part of an effort to rebuild trust and stability in the region.

History is never a closed book. As long as Ukraine stretches from the Carpathian Mountains to the Eurasian steppe, and as long as Ukraine and Russia are close neighbors, new chapters will be written and new memories will be forged – some of these, as in recent months, will bring new pain and deepen divisions between people. For that reason, historical reconciliation must be a flexible, forgiving process, making progress toward a better future of cooperation and coexistence, but with patience and understanding to handle challenges along the way. The time for Ukrainians and Russians to take the first steps is long overdue.

THE RUSSIA-UKRAINE CONFLICT: A WARNING FOR OTHERS?

James Sherr

For the first time since 11 September 2001, the West finds itself impelled to conduct a fundamental reassessment of its security policy and strategy. In each case, the impulse has been a strategic surprise. Although the case for reassessing Russian intentions had been presented even before the Russia-Georgia war, the argument went largely unheeded, even after August 2008.¹ As late as January 2014, Russian military intervention in Ukraine was considered to lie at the ‘extremely low end of probability’ even by some who were deeply concerned about Russia’s intentions there, and in its wider neighbourhood. Strategic surprise need not be a revelation to everyone in order to be effective.

At a time when we prepare to celebrate the tenth anniversary of EU (and the fifteenth year of NATO) enlargement, it is worth recalling that in contrast to the events of 9/11, Russia’s invasion by stealth of Crimea and eastern Ukraine is having as profound an impact on the EU as on NATO. It has brought to the foreground the normative clash between Russia and Europe that had long been implicit in the spheres of greatest interdependency, energy, and business.

Yet it is the military dimension arousing the most acute anxieties, not only in NATO HQ and SHAPE, but the capitals of east-central Europe. Alongside policy, models of conflict are also being reassessed. As formulated by the UK House of Commons Defence Committee, the military challenge posed to NATO rests on: “Russia’s ability to effectively paralyse an opponent...with a range of tools including psychological operations, information warfare, and intimidation with massing of conventional forces.” It significantly adds: “Such operations may be designed to slip below NATO’s threshold for reaction.”²

The omnibus term emerging in the West to describe this challenge is ‘next generation warfare’. Characteristically, the Russian terms are more specific and revealing: ‘non-linear warfare’ [*nelineynaya voyna*] and ‘network-centric warfare’ [*setsetsentricheskaya voyna*]. Both combine a spectrum of soft and hard power elements, and in both ‘information warfare’ plays a prominent role.³

¹ James Sherr, “Russia and the West: A Reassessment”, *Shrivenham Papers*, No 6, UK Defence Academy, January 2008.

² “Towards the Next Security and Defence Review: Part Two-NATO”, in *Third Report of Session 2014-15*, House of Commons Defence Committee, 22.07.2014., p. 17.

³ Roger McDermott, “Russia’s Information-Centric Warfare Strategy: Redefining the Battlespace”, in *Eurasia Daily Monitor*, vol. 11, issue 123, 08.07.2014., Jamestown Foundation: Washington DC, House of Commons Defence Committee, p. 46.

To Western decision makers, 'next generation warfare' connotes something new. Russian military scientists, too, argue that 'in recent years the essence of war has begun to change'.⁴ But in Russia, the new fits into an older tradition of irregular warfare and covert action. The Russian Empire was consolidated not only by a 'vertical' authority but by accommodations with client societies and by semi-autonomous paramilitary structures, of which the Cossacks are the most celebrated. For hundreds of years, irregular wars on the fringes of the empire, Tsarist and Soviet, followed principles not fundamentally dissimilar to those observed today in Donetsk and Luhansk. On this periphery, war was prosecuted by informal networks as much as top-down military structures; it was untidy and adaptable, covert and vicious, and it invariably blurred the frontier between civil and interstate conflict. After the Bolshevik Revolution, these elements and methods became staple to the GRU, the Chief Intelligence Directorate of the General Staff, which is the lead agency responsible for operations in Ukraine.

When Vasilii Burenok (President of the Russian Academy of Rocket and Artillery Science) describes the new, he is transposing this older tradition into a world of websites and social networks: "The modern 'empire of intellect' [is being transformed] from a monolithic, hierarchical, top-down monopoly... into a 'mosaic system' composed of small, well organised, functionally connected sub-units that can reconfigure themselves in accordance with the aims of their operations."⁵

It is not irrelevant that the state waging 'network-centric' warfare in Ukraine is itself a 'network state'.⁶ In today's Russia, power and money are largely interchangeable, and leading private enterprises are suborned by the state through a complex structure of patron-client relationships that have been described as 'neo-feudal' in character.⁷ In this set-up, Putin is neither front man nor dictator, but *garant*: arbiter and 'guarantor'. As a result, the distinction between what is state and what is private has lost much of its customary significance. This mode of authority and economic management has implications for the type of war Russia is now fighting.

⁴ Vasilii Burenok, "The Knowledge of Mass Destruction (*Znanie massovogo porazheniya*)", in *Military-Industrial Courier* (*Voyenno-Promyshlennii Kur'er*), No 23(541), 02.07.2014., p. 4; on an official plain, see "The General Staff Received Additional Authority, Prepared Plan of Transition of the RF to a Wartime Footing" (*Genshtab poluchil dopolnitel'niye polnomochiya, podgotovil plan perekhoda RF na usloviya voennogo vremeni*), in *news.ru.com*, 25.01.2014.

⁵ Vasilii Burenok, "The Knowledge of Mass Destruction..."; p. 5.

⁶ Vadim Kononeko and Arkady Moshes, *Russia as a Network State: What Works in Russia When State Institutions Do Not*, London: Palgrave, 2011.

⁷ Vladislav Inozemtsev, "Neo-feudalism Explained", February 2011, <http://postindustrial.net/2011/02/neo-feudalism-explained/>

Whatever Russia's responsibility for misleading the West, Western governments must also accept responsibility for misleading themselves. To some degree, the Ukraine crisis arose because of things we knew and pretended not to know. Since 1992 the Russian Federation has made no secret of the fact it equates its own security with the limited sovereignty of its post-Soviet neighbours. Over the past ten years, the Kremlin has made a major ideological investment in defying 'Western messianism' and defending the 'historically conditioned civilisational choice' of the Slavic people. Anyone with a passing knowledge of Russian history should have understood that Ukraine would be both the pivot and Achilles heel of this 'civilisational' project. From the time of Alexander II many of Russia's greatest reformers believed Russia would be imperilled if Ukraine developed a political identity of its own.

Network-Centric Warfare in Ukraine

Ukraine was fundamentally unprepared for war in spring 2014. This fact, commonly attributed to a weak national identity, arose from factors that were complex and compelling. Two of the reasons were psychological. The first of these was a sense of stunned bewilderment following the sudden departure of Viktor Yanukovich on February 21. Few suspected this eerie hiatus was the lull before the storm. The second psychological factor was the disorientation brought about by Russia's occupation and annexation of Crimea. That Russia would spy, bribe, intimidate, and economically coerce was long taken for granted. But the axiom that 'Russian will never fight Ukraine' was deeply entrenched even amongst the country's most seasoned and patriotic security professionals. The third reason was political: the inexperience of a new set of leaders, some of them fresh from the *Maidan*. Although highly motivated, many of them were unprofessional, and some of them downright incompetent.

Yet the institutional factors were the most critical. During Yanukovich's final days, personnel and operational records of the Ukrainian Security Service (SBU) were systematically eradicated, codes compromised, and communications systems destroyed. For years Yanukovich's complicity, military, security, and law enforcement bodies had been deeply penetrated, and in the final weeks the SBU leadership took its orders from Moscow. Although the Ministry of Defence and Armed Forces retained much of their structural cohesion, command echelons had been purged and their more lucrative assets raided by what had become an openly predatory state. In short, Ukraine's new leaders inherited a security system without a brain or many functioning ligaments. Within weeks they also discovered Russia had

gradually and steadily been supplementing the salaries of law enforcement officers in Donetsk and Luhansk and by these means, securing their subordination.

Thus, well before conflict even appeared imminent to Ukraine and its Western partners, Russia had undertaken a number of measures to cripple the Ukrainian state. These measures facilitated the strategic surprise and Crimea's collapse. Once the scale of damage became clear, Ukraine's new authorities were rent with discord over the desirability and possibility of reconstituted military force. Within days of Crimea's annexation, Ukraine found itself confronting a well-armed and capably led insurgency, given potency and coherence by Russian advisers, by forces redeployed from Crimea and by Russian special purpose forces. By early April, these forces were fanning out across Donetsk and Luhansk *oblasts*. Concurrently, Ukraine had to contemplate defence in depth against four Russian battle groups deployed on its borders in a state of high readiness.

The character of the 'hybrid war' in the east has caused bewilderment and is designed to. Its constituent parts are not only serving officers of *Spetsnaz* and FSB, but retired servicemen and deserters, the private security forces of oligarchs, Cossacks, Chechen fighters, adventurers, and criminals. Finance comes not only from the coffers of the Russian state, but nominally private banks and businesses, as well as Yanukovich's pocket oligarchs. For all of these reasons, Kremlin 'control' is disputable; its military backing visible but deniable.

The apparent novelty of these conditions disguises three long-standing principles of Soviet and Russian 'military art' [*voyennoe isskustvo*]. The first of these is the decisive importance of the 'initial period of war'. In order to ensure the initial period is decisive, critical actions must be taken before the opponent perceives conflict is imminent or even likely.⁸ The second principle (which applies in peacetime as well as war) is 'combined arms'. In Soviet and Russian thinking, victory will not be secured by one form of power or one arm of service, but by their joint and reinforcing efforts. The third principle is deception: tactical, operational, and strategic.⁹

The integration of these means is designed to exert 'reflexive control' over the opponent's actions and present fresh challenges before he can properly assess or respond to them. Thus, by deploying substantial forces on Ukraine's borders, Russia sought to divert the West's attention from the unconventional

⁸ In English, the best treatment is Peter Vigor, founder of the Soviet Studies Research Centre, RMA Sandhurst: *Soviet Blitzkrieg Theory*, London: Macmillan, 1983.

⁹ Christopher Donnelly, *Red Banner: The Soviet Military System in Peace and War*, Coulsdon: Jane's Information Group, 1988, pp. 197-232.

war that was already taking place on Ukrainian territory. It also sought to deter Ukraine from taking 'provocative' actions, notably the prosecution of a military campaign against the forces waging war inside the country. Long after Ukraine had been invaded by stealth, many in the West only saw danger from the forces based outside the country.

All of these methods and principles are consistent with the fundamental premise underpinning military strategy: the dominance of the political factor. This also applies to information warfare, which is designed to alter political perceptions and mind-sets at least as much as the military-technical dynamics of conflict. At the political level, the priority of Russian information warfare has been to instil the perception that Ukraine is an artificial, fatefully divided, and 'failed' state, neither worth supporting nor defending. To these ends, the country's diversity (which arguably is a strength) is portrayed as a weakness, differences are portrayed as divisions, and real divisions are misrepresented and exacerbated. Some of these methods are oblique and counter-intuitive. Just as Lenin sought common cause with extreme right-wing groups in Germany at the expense of Poland and the Baltic States almost two decades before the Molotov-Ribbentrop pact, since 1989 Soviet (and subsequently Russian) special services have been linked to the funding of extreme nationalist groups in Ukraine whose perception of eastern Ukrainians as 'Russian colonisers' complements the objectives of Russian foreign policy. Although these groups have very little standing in Ukraine – right-wing forces in the May 2014 presidential election securing but two per cent of the vote – their prominence and provocative actions gives credence to Moscow's claims that Ukraine is governed by fascists and extremists.

Russia's disinformation campaign against Ukraine was years in gestation. Its origins lie not in Yanukovich's fall from power, but the dissolution of the USSR, and even before. To this day, a large number of Westerners who are aghast at Russia's annexation of Crimea nevertheless have uncritically absorbed its narrative about Ukraine. Like all effective disinformation, this narrative is not built on lies, but on truths, half-truths, and falsehoods designed to deceive.

Russian Mistakes

At almost every stage of the Ukraine crisis, the Kremlin has taken the initiative. Yet from forcing Yanukovich into submission in December 2013, to the despatch of Russia's 'humanitarian convoy' in August 2014, every step has been a sequel to previous miscalculations and misjudgements.

These misjudgements must be seen in the context of Putin's insights and strengths. Over the years, Vladimir Putin has distinguished himself as a resourceful practitioner of 'proactive defence' devoted to the 'strict promotion of Russian national interests'. In defence of these interests, he has been willing to accept high risks and temporary losses. Yet up to this point, he has never been reckless. Although Putin fears EU enlargement and European integration, he has little respect for EU leaders. Until recently, he saw the eurozone crisis as an opportunity for Russia and had faith in his ability to exploit Europe's divisions. He understands that economic interdependence is not politically neutral; in any serious contest the weaker party is not the party with the most to lose, but the party most afraid of losses. The campaign in Ukraine was launched in the confidence that Europe's business interests would prevail over national interests.

What Putin has failed to appreciate is that Europe's divisions are not objective facts, but factors mutable to change. Temperamentally, he finds it difficult to understand that for Europe's elites, trust is as important an ingredient of partnership as interest. He underestimated the EU's attachment to rules. Thanks to the West's perceived double standards, he fatefully assumed that its attitude towards the post-Cold War system was as cynical as his own. For all of these reasons, he failed to anticipate the hardening of Washington's policy, the reinforcement of Trans-Atlantic links, and the alienation of Angela Merkel. The EU's adoption of Level 3 sanctions, in unison with the United States and with the firm support of Germany, is both a strategic defeat for Russia and a strategic surprise.

No less important, Putin like his predecessors has singularly underestimated the coherence and resilience of Ukraine. Ukraine's reconstitution of force, its seizure of the initiative and its ability to defeat the insurgents in battle, has come as a complete surprise to Moscow. So has the failure of the insurgency to ignite outside its initial bastions. Even at its height, it failed to generate support in the remaining three *oblasts* of eastern Ukraine. Efforts to export it to southern Ukraine and re-establish *Novorusia* conspicuously failed. The weakness of Russia's model of network-centric warfare is that failure turns networks into cleavages. Whilst the networks in Donetsk and Luhansk now are being reconstituted, they are also falling apart.

In a different context we observed that 'Russia's methods of influence have prolonged the life of the socio-political model that constitutes its biggest obstacle to lasting and beneficial influence.'¹⁰ A similar judgement can be made in the

¹⁰ James Sherr, *Hard Diplomacy and Soft Coercion: Russia's Influence Abroad*, London: Chatham House, 2013, p. 129.

defence and security sphere. Russia's strategic dilemma consists in the creation, by toughness and strength, the very threats it fears will arise through weakness. There is now a fair probability the outcome of the Ukraine crisis will be a robust Ukraine, a revived NATO, and the transformation of the EU into a geopolitically formidable entity. Little of this could have been foreseen a year ago.

Implications for the Baltic Region

When 'green men' first appeared in Crimea in February, many expressed confidence that NATO members would not find themselves vulnerable to similar threats. Since the annexation of Crimea and Putin's invocation of 'historic Russia' in the Federal Assembly on March 18, that confidence has diminished. Had Putin's optimism about Ukraine's fragility been well founded, had the insurgency rolled through Zaporizhe, Odessa, and up to the Romanian and Moldovan borders, we might be discussing the imminence of war today rather than the resolution of a crisis. A strategic defeat in Ukraine is likely to make Russia less confident about exploiting lines of ethnic and linguistic division in the Baltic region than might have been the case. Nevertheless, threat assessment in the Baltic States needs to take into account longer term factors shaping Russia's political outlook and their own political circumstances.

- The defeat of Russia's objectives in Ukraine will not diminish its perception that NATO and the enlarged EU are threats to its national security. The presumptive NATO threat lies not merely in its survival as an autonomous military bloc but as a 'military-civilizational force' perpetuating a 'civilisational schism' in Europe. Moscow accurately views the EU as a mechanism of integration on the basis of norms, standards, business, and political cultures at variance with those that prevail in Russia. This perception became geopolitically significant from the moment the EU enlarged into areas that Russia had designated its zones of traditional interests. *Far from being mere exercises in intimidation, Zapad 2009 and 2013 rehearsed a response to worst-case threats as Russia perceives them.*
- Twenty years after the end of the Cold War, Russia is not fully reconciled to the borders of the new Europe or the Russian Federation itself. One cannot assume the Estonia-Russia border treaties of 2005 and 2014 have greater intrinsic validity than the Russia-Ukraine State Treaty of 1997. On the territory of 'historic Russia', the Russian Federation will respect borders when it is constrained to respect them.

- The strengthening of NATO's deterrent and collective defence capabilities against 'new generation' threats might raise tensions even if it diminishes threats. An Alliance commitment to strengthen capabilities that is unsustainable or under-resourced might embolden Russian rather than restrain it.
- NATO will not only need to rethink the national components of collective defence in the Baltic States, it will need to undo damage caused by the expeditionary model of force structuring adopted in response to 'new security challenges at the turn of the century. Contrary to Russian mythology, NATO enlargement weakened national capabilities for territorial defence. Estonia's alertness to the type of challenge posed by the bronze monument crisis was arguably greater before it began the NATO accession process than it turned out to be in 2007.
- A crisis in Moldova – eminently possible whatever the outcome in Ukraine – would have regional repercussions. The imposition of Gagauz autonomy, 'federalisation', or Transnistria's annexation could embolden free-lancers in Estonia or Latvia. *Razvedka boem* (operations to assess an opponent's capacity and will) might also follow.
- Irrespective of progress made in integrating ethnic Russians into their own polities, there is no room for complacency in Estonia and Latvia, particularly with respect to non-citizens. Between December 1991 and February 2014 there was no ethnic conflict in Ukraine. Yet the externally directed insurgency in Donetsk and Luhansk generated an indigenous component. The 2007 bronze monument crisis showed the capacity of external organisation to turn a symbolic political act into a provocation that threatened the stability of the state.
- State, parliamentary, and public institutions in the Baltic States remain vulnerable to Russian penetration. Not all regulatory bodies and law enforcement agencies are fit for purpose. Uneven standards of professionalism, poor salary structures, and weak programmes of career development create vulnerabilities in institutions that serve as *de jure* guardians of national security. To a worrying extent, the burden of enforcing EU standards falls on new member states, and the EU should consider ways of providing greater coordination and reinforcement.
- Article 5 of the Washington Treaty might present an inadequate deterrent to an adversary contemplating threats other than 'armed attack'. It might also offer an inadequate guarantee to an ally facing such threats. Russia has invested in a model of conflict that can cripple a state and achieve key strategic goals before it registers war has begun. The Alliance will

only be strong if its treaty commitments correspond to threats allies are likely to face.

Well before the Russia-Ukraine conflict began, Russia had become a proud, resentful, apprehensive, and ambitious power. However that conflict ends, this amalgam is likely to be with us for a long time to come. The disposition is not an idle one.

THE CHALLENGE OF BEING LEFT BEHIND ON THE WRONG SIDE OF NEW DIVIDING LINES IN EUROPE

Eka Tkeshelashvili

Georgia has ample experience of living through turbulent times in its recent history. Peace and stability has been in a constant deficit since gaining independence from occupation by the Soviet Union. Georgia survived a Russian invasion in 2008 and still has to deal with partial occupation by Russia in its territory. Current geopolitical shifts occurring as a result of Russian aggression against Ukraine will become decisive for the future of Georgia. The very concept of a shared, stable neighborhood between Europe and Russia is now destroyed. It became clear it was wishful thinking to believe in the possibility of a mutually beneficial, constructive cooperation in an area which Russia, as a revisionist power, regarded as its own.

One of the main outcomes of the crisis in Ukraine should be revitalization of the concept of a whole and free Europe prompting a profound revision of neighborhood and partnership policies from NATO and the European Union (EU). The key could be recognition of Eastern Europe as an integral part of the overall security and economic landscape of Europe. In simple terms, the outcome of the crisis in Ukraine as well as the future of new democracies in post-Soviet space aspiring to be part of the European family will largely depend on them being recognized as their own by most European capitals. If the outcome of the conflict will be an inward look at Europe entrenched in confrontation with Russia, the challenge of being left behind on the wrong side of the new dividing lines in Europe will be very high for countries such as Georgia. In the context of NATO, a sole emphasis on strengthened collective defense and deterrence would be a tacit acknowledgement of the lack of will, or capacity of the Transatlantic community, to challenge Russia's policy of consolidating its grasp in its "sphere of influence". In the context of the EU, lack of robust assistance in the process of implementing Association Agreements, and above all, overcoming taboos on open recognition of the membership perspective for Georgia, Ukraine, and Moldova, will have the same effect. In the high risk, zero sum geopolitical game which Russia has forcefully dragged Europe into, one can only keep relevant by outplaying the adversary.

Georgia, Moldova, and Ukraine have become test cases for the margins of maneuverability in pushing through their national agendas and opposing

the Kremlin's narrative of belonging to a Russian dominated Eurasian space. They have been used by Russia to push the red lines, acting as a revisionist power, challenging the results of the dissolution of the Soviet Union. For the EU, Eastern Europe has never gained sufficient strategic importance to not be looked at through the prism of Russia, which was still believed to be destined to become a constructive partner for Europe. The crisis in Ukraine can become the game changer in this regard. In the shifting geopolitical landscape, historic opportunity could be seized for changing the tide and reviving a common Transatlantic agenda for a whole and free Europe. This can only be done as a common Transatlantic effort, in which a big share of the responsibility will fall on those who aspire to be part of a united Europe.

There are important lessons to be learned while making strategic decisions which will shape the future of the European continent and have implications on a global scale. Recognition of vital interdependency between security, and democratic, as well as economic developments for countries in transition is one of them. The success of recent waves of NATO and EU enlargements are clear testament to that. The mutually reinforcing and complementary nature of EU and NATO memberships played an important role in making breaking from a communist past successful and irreversible for new members. It is unfortunate that at that time Georgia missed an opportunity of building a case for its involvement in the European enlargement discourse. Instead it turned into a typical post-Soviet state with a bankrupt economy, and troubled case record of unrest and conflict.

For the successful implementation of Association Agreements it will be of key importance to integrate into the overall strategy, an active cooperation of the Transatlantic community with Georgia, Moldova, and Ukraine in the security realm. It is important not only to strengthen the resilience of these countries and their defense capabilities, but to change the geopolitical discourse which allowed Russia to fill the security vacuum in Eastern Europe and to use its dominance as a point of leverage, impeding the effectiveness of internal, as well as foreign policies, of ex-Soviet countries. Against a background of limited interests for the US and EU, it was easy for Russia to manufacture and maintain security problems, including armed conflicts in its neighborhood, and by that making them unattractive or dangerous for integration processes.

The case of Georgia is a vivid example for the success of the Kremlin's tactics. At Bucharest in 2008 the main argument for not giving MAP to Georgia was the conflict effectively "frozen" by Russia for any possible resolution. Up to now the main impediment for delivering on the promise of the Bucharest

decision regarding Georgia's membership is the partial occupation of its territories by Russia. The 2008 Russian invasion was frequently referred to by skeptics as a justification of the prudence of refraining from giving MAP to Georgia. The main flaw of such an argument is that it takes for granted the inevitability of a deterioration of the security situation in the region, including a military confrontation from Russia with countries like Georgia in case of a declared decision by NATO on the enlargement at Russia's doorsteps. It was the disunity of the alliance and lack of commitment for the security and stability of Eastern Europe that emboldened Russia rather than the determination of the Transatlantic community to do so. It became evident that a Russian narrative justified the cause of its anxiety with the possibility of a future enlargement of NATO was finding resonance in the major capitals of Europe. Bullying and buying European public opinion was paying off. For power centers in Europe, a self-deceiving perception of a cooperative geopolitical landscape with Russia was more important rather than standing true to values and principles, or to common interests of the alliance.

The Bucharest decision was received as a clear signal by Putin that while NATO was not ready to embrace Georgia as part of its own security landscape, it generated enough solid support to push through the unorthodox decision of declaring an unwavering promise for its future membership. This only emboldened Russian determination to act quickly to eliminate once and for all the troubling potential of Georgia's successful integration into NATO.

The crisis in Ukraine confronts the Alliance with the necessity of reassessing its definition of European security as well as its role in maintaining peace and stability in the continent. The magnitude and nature of the crises prompts a fundamental revision of already existing strategic approaches. These revision shall not be restricted with bilateral agreements or self-imposed restrictions, such as those reached with Russia in the 90s. NATO shall act from a position of strength, not weakness. In order for Russia to be deterred, and for the illegal results of its aggression against its neighbors to be reversed, the Kremlin's trust in the effectiveness of its capacity to enforce "newly created realities" on the international community as *fait accompli*, should be destroyed. Russia needs to be confronted with the reality that its policy of intimidation and the destabilization of neighboring countries could bring the opposite result of consolidating secure and prosperous European democracies in its neighborhood.

Making good on the promise of the Bucharest decision with relation to Georgia's NATO membership would be a clear indication of changing discourse in the Alliance, well aligned with a shifting geopolitical landscape

in Europe. The clearest way for doing so would have been granting MAP to Georgia. But in the current situation it is even more important to show to Russia that with or without MAP Georgia is treated as an aspirant country embarking on the road of membership with NATO, security, of which matters for the Alliance. The main aim should be an increased footprint of the Alliance on the ground, which includes providing Georgia with tangible assistance for strengthening its defense capabilities, and making any infringement of its sovereignty costly for Russia. Making Georgia's defense capabilities an issue of security as an extended frontline of the Alliance will have a deterrence effect on Russian military adventurism in the region.

Another lesson learnt is that negating geopolitics in the region where almost everything is about geopolitics is shortsighted. It was a mistake to put post-Soviet countries (except for the three Baltic republics) in a common basket for the European Neighborhood Policy. ENP was too broad, in terms of geography, as well as substance. The main deficiency of this policy was a denied possibility for deeper integration of Eastern European countries into the EU. It left them confronted not only with a security vacuum in the region but an ideological one as well. Efforts from several Eastern European countries to build a narrative of belonging to a common European family were discouraged, rather than encouraged, by Brussels. Part of the problem was disbelief in the possibility of profound democratic and liberal market economic transformations from post-Soviet states. This lowered the benchmark of expectations on their performance from the side of the EU, and made halfway solutions to democratic reforms acceptable. However, the main problem was stakes were not high enough for strategic involvement in the region.

The Russian invasion of 2008 started to change the equation. Europe has accelerated adoption of the new Eastern Partnership framework, offering deep political and economic integration but falling short from institutional integration with the EU. One could argue that Eastern Partnership was not a fully adequate response to the Russian aggression. Leaving the security realm and membership perspective outside the framework lacked strategic depth and countries remained constrained by the concept of a shared neighborhood with Russia. Europe believed in the possibility of a localization of the effects of Russia's invasion of Georgia, which was seen as an ad hoc event rather than an indication of a well formulated revisionist policy by Russia. The main argument was that unlike NATO, the EU's increased footprint on the ground should have been an acceptable option Russia. It didn't take long for Moscow to shatter the myth of such a differentiated threat perception about NATO and the EU.

Now it is key for the EU to show that Eastern Partnership can be relevant as a framework fit not only for the action in crisis management mode but primarily for delivering on the strategic goal of advancing security and the economic prosperity of Europe. The summit in Riga, in 2015, offers an excellent opportunity to finalize the new, strategically upgraded vision for Eastern Partnership. Clear recognition of the European perspective for Georgia, Ukraine, and Moldova could be the strongest element of the new vision.

In addition, Europe can do what it is best at doing: to guide and assist the process of actual reforms necessitated by the implementation of Association Agreements. It will be important to accelerate the process of visa liberalization with Georgia and Ukraine. However, the key to success might depend on the effects of DCFTA implementation.

The EU, as well as member states, should be prepared for assistance, in case of the anticipated trade wars with Russia, from signatories of the Association Agreements. Georgia has extensive experience of dealing with fully pledged trade embargoes from Russia. However, a recent opening on the Russian market for Georgian wine, mineral water, and agricultural products may have a negative economic as well as political impact if reversed. Russia never shied away from using trade restrictions against Moldova and Ukraine. A recent declaration by the Russian government of its plans to annul free trade agreements with Georgia, Moldova, and Ukraine as a result of their integration into the European economic space is a clear indication that Russia will not refrain from destabilizing their economies and diminish support of local societies due to alliance processes with the EU.

It will be equally important to assist local governments to lead the process of implementation of DCFTA in a way which limits compliance cost for resident economies and views all benefits stemming from the agreement as a tool, not as a guarantee, for economic development and prosperity. Well-developed economic policies as well as strategic communication with the public will be necessary in order to avoid the disillusionment of local constituencies when choosing integration with the EU.

Active engagement in building energy security for Moldova and Ukraine will be crucial for the success of the Eastern Partnership and the overall energy security of Europe.

Last but not least, we should remember that weak and corrupt state institutions are effectively used by Russia for maintaining its influence and, in some cases, control over national and foreign policy discourses of post-Soviet countries. Therefore it will be important to not fall into the trap of overlooking deficiencies in democratic and economic reform processes of

Eastern European countries for the sake of keeping them high on a political agenda while securing their breaking from a Russian geopolitical orbit. Signatories of the Association Agreements need to have a clear understanding that the ultimate success for the realization of their European choices will depend on their performance as well-functioning European democracies. Europe can help in developing and implementing reforms, as well as play an important role in assisting the economic development of these countries. However, the ultimate test shall be passed by local political elites by showing strong commitment to values and principles that bind the Transatlantic community together. All three signatories of the Association Agreement have their own challenges in this case. In the case of Georgia, fragmentation of a highly polarized political landscape, concerns over the application of selective justice against political opponents, and a deteriorating investment climate are the main challenges government shall be concerned about, and ready to act upon, with a sense of historic responsibility towards the nation.

At the 10 year anniversary of NATO and EU enlargements it is clear even to former skeptics that enlargement was not only justified but played a decisive role in increasing the strength plus global relevance of both organizations. If not for the commitment and hard work of visionary proponents for enlargement, a turbulent aftermath following the fall of the evil empire could have taken a very different turn. Eastern Europe is the next frontier where the notion of accepting dividing lines should be rejected so no European nation is trapped on the wrong side again.

A CHOICE BETWEEN DEPENDENCE AND INTERDEPENDENCE: THE BALTIC STATES IN A QUEST FOR PEACE AND PROSPERITY

Viljar Veebel

Introduction

Since the establishment of the North Atlantic Treaty Organization (NATO) and the European Communities, for small European nation states, cooperation, integration, and interdependence have been associated with growing peace and prosperity, guaranteeing their national security and sustainability. Interdependence and some loss of sovereignty as almost inevitable side effects have been seen as a small price to pay for benefits received. At the same time, the debate on the reasonable level of interdependence or a suitable integration form for small states is taking mainly place only on a theoretical and academic level. On a political level supporting interdependence has been seen as a centerpiece of being a “good European” and “committed NATO member”. Especially among policy makers, it has been argued that in the complex security situation of the twenty-first century, a small state does not have an option for full sovereignty and, therefore, interdependence as the best practical solution gives the opportunity to get a reasonable return for a partial loss of sovereignty.

In light of the renewed security situation in the twenty-first century, issues related to independence, integration, and interdependence definitely need to be continuously analyzed. With regard to the Russian aggression against Georgia, as well as the outbreak of the global financial crisis, the year 2008 to some extent constituted the end of an illusion that the existing network of collective security could provide desired results for all its members in any foreseeable security scenario. The violent conflicts in Ukraine, forced by Russia in 2014, has increased the need to revise the role of international organizations and regional cooperation forms, as well as conceptual logic and models of independence in general.

This article aims to debate and analyze the relationship between interdependence, security, and welfare, discussing whether interdependence should be considered as a simple, linear mechanism, which increases the security and welfare of all participants, or whether it involves risks related both to economic and security aspects which should be evaluated before applying

for membership in international organizations. It will also analyze are the security and prosperity gains expected from interdependence and integration real or rather an “illusion” of what small states would like to believe in and big states are happy to promote? Is interdependence sustainable during times of economic/political crises? Hereby, special attention will be given to the needs of small member states of the EU and NATO – like the Baltic States – that are newcomers in the “family” and located at the external borders.

The General Dilemma between Interdependence, Dependence, and Sovereignty

The motivation behind cooperation and mutual interdependence among countries has primarily been related to the avoidance of war and enhancement of security rather than expecting economic gain. Both in practical and theoretical debates the main focus has been on the question of how sustainable security and stability are related to levels of interdependence and integration. Economic reasoning of integration, which arrived later on in the spotlight, has thus been seen as an additional “reward” of interdependence.

In models of integration, mutual interdependence is simultaneously seen as the pre-condition and driving force of the integration process as well as its ultimate value, as it makes economic cooperation more effective by simultaneously making member states more dependent from each other in terms of security, and motivating them to fight collectively for peace and stability in a region. For example, in the neo-functional model, economic interdependence is considered as a starting condition for explaining the motivation of member states for long-term cooperation. But there are also problematic aspects related to interdependence as part and parcel of integration. Successful integration needs continuous progress in terms of deepening and widening integration. Thus, it could not be stopped at a certain level, but must be continuously deepened and widened (the so-called “spill-over effect”) to “survive and not to lose everything”. In practical terms, this might lead to the situation where in certain circumstances interdependence is definitely not the universal “win-win” game in terms of security and prosperity for every scenario, but some member states might become victims of “common need”. This argument could also be related to tendencies that in practical matters – at a policy-making level – debate that the risks related to interdependence, as well as to a justified level of interdependence, are rather modest.

Accordingly, growing interdependence and centralization, together with a growing transfer of legitimacy to the supranational level also means an inevitable loss of national independence and sovereignty. The only questions are “when”, “at what speed”, and “under what conditions” it takes place. As stated by one core founder of the modern integration theory, Ernst Haas: “The end result is a new political community, superimposed over the existing ones.”¹ Hereby, from a small country perspective, the most rational approach appears to be to keep an integration process developing, but simultaneously to keep its speed as slow as possible, thereby postponing the loss of national sovereignty for as long as possible.

To summarize in terms of political as well as economic integration, countries have to make a choice between independence, dependence, and interdependence. The choice is, in some cases, more philosophical than practical – particularly for a small country – due to the lack of practical alternatives in a short-term perspective. As small or peripheral member states are often mainly policy takers or even policy opponents without the option to reject (e.g. the EU climate agreement), economic interdependence could have a negative impact for them even during the integration process.

Practical Circumstances and Options in Terms of Interdependence in the EU

Economic and military security are interconnected in the same manner as peace and prosperity are related within social processes. Accordingly, simultaneous memberships both in the EU and in NATO are designed and aimed to offer member states additional security and welfare. The process of European integration from the 1950s until today has undoubtedly been a success story in international cooperation, including liberalization of trade between member states, establishment of the single market, introduction of a single European currency, coordination of macroeconomic policies, and the centralization of the decision-making process. Mutual interdependence and integration have provided better opportunities to exploit the comparative advantages of member states and the effects of scale as well contributed to a more efficient allocation of resources. Despite some negative side-effects (over-standardization, centralization, and ineffective redistribution), it could be stated that European integration has generated prosperity and human welfare on an unprecedented scale in the region. This success can also be

1 Ernst Haas, *The Uniting of Europe: Political, Social, and Economic Forces, 1950–1957*, Stanford University Press, 1958, p. 16.

measured in relative terms as the majority of EU member states are leading in the main economic as well as human development scoreboards.

However, in 2014 – when setting out the vision of Europe for future decades – prospects of further integration are not so unequivocal. As stressed by Herman Van Rompuy, President of the European Council, economic and political interdependence, especially among the Eurozone countries, accelerated mainly through the introduction of a single currency, does not allow for continuing divergences within a monetary union. He also calls governments for a “...new awareness of co-responsibility, as each country is not only responsible for itself but also for the monetary union as a whole.” This call is immediately followed by a political rhetoric: “We carry a common project, even if the choices are made nationally. Forgetting this in our actions undermines the common good.”²

Due to growing interdependence European integration has gradually reached such an advanced stage that further integration demands, from the member states, relinquishing sovereignty to the largest extent ever now – as the neo-functionalist integration model explains – to “survive and not to lose everything”. According to Van Rompuy (2012), “What we are going through is not a “renationalisation of European politics”, it is the “Europeanisation of national political life.”³ As a result, while producing more welfare and security, integration as well as interdependence would inevitably lead to dominance of the European dimension in national political life in addition to the (near) complete loss of national sovereignty. At the same time, the willingness of a state to give up its will to act is rather questionable. The existence of a control allowing participants to decide the extent and nature of cooperation would – in principle – motivate them to cooperate but also leave them a choice to cease common initiatives which could endanger further integration.

One should also not forget the extensive relations and high interdependence between the EU and the US, in both economic and political terms, starting with extensive trade and financial activities and finishing with political initiatives. The interdependence between the EU and the US is likely to increase as a result of globalization and further enlargements of the EU, which potentially lowers trade and investment barriers even further. For example, geo-economic competition between the EU and the US has been the main factor in developing the EU trade policy. Since national and regional policies might have extraterritorial impact and *vice versa*, potentially a situation could

² Herman Van Rompuy, *The discovery of co-responsibility: Europe in the debt crisis*, Speech at the Humboldt University, Walter Hallstein Institute for European Constitutional Law, 06.02.2012.

³ Herman Van Rompuy, *The discovery of co-responsibility...*

occur where national interests of some EU member states could be sacrificed in favor of transnational co-operation.⁴

Another challenging tendency with regard to interdependence is related to its possible asymmetric nature, particularly, in inner relations between EU member states. More precisely, within the last ten years, Germany along with the Netherlands and Austria have been implementing a neo-mercantilist trade policy, expanding their exports within the EU and the euro zone, and increasing competitiveness compared with their partners (such as Greece, Spain, Portugal, Romania, Bulgaria, and Hungary, etc.), where a trade deficit towards Germany and other stronger European economies has increased. It has even been argued that German neo-mercantilism has caused the current economic recession in Europe.⁵ In practical terms, during the period 2000 – 2010, Germany was the only economy among EU member states that managed to increase their share in world export as well as in the European Union's total export. Although *prima facie* the situation could also be interpreted as unilateral dependency, in real terms we are still talking about interdependence, as it also involves risks for the countries with trade surplus.

Practical Circumstances and Options in Terms of Interdependence in the NATO

A similar challenge – asymmetry in mutual interdependence relations – also arises in the framework of NATO. For some member states NATO is clearly a form of interdependence (France and Germany), whereas for some member states it represents a form of asymmetric dependence (the Baltic States). On the one hand, direct contributions from members to NATO's budget are following a principle of common funding and made in accordance with a specific formula based on the relative gross national income of a country. But in practice 72 per cent of the Alliance's defense expenditures are covered by the United States, whereas only 28 per cent of the budget is covered by partner countries from Europe (including the United Kingdom with 6.9 per cent, France with 4.9 per cent, Germany with 4.6 per cent, and Italy with 2.0 per cent) and Canada (1.8 per cent). Additionally, more than 50 per cent of non-US defense expenditures are covered by the UK, France, and Germany, and their defense spending – similarly to those of the US – will continue to be under pressure in the foreseeable future.⁶

⁴ William H. Cooper, *EU-U.S. Economic Ties: Framework, Scope, and Magnitude*, Congressional Research Service (Report), 21.02.2014., <http://fas.org/sgp/crs/row/RL30608.pdf>

⁵ Bill Lucarelli, "German neomercantilism and the European sovereign debt crisis", in *Journal of Post Keynesian Economics*, Vol. 34., No. 2, Winter 2011–2012, pp. 205 – 224.

⁶ *NATO funding*, 2014, http://www.nato.int/cps/en/natolive/topics_67655.htm

At the same time, European members of NATO are arguably more vulnerable to growing instability and threats in the region – particularly in Eastern Europe including the Mediterranean and Middle East – than the United States who pays the biggest share of budget. On the other hand, for the Alliance, small countries' participation could be seen as an optimization of resources, whereas for small countries NATO membership is considered as the *ultima ratio*, a means of last resort. Also, in the case of a failure of the collective security network, the loss for small countries would be significantly bigger (even the end of a nation state) than the loss of security for big countries (e.g. the United States, the United Kingdom, or France). From a pragmatic angle, although every single member of NATO is useful, most of the small member states are replaceable in terms of resources provided by a country for common defense, and their absence is not a matter of survival for the Alliance as a whole. At the same time, for small member states who have built their security conception on the ideas of collective security, the failure of the Alliance would be irreparable.

From the small state perspective, this provokes one to ask if the security gains expected from interdependence and integration are real or maybe they simply compose a vision small states would like to believe in and which big member states are happy to promote? In any case, the “dual crisis of security and trust” of the early twenty-first century has put national sovereignty back at the heart of the global political system.⁷ Similarly to trade relations, a collective defense network could be interpreted in a “game theory” framework where it could be more profitable for a single member state to prefer national interests instead of common ones. So far, this kind of attitude has been more noticeable while analyzing the behavior of the members of G7 and G20. For example, asymmetry in security balance within NATO could lead to similar risks related to asymmetry in trade relations between Germany and other EU member states. If some countries increase their net export, some other countries must increase their net imports, which might lead to a situation where countries with persistent trade deficits could face difficulties financing their deficit. In addition, high levels of net imports weaken aggregate demand which can lead to fiscal deficits. In a like manner, a potential fragmentation among the interests of member states would bear a significant threat to common security based on interdependence, as we have seen in the case of the financial crisis in Greece, or the French Mistral deal with Russia, in the light of the military conflict in Ukraine in 2014.

⁷ Albert Bressand, “Between Kant and Machiavelli: EU Foreign Policy Priorities in the 2010s”, in *International Affairs*, Vol. 87, Issue 1, 2011, pp. 59-85.

In 2014 the pressure to revise the principles of the collective security network has both internal and external origins. Is interdependence as sustainable in years of crisis and pressure as it was in years of growth? It has been warned of "...a dim, if not dismal future for NATO if it continues to be divided "between those willing and able to pay the price and bear the burdens of alliance commitments, and those who enjoy the benefits of NATO membership [...] but don't want to share the risks and the costs".⁸ An even more fundamental statement by the recent US Defense Secretary, Chuck Hagel, states that: "Over-dependence on any one country for critical capabilities brings with it risks", interpreted by the media that: "One of these risks is that the U.S. will soon tell its allies, if you don't invest much in your defense, neither will we. The U.S. will "rebalance" its own shrinking defense dollars to allies and partners that share the security burden more equitably. Too many European leaders refuse to realize that this long-festering problem is having a dangerously corrosive effect on the Alliance".⁹

In terms of the European Foreign and Security Policy it could be argued that member states have often considered their own national interests as more important than the interests of the Alliance, leading to the growing fragmentation of the Common Foreign and Security Policy. This tendency has triggered a significant increase in criticism in external action discourse and led some authors to even claim that EU foreign policy is on the verge of failure, especially in recent years.

To conclude, the future and success of European and Transatlantic integration, next to the ability to overcome external manipulations, depends on the attempts to subdue possible inner fragmentation.

Integration, Interdependence, and Dependence from a Small State Perspective: the Baltic States in the EU and NATO

Achieving sustainable peace and prosperity based on interdependence creates complicated options for small states, especially so for new member states in a union or for states located at the external border. The Baltic States, meeting all these conditions, face a challenging situation in terms of securitization, without attractive alternatives. Based on the example of the Baltic countries' accession to the EU and NATO, one could argue the

⁸ Robert M. Gates, *The Security and Defense Agenda (Future of NATO)*. Speech delivered by Secretary of Defense Robert M. Gates in Brussels, Belgium, 10.06.2011., <http://www.defense.gov/speeches/speech.aspx?speechid=1581>.

⁹ Chuck Hagel, *Will the U.S. "Rebalance" Its Contribution to NATO?*, 2013, <http://www.defenseone.com/ideas/2013/10/will-us-rebalance-its-contribution-nato/72281/>

challenges related to the dependence/interdependence both in economic and political terms were partially underestimated.

The Challenges and Choices in Terms of Security

More precisely, in 2003 – 2004, in military terms, the NATO partnership was mainly seen in light of the post-modern security community where soft and indirect security aspects dominated over traditional security and defense questions. In this context, in 2004, both the growing integration and specialization in the framework of NATO have been seen as the fastest way to converge with the transnational security network rather than a solution to hard security threats.

In 2014, in a renewed security situation which appears to be more complex and demanding with regard to the essence, effects, and long-term sustainability of interdependence inside the Transatlantic partnership, for the Baltic States soft security threats are combined with hard security threats. And this demands a combined institutional solution. At the same time, despite wishful thinking in Baltic countries over matters of security, the collective security network provided by NATO offers for them dependence rather than mutual interdependence, and in the case of a failure of collective security, the loss for Baltic countries would be devastating. This dependency is also reflected by the example that in terms of military power, according to the “Global Firepower” scoreboard in 2014, Estonia ranked in 96th position and Lithuania 103rd (Latvia was not listed), whereas, for example, the UK was positioned at 5th, France 6th, and Germany 7th.. Thus, the Baltic countries appear to depend on the motivation and ability of the Organization – and its main contributor, the United States – to find solutions to the currently occurring hard security threats as well as risks relating to growing differences between member states with regard to financial issues.

Also, a potential threat arises that in an interdependent union, small – or new – member states are forced to support and finance joint policy initiatives which are driven by more influential members, stipulating that the initiatives are useful for the Alliance as a whole, but does not follow the interests of the small countries so much, or are, in some cases, even harmful for the small countries as they take resources away from their specific needs. Support for the independence of Kosovo and participation in the Central African Republic mission from the Baltic countries’ view could be discussed as probable examples. The same threat occurs with regard to economic integration.

In terms of the actual efforts of Estonia, Latvia, and Lithuania in building their own and shared security, differences could also be observed between them. As agreed in 2006, NATO partner countries committed to spend a minimum of two per cent of their GDP to the defense budget. This could be seen to serve as an indicator of a country's political will to contribute to common defense efforts. Whereas Estonia appears here as relatively strongly committed to the two per cent obligation, both Latvia and Lithuania spend less than one per cent of their GDP towards military expenses. A majority of it has so far gone to cover "solidarity costs", i.e. for military missions in Iraq, Afghanistan, etc., with the probable aim to gain something in return in case of Russian pressure. Yet, while Transatlantic security cooperation and dependence on the collective defense network are, in principle, supported in all the Baltic countries, regional cooperation is considered much less attractive. This attitude could also be linked to the fact that the Baltic States are more eager to consume joint security than they could themselves actually offer. Accordingly, in military terms, the Baltic countries could also be described as being "over-dependent" by some member states of the EU.

Nevertheless, since 2014 NATO has clearly recognized the threats arising from recent Russian military movements in Eastern Europe and started to develop long term sustainable strategies to defend its Baltic members. Until this time, opinions have been expressed that NATO has been relatively unprepared in terms of a military response if Russia would move into the Baltic countries. This has been stressed by the Polish Foreign Minister Radoslaw Sikorski according to whom: "There are bases in Great Britain, Spain, Germany, Italy, and Turkey. But there aren't any bases where they are actually needed."¹⁰ Although for many decades, specific NATO initiatives and missions have been prioritized over local needs to provide a higher level of summarized security and defense in the Alliance¹¹, in recent years – after the Russian-Georgian war in 2008 as well as following the decision made by France to sell Mistral helicopter carriers to Russia, disregarding the Russian-Ukraine military conflict in 2014 – some member states have also sensed the weakness of the model. There has arisen an awareness that resources invested to guarantee joint security in the region might eventually not be used because of the political considerations of some member states of the Alliance.

¹⁰ "NATO unprepared if Russia moved into Baltic members", in *Der Spiegel*, 2014, <http://www.dw.de/spiegel-nato-unprepared-if-russia-moved-into-baltic-members/a-17643795>

¹¹ For example, Baltic countries were ready and happy to develop specialized mobile capabilities to be used in missions in Iraq and Afghanistan, while local territorial defence needs were for many years seen as issues of secondary importance (Veebel and Kasekamp 2007).

Nonetheless, though some definitive risks arise from the size of the Baltic countries which hinders them from being equal partners in interdependent relationships with the US, Germany, and the UK, etc., the historical legacy of the Baltic States has also taught that military (and economic) independence was not a solution for survival. Hence, despite its problems, as discussed above, a dependency on the collective security network will with all probability be considered as an optimal choice for them.

Economic Challenges and Choices

The asymmetric dependence of the Baltic States is rapidly growing from the EU in economic and financial terms. After regaining their independence in 1991, all efforts were aimed at a deeper integration with the EU. Estonia has, in general, managed to best exploit the advantages economic integration with the European Union, especially in respect to countries outside the EU. At the same time, in trade relations between Estonia and the EU, the balance has been strongly in the European Union's favor. Estonia's largest trade deficit occurs in its trade with Germany, showing some signs of reducing the deficit during the years of economic recession, but rapidly increasing again from 2010.

During the last ten years, Estonian external trade with other EU member states has annually increased on average by 9.5 per cent and with third countries outside the EU by 9.7 per cent, in comparison to the EU-28 external trade annual growth rates which were, respectively, 3.5 per cent and 6.3 per cent. Even despite the temporary setback in 2009 induced by the economic crisis, Estonian exports to countries outside the EU has shown a high growth (an annual, average growth rate at 16.4 per cent).

A second complicating aspect is the growing fiscal dependence. In 2014 in Estonia 22 per cent of the budget revenues were already directly or indirectly connected to EU subsidies or supportive measures.¹² The positive effect of receiving growing subsidies from the EU is that the Baltic States are able to sustain higher defense costs in the long term. The downside of this interdependence is that on the one hand it puts additional costs to other member states, and on the other hand the national economy will find itself in a very complicated situation should central subsidies decrease (as was evident in the Greek case in recent years).

For small member states of the European and Transatlantic unions, especially those in a stage of social and economic transition, the threats and needs are different from bigger member states, comprising the core area

¹² Urmas Varblane, "The Beauty and Pain of European Money", in *The Journal of Estonian Parliament*, 2014, pp. 25-39.

of integration. Accordingly, small countries naturally tend to implement additional tools for guaranteeing their security and stability. European integration and economic interdependence from the EU look at that perspective as an almost ideal option for the Baltic States. But, as was shown by the Eurozone financial crisis, the actual result may not be as successful as expected since, due to economic openness and the country's dependence on external capital flows, the Baltic States – similarly to the other “peripheral” small countries like Ireland, Portugal, Greece, and Cyprus – were more severely hit by the economic crisis. But one should also notice that, in contrast to other countries, flexibility of the economies of the Baltic States has also contributed to their fast recovery from the crisis. Perhaps somewhat controversially, although high interdependence has not saved Baltic countries from the crisis but rather accelerated it, at least Estonia among them is still eager to build new forms of interdependence (e.g. the ESM and the EFSF) by stressing that these are the best options against potential threats in the future.

Conclusions and Future Options for the Baltic States

Interdependence is a political and institutional tool which can work either in favor of or against the needs and future visions of small member states. The European model with economic interdependence and integration has been an undisputable success: Europe has been peaceful since the introduction of the communities, and EU member states form the leading group in all major economic and human development scoreboards, showing the wellbeing and prosperity interdependence has brought. Compared to economic integration, Transatlantic interdependence has often been seen as an even more secure and comfortable choice for small state policy makers to show they made their best effort in terms of national security and sustainability.

At the same time, interdependence does not solely offer opportunities, but also entails risks. Theoretically, the weakness of securitization based on interdependence is related to the situation where some member states receive more gains from interdependence solidarity than others, but feel less motivated to pay the associated costs. In this case, interdependence can also create a security illusion and make member states less careful and responsible in terms of economic and military security.

For small states needs and threats are different for bigger member states in the core. High economic openness, a vulnerability to external shocks, and dependence from external capital flows leaves them less options for long-

term stability. After regaining independence at the beginning of the 1990s, the principle choice for Baltic countries has been between supranationalism and sovereignty. Estonia, Latvia, and Lithuania have chosen for maximum effect to first join the EU and NATO, and accessing the Schengen visa room and Eurozone as soon as possible.

In 2014, from an economic perspective, the Baltic States have to face the dilemma of whether to continue structural integration within the EU, or to focus on international competitiveness, economic independence, and the efficient usage of country-specific resources. The first option would offer Baltic countries more political support from European partners as well as financial contributions from structural funds, but would potentially motivate national economies to tend towards centralization and subsidies. The second option would offer national economies better opportunities in terms of market economy conditions, where country-specific advantages will be used for specialization and gaining international competitiveness. At the same time, due to growing interdependence, the European integration has reached an advanced stage, where further integration is needed “not to lose everything”, the second alternative is rather theoretical. Despite the fact the dependence of Baltic countries on the EU and NATO is quite obviously asymmetrical and further deepening integration would bring additional security risks, in real terms there exists no feasible alternatives for security and prosperity. To have interdependence instead of dependence, it also needs similarity in the size and scope of the economies – the Baltic States can only be heavily dependent from EU finances, while for the EU and other member states the Baltic impact is still marginal.

Considering the dynamic nature of integration and interdependence, Baltic countries should probably count on even further loss of sovereignty as a price to be paid for benefits received. From their perspective, potentially the worst outcome would be a situation where small countries need to support and finance policy initiatives which are not in their favor, that would take away their vital resources and, finally, even harm their economic competitiveness and security (as does, e.g. the standardization of energy policy or taxation). At the same time, one could also follow the statement by Alan Milward who finds that: “*Integration has always been a political choice rather than an inexorable consequence of growing “interdependence” or some of other functional factors.*”¹³

¹³ Alan Milward, *The European Rescue of the Nation-State*, Routledge, 2000, p. 468.

SECURITY FOR THE BALTICS AND BEYOND: DOMESTIC MATTERS STILL MATTER

Douglas Wake

“...full respect for human rights and fundamental freedoms and the development of societies based on pluralistic democracy and the rule of law are prerequisites for a lasting order of peace, security, justice and co-operation in Europe.”¹

“Deepening economic and social disparities, lack of rule of law, weak governance in public and corporate spheres, corruption, widespread poverty, and high unemployment are among the economic factors which threaten stability and security.”²

“...good governance at all levels is fundamental to economic growth, political stability, and security.”³

Introduction and Overview

The implications of *domestic* economic and political developments in Latvia and its Baltic neighbors, during the past quarter century and looking ahead, are sometimes taken for granted or left out of the equation when the topic of the day is political-military security. Nevertheless, democracy and political stability, as well as steadfast commitment to economic reform, have been central to the success of Estonia, Latvia, and Lithuania since the latter days of Soviet rule. They greatly helped the three Baltic states to regain *de facto* independence, and then to join NATO and the EU, in spite of formidable geostrategic challenges. And they have withstood many tests during the first decade of Baltic membership in the EU and NATO.

In the face of new or re-emerging transnational security threats, epitomized by Russia's actions against Ukraine in 2014, the Baltic States are safer and stronger than they would have been without the benefits that have accrued from ten years of NATO and EU membership. The ability of Latvia and its neighbors to withstand future pressures and counter threats to their external borders or sovereignty will flow, in large part, from their membership in these Euro-Atlantic structures and to their own investments in hard security measures.

¹ *Document of the Moscow Meeting on the Human Dimension of the CSCE*, Moscow, October 1991

² *OSCE Strategy for Addressing Threats to Stability and Security in the 21st Century*, Maastricht, December 2003

³ *OSCE Declaration on Strengthening Good Governance and Combating Corruption, Money-Laundering and the Financing of Terrorism*, Dublin, December 2012

At the same time, the strength of the three Baltic states in political and security terms in 2014 is also due in large part to their considerable success in addressing domestic consequences of the global economic crisis⁴ and dealing with sensitive internal issues, such as minority rights and corruption, during their first ten years of EU and NATO membership.

Looking ahead, the strength of these states will continue to be linked as closely to their democracy, inclusiveness, transparency, and prosperity as to military readiness or Alliance guarantees. The lesson for others seeking closer ties with one or both of the two big clubs that the Baltic States joined in 2004? Defense and other hard security concerns, no matter how urgent or even existential, should not obscure the need for intensifying efforts to fight corruption, foster pluralistic democratic practices, ensure respect for human and minority rights, strengthen the rule of law, and enhance media freedom.

The Baltic States themselves can also draw important conclusions from the past quarter century: security begins at home, domestic matters matter. Maintaining and strengthening vibrant democratic institutions and open, transparent market economies should continue to be key elements of not only domestic but also foreign and security policy.

Taken for Granted or Simply Forgotten?

The security of the Baltic States in coming years and decades will depend on a wide range of factors, notably including military balance in Europe, the evolution of political relations between the Baltic States and the Russian Federation, policies adopted and implemented in Washington and major European capitals, and internal developments within Russia and other neighboring countries. While many of these key variables affecting Baltic security are largely beyond the control of policy makers in Tallinn, Riga, and Vilnius, the Baltic States can help determine their own fate by the way they address foreign and domestic policy questions. We can expect any gathering of security policy experts to focus adequately on the need for the Baltics to undertake such foreign and security policy measures as increasing their investment in robust defense forces (the “two-percent question”), contributing to global and regional military and civilian efforts to promote peace and security (“international burden-sharing”), and devoting sufficient resources

⁴ For a discussion of Latvia’s largely successful (but not uncontroversial) approach, see: Karlis Bukovskis, “Latvia’s Austerity Model in the Context of Europe’s Austerity vs. Growth Debate”, in *The Riga Conference Papers 2012*, Riga, Latvian Institute for International Affairs, 2012, http://liia.lv/site/docs/The_Riga_Conference_Papers_20121.pdf

to diplomatic engagement and outreach with potential adversaries as well as friends (“maintaining dialogue with Russia”, and “strategic communication”). This paper will address such matters only in passing.

Perhaps the most important steps the Baltic States have been taking to ensure their security, and which should NOT be taken for granted, are those that get least attention from the security policy community: building on the *domestic* accomplishments of the past quarter century to further institutionalize strong democracies, successful and transparent market economies, and respect for human and minority rights. While such issues have never been at the forefront of security policy discussions, they were more prominent when the fate of NATO and EU enlargement processes was still unclear. As several Latvian commentators noted in relation to EU integration in 1997, “domestic developments in the Baltic states – growth of the market economies, as well as political and social reform, are the decisive factors.”⁵ This comment remains relevant to new EU and NATO aspirants, but also to the Baltics themselves.

A Framework for Discussion: The Concept of Comprehensive Security

The idea that political-military security is linked intrinsically to the state of domestic economic as well as human rights and democracy developments is by now well-established in the lexicon of European security architecture. First articulated in the Helsinki Final Act of 1975, albeit with no explicit reference to “democracy”, a “comprehensive concept” of security has been elaborated more fully in subsequent documents adopted by the Conference and then the Organization for Security and Co-operation in Europe (CSCE, now OSCE). The phrases quoted at the top of this essay, including those adopted in Moscow at the first major CSCE meeting in which the Baltic States participated as equal partners in the fall of 1991, are illustrative of the way in which European, Eurasian, and North American leaders have explicitly linked political-military matters to the “economic dimension” and the “human dimension” of security (i.e., elections, democratic institutions, human rights, the rule of law, tolerance, and non-discrimination). Consensus documents contain extensive economic and human dimension commitments undertaken by all OSCE participating States – which by definition includes all NATO and

⁵ Daina Bleire, Atis Lejinš, Žaneta Ozolina, Aivars Stranga, *Small States in a Turbulent Enlargement: The Baltic Perspective*, in A. Lejinš and Ž. Ozoliņa (eds.), Riga: Latvian Institute of International Affairs, 1997, p. 239.

EU members, those now seeking to join or enhance partnership with NATO and the EU, as well as Russia and other members of the Commonwealth of Independent States. These commitments need merely to be implemented.

Why the Balts Made It (and Others Did Not): History, Consciousness, Location

Viewed in retrospect, there are many reasons why the Baltic States succeeded in achieving what had seemed to be the almost impossible dreams of restoring their *de facto* independence in 1991 and becoming NATO and EU members by 2004. Baltic independence activists successfully emphasized the history of inter-War independence, bolstered by the steadfast refusal of many Western nations to recognize forcible incorporation into the Soviet Union. Activists built on strong Estonian, Latvian, and Lithuanian national consciousness as well as disgust with Soviet reality to develop mass movements epitomized by the Baltic Way demonstration involving more than one million residents on 23 August 1989. The historically rooted concept of “Baltic exceptionalism” as well as the location of Estonia, Latvia, and Lithuania on the “periphery” of the Soviet Union eased the path toward re-establishment of *de facto* independence with the acquiescence of then-Soviet President Mikhail Gorbachev, even before the final collapse of the USSR. The combination of well-organized émigré communities in key Western states and close cultural as well as geographic proximity to the Nordic world helped ensure external support for the Baltic cause.

Hard Security Contributions, and a Bit of Good Timing

Baltic leaders maintained momentum after restoring *de facto* independence by recognizing at an early stage they must be “net contributors” to regional and global security rather than “consumers” of international security assurances. They sent peacekeepers to the Balkans, overcame barriers to a modicum of trilateral security co-operation, and modernized forces to meet NATO standards.

The Baltic States also benefited from, and cleverly took advantage of, the window that was opened by a relatively favorable international security environment – not to say “luck” – when they were driving toward NATO and EU membership. Russia was comparatively weak and at least initially open to broad co-operation with the West when agreement was reached on the 1994

withdrawal of active duty former Soviet troops from Estonia and Latvia. While the climate worsened in the run-up to NATO and EU accession, not least due to NATO's Kosovo intervention of 1999 and the US-led invasion of Iraq in 2003, as well as the tougher line pursued by Russian President Vladimir Putin, the Baltic States also benefited from the honeymoon in US-Russian relations that followed the 2001 Ljubljana Summit and especially the 9/11 attacks.

Direct Action, Electoral Democracy and Economic Reform

While many of the above factors were favorable to the Baltics, no one could argue they were sufficient to ensure entry into NATO and the EU. Equally, if not more important, were the peaceful and determined ways all three states pursued democratic development and economic reform while managing such difficult issues as the struggle against crime and corruption, and the challenge of minority integration. Emblematic of the peaceful drive for self-determination was the “Baltic Way” of 23 August 1989. The creation of a human chain across all three republics to commemorate the 50th anniversary of the Nazi-Soviet Molotov-Ribbentrop Pact and its secret protocol relegating the Baltic States to a Soviet “sphere of influence” was a bold challenge to Soviet power.

This huge public demonstration against Moscow's rule was preceded by another early exercise – perhaps not recalled as often as the Baltic Way – in which Baltic residents used a “Soviet” institution to express their democratic will. On 26 March 1989, most adults resident in the Baltic republics participated actively in elections to the first and only Congress of People's Deputies of the USSR – and they overwhelmingly voted for candidates backed by the Estonian Popular Front, the Latvian Popular Front, and the Lithuanian Movement in Support of Perestroika, Sajudis.

This successful effort by Baltic activists to exploit Gorbachev's opening to electoral democracy – however limited and flawed – was the start of something else which has served the Baltic States well for the past 25 years: peacefully and democratically exercising the right to choose leaders and support policy approaches through a competitive and open process that lent credibility to the results. Almost all the elected deputies from the three republics were committed to radically greater autonomy if not the outright restoration of independence, while almost all of the Communist party apparatchiki from these republics went down to embarrassing defeat. Before resigning from the Soviet quasi-parliament and returning to their homes in the Baltics, many of the newly selected “people's deputies” would be heard

and their faces would be seen in Moscow and throughout the USSR when the nationally-televised sessions of the Congress provided opportunities for Baltic envoys to denounce Molotov-Ribbentrop, the Gulag, and forced Russification (among other evils).

Even before the Soviet collapse, when the re-building of Baltic state institutions proceeded in parallel with the daily threat of Soviet crackdowns, the Baltics distinguished themselves by their determination to establish democratic and market-oriented “facts on the ground.” The 1990 republic-level elections (conducted under Soviet law) were vehicles for establishing parliaments and governments with democratic credentials that would declare the *de facto* re-establishment of pre-World War II independence (which continued to exist, *de jure*) and begin to develop constitutional, legislative, and bureaucratic machinery for the modern era. Virtually without exception, the Baltic States have subsequently held elections judged by domestic and international observers as being largely in line with international commitments and good practices. They have also gradually built up law-making, law enforcement, and judicial capacities that met stiff EU criteria on paper and also largely in practice.

On the economic side, even before it became clear that re-establishing independence would be a realistic option, Baltic economists and elites translated Soviet leader Mikhail Gorbachev’s call for an unprecedented degree of enterprise-level economic accountability into their own demand for republic-level economic autonomy. This early drive for economic reform and rejection of Soviet planning, epitomized by the Estonian plan for an autonomous economic “miracle” in the late 1980s, laid the groundwork for the following decades of difficult economic transformation. The path was not smooth in any of the three Baltic States – one need only recall the fraud and money laundering behind the 1995 collapse of Banka Baltija, the largest financial institution in the region, or the impeachment of a Lithuanian president for alleged organized crime connections – but the picture is still brighter than that in many erstwhile and some actual NATO and EU members. The fact that Estonia, Latvia, and Lithuania have all avoided the political backsliding seen in some other new EU and NATO members has been critical, as has the comparatively effective manner in which they have coped with the consequences of the global economic crisis.⁶

⁶ Karlis Bukovskis, “Latvia’s Austerity Model in the Context of Europe’s Austerity vs. Growth Debate”...

Sticky Issues: Crime and Corruption, Human and Minority Rights

Special notes should be devoted to crime and corruption issues, on the one hand, and to human and minority rights issues, on the other.

The struggles of the three Baltic States against crime and corruption, and their efforts to ensure full respect for human and minority rights, are both qualified success stories and continuing challenges. Qualified successes because, unlike some would-be EU and NATO members (as well as some current members), all three Baltic States have continued to make progress against corruption (as reflected in the annual Corruption Perception Indexes published by the respected Transparency International⁷) and to have relatively high ratings from credible assessments of their performance on human development, electoral democracy, political rights, and civil liberties.⁸ Continuing challenges, because no country is perfect in any of these areas and because they all – but particularly Latvia and Lithuania – still have considerable work to do in terms of rooting out corruption and resolving non-citizen/minority rights issues.

The threat to Baltic sovereignty posed by international criminal organizations, particularly in the decade or so following the re-establishment of independence, can hardly be over-stated. Nevertheless, all three states managed to keep criminal groups from overwhelming the capacity of state institutions to do their jobs in building up political structures, legislation, regulatory frameworks, and the administrative apparatus necessary to meet stringent EU membership criteria. They also managed to continue implementation of the EU *acquis* on these matters in the decade after accession, something that can be said about certain other new (and old) EU Member States only with considerable qualifications.

Human and minority rights questions have been among the most contentious of all political matters within each Baltic State (particularly Latvia and Estonia) and on the bilateral agenda (principally between those two states and the Russian Federation, but also between Lithuania and Poland), and more broadly (e.g., within the context of dialogue with allies, partners, the OSCE, the Council of Europe – COE, and the United Nations, etc.).

⁷ When Transparency International first included two Baltic states in its Corruption Perceptions Index for 1998, Latvia ranked 71st out of 85 countries surveyed and Estonia ranked 26th. By 2013, of 175 countries surveyed, Estonia was 28th and Latvia was 49th on the list. All three Baltic States were perceived to be “cleaner” in 2013 than they had been in 2004, both in absolute terms and relative to the rest of the world. See cpi.transparency.org for details.

⁸ See, for example, Freedom House, *Nations in Transit 2014: Eurasia's Rupture with Democracy*, freedomhouse.org. Estonia, Latvia and Lithuanian are ranked 2nd, 3rd and 5th in overall “democracy scores” among 29 countries formerly under Communist rule. Some concerns are expressed in the report about recent developments affecting independent media in Latvia and Lithuania.

It may suffice to say in this brief essay that, while much has been accomplished and all three Baltic States are appropriately ranked by objective observers among democracies with the highest level of freedom, there can be no higher domestic or security policy priority than ensuring social cohesion among their multi-ethnic populations. As in any modern multi-ethnic state, there is still more work to be done.

The combination of electoral democracy with a high degree of internal stability and steadfast implementation of political and economic reforms, with broad (if not perfect) respect for human and minority rights, were in fact critical factors in ensuring the three Baltic States were able to join NATO and the European Union only 15 years after the events of 1989. Could the Balts have joined NATO without the requisite defense and security reforms, or contributions to international peacekeeping, or the support of outside well-wishers including Baltic émigrés in North America and Scandinavia? Certainly not. But the reverse is also true: all of the military spending, interoperability with NATO, contributions to Balkan peacekeeping, and participation in Partnership for Peace exercises would have been for naught if the Baltic States had been riven by dirty and disputed elections, violent ethnic conflict, or economic collapse. Joining the EU was certainly facilitated by passing the right laws and adopting required regulations, but existing Member States would have been loath to consider admission of three small states bordering Russia if they were politically unstable, rife with corruption, or subject to credible charges of mass human rights violations.

2014 and Beyond: Confronting New and Re-Emerging Threats

Russia's annexation of Crimea and intervention in Eastern Ukraine and its aggressive resurgence more generally pose grave threats to the established international order, security in the entire Euro-Atlantic region and to the Baltic States in particular. In view of these developments, it is indeed fortunate that security of the three Baltic States has been bolstered over the past decade by their membership in NATO and the EU. The Baltic States receive quite tangible benefits from their membership of the Atlantic Alliance and the European Union – notably the commitment of their NATO partners under Article V of the Washington Treaty and the web of political/security ties that link them to other European Union members (including key Nordic neighbors that remain outside NATO). Nevertheless, following a decade marked by global economic and Eurozone crises as well as political

backsliding in the broader region, we can observe that Baltic security and stability still owe much to their continued development as states which value democracy, economic reform, and the rule of law.

Looking Ahead: Pitfalls to Avoid and Lessons Learned, for the Baltics...

Looking ahead, of course, external risks and threats – over which the Baltic States have little or no control – are high and potentially intensifying. These include the risk of completely unprovoked aggression but especially the exploitation of any perceived internal weakness. (When speculating in 2012 about hypothetical threats to Baltic security, Edward Lucas eerily foreshadowed this year’s events in Ukraine by postulating a “possible scenario” in which “law and order were to break down in eastern Latvia or northeastern Estonia, and Russian irregular forces were to exploit the situation.”⁹)

Against the backdrop of recent events in Ukraine, no matter how unjustified the intervention of “little green men”, it is clearly in the interests of the Baltic States to avoid giving even the slightest pretext for external involvement in their affairs. Thus, internal democracy and stability, reform, and inclusiveness are even more critical than ever. Baltic leaders must be on guard against the ills and pitfalls that have afflicted several new and prospective members of the EU and NATO, such as the deterioration of democratic practices (including respect for the rule of law and freedom of the media), the rise of populism and ethnic or religious intolerance (including scapegoating or targeting/profiling of minorities), the persistence or institutionalization of corruption, and rising inequality. (Fortunately no one in a Baltic leadership position has announced the end of liberal democracy in his or her state.)

For the Baltic States and for candidates to join the Euro-Atlantic institutions, the “rule books” to be followed are equally clear. In most respects Baltic national constitutional and legal frameworks already provide a solid basis for twenty-first century developments and are in line with commitments undertaken internationally: in UN and COE human rights treaties, OSCE commitments and the EU *acquis*. Where national policies or at least practices leave some room for improvement, Baltic governments and others may draw upon a wide range of domestic and international sources. These include expertise from various EU and COE bodies as well as the binding decisions of the European Court

⁹ Edward Lucas, “Loose Ends and Their Virtues”; or a conceptual non-framework for Nordic-Baltic security cooperation in Robert Nurick and Magnus Nordenman, “Nordic-Baltic Security in the 21st Century: The Regional Agenda and the Global Role”, in *The Atlantic Council*, September 2011.

of Human Rights (ECHR) and the useful recommendations of the OSCE's Office for Democratic Institutions and Human Rights (ODIHR), its High Commissioner on National Minorities (HCNM), and its Representative on Freedom of the Media (RFOM). Domestic and international non-governmental organizations and independent media should also be seen as valuable resources (and never as "threats" to be countered or silenced).

As argued above, domestic political and economic reform have been critical to NATO and EU accession as well as weathering the storms of the past ten years. The corollary would be that, whatever is needed in terms of defense budgets and increased military cooperation, the maintenance and continued development of prosperous and inclusive democracies with transparent and open market economies are equally essential elements of an effective security policy.

...and Beyond

And what lessons might be drawn from Baltic experience by those still seeking to join or at least step up their relationships with the EU or NATO (or both, in some cases)?

First, while the Baltic States had certain advantages of geography, history, international partnerships, and timing, they still needed sustained and serious efforts combined with a bit of good luck to make the transition from Soviet-occupied republics to NATO and EU members in less than 15 years. Their success was not a gift from friends in Washington or Brussels but rather a logical outcome of hard work well done.

Second, the world has changed in ways that make the climate less favorable to their bids for joining the major clubs. In short, leaders from Skopje and Podgorica, to Sarajevo and Belgrade, and from Chisinau and Tbilisi to Kyiv, should all recognize the combined effects of the global economic crisis and a revival of Russian aggressiveness make it more rather than less difficult to persuade some existing EU and/or NATO members that this is the time to intensify co-operation or accept new members. This is particularly true if a country ranks low on global indexes of democracy, human rights, human development, and corruption. If arguments for delay or denial are available, some EU or NATO state will surely make use of them.

Third, when it comes to co-operation with NATO and the EU, smart defense spending and good foreign/security policy choices matter a lot. But the pace of quality of hard work at home, on economic and human dimensions of security, are the most important variables over which they exercise control.

SMART DEFENCE: THE CENTRAL EUROPEAN CONTRIBUTION

Marcin Zaborowski

As the hosts of Central and East European states celebrate 10 and 15 years, respectively, of their NATO membership, the events in Ukraine and re-emergence of a belligerent Russia have significantly worsened their security environment, and demonstrate that despite western integration, traditional threats persist. Yet, regardless of this apparent instability in the East, calls for a larger NATO foothold in Central Europe remain disputed. NATO states have been slow to step up defence efforts and boost their preparedness for dealing with a potential threat from the East. This, in many respects, is a result of the economic slowdown which persists in the European Union (EU) following the economic crisis outbreak in 2008. EU societies remain first and foremost driven by consumer needs and economic welfare.

Recognising this, NATO's Secretary General came up with the idea of 'smart defence', intended to mean that member states pool their often duplicated resources in a way that allows for a clear added value, without increasing costs. However, as of now 'smart defence' has not proved a game changer and its results are somehow disappointing. The experience of Central East European states, as outlined below, is no different in this respect, though given their precarious geographical location and past traditions of cooperation, one could expect better results. Clearly, whilst a serious territorial threat is materialising at the Baltic States' and Poland's borders a more sustained defence effort is needed requiring a larger investment and economic cost.

Smart Defence and NATO

Since the outbreak of the financial crisis in 2008, defence spending in Europe has declined by 7.3 per cent, which in effect means it was set back to the same level as the beginning of this century. The first response of many European defence ministries to the new financial reality was to implement cuts nationally, without Allied coordination, and having no recognition of the broader role and mission of NATO or the EU.

The Smart Defence idea, as championed by NATO's Secretary General, was intended to change this course by providing assistance to the Alliance's member states to avoid duplications and uncoordinated cuts. Multinational

defence cooperation and specialization of capabilities in the framework of Smart Defence or EU's pooling and sharing seem a natural choice for Europe, because we are nearing the point when not a single state in Europe will be able to sustain a full spectrum of capabilities. Even the biggest spenders, the United Kingdom (UK) and France, have decided to pool and share some of their capabilities (aircraft carrier, nuclear) bilaterally.¹ While the Franco-British agreement set an example for bilateral defence collaboration, the Smart Defence initiative was intended to offer a more comprehensive approach, as it was supposed to foster collaboration within NATO as a whole. As an Alliance of 29 like-minded nations, NATO provides the best available framework to develop and sustain capabilities in a more coordinated and more effective way.

The willingness to foster defence cooperation at both NATO and regional levels is also growing amongst Central European nations who have been among the strongest supporters for pooling military resources. The Smart Defence initiative was endorsed by the Visegrad 4 nations at the summit in a separate declaration (details). The V4 also committed themselves to cooperate within the context of the EU Common Security and Defence Policy and set up a regional battle group by 2016. However, while Central European defence cooperation may look hopeful it remains nascent, and even modest commitments that have been reached so far still need implementation. Clearly concerns about the impact of greater cooperation on national sovereignty remain an issue for defence establishments in Central Europe. In addition, it is already clear that Smart Defence will not necessarily bring major savings any time soon. Thus, Smart Defence has to be considered as a tool for mid- to long-term solutions, and not as a short term instrument to manage every aspects of the financial crisis. To be smart about defence cooperation in Central Europe we have to be aware of the current achievements, the possible areas to further cooperation, and the conceivable difficulties we might face regarding collaboration in the future.

Current Central European Contributions to Smart Defence

The Smart Defence initiative was by and large welcomed in Central Europe, as states of the region have supported multinational defence cooperation consistently for years, even prior to the recent NATO initiative. Central European nations have already contributed in several ways to many multinational NATO projects and play important roles in them. These include:

¹ It remains to be seen to what extent the provisions of this agreement will actually be implemented.

- Strategic Airlift Capabilities (SAC): Seven of ten NATO participating nations of SAC are from Central Europe: Bulgaria, Estonia, Hungary, Lithuania, Poland, Romania, and Slovenia, and the three C-17s – which the participating nations have jointly procured and maintained – are stationed in Hungary.
- Alliance Ground Surveillance (AGS): In regard to AGS – where 13 member states will procure and maintain five Global Hawks unmanned aerial vehicles (UAVs) together – eight participating nations are from Central Europe: Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia, whilst Poland is currently considering its participation.
- NATO AWACS fleet: In the case of the NATO AWACS fleet, four of the eighteen participating countries: the Czech Republic, Hungary, Poland, and Romania – which maintain the 17 E-3A ‘Sentry’ airplanes – are also from this region.
- NATO’s Baltic air policing mission: The Czech Republic, Poland, and Romania have already contributed to NATO’s Baltic air policing mission, and Hungary is intending to contribute after 2015.

In addition, the Central European states have been very active in establishing Smart Defence projects on the field of multinational logistical support or in Chemical, Biological, Radiological and Nuclear (CBRN) defences as well.

Possible Areas for Further Cooperation – Deeper Regional Cooperation

Geography matters in many aspects. Thus, aside from the above mentioned defence collaborations, Central European nations should take into deeper consideration Central European regional cooperation to boost Smart Defence. For instance, the proximity of partner states can save resources regarding the travel of delegations and in the case of common training. Furthermore, Central European countries share similar organizational and educational culture, and, despite growing diversification in major procurement decisions (Poland having opted to buy F16s whilst Hungary and the Czech Republic are choosing to lease BAE Gripens) they continue to have comparable equipment. Cooperation based on these factors can generate savings which could be channelled either to other multinational initiatives or national programs.

Fortunately, Central Europeans have a great amount of experience concerning regional and bilateral cooperation, and do not need to begin a deeper collaboration from scratch. Namely, Central European nations cooperate not only in NATO but also in regional frameworks as in the Visegrad Group, or the six party Central European Defence Cooperation (Austria, Croatia, the Czech Republic, Hungary, Slovakia, and Slovenia), in addition a vast number of bilateral cooperation situations exist among them. Most importantly they have started to co-operate on setting up a regional EU battle group, which may be endowed with some permanent capabilities.

One area which could bring relatively fast results is common training and education. Many redundancies exist in this field and we cannot allow ourselves financially to sustain programs and organizations offering the same courses, trainings, and knowledge in a several hundred kilometre radius anymore. We should begin to think about how we could utilize the experience of coordinated training and education programs of Nordic countries and the Baltic Defence College.

However, one of the most important elements for effective collaboration on training and exercises would be if we used the same type of equipment and vehicles. This could also open the way for common maintenance in certain fields and common deployment in operations would become much easier as well. Thus, we should begin to coordinate our procurements and also consider our partner's plans during acquisitions.

In the long term we have to concentrate on areas of cooperation which could bring the biggest savings for Central European countries. Regional air policing would be an ideal case. Many Central European countries struggle to procure and/or maintain modern fighter jets for air policing tasks, which will be a significant problem in the coming years and decades. However, as mentioned earlier, many Central European countries already took part in the NATO Baltic Air Policing mission, so the region has received the appropriate experience to execute such missions. Accordingly, Central European nations should begin to coordinate future efforts for regional air policing.

The other potential opportunity exists in coordinating defence planning, which might involve the exchange of expertise in this area. This would not only help to avoid duplication, and save resources, but also boost trust in the region.

Possible Difficulties

One of the biggest difficulties regarding Smart Defence and multinational defence cooperation can stem from lack of resources and regional disparities. Although, Smart Defence has been initiated to mitigate the negative effects of defence budget cuts resulting from the financial crisis, it is possible many Ministries of Defence in Central Europe will not have the resources for effective cooperation either. Cooperation often needs investments, especially in its early phases, which is not necessarily guaranteed in Central Europe. Regional disparities also constitute a potential problem when it comes to burden-sharing and the capabilities Central European nations have to offer. Poland is by a large margin the biggest defence spender in the region and one of the biggest in the EU. Moreover, with the exception of 2009, defence spending in Poland remained at a level of 1.95% of its GDP, which means that in effect it has been growing. Contrary to this, defence spending in the rest of Central and Eastern Europe (with the exception of Estonia) has sharply declined, in Hungary, the Czech Republic, and Slovakia falling to a level of 1 per cent of their GDP. This situation can significantly hinder the progress of Smart Defence in coming years as states in the region have different level of motivation and dissimilar expectations from the initiative.

Other difficulties can also emerge regarding a different understanding about the question of sovereignty, which is a highly important issue for the often insecure nations in the region. In regard to multinational collaboration, the level of command and control over capabilities and troops which nations want to retain should be made clear by Allies, similar to the Ghent Process initiated by the EU. Past experience shows that states are more willing to pool and share air, maritime, and enabling capabilities than the more sensitive and complicated combat and land capabilities. This fact is also underpinned by the above listed NATO projects – SAC, AGS, AWACS, and Baltic Air Policing – where Allies cooperate exclusively on air capabilities and mostly on enabling capabilities. Thus, we have to decide whether we want to go further. For this, we need to develop a common understanding about how much sovereignty we want to abandon regarding control over our national military capabilities.

Another (and maybe the most important) problem could come from a situation if the Alliance lacks cohesion and a common vision about its future after the ISAF mission finishes in Afghanistan. Many have pointed out that the ISAF mission has given cohesion and a clear purpose for NATO. However, NATO's withdrawal from Afghanistan in coming years, together with an American orientation from Europe toward the Pacific region, can cause these

countries to have different understandings regarding the future role of the Alliance. It could undermine the solidarity of all Allies, which in turn would hinder progress of the Smart Defence initiative as well. Accordingly, Central European nations must focus on coordinating their political and defence efforts to secure the cohesion of NATO.

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