

## FROM THE PAST

### *The Diplomatic Cooperation Between Germany and the USSR in the Baltic States in 1920-1940*

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#### **Prologue**

The independence of the Baltic states has been restored for almost a decade, but they still do not feel secure. The spread of democracy has not yet defeated the domination of the power factor in international relations. Social progress does not always overcome the conditions dictated by geopolitics. And the geopolitical situation of the Baltic states remains dangerous. The too meager interest in the Baltic region of sea powers, particularly the USA, can not counterbalance the pressure of the major continental state, Russia. The position of Germany, its relations with Russia and the views of both countries toward the Baltic states can have a determining effect.

In order to avoid repeating past mistakes, it is necessary to review and study in greater detail what these views were in the period between the world wars.

As far as I know, the diplomatic cooperation between Germany and the Soviet Union in the Baltic states has not been studied in detail by historians up to now, but it also had not been totally forgotten. The numerous German history works analyzing the relations of Germany and the USSR have paid some attention to it. Günter Rosenfeld in his work "The Soviet Union and Germany in 1922-1933" mentions that these countries had common interests in the Baltic region; they did not want the formation of a military union or the implementation of the "Ostlocarno" project.<sup>1</sup>

Jürgen Pagel in his monogram<sup>2</sup> as well as in an article<sup>3</sup> on the question has studied the views of the Soviet Union and to some extent Germany toward the Poland-Lithuania conflict. Our chosen topic has also been at times treated by some other German historians who have analyzed the relations with the Soviet Union in considerable detail. However, the historical studies of international relations until now have primarily focused on the relations of the two states. The relations of the Baltic states with Germany or the USSR have also not been investigated separately. It would now be, I think, interesting and relevant to reach an understanding about how the common policies of the two large neighbors affected the situation of the Baltic states. Such a study would involve more elements of international politics, deal with more of its participants, and contribute to a more complete reconstruction of the history of the international relations. The local, regional facts treated in such a study could, perhaps, be used to investigate more general problems. For example, to answer the questions: was there discontinuity or continuity in the foreign policies of the Weimar Republic and the Third Reich, why did the Baltic countries in 1940 not only not oppose the occupation, but not even protest publicly against it?

The primary source, on which we will base this article will be the archival materials of Lithuania, Latvia, Estonia, Russia, and Germany as well as the two large document collections: *Akten zur deutschen auswärtigen Politik 1918-1945 (Acts of*

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<sup>1</sup>Günter Rosenfeld, *Sowjetunion und Deutschland 1922-1933* (Berlin, 1984), p.42-45, 248-266.

<sup>2</sup>Jürgen Pagel, *Polen un die Sowjetunion 1938-1939* (Stuttgart, 1992).

<sup>3</sup>Jürgen Pagel, "Der polnisch-litauische Streitum Wilna und die Haltung der Sowjetunion 1918-1938," *Jahrbücher für Geschichte Osteuropas*, 40, H.1 (1992).

*German Foreign Policy 1918-1945*) and *Dokumenty vneshnei politiki SSSR (Foreign Policy Documents of the USSR)*.

### **The Presumptions for Cooperation and Its Most Broad Traits**

Geopolitical reasons, the struggle between naval and continental states in the period between the wars, were the factors that most encouraged Germany and the USSR to cooperate. Although W. Conze<sup>4</sup> and some other German historians affirm that Germany belonged to both these groups, Germany and Russia were primarily continental land states. Or at least the Soviet authorities regarded them as such. This is shown by the minutes of the meetings and other documents of the Politburo, the real highest organ of the Soviet state, which have recently become available to historians. One can see from them that Stalin and his associates almost always regarded England as the main enemy and considered Germany as the most important ally.

The Baltic states were, in fact, the very place where the USSR and Germany had a common goal: not to allow England as a naval state to gain influence there. After World War I England was the only one of the great states interested in separating the Baltic states from Russia. In 1919 she supported by real means the struggle of the Baltic states with the Bolsheviks and Bermondists (joint groups of German and Russian monarchists who sought to disrupt the emerging Baltic states) and acquired in these countries, especially in Latvia and Estonia, considerable authority and influence. The USSR and Germany tried to weaken this influence in order to strengthen their own positions. This, by the way, is shown by the Soviet intelligence service documents of the between the war period left in the Estonian State Archives.<sup>5</sup> They indicate that almost half of their activities in the Baltic states were directed to fighting against the intelligence services of England, the disclosing and recruitment of their agents and similar matters. In these documents, however, one can not find any traces of the fight against the German intelligence services.

This same tendency is also evident in diplomatic activities. Soviet and German diplomats, not only individually, but also in joint efforts tried to decrease the influence of England in the foreign and domestic policies of the Baltic states. The envoys of Germany and the USSR to Latvia Adolf Köster and A.Chernykh in a meeting on March 5, 1926 concluded that there were "very great incompatibilities" between England and their own countries so that in the struggle against England they would be allies.<sup>6</sup> This is not an accidental, but the typical and long-term tenet of Soviet and German diplomats in the Baltic states who also jointly fought against the influence of France and its ally, Poland.

Germany and the USSR, moreover, were united by a joint dissatisfaction with the peace system after the Treaty of Versailles, the post-war carving up of the political map. Both countries wanted to cut it up in a different way. They, thus, made efforts that the Baltic states, as well as other states located between Germany and the USSR, not form any unions, but remain separate, isolated from one another with no

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<sup>4</sup>W.Conze *Das Deutsch-russische Verhältnis im Wandel der moderner Welt* (Göttingen, 1967), p.8-10, 19.

<sup>5</sup>Eesti Riigiarhiivi Filial (Parteiarchiv)(Tallinn), F.138 (Dokumentide Kasutamislekt).

<sup>6</sup>Rusijos Federacijos užsienio politikos archyvas [Russian Federation Foreign Policy Archive, henceforth - RFUPA], F. 0150, Ap. 18, S. 25, B. 10, L.8 (SSRS pasiuntinio Rygoje pranešimas Užsienio reikalų liaudies komisariatui [henceforth - URLK] [USSR envoy in Riga report to Foreign Ministry People's Commissariat], March 6, 1926).

coordinated foreign policies, or in a word, that no military-political bloc appear in Eastern and Central Europe which in the future could hinder the expansion of Germany to the East, and of the USSR to the West. In their opinion, the Baltic states should become a bridge linking them and not a barrier under the influence of England or France separating them. The USSR and Germany in the period between the wars to a similar degree wanted to keep the Baltic states conserved, unprepared for defense, not provided with security as if they were in a kind of refrigerator from which they could be taken out and divided at the appropriate time.

The Rapolo Treaty and other agreements of Germany and the USSR created favorable conditions for cooperation. Of course, the interests of the two states were not absolutely identical. There were also some contradictions that arose very often due to ideological and political conflicts between the Soviets and the West. Nevertheless, at least in the period of the Weimar Republic the powers of attraction overcame any conflicts.

The cooperation was not even thwarted by the export of the Bolshevik revolution whose focus was primarily directed against Germany and went in an intensive stream through the Baltic states. The Soviet support for the Communists in Germany in 1923 was almost like a real invasion. The German authorities reacted to this in a surprisingly lenient manner. In 1924 a search of the Soviet trade embassy in Berlin disclosed that it was continuing to distribute revolutionary literature in massive quantities. But almost immediately afterwards on May 10 German Minister of Foreign Affairs Gustav Stresemann told Lithuanian envoy Vaclovas Sidzikauskas that even after this incident the foreign policy of Germany would not change and it would not forsake “friendly relations with Russia.”<sup>7</sup> Sidzikauskas was also indirectly told that Lithuania should also retain close ties with the USSR so that the coming together of the USSR, Lithuania, and Germany could continue.

The interests of the Baltic states to maintain close ties with Germany and the USSR also encouraged cooperation. They attempted to be more of a bridge than a barrier. In fact, after World War I the Baltic states wanted to have better ties with the victors, especially England, France, and the USA. But they became disappointed because they did not gain *de jure* recognition and were not even allowed to participate in the Paris Peace Conference. In this way, the Baltic states were in some ways even pushed to maintain closer ties with the USSR and Germany.

The international orientation of each Baltic state in the period between the wars was not identical. Latvia and Estonia maintained relations with England and France at almost the same level as with Germany and the USSR. Lithuania, on the other hand, maintained the so-called vertical orientation. It tried to a greater degree to have closer ties with its two largest neighbors. For having a conflict with Poland, Lithuania sought for support against her particularly from the Soviet Union and Germany. The diplomatic cooperation between these two countries was thus greatest in Lithuania.

The diplomats of the USSR and Germany in the Baltic states maintained much closer relations with each other than with the envoys of other states. They often coordinated their activities almost every day. For example, the first Soviet envoy to Lithuania Aleksandr Akselrod on arriving in Kaunas, even before presenting his credentials, met with the envoy of Germany Fritz Schönberg on September 6, 1920

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<sup>7</sup>Lietuvos valstybės archyvas [Lithuanian State Archive, henceforth - LVA] (Vilnius), F. 383, Ap. 7, B. 488, L. 73-79 (V. Sidzikausko pranešimas Lietuvos vyriausybei vadovui E. Galvanauskui, 1924 m. gegužės 13 d. [Sidzikauskas report to Head of Lithuanian Government Galvanauskas, May 13, 1924]).

and in a two hour meeting agreed that they have “common enemies and common interests.” The minutes of this meeting have remained in both the archives of Russia and Germany so that there is no reason to doubt their authenticity.<sup>8</sup> The joint work of these two diplomats was so intense that already in 1921 there was open talk in Kaunas that the Soviet and German envoys practically steered Lithuanian policies.<sup>9</sup> Their cooperation raised concern among the diplomats of the Entente states. Lithuanian Foreign Minister Juozas Purickis on January 10, 1921 mentioned to Akselrod that during a session of the League of Nations the Lithuanian representative was told explicitly that the Moscow envoy, aided by German representative Schönberg, “directs all of Lithuania’s foreign policy.”<sup>10</sup>

Soviet and German diplomats also acted jointly in Latvia and Estonia, as well as in Finland. In the international politics review of the USSR Foreign Ministry People’s Commissariat (FMPC), prepared in January 1925, it was justifiably stressed: “The diplomats of Germany in the Baltic countries, especially in Riga and Helsinki, work together with us.”<sup>11</sup>

What was the work that the diplomats of the two countries accomplished together?

They endeavored especially not to allow the Baltic states to establish closer relations, to prevent the formation of a union, especially military. The USSR and Germany categorically opposed the creation of the “great“ i.e. five country (Lithuania, Latvia, Estonia, Finland, and Poland) union. The attitude to the formation of the “little“ trilateral (Lithuania, Latvia, Estonia) union was more lenient. Some German and Soviet diplomats even thought that the trilateral union would not harm the interests of the USSR and Germany, but would even be useful because the union would be a counterweight to Poland that would decrease its influence in the Baltic states and split up the countries of Northeast Europe even more. Two unions of almost equal size would be formed here and they could be manipulated. It was hoped that the USSR and Germany could control the trilateral union, have it under their control. The envoys of the USSR and Germany in Riga A. S. Chernykh and F. Shtive proposed such ideas. In reports to Berlin Shtive wrote that closer relations with Lithuania would encourage Latvia to give up its pro-Polish positions.<sup>12</sup>

But the Ministry of Foreign Affairs of Germany did not agree with this opinion. It supported to a greater degree German envoy to Lithuania Hans Moraht who, in criticizing his Riga colleague, pointed out that Lithuania would not be able to change the pro-Polish political course of Latvia. More likely Lithuania would have to comply with this course.<sup>13</sup>

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<sup>8</sup>Vokietijos užsienio reikalų ministerijos Politinis archyvas [henceforth - VURMPA] [Germany Foreign Ministry Political Archive], R. 31384, K.R. 313883, K.K. 086164 (F.Schonbergo pranešimas Vokietijos užsienio reikalų ministerijai, 1920 m. rugsėjo 7 d. [F.Schonberg report to Germany Foreign Ministry, September 7, 1920]); Rusijos Federacijos Naujosios istorijos dokumentų saugojimo ir tyrimo centras [henceforth - RNIC] [New History Document Saving and Research Center], F. 5, Ap. 1, B. 2151, L. 5 (A. Akselrodo pranešimas pasiūstas V.Leninui, 1920 m. rugsėjo 7 d. [Akselrod report to Lenin, September 7, 1920]).

<sup>9</sup> Zenonas Butkus. “Pirmasis sovietų pasiuntinys Lietuvoje A. Akselrodas: diplomatinės veiklos pusmetis (1920 m. rugsėjis - 1921 m. kovas)”[“The first Soviet envoy in Lithuania Aleksandr Akselrod: half year of diplomatic activity (September 1920 - March 1921)],” *Lietuvos istorijos metraštis*, 1996 (Vilnius, 1997), 136.

<sup>10</sup>Ibid.-129.

<sup>11</sup>RFUPA, F. 0151, Ap. 12, Sg. 18, B. 15, L.322.

<sup>12</sup>Akten zur deutsches auswärtigen Politik 1918 - 1945 (Gotingen, 1980), serie B, Bd. 13, S. 55.

<sup>13</sup>Ibid.-S. 54.

German diplomats tried to separate, keep apart what they called the “pure” Baltic countries - Latvia and Estonia - from Lithuania. In one of his reports, Moraht pointed out that the policy of “keeping apart” was traditional and totally in line with the interests of Germany.<sup>14</sup> The Soviet leadership opposed the idea of a trilateral union much more firmly. It was pointed out that this union would probably end up under the influence of England and not of Germany or the USSR. Moreover, there was the fear that the appearance of the trilateral union might encourage the creation of the “great” bloc. In this way, a bloc, led by Poland and very inconvenient for the USSR and Germany, might appear.

At least during the period of the Weimar Republic both the USSR and Germany tried to prevent the creation of any kind of Baltic union, regardless of its make-up or form.

The creation of such a union was hindered by the joint efforts of both states. The previously mentioned Schönberg on July 22, 1921 even proposed to the Soviet envoy in Lithuania Semion Aralov the convocation of a special conference for diplomats and politicians from Germany and the USSR during which the two countries would agree on joint activities directed against the creation of a Baltic union.<sup>15</sup> Apparently, in order to avoid unwanted public attention, such a conference was not called. Joint activities were coordinated through usual diplomatic channels, bilateral agreements, which, clearly, were sanctioned and in many cases even initiated at the highest levels. For example, on March 9, 1925 the Politburo adopted a special concrete plan to halt the creation of a Baltic union. The plan, moreover, called for the more active inclusion of Germany in halting the union. She was to be told that because France and Poland were creating the Baltic union, it would be primarily directed against Germany.<sup>16</sup>

The consolidation of the Baltic states was hindered in many ways. Soviet and German diplomats prepared coordinated diplomatic demarches. Whenever any kind of union proposal appeared, they would immediately warn the political figures of the Baltic states that the formation of a union would be an unfriendly, even hostile step against both the USSR and Germany. Lithuanian political figures were also told that if Lithuania joined the union, it should not expect any support in its fight with Poland for Vilnius. Soviet and German diplomats in joint actions, at times even assigning separate fields of activities, tried to convince political parties in the Baltic states, individual politicians to oppose a union. The most active advocates of the union were often compromised and even forced to resign. For example, in 1925 the Soviet and German envoys in Tallinn, acting through the advocate of pro-Russian policies, the influential politician, Konstantin Päts as well as other forces, succeeded in arranging the resignation of Estonian Foreign Minister Kaarel Pusta, a very active advocate of a Baltic union.<sup>17</sup>

Soviet and German diplomats frequently in joint activities interfered in the internal affairs of the Baltic states, regulated the political process there. They supported the forces that opposed a Baltic union and sought to orientate their countries to Germany and the USSR. In Lithuania such a group were the *tautininkai* (Nationalists). In March 1927 the FMPC instructed the USSR envoy to Lithuania

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<sup>14</sup>Ibid.

<sup>15</sup>RNIC, F. 5, Ap.m. 1, B. 2196, L. 61 (S. Aralovo pranešimas pasiųstas V. Leninui, 1921 m. liepos 22 d. [Aralov report to Lenin, July 22, 1921]).

<sup>16</sup>RNIC, F. 17, Ap. 162, B. 2, L. 108-109 (Politbiuro nutarimas, 1925 m. balandžio 9 d. [Politburo resolution, April 9, 1925]).

<sup>17</sup>RFUPA, F. 0154, Ap. 14, Sg. 12, B. 5, L.

Sergei Aleksandrovski to ask the German envoy Moraht for help in weakening the *liaudininkai* (Populists) opposition to the *tautininkai*.<sup>18</sup> Moraht gladly agreed to help. He promised Aleksandrovski that he would arrange a special dinner for the *liaudininkai* leaders during which he would convince them that it was not worth opposing the *tautininkai* government.<sup>19</sup>

There was also cooperation even in fields in which it would appear that German and Soviet interests would not be the same. For example, Moraht tried to help Aleksandrovski to rescue from the firing squad the Lithuanian Communist leaders arrested during the December 17, 1926 state uprising. Learning that the death sentence would be carried out soon, Aleksandrovski late after midnight on the night of December 25, awakened Moraht who immediately agreed to make a visit to President Antanas Smetona. Moraht explained that night to Smetona as well as to Prime Minister Augustinas Voldemaras who was also there that the executions of the Communists would worsen Lithuania's relations not only with the USSR but also with Germany, and Lithuania should not expect to receive any more support from them. Smetona and Voldemaras replied that nothing more could be done. The death sentence had to be carried out because of internal political reasons.<sup>20</sup>

Although this endeavor was not successful, it, nevertheless, drew the Soviet and German diplomats together even more.

Germany actively supported the efforts of the USSR to sign non-aggression and neutrality treaties with the Baltic states. They were intended to "put to sleep" the vigilance of the Baltic states, to show apparently that nothing was threatening them. Moreover, these treaties obligated them to remain neutral, i.e. in the event of an attack not to aid each other's defense, not to form a defensive bloc. This complied with the interests of the USSR and Germany.

Germany not only urged the Baltic states to sign the non-aggression treaties as soon as possible, but also offered suggestions on how to finish this more quickly.

Wanting to lure the Baltic states more fully with a non-aggression treaty, the USSR in early 1926 even agreed to begin talks on the formation of a treaty between the three Baltic states collectively and the USSR. Germany did not agree with this. Its envoy in Riga, Adolf Köster, explained to Chernykh on March 24, 1926 that after thoroughly studying the foreign policies of the Baltic states, he decided that a collective treaty should not be signed. It would be much better to make a treaty with only one and the others would follow the example. The first one should be Lithuania because it was the one most interested in having a treaty.<sup>21</sup> Köster had mentioned such ideas to the Soviet diplomats earlier. Chernykh in his March 21 report to the FMPC wrote: "Köster again urged the more rapid signing of a separate treaty with Lithuania. This would force Latvia and Estonia to do the same."<sup>22</sup>

The advice was heeded. The USSR and Lithuania Non-Aggression Treaty was signed secretly on September 14, 1926 in Kaunas and publicly on September 28 in Moscow. Of course, other factors, primarily the refusal of Latvia and Estonia to recognize Vilnius as part of Lithuania as the USSR had done, encouraged the formation of this isolated treaty. However, the suggestions of Germany were also a factor encouraging the Soviets and Lithuanians.

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The advice of Köster was also fulfilled by the signing of the USSR- Latvia Non-aggression Treaty. Köster invited to dinner the special Moscow envoy Aralov, who had traveled to Riga in October 1926 to hold talks on the treaty. During the dinner Köster pointed out to Aralov that it would probably be difficult to sign a treaty with the current rightist government of Latvia. It would be better if the Latvian government were changed, that a cabinet of leftist Social democrats, who would agree to sign a treaty on terms dictated by the USSR, come to power even for a brief period.<sup>23</sup>

Soon afterwards not without the influence of Soviet and German diplomats, such a change in the Latvian government occurred.<sup>24</sup> On December 19, 1926 a Social-democratic government came to power and initialed the non-aggression pact with the USSR on March 9, 1927.

Many Western states, especially England and France, considered the non-aggression treaties between the USSR and the Baltic states in a very unfavorable manner. The treaty, signed by Lithuania, which was even called a “political bomb,” exploding the unity of the Baltic states and ruining their cooperation, raised particular anger.<sup>25</sup>

Germany, on the other hand, was very pleased with this “bomb.” German Foreign Minister Stresemann already at a meeting on September 28 with USSR envoy in Berlin Nikolai Krestinski said that the treaty was useful.<sup>26</sup> On October 16 the head of the Eastern Department of the German Foreign Ministry E. Wallroth met Lithuanian envoy to Berlin Sidzikauskas and discussed the treaty directly. Wallroth repeated several times that the German government viewed the signing of the treaty with great sympathy. Moreover, he pointed out that the political direction marked out in the agreement between the USSR and Lithuania created a new situation that was totally in agreement with the political goals of Germany.<sup>27</sup>

The USSR was very pleased with such support from Germany. On October 16, 1926 a FMPC note to Aleksandrovski stated: “All the Germans without exceptions agree with, and some of them are even jubilant over our treaty with Lithuania.”<sup>28</sup> In one of his reports from Riga Chernykh wrote: “On learning about the signing of the treaty, German envoy Köster was very happy. After inviting me to his office, he praised me at length “for breaking through the Baltic front” and even invited all the personnel of our embassy “to celebrate the Lithuanian victory.”<sup>29</sup>

The favorable reaction of Germany toward the USSR-Lithuania treaty was so strong that Lithuanian politicians suddenly proposed that a similar treaty be offered to Germany. They knew that Germany and the USSR coordinated their policies in the Baltic states and did not take any important steps without the agreement of the other. Thus, Lithuanian politicians asked the USSR to urge Germany to accept their offer. On October 22 Sidzikauskas appealed to Krestinski and asked him to urge Germany to make a political pact with Lithuania. The Soviet diplomat agreed with the suggestion and promised to talk about it with Stresemann.<sup>30</sup>

Nevertheless, Germany did not decide to sign a political treaty with Lithuania at that time. She was afraid of the unfavorable reaction of the West, especially France.

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On November 22 German state secretary von Schubert told the Lithuanian envoy openly: as long as France holds the left bank of the Rhine and the Saar coal basin under occupation Germany has to be very careful in its foreign policies and a non-aggression pact with Lithuania would only make her situation with the West more difficult. Von Schubert suggested making an arbitration and conciliation treaty in the preamble of which the friendly relations of the states would be stressed.<sup>31</sup>

Moreover, it was indirectly made clear that Germany would prefer to sign a trade treaty with Lithuania. The USSR actively supported the negotiations for such a treaty. One of the instructions from Moscow sent to the USSR envoy in Kaunas stressed: "The signing of a trade treaty between Germany and Lithuania would be a positive factor. Therefore one should urge Moraht and Lithuanian Prime Minister Voldemaras to sign such a treaty."<sup>32</sup> It was signed on October 30, 1928.

Therefore in their relations with Lithuania, the USSR and Germany apparently shared functions. The first signed a political treaty and the second an economic treaty. In coordinating their interests, both large neighbors considered their capabilities. Because of financial difficulties, the USSR was not able to purchase a greater quantity of Lithuanian agricultural products, but Germany could. The USSR supported this activity because it did not want Lithuania to be economically tied with Poland and Western states. Member of the FMPC Boris Stomoniakov, who directly headed policies toward the Baltic states, in a February 1, 1928 instruction to the USSR envoy in Kaunas Aleksander Arosev wrote: We welcome the closer economic relations between Germany and Lithuania because we ourselves are not capable of opposing Polish economic expansion in Lithuania.<sup>33</sup>

By drawing Lithuania to their side politically and economically, the USSR and Germany weakened the unity of the Baltic states. They did not create a firm union. The Baltic Entente of 1934 was only a formal association without a defense treaty or an economic treaty. The dispute between Poland and Lithuania hindered the formation of a strong Baltic union.

### **Moderating the Conflict of Poland and Lithuania**

In October 1920 Poland captured Lithuania's capital, Vilnius, and annexed it. A fierce conflict arose between the two states. Because this conflict made the formation of a union between the Baltic states and Poland practically impossible, Germany and especially the USSR were interested in preserving it. They tried to maintain or even to stir up the conflict. On June 25, 1926 German envoy to Lithuania Schrötter asserted to his colleague from Moscow Aleksandrovski that he would support any activity that would hinder closer ties between Poland and Lithuania. This was the only possible policy for Germany.

Having been injured by Polish aggression, Lithuania sought the support of Germany and the USSR. In the treaties of 1920 and 1926 the USSR recognized Vilnius as belonging to Lithuania. Germany agreed with this. But such primarily moral support was not sufficient for Lithuania. It asked Germany and the USSR to sign secret treaties that would commit them to defend Lithuania from a possible new Polish attack and to promise to help regain Vilnius. The USSR and Germany coordinated their positions on this question. Already at the end of 1923 German

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envoy to Lithuania Olschauzen traveled to Moscow where he inquired whether it was worth making a commitment to Lithuania.<sup>34</sup> Both large states decided that it was not worth making. They wanted to keep their hands free. Only after a military conflict arose, would they decide whether or not to help Lithuania and determine to what degree and in what way.

Both the USSR and Germany feared that they might be drawn into war at an inappropriate time when they were not yet sufficiently prepared. Although maintaining and encouraging the Polish-Lithuanian conflict, both great neighbors also took care that it would not become a war. In a word, they wanted to maintain the conflict at a certain temperature, not too high and not too low, as if measured by a barometer or thermometer.

The conflict was encouraged until the end of 1926, but extinguished in 1927 and 1928. After the December 17, 1926 uprising in Lithuania, its government, especially Foreign Affairs Minister and Premier Voldemaras, began to demand more fiercely the return of Vilnius. Poland also became more categorical. The threat arose that it could take over Lithuania in a sudden attack and settle the dispute in a military manner. Neither the USSR nor Germany wanted such a solution.

Acting on this question on the initiatives of France, England and in part Italy, the League of Nations tried to moderate the growing conflict between Poland and Lithuania. The USSR became very nervous about this because it did not belong to the League of Nations and thus could be eliminated from the adjustment of the Polish-Lithuanian conflict which it considered so important. Germany was less worried because she was a permanent member of the League of Nations and could defend her interests there. England and France wanted to draw the Germans into the activities of the League of Nations to a greater degree in order to keep it more distant from the USSR. Germany tried to maintain a balance between the Western states and the USSR. Nevertheless, its views on the dispute between Lithuania and Poland were similar to those of the USSR. Germany wanted the dispute to continue, but the Western states wanted to settle it.

Under such circumstances the USSR attempted to increase diplomatic cooperation with Germany. In January 1927 the FMPC board decided to appeal to Germany and offered these very clearly principles of political coordination:

Germany and the USSR admit that they are both politically interested in preserving an independent Lithuania;

Germany and the USSR coordinate all their policies in regard to Lithuania and carry them out by joint efforts;

Both countries do not oppose moderating some of the urgent questions in the dispute between Poland and Lithuania on the condition that this did not directly or indirectly violate the sovereignty of Lithuania;

Germany and the USSR coordinate negotiations with Lithuania on trade treaties and sign them in order to strengthen Lithuania's economic independence from Poland.<sup>35</sup>

The USSR envoy in Berlin Krestinski discussed this plan already in January 1927 in conversations with Stresemann and Schubert. Deputy Foreign Affairs Commissar Maksim Litvinov also discussed it with the German envoy in Moscow

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Count Ulrich von Brockdorff-Rantzau.<sup>36</sup> Germany in essence agreed with the principles proposed by the USSR. She mentioned her readiness publicly to direct the attention of England, France, and the League of Nations to the possible danger to Lithuania from the threat of Polish aggression and to grant Lithuania a loan. Both states decided to urge and oversee the negotiations between Poland and Lithuania on transporting timber on the Nemunas River.

Germany, however, agreed to support Lithuania only if she would make some concessions to the Germans in the Klaipėda region and stop demanding the recall of the German consul who according to Lithuanian sources interfered in local matters and directed almost all the activities of the Klaipėda parliament.

The USSR demanded that Lithuania accept the German conditions. On February 5, 1927 Stomoniakov in his directions to Aleksandrovski stressed: "It is essential once again to urge Voldemaras in the most firm manner to accept the German wishes and not to demand the recall of its consul from Klaipėda."<sup>37</sup> In a note of February 12, Stomoniakov once again instructed Aleksandrovski to urge Voldemaras not to inflame the relations with Germany because this could disrupt the joint activity of the USSR and Germany to support Lithuania.<sup>38</sup>

The envoys of the USSR and Germany to Lithuania Aleksandrovski and Moraht actively carried out the instruction immediately. They discussed the matter on February 19, 20, 26, and subsequently, most often over dinner. In his diary Aleksandrovski called the meeting with Moraht on February 20 "the cooperation of the USSR and Germany in Lithuania."<sup>39</sup>

The increased conflict between Lithuania and Poland at the end of 1927 was a serious test for the cooperation of the USSR and Germany. At that time Poland in almost an ultimatum tone threatening war demanded that Lithuania announce that there was no state of war with Poland. Voldemaras, however, did not want to do this for a long time, explaining that the renunciation of the state of war could be understood as a renunciation of Vilnius.

The just mentioned demand by Poland was in practical terms supported by the League of Nations which decided to settle the Lithuanian-Polish conflict quickly at the session in December. This was very inconvenient for the USSR because the League of Nations would win the laurels for bringing peace between Lithuania and Poland. In a talk with Stresemann on December 4, Litvinov declared that these laurels had to be won not by the League, but by the USSR and Germany.<sup>40</sup> In a word, the USSR wanted to continue settling the Lithuanian-Polish dispute by itself, assisted by Germany. Therefore, the USSR urgently suggested that Germany make a diplomatic demarche to Voldemaras, i.e. demand that Lithuania announce before the session of the League of Nations Council that it no longer considers itself to be in a state of war with Poland.

Germany, however, succeeded in avoiding such a demarche (the USSR had to do it unilaterally). At that time it apparently wanted to demonstrate that it had its own position, as a member of the League of Nations.

In fact, during the League of Nations Council session Stresemann promised Litvinov to pursue a joint policy on the "Lithuanian question,"<sup>41</sup> but complete

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harmony was not achieved. This is analyzed in the mentioned article by Pagel<sup>42</sup> and clearly reflected in published documents.<sup>43</sup>

The Council of the League of Nations on December 10, 1927 declared that the state of war between Poland and Lithuania was abolished and recommended that the two states begin negotiations. The negotiations were to begin in January 1928. But Lithuania did not join the negotiations believing that they would be used to force her to accept the loss of Vilnius. The threat arose that the League of Nations would again discuss the conflict, adopt a strict resolution on the matter, which would either force Lithuania to make peace with Poland or allow Poland to settle matters with Lithuania as it wished.

Neither resolution was acceptable. The diplomats of the USSR and Germany wanted the conflict to continue, but not turn into a war. They, therefore, urged Lithuania to begin negotiations on technical questions (mail and telegraph services, border communications, and shipping timber on the Nemunas River).

Soviet and German diplomats discussed how to jointly convince Voldemaras who was arriving in Berlin on January 25, 1928 for negotiations. USSR envoy Krestinski discussed the matter with Schubert on January 21, and three days later also joined by Stresemann.<sup>44</sup> In the talks it was stated that the positions of the USSR and Germany were in complete agreement - Voldemaras had to begin negotiations. By supporting each other's positions, the countries would force Voldemaras to negotiate. Stresemann said that he would talk with Voldemaras on January 25 and if he had to settle any other details would telephone Krestinski. Krestinski announced that he would meet Voldemaras three times and on January 28 would arrange a dinner in his honor during which he would present in detail the position coordinated with Germany.

The Soviet and German diplomats to Lithuania also pressured Voldemaras jointly, informing each other in detail about their talks with him. On February 18, 1928 Moraht informed Arosev that Voldemaras had told him that there would not be any negotiations with Poland before April. For until that time the roads were in such poor condition that Poland could not start a war with Lithuania. Moraht stressed that this position was "extraordinarily dangerous." The Council of the League of Nations at its March session could accuse Lithuania of thwarting the negotiations and punish her severely. Arosev agreed with this view. He declared: "We concur with this German view and are happy that we are trying to influence Voldemaras in the same direction."<sup>45</sup>

Urged by the USSR and Germany, Lithuania began negotiations with Poland on March 30. But they proceeded sluggishly. The Western states then began to demand in a strict manner that Lithuania be more compliant and threatened to take more resolute measures against her at the September session of the Council of the League of Nations. By appealing to it officially, they also tried to convince Germany to pressure Voldemaras. The USSR in response tried to keep Germany from joining this policy and to act together with her.

How was this reflected in the activities of diplomats accredited in Lithuania?

In the beginning of July 1928 the representatives of France, England, and Italy Hebert, Parrish, and Giovanni Amadori received orders from their governments to

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demand in a joint demarche that Voldemaras be more compliant. An attempt was also made to include the German envoy Moraht in the joint demarche. But he refused and informed Soviet envoy Simon Rabinovich about this. The two held a comprehensive discussion on July 14. Rabinovich urged Moraht “not to join the joint demarche in any way,”<sup>46</sup> but to act jointly with him. Moraht agreed, but also noted that on July 16 he would have to go to a joint meeting with Hebert, Parrish, and Amadori. Rabinovich did not object, but suggested in detail to Moraht how he should act during the meeting. He should maintain a passive manner. He should not be the first one to speak - let the others express their opinions, let them say what instructions they had. Hebert would probably be the first one to talk because as a Frenchman he is impatient.

Moraht replied that he would of course comply with the advice. He would not reveal his intentions, but only learn the plans of the Western diplomats.<sup>47</sup>

The meeting on July 16 occurred just as Rabinovich had predicted. Hebert was the first one to speak and attacked Lithuania with fierce accusations. Moraht did not defend Lithuania, but pointed out that Poland was also not a saint. Amadori agreed with him to some degree. The British representative Parrish suggested that Voldemaras be given a “joint memorandum.” Moraht firmly rejected this proposal. He noted that he would never sign it and in general would not join the joint demarche. He did not say anything about his actions, but learned when and how the others would talk with Voldemaras.

Moraht informed Rabinovich about this in detail on July 19.<sup>48</sup> On that occasion as well as during the mentioned July 14 meeting they agreed on when, how, and what to say to Voldemaras and other Lithuanian diplomats.

Moraht and Rabinovich agreed to tell them the following:

The League of Nations Council session in September can be a danger to Lithuania unless it becomes more compliant.

In that session Germany will not be able to defend Lithuania unless it settles at least several technical questions with Poland.

Voldemaras should not think in the event of an armed conflict between Lithuania and Poland that Germany and the USSR would immediately, without considering circumstances, defend Lithuania. His hopes that 40-50,000 volunteers from Germany would arrive to defend Lithuania are without any foundation. In the best circumstances only 20-30 individuals might come.

Moraht was extraordinarily open in these talks. He showed most secret diplomatic documents to Rabinovich. On July 14 he read him Schubert’s letter about the secret intentions of France to allow Poland to take over Lithuania in a sudden attack. On July 19 Moraht read to Rabinovich the text of the telegram he was about to send to Berlin and even asked if he should include anything else in it.<sup>49</sup>

The diplomatic cooperation between Germany and the USSR was particularly intense in the summer of 1928. It was not limited to the usual diplomatic channels. In the middle of July FMPC board member Stomoniakov, who was practically in charge of policies toward the Baltic states, traveled to Berlin with a special mission. He held talks with Schubert and Krestinski on how to force Lithuania to be more compliant

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and how, in general, to increase the level of diplomatic cooperation between the USSR and Germany.<sup>50</sup>

In general, this cooperation was successful. The League of Nations did not settle the Lithuanian-Polish conflict. On the other hand, the conflict also did not turn into a war, which at that time neither the USSR nor Germany desired.

On September 19, 1929 Voldemaras resigned. The Lithuanian-Polish conflict slackened, weakened. The USSR and Germany quickly changed their policies accordingly. They no longer tried to moderate the conflict, but once again tried to preserve it and ensure that it would not disappear.

In fact, from the beginning of the 1930s Soviet and German diplomatic cooperation on the question of the Lithuanian-Polish conflict began to weaken and almost disappeared. Three factors influenced this. First, Lithuania's quarrel with Germany over Klaipėda grew stronger and the latter no longer wanted to support Lithuania against Poland. Second, in 1933 with the coming to power of Adolf Hitler, the relations between the USSR and Germany worsened. Third, Germany began to have closer relations with Poland. On January 26, 1934 they signed a non-aggression declaration. Subsequently, Lithuania had little hope of receiving German support against Poland.

Germany gradually began to coordinate its position in the Lithuanian-Polish conflict not with the USSR, but with Poland. In 1939 at almost the same time as the Austrian *Anschluss* occurred, Poland submitted to Lithuania an ultimatum demanding the unconditional reinstatement of diplomatic relations. Poland threatened war and intended to take over Lithuania. Actually, not all of Lithuania, for it had foreseen leaving the Klaipėda region to Germany.

The USSR made only loud declarations, but was not planning to defend Lithuania. Lithuania was forced to accept the ultimatum and reinstate diplomatic relations with Poland.

### **The Klaipėda Problem**

In the period between the wars Germany and the USSR had a quite similar view toward the Klaipėda problem. Both of them accepted the union of Klaipėda to Lithuania in 1923, for they were glad that their rivals, the French, were expelled from there. However, they did not want to recognize Klaipėda as part of Lithuania juridically on an international scale. Germany intended to take it back when the opportunity arose. The USSR tried to take the German position into consideration on this question. This was shown by the USSR-Lithuanian negotiations on a non-aggression treaty. Lithuania demanded that in it the USSR should recognize that Klaipėda belonged to Lithuania. On April 27, 1926 Litvinov openly told Lithuanian envoy Jurgis Baltrušaitis: The recognition of Klaipėda to Lithuania in the non-aggression treaty would injure our relations with Germany, and we can not have such a quarrel.<sup>51</sup> And indeed it did not have a quarrel, but asked Germany's opinion and together coordinated for a long time "the Klaipėda formula." For example, the USSR envoy in Berlin held talks with Stresemann on May 12, 1926, and subsequently several times with Schubert.<sup>52</sup> They both stressed that Germany can not recognize its eastern borders because it will attempt to change them in the future. Germany

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demanded that the non-aggression treaty state that the USSR would recognize any future Germany-Lithuania agreement on Klaipėda.

Lithuania could not accept any of the formulations (several were suggested) coordinated by the USSR and Germany. For, all of them raised doubts about Lithuania's sovereignty in the Klaipėda region or even directly stated that a new agreement with Germany was needed. Thus, nothing was said about Klaipėda in the 1926 USSR-Lithuania Non-Aggression Treaty.

At the end of the 1920s - beginning of the 1930s the disagreements between Lithuania and Germany over Klaipėda became fiercer. Lithuanian sovereignty there was greatly limited. Lithuania only appointed the governor while the parliament and directorate were in the hands of German organizations. Germany supported these organizations. Its consul interfered in the administration of the area. Separatist feelings which the Lithuanian authorities tried to suppress, sometimes even violating the Klaipėda Convention, grew stronger in Klaipėda. The USSR tried to mitigate the German-Lithuanian disagreements over Klaipėda. They feared that Lithuania if it had a conflict with Germany might form closer ties with Poland. The USSR almost constantly urged Lithuania to make concessions to Germans in Klaipėda and, in general, to avoid any disputes with Germany. The USSR, in turn, frequently tried to convince Germany to decrease the pressure on Lithuania because this could force her "into Poland's embrace."

The diplomatic cooperation of the USSR and Germany on the Klaipėda question was also intense. Here is one little example. In 1932 Moraht was totally unable to come to an agreement with Lithuanian Foreign Minister Dovas Zaunius on Klaipėda matters. At that time USSR envoy to Kaunas Mikhail Karski advised Moraht to appeal directly to Prime Minister Juozas Tūbelis and even organized a special meeting for them.<sup>53</sup> The relations of Moraht and Karski were so close that the latter even found it necessary to warn Moscow: "It would not be desirable that Berlin learn to what degree Moraht is giving information. We read coded originals."<sup>54</sup>

The USSR did not stop urging Lithuania to be more lenient to Germany even after Hitler came to power. On November 9, 1934 Karski received instructions from Moscow that he should advise President Smetona and Prime Minister Tūbelis to follow a more careful and more pro-German policy in Klaipėda. Baltrušaitis received exactly the same recommendation from Stomoniakov on November 19, 1935.<sup>55</sup> On November 18 Karski urged Smetona to pursue a more moderate political course in Klaipėda.<sup>56</sup> On March 11 of that year Moscow urged Lithuania in a special demarche to impose less severe penalties for anti-state acts on fascists in the Klaipėda region.<sup>57</sup>

In the fateful year of 1939 the USSR advised Lithuania to hand over Klaipėda to Germany without any resistance. Soviet envoy to Lithuania N. Pozdniakov told a Lithuanian political figure: "Give up Klaipėda now. There will come a time when we will return it to you and even add Königsberg."<sup>58</sup>

## Brief Conclusions

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The diplomatic cooperation of the USSR and Germany in the Baltic states was more than the usual diplomatic contacts during which opinions were exchanged and current international events discussed. This was a specific policy of both countries. It hindered the Baltic countries from forming a union, strengthening security. They were kept as insecure and prepared for division in 1939. There is no direct link between this division and the discussed cooperation. But there is an indirect one. The possibility of division was discussed at an earlier time. Already in 1925-1926 USSR diplomats formed a “general” plan for dividing the Baltic states. It was foreseen that Latvia and Estonia would be given to the USSR, the Klaipėda region to Germany, and the rest of Lithuania to Poland.<sup>59</sup>

Due to the coordinated intense pressure of the USSR and Germany the policies of the Baltic states, especially Lithuania, became inconsistent, contradictory, Her conflict with Poland and the disagreements with Germany over Klaipėda remained.

*Translated by Saulius Girnius*

## ARTICLES

### *Lithuania and its Belarusian policy*

**Algirdas Gričius**

#### **Introduction**

The Soviet empire, created in December 1922, existed for 69 years. It disintegrated in 1991, also in December, when the then leaders of Russia, Ukraine, and Belarus Boris Yeltsin, Leonid Kravchuk, and Stanislav Shushkevich, met in Belovezhskaya pushcha, Belarus, and decided to create in place of the USSR the Commonwealth of Independent States (CIS). Although the cooperation between the democratic movements in Lithuania and Belarus (the Restructuring Movement “Sąjūdis” and the People’s Front, respectively) had already been started in the “perestroika” period of Mikhail Gorbachev, real interstate relations began to develop only after the unsuccessful putsch in Moscow in August, 1991 and the two countries recognized each other’s independence in December of the same year. Diplomatic relations between Lithuania and Belarus were started in December 1992.

In the period between the unsuccessful Moscow putsch and the disintegration of the USSR, at the end of 1991 the so-called “sovereignty parade” of former republics of the Soviet Union took place (The Baltic states had already declared the restoration of their statehood in 1990). At that time it was difficult to predict what path the other (non-Baltic) former Soviet republics would take to establish their sovereignty. It is even now not easy to answer this question. This is primarily tied with the uncertainty about the future development of the CIS. Whether this commonwealth will be used as a mechanism for civilized divorce (the interpretation of most Ukrainian politicians) or as a new manner for integrating half sovereign states (the understanding of the Belarus political elite) will depend to a great extent not only on the former Soviet republics that declared their sovereignty but also on the aims and priorities of the internal and foreign policy of the Russian Federation.

Belarus, one of the four republics which formed the basis for the Soviet Union in 1922, clearly now supports the restoration of strong federal ties with Russia and the creation of a new Slavic state entity, which Ukraine should also join.<sup>1</sup> This current attitude of the leaders of Belarus (it is now supported by the majority of the inhabitants of Belarus) can in great part be explained by the complicated economic situation in the state. Belarus, as also many of the other former republics of the Soviet Union after its disintegration, was confronted with economic problems which it was unable, and most likely, did not want to resolve by using market economy principles to implement economic reforms. All this allowed a deputy of the Belarusian Supreme Soviet, a little known former collective farm chairman, Aleksander Lukashenko, cleverly using populist promises, to win the elections for president and begin to implement policies of restricting democracy and promoting the return to a planned economy from which Belarus had not departed too far.<sup>2</sup>

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<sup>1</sup> Kathleen J. Mihalisko, “Belarus: retreat to authoritarianism”. In: *Democratic changes and authoritarian reactions in Russia, Ukraine, Belarus and Moldova*, Cambridge: University Press, 1997.pp. 223-281.

<sup>2</sup> Ibid.



After reestablishing its statehood, Lithuania began to implement policies for creating a free market and strengthening democracy. She fortified this decision by adopting a new Constitution in a referendum at the end of 1992. During the referendum the voters also approved a Constitutional Act that prohibited the Republic of Lithuania from joining any future interstate structures which would be created on the basis of the former USSR.<sup>3</sup> In the field of internal affairs, despite the considerable difficulties in restoring the rights of citizens to their former property, which had been nationalized when the Soviet Union occupied Lithuania, and the social tensions which arose when privatizing state property and implementing economic restructuring, Lithuania has not given up its chosen path, but tries to accelerate it. The foreign policy priorities of Lithuania are integration as quickly as possible into Western and trans-Atlantic political, economic, and security structures, including membership in the European Union and NATO. Among other foreign policy priorities one can also mention maintaining good, friendly relations with all neighboring states. Thus, despite all the complicated and different attitudes to many international problems, the relations between Lithuania and Belarus, hold an important position in Lithuania's foreign policy. In an exclusive interview with the author of this article, the President of the Republic of Lithuania Valdas Adamkus said that the different political orientation of the states must not affect neighborly relations. "It looks that this principle is more and more taking root in our cooperation with Russia and Belarus", he added.<sup>4</sup> The importance of these relations is determined not only by the political and economic interests of the two countries but also by questions of the security of Lithuania and the entire Baltic region.

### **The Historical Heritage of the 20th Century and Its Influence on the Internal and Foreign Policies of the States in Central and Eastern Europe**

Twentieth century European history with its complicated political changes and numerous losses of human lives and material goods left deep marks in the consciousness of its inhabitants. These are particularly distinct in Central and Eastern Europe. After the end of the Cold War and the collapse of the Soviet Union, most of the countries and nations that had been in its structure tried to understand and evaluate their recent past and to find their place in the Europe of the 21st century. The Baltic States, including Lithuania, have a clear understanding of the Molotov-Ribbentrop Pact and its secret protocols, that led to their forced incorporation into the Soviet Union, which the partisan movement in Lithuania opposed with arms for more than five years after World War II.<sup>5</sup> Most current political figures and the majority of

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<sup>3</sup> *Constitution of the Republic of Lithuania, 1992*, Vilnius: Publishing House of the Seimas, 1993, p. 133.

<sup>4</sup> In the interview on March 15, 1999, answering the question: "What policy should the European Union, the USA, and other Western countries pursue in striving to integrate Belarus into the community of European countries?", Adamkus replied: "Lithuania welcomes positive changes in the dialogue between Belarus and Western countries. We view them as part of our own work. Lithuania has supported in every possible way a dialogue with Belarus and worked to open up all possible channels for contacts and cooperation. Our efforts have been supported by Western countries which also favor resuming and maintaining the dialogue with Belarus. Undoubtedly further relations between Belarus and the West will depend to a large extent on developments in Belarus. I am sure, however, that Western countries should maintain the dialogue with Belarus, rather than isolate it".

<sup>5</sup> Misiūnas, Romuald J. and Taagepera, Rein. 1983. *The Baltic States: Years of Dependence 1940-1980*, University of California Press Berkeley and Los Angeles, translated edition 1992, *Baltijos valstybės: priklausomybės metai 1940-1980*, Vilnius: "Mintis", pp. 92-103.

the citizens in Lithuania as well as a large part of the emigration (more than 500,000), including postwar refugees, who primarily moved to the USA, Western Europe, and Australia view the period between the wars (1918-1940) as the period of the successful creation of an independent and democratic state.

On the other hand, both the current political elite and the majority of ordinary citizens in Belarus have in many respects a totally different understanding and evaluation of the former Soviet Union and World War II as well as their consequences for Central and Eastern Europe. The majority of the people in Belarus primarily view their almost 70 year history in the totalitarian Soviet state, disregarding all the Stalinist repression and cruelties, as the period of building socialism, of fighting fascism, and of the constant, even if meager, social guarantees given by the system of a planned economy and party nomenclature rule. Such a perception makes it more difficult to form and develop the principles of democracy in the state, and even more to make the transition from a planned to a market economy. The fact that the Belarusian population during the Soviet period never developed a sufficiently strong sense of national identity also has considerable influence on forming such a perception.<sup>6</sup>

In spite of the repeated assertions by state officials about the multidirectional and balanced character of the foreign policy of Belarus, it has a clearly defined Eastern orientation. One should note that the orientation to the East, or more accurately to Russia, arose even before Aleksander Lukashenko became the President of Belarus. In practical terms it had never been directed in a different direction. Stephen R. Burant in his article *Foreign Policy and National Identity: A Comparison of Ukraine and Belarus* declares: “Belarusian political elites have demonstrated little willingness to try to establish a European, or Central European, identity for their country to distance it from Russia.”<sup>7</sup> This opinion is supported by the point of view on Belarusian-Russian relations expressed already in 1994 by former Belarusian Prime Minister Viacheslav Kebich. In a speech at the Belarusian parliament he said that Belarusian-Russian relations were the basic foreign policy priority of Minsk, “owing to the community of Belarusian-Russian culture, the identical interests of two fraternal peoples.”<sup>8</sup> One can assert that all the leaders of Belarus from Shushkevich to Lukashenko pursued the policies of closer relations with Russia and broader integration in the Commonwealth of Independent States. One can consider President Lukashenko as only a more active supporter of this policy and of deeper integration into Russia.

Despite different priorities and orientations in internal and foreign policies, Lithuania maintains quite active bilateral relations with its eastern neighbor. Explaining the necessity for maintaining active bilateral relations with Belarus, President Adamkus in an interview with the author of this article said: “The different orientation of states should not have a negative impact on neighborly relations... We exchange views with our neighbors about our integration into Western security and economic structures, emphasizing at the same time that this process is not an obstacle on the path to further cooperation. On the contrary, new possibilities arise, for example, to implement joint cross-border projects by using funds from the European Union. Apart from problematic issues, Lithuania shares a considerable number of tasks with Belarus: demarcation of the border, improvement of the capacity of border crossing posts and

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<sup>6</sup> Stephen R. Burant, “Foreign Policy and National Identity: A Comparison of Ukraine and Belarus”, *Europe-Asia Studies*, Vol.47, No. 7 (1995): 1132-33.

<sup>7</sup> *Ibid.*, p. 1133.

<sup>8</sup> *Ibid.*, p. 1136.

border control, implementation of joint projects in energy and transport sectors.” Cultural relations may be also enlivened by the establishment of the Francisco Skorina Fund which has been initiated by both Presidents.

### Questions of Economic Cooperation

In spite of the substantial efforts by the state to change their direction, Lithuania’s economic relations with foreign countries still remain to a great extent, especially in matters of trade, tied to the East, i.e. to Russia and other CIS countries. According to preliminary statistics for 1998, trade relations with them exceeded 30 percent, of which 65 percent was with Russia, i.e. about 20 percent of Lithuania’s total foreign trade. At the beginning of 1999, according to preliminary data, trade with Russia decreased to 17-18 percent. Although the levels of trade with Western countries, especially the European Union, increase each year (according to preliminary statistics for 1998 they comprised 42 percent of total foreign trade), the huge trade deficit, nevertheless, creates considerable worries for the Lithuanian government. In the area of investments, the amount of capital from Western countries exceeds by many times the investments from CIS countries. According to preliminary statistics for 1998, foreign direct investments in Lithuania reached 1,600 million USD, or 432 USD per capita.<sup>9</sup>

Recent statistics about the Belarusian economy and its relations with other countries are quite scant, and often not very reliable.<sup>10</sup> In the opinion of the World Bank after 1996 the foreign trade deficit of Belarus had grown considerably and its trade with non-CIS states was quite small.<sup>11</sup> The process of privatization has slowed down significantly in recent times. Similar results are also given in the report of the International Monetary Fund.<sup>12</sup> It declares that in 1996 barter trade became dominant with many countries, especially with Russia. Per capita foreign investments in 1995-1996 reached only 4 USD.<sup>13</sup> According to unofficial statistics the volume of Belarus trade with CIS countries reached 80 percent.

Despite quite different orientations and priorities in foreign economic relations, Lithuanian-Belarusian foreign trade developed quite dynamically and in 1997 exceeded 500 million USD. Lithuanian-Belarusian foreign trade in 1995-1998 is given in Table 1.<sup>14</sup> Belarus is in fourth place among foreign exporters (after Russia, Germany, and Latvia). In 1998 about 5 percent of Lithuania’s total foreign trade volume was with Belarus.

**Table 1.** Lithuanian-Belarusian Foreign trade (millions USD)

	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Total	424.16	450.26	532.6	462.7
Exports	291.03	342.03	396.6	328.6
Imports	133.13	108.23	136.0	134.1

<sup>9</sup> Department of Statistics to the Government of the Republic of Lithuania.

<sup>10</sup> *Belarus Monitor*, *НІСН Восток-Запад и АЦ Стратегія*, 1999, p.41.

<sup>11</sup> IBRD. World Bank, - *Country study: Belarus*, 1997, p. 15 and p. 39.

<sup>12</sup> IMF report: *Belarus - Recent Economic Developments*, November 1997, p. 50.

<sup>13</sup> *Ibid.*, p. 53.

<sup>14</sup> Department of Statistics to the Government of the Republic of Lithuania.

In 1997 10.3 percent of Lithuania's total exports went to Belarus (3rd place among trading countries) and 2.4 percent of imports (13th place) came from there. Lithuania's exports to Belarus were mostly products of chemical and allied industries, mineral fuels, mineral oils and products of their distillation, vehicles other than railway or tramway rolling stock, electrical machinery and equipment with parts. Belarusian exports to Lithuania comprised textiles and textile articles, products of the chemical and allied industries, mineral fuels, mineral oils and products of their distillation, bitumen products, and mineral waxes. One should note that these levels of trade were reached even though the states did not have a working free trade agreement. One should also mention the quite complicated way the two countries make settlements for electricity. Lithuania provides Belarus with about 25 percent of the electricity it consumes. The settlements for it are primarily not paid in hard currency, but in various goods about whose selection and price disagreements frequently arise. In March 1999 the Belarusian debt to Lithuania reached 100 million USD. Quarrels and Lithuania's threats to end providing electricity have begun. Knowing that Lithuania does not have the possibility without making new agreements and investments to deliver to other countries its excess electric energy, produced at the very powerful (2.6 MW) Ignalina Atomic Power Plant, Belarus does not hurry to resolve the problems of paying for the electricity.

One should note that the volume of Lithuania's trade with Belarus, especially in the last two years, is significantly higher than that of Latvia and Estonia. For example the volume of Belarusian trade with Lithuania in 1997 (329.7 million USD) was almost twice as large as the combined trade with Latvia and Estonia (167.9 million USD).<sup>15</sup> The difference becomes even greater when the costs of Lithuanian electric exports are added. This can be explained by the fact that Estonia and Latvia consider Belarus mainly as a transit country for their exports to Ukraine and Central European countries, while Lithuania also tries to expand bilateral trade, which is closely tied with the settlements for providing electricity to Belarus.

For Belarus the Baltic states, especially Lithuania and Latvia, are important not only as trade partners, but also probably even more as transit routes for trade with the West. Due to the low current trade levels with the West, this question today is not particularly urgent for Belarus, but in the future the shortest route to the only non-freezing seaport in the Baltic states, Klaipėda, can become quite urgent for Belarus if it decides to expand its trade ties with Western countries. At the current time about 10 percent of cargoes, handled in the Klaipėda port, are in one way or another connected with Belarus.<sup>16</sup> For several years Lithuania and Belarus have been conducting negotiations for a long-term agreement "On Providing Transport and Other Services for Shipping Cargoes through the Klaipėda State Sea Port". Belarus has suggested that the draft of this agreement be supplemented by the articles of the United Nations Convention on transit trade for internal continental states which provide for the free transit of cargoes through the territory of neighboring states which have access to sea waters.

On the other hand, Belarus is important for Lithuania as a transit state in its trade with the East, especially Russia and Ukraine. There are also numerous unresolved problems in this field. Belarus limits the issuance of free permits to Lithuanian shippers transporting cargo by trucks. Russian shippers traveling through Belarusian

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<sup>15</sup> *Baltijski kurs*, Osen/Zima 1998, (according to the data provided by the Ministry of Foreign Economical Relations of the Republic of Belarus), p. 12.

<sup>16</sup> *Ibid.*

territory to Lithuania make unlimited use of such permits. This limits the possibilities of Lithuanian shippers to compete with Russian shippers in transporting goods to Russia, Ukraine, and other CIS countries, as well as from them to Lithuania. A useful project for Belarus, Russia, and Lithuania to expand bilateral economic relations might be the functioning of the shuttle type train Mukran (Germany) - Klaipėda - Minsk - Moscow. The putting into practice of this project has been hindered by the difficulties that arise in coordinating transit tariffs and quotas. The projected beginning of the shuttle train route in 1998 was postponed until 1999.

A problem remaining in resolving transit questions is the capacity of the border crossing posts. From time to time long lines of cargo automobiles form at the border posts. In 1998 President Adamkus raised this question with the Belarus president in a telephone conversation (in March) and during the meeting in November at the Medininkai-Kamenyi Log border post.<sup>17</sup> The Lithuanian side at this time can inspect and pass 2,000 vehicles per day through the main transit trade post at Medininkai - Kamenyi Log, while the capabilities of the Belarusian side are several times smaller. As part of the TACIS Program, the European Union has granted Belarus 3 million ECU for the reconstruction of this border post. One might expect that the border crossing capacity from the Belarusian side would also be increased at other Lithuanian-Belarusian border crossing posts.

To summarize the problems of Lithuanian-Belarusian economic development and foreign economic relations, one can assert that both countries face large, although of a different nature, problems. While Lithuania is striving for a free market economy and hastens privatization by trying to attract more investments from Western states, Belarus in practical terms has stopped privatization, tries to preserve collective and state farms in agriculture, does not seek to restructure its industry or to attract foreign investments. The state subsidized inward oriented industry of Belarus limits the possibilities to expand export markets, and increases its dependence on Russia. All that, no doubt, creates additional problems for expanding further economic cooperation between Lithuania and Belarus.

### **Cooperation on Humanitarian and Democracy Developing Questions**

In spite of major economic difficulties and shortages as well as restrictions on democratic rights, the internal political situation in Belarus is sufficiently stable. This once again confirms the fact that the patience of many former Soviet Union nations and especially of the Belarusian nation is indeed very great. Numerous politicians from foreign countries and international organizations, including the Organization for Security and Cooperation in Europe (OSCE), and the European Union (EU), have expressed their opinions on the restrictions on the independent press, the questionable legitimacy of the current Supreme Soviet (parliament), and the limitations placed on the activities of opposition organizations. The scientific coordinator of the Belarus Analytical Center "Strategy", candidate in history Valerii Karbalevich in his article "Going into a Crisis" in the annual publication *Belarus Monitor: politicheskie i ekonomicheskie itogi goda* has provided a comprehensive analysis of the internal political situation and the foreign policy of Belarus.<sup>18</sup> The internal political and economic situation in Belarus, undoubtedly, influences its foreign policy and relations with neighboring countries, including Lithuania. Lithuania is interested in the

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<sup>17</sup> *Izvestiya*, 14. 11. 1998, p.3.

<sup>18</sup> *Belarus Monitor*, 1998, p.3.

political stability, the improvement of the economic situation, and the development of democracy in Belarus because this has a direct influence not only on Lithuania's security, but also on the general stability of the Baltic region. Without doubt, the citizens of every state and their legitimate authorities have the right to select the form and methods of ruling their state, to make decisions on how to solve internal political and economic questions, and to determine foreign policy priorities. Lithuanian political figures, including representatives at the highest level, however, have more than once declared that the problems of Belarus have to be decided according to the universally recognized principles of democracy and a legitimate state, strictly adhering to the principles of human rights and freedoms.

In an interview in the newspaper *Beloruskaya gazeta*, a former Lithuanian ambassador to Belarus, perhaps being too candid, said: "... we declare openly: Lithuania is interested that a civil society be formed more quickly in Belarus, that all the democratic forces be allowed to express themselves more freely, that all human rights and freedoms be guaranteed more firmly. We are interested in a democratic and stable Belarusian government which would carry out economic reorganizations<sup>19</sup>." In maintaining this view, Lithuania tries to maintain as broad as possible ties with Belarusian social organizations, science and education institutions, media representatives, and the Belarusian community in Lithuania. In recent times contacts between the universities and youth organizations of Lithuania and Belarus have become more active.

In December 1997 in Minsk the Lithuanian Ministry of Education and Science signed an agreement for cooperation in the field of education for 1998-1999. At the end of 1998 Vilnius University and the Belarus State University signed a broad bilateral treaty. It provides for the exchange of instructors, students, general projects for scientific research, cooperation between student organizations, etc. The International Relations and Political Science Institute (Vilnius University) established ties with the European Humanitarian University in Minsk. In the future seminars for instructors and students are planned once a month in Vilnius and Minsk. In them lecturers and known political figures from both countries would make speeches. OSCE Advisory and Monitoring Group Head Ambassador Hans-George Wieck promised to support the implementation of this project. The Council of Lithuanian Youth Organizations is planning a cooperation project with Belarusian youth organizations.

The Lithuanian government according to its financial possibilities supports the activities of the Belarus community (55,000 people) in Lithuania. The state radio in Lithuania transmits programs every day in the Belarusian language. The state television also has a weekly half-hour long program. Two newspapers are printed in the Belarusian language, one of which receives government support. There is Belarusian high school in Vilnius as well as Belarusian classes in a Russian school in Visaginas, and Sunday schools in Kaunas and Šiauliai. The Vilnius Pedagogical University has a department of Belarusian language, literature, and ethnology. In Belarus there are two Lithuanian schools that were constructed with Lithuanian funds. The Belarusian government maintains one of them, while the maintenance and service costs of the other are fully financed from the Lithuanian budget.

While discussing mass media, one should mention that some Belarusian newspapers are printed in Lithuania. The Belarusian president in a September 1997 interview with the Lithuanian daily *Respublika* responding to the question of when the opposition press in Belarus will be able to publish in their homeland answered: "... We are living

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<sup>19</sup> *Belorusskaya gazeta*, 1998. 05. 11, p. 14.

in Europe and everyone has the right to publish their newspapers where they want to". He added that if they found it cheaper to publish them in Lithuania, they could publish them there.<sup>20</sup> Of course, he "forgot" to mention the different price scales in Belarus for the press supporting and opposing the government.

At the beginning of this year another kind of problem arose which may introduce friction in Lithuanian-Belarusian relations. Former Lithuanian Minister of Communications and Information, Seimas deputy Rimantas Pleikys announced his intention to form the radio station "Baltic Waves" which would transmit programs to Belarus. One of the aims of this station would be to provide the inhabitants of Belarus with objective news information. Belarusian Ambassador to Lithuania Vladimir Garkun in commenting about the foreseen transmission of such programs declared them to be interference in the internal affairs of the sovereign Belarusian state. The idea of creating the radio station is supported by some influential Seimas deputies and one of the journalists' organizations backing the ruling Conservative Party - the Lithuanian Journalists' Association. However, members of the Seimas Foreign Affairs Committee after its meeting in February 1999 declared that the Lithuanian state does not support the "Baltic Waves" radio, the Seimas has nothing to do with it, and its creation is a private undertaking.<sup>21</sup> The Lithuanian Government has not officially expressed its opinion on the matter. In the area of expanding humanitarian relations, it has suggested that Belarusian state institutions make an agreement to transmit radio and television programs in the Lithuanian language (prepared in Belarus) over Belarusian radio and television on a parity basis. Analogous programs could be also transmitted in the Belarusian language over Lithuanian state radio and television. Since 1994 there have also been discussions with Belarusian representatives on the request by Lithuanian Catholics in Minsk to have Masses in the Lithuanian language in one of the churches in the city.

It is well known that the trust in political parties in post-communist states is not very high. But it is strangely paradoxical that the trust in political parties by the people of both Lithuania and Belarus, in spite of their state structures having different principles of formation and representation, is similar (7 and 5 percent, respectively).<sup>22,23</sup> The political organizations in the Lithuanian Seimas are parties that existed in the pre-war period or were established after the restoration of independence (except for the Democratic Labor Party, which was formed on the basis of a reformed Communist Party) and function as social-political institutions strengthening democracy. In Belarus the political parties and organizations in the Supreme Soviet (Communists, Agrarian, Liberal Democratic, Movement for Social Progress and Justice, and others) are not a real opposition to the authoritarian regime of Lukashenko and do not assist the creation of a democratic society in the state. The current low popularity among the Belarusian population of political organizations (both in opposition or having representatives in the parliament), and their leaders, allows President Lukashenko to maintain quite high rating in public opinion polls.

From time to time members of some parties in the Supreme Soviet, especially the Belarusian Communist Party, stage a protest or organize a picket in front of the Lithuanian Embassy in Minsk opposing the court proceedings in Lithuania against

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<sup>20</sup> *Respublika*, 1997. 09. 06, p. 6.

<sup>21</sup> *Atgimimas*, 1999. 02. 05., p. 11.

<sup>22</sup> *Lietuvos rytas*, 1999. 02. 27, p. 3.

<sup>23</sup> Manayev, O. *Nezavisimiye issledovaniya i obshestvenoye razvitiye: Beloruskii variant*, Analiticheskii Biuletten, No 3, (Oktiabr-Dekabr) 1998, p. 7.

former Lithuanian Communist Party activists Mykolas Burokevičius and Juozas Jarmalavičius, who are accused of trying by force to overthrow the legitimate state authorities and of active participation in the events of January 13, 1991. That day Soviet armed forces stationed in Lithuania seized the Radio and Television Building and the television tower in Vilnius. During the encounters with the unarmed defenders of the television tower 13 people were killed. The then leaders of the Lithuanian Communist Party (CPSU), including Burokevičius and Jarmalavičius, were active organizers and participants in these activities.

It is thus easy to understand why Lithuanian parties and political organizations do not maintain practically any ties with the Belarusian political parties in power. It is more difficult to understand why Lithuanian parties and political organizations do not maintain more active ties with the social political organizations (Belarus People's Front, United Citizens Party, Social-democratic "Gromada" of Belarus and others) in the Belarusian opposition. This may, perhaps, be explained by the splintering of the Belarusian opposition forces and the very low popularity of their leaders in the eyes of the public<sup>24</sup> as well as the neutral position of most Lithuanian political party leaders to the political processes in Belarus.

As examples of the efforts to enliven these relations, one can mention the visit to Lithuania by a group of former Belarusian Supreme Soviet deputies, headed by Stanislav Bogdankevich, who met with the leaders of the Seimas in early 1998, and the participation of two Lithuanian Seimas deputies, members of the Conservative Party, at the Belarusian Democratic Forces Congress in Minsk in January 1999. In both cases the Belarusian Ambassador in Lithuania in meetings with high officials of the Lithuanian Foreign Ministry expressed his country's displeasure with such political contacts, declaring that they do not help develop friendly relations between the states.<sup>25</sup> In Lithuania, in turn, government and non-government institutions are concerned with the restrictions of democracy in Belarus and support the declarations of the European Union, the Organization for Security and Cooperation in Europe, and the European Council that the results of the referendum on November 24, 1996 are not legitimate. Thus, Lithuanian political parties and organizations ought to maintain contacts and cooperate more actively with related political organizations and thus assist the development of democracy in Belarus.

### **Lithuanian-Belarusian Bilateral Relations and Their Influence on the Security of the Baltic Region**

In discussing official interstate relations between Lithuania and Belarus, which began less than 10 years ago, one should note that they were never strained or full of conflicts. This is probably in part due to the moderate policies toward Belarus of former Lithuanian President Algirdas Brazauskas (1993-1998). It appears that current President Adamkus also maintains a similar policy. One of the most important events in Lithuanian-Belarusian relations was the 1995 visit to Lithuania by Belarusian President Lukashenko during which a good neighbor and cooperation treaty as well as a treaty marking the state borders were signed. In 1993-1997 Lithuania and Belarus also signed agreements on international cargo transport by trucks, pension guarantees, simplified border crossing for residents of the border area and others. One of the most urgent questions for Lithuania is the signing of a readmission treaty with Belarus.

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<sup>24</sup> *Navini*, 1998. 12. 30, p. 4.

<sup>25</sup> *Belorusskaya delovaya gazeta*, 1998. 03. 05., p. 2.



After long negotiations including even a further review of the draft treaty in 1998 after which at the request of Belarus the treaty was corrected so that it would go into effect only after ratification by the parliaments, Belarus continues to refuse to sign it. Belarus explains its inability to sign the agreement by noting its obligations to the Commonwealth of Independent States (CIS), which plans to prepare a single readmission policy for all the states belonging to the Commonwealth. The failure to sign the readmission treaty is but one example of how Moscow influences Belarusian foreign policy.

The Lithuanian National Security Statute mentions among the risk factors which can influence the country's security: obstacles for Lithuania to obtain international security guarantees, the stationing of armed forces of other states along the Lithuanian border, the military transit of foreign countries through Lithuania, illegal migration, etc.<sup>26</sup> Thus, the movement through Belarus to Lithuania of refugees, who seek asylum in the West, as well as the slow pace of completing the demarcation of the state border in the part assigned to Belarus, environmental protection questions in border areas, and especially the size of the Belarusian armed forces and the location of their stationing, are directly connected to questions of state security. The recent more active efforts of Belarus to speed up the process of integration, including military, with Russia raises considerable danger to the security and stability of Lithuania and the Baltic region. Polish political scientist Anthony Kaminski correctly observes that for the neighboring states the very existence of a union between Belarus and Russia is not as important as the circumstances in which it develops.<sup>27</sup> Lithuanian President Adamkus expressing his position on the integration of Belarus into Russia said that foreign policy orientation, the selection of allies and alliances was a matter of each state. But he added that such a choice must be based on a consensus within the society.<sup>28</sup> It means that Lithuania just like other countries, including Belarus, has the right to freely choose defense alliances. The frequent and unexpected changes in the Russian government, the poor health of President Yeltsin, the certain strain in the relations between Russia and Ukraine, and finally the prolonged financial-economic crisis can hardly assist the successful creation of a union of states. In addition one should note that it is not the democratic, but the conservative forces in Russia that most actively support the more rapid total integration of Russia and Belarus. Their leaders, such as Gennadii Zyuganov, Vladimir Zhirinovski, Albert Makashov, have more than once declared that Russia should seek the reestablishment of the CIS with the territorial borders of the former Soviet Union.

In its Declaration on State Sovereignty (in 1990) Belarus declared that it would seek the status of a neutral state not joining any blocs.<sup>29</sup> But this declaration was only of a strictly declaratory nature and Belarus never based its security policies on it. Although Belarus formally participates in the "Partnership for Peace Program," the

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<sup>26</sup> Gricius A. "Vlijanie 'Belorusskovo faktora' na vneshniuju politiku Litvi i stabilnost v Baltijskom regione". In: Sherman Garnett and Robert Legvold (Eds.), *Belarussia na pereputije: v poiskah mezhdunarodnoj identichnosti*, Moskva: Tsentr Carnegie, 1998, p.157.

<sup>27</sup> *Ibid*, p. 133.

<sup>28</sup> The Lithuanian President expressed this position during an exclusive interview with the author of this paper on March 15, 1999.

<sup>29</sup> Military policy specialist at the Ukrainian National Strategic Studies Institute Grygory Perepelytsia analyzes in detail the military-political integration of Belarus-Russia, changes in the Belarusian security policies as well as its position in regard to the expansion of NATO. See: Sherman Garnett, p. 87. He asserts that the 1990 Belarusian statement on its status as a neutral state, not joining any blocs, was only a transitional tactical maneuver.

state leadership and especially President Lukashenko oppose NATO expansion to the East. Speaking at the plenary session of the 52nd United Nations General Assembly on September 26, 1997, Belarusian Foreign Affairs Minister Ivan Antonovich declared that if NATO ever advanced to the Belarusian borders (a reference to Poland), Minsk will have “to analyze in a serious manner ways to ensure the security of the state.” Antonovich also stated that in recent times “internal changes” were occurring in NATO indicating that the organization could become a council of Euro-Atlantic partnership. In unofficial conversations Belarusian state representatives admit the inevitability of the process of NATO expansion to the East, but always stress that Belarus still considers such expansion to the East a “historical mistake.” In bilateral meetings with Lithuanian representatives, Belarusian state officials recognize Lithuania’s right to join international defense unions and security structures. This assertion is fixed in the joint statement of the Lithuanian and Belarusian presidents made after their meeting at the end of 1998 at the Lithuanian-Belarusian border post of Medininkai. As the Russian newspaper *Izvestiya* notes during the meeting the position of the Belarusian president towards the question of Lithuania joining NATO was considerably more moderate than that of his Russian counterpart.<sup>30</sup> Although Belarus often expresses active support for the creation of a nuclear free zone in Eastern and Central Europe, Lithuania can not ignore the considerably larger Belarusian armed forces (about 100,000 soldiers), their restored close cooperation with the Russian armed forces as well as their expressed hints that nuclear weapons would come in handy.<sup>31</sup> The military land and sea forces stationed in the Kaliningrad district, which according to the Lithuanian-Russian agreement have the right of military transit through Lithuanian territory, also create a danger to the security not only of Lithuania, but of the whole Baltic region.<sup>32</sup> Thus, the April 1999 NATO summit meeting in Washington and the decisions on the further expansion of the alliance, that will be taken there, will be very important for Lithuania as well as for the other Baltic states.

Lithuania is interested in the development of democracy, stability, and economic growth in Belarus. This has a direct effect on the security of Lithuania and the general stability of the region. The Lithuanian and Belarusian presidents during their meeting at Medininkai reaffirmed the goal of their states to develop their mutual relations on the basis of the Good Neighbor and Cooperation Treaty signed in 1995. The heads of state recognized the importance of the effective activities of local governments, the determination to respect the values of mankind, human rights, and fundamental freedoms. It was decided to cooperate in the preparation and implementation of programs for training state officials. The presidents also expressed support for personal contacts between citizens, the development of cooperation between non-governmental organizations and the mass media. Trade, economic, and regional cooperation, the passage through border posts, illegal migration and other issues were also discussed during the meeting. As one can see, Lithuania is trying to maintain an active dialogue with Belarus. It believes that the international isolation of Belarus would have negative effects on its political and economic development, on its relations with neighboring countries. Lithuanian Presidential Advisor on National Security and Foreign Policy Albinas Januška in an interview with “*Beloruskaya*

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<sup>30</sup> *Izvestiya*, 14. 11. 1998, p.3.

<sup>31</sup> *Respublika*, 1999. 02. 27., p. 10.

<sup>32</sup> The Polish weekly newspaper *Czas* (BNS, 1997.10.26) wrote about the dangers for Lithuania and Poland coming from the Kaliningrad district.

*Gazeta*” said that Lithuania held a slightly different position than the EU countries on relations with Belarus.<sup>33</sup> He noted: “In all conceivable circumstances we will always remain neighbors with Belarus and that means that we have to maintain friendly relations and cooperate. It is pleasant that, despite certain contradictions, both sides understand this.”

U.S. Ambassador to Lithuania Keith Smith views the efforts of Lithuania to maintain a dialogue with Belarus and especially the last meeting at Medininkai very favorably. He declared: “Washington welcomed the November 12 summit of the presidents of Lithuania and Belarus, hoping it will help promote democracy in the region.”<sup>34</sup> The ambassador also noted that the United States strongly supports the formation of closer ties between Lithuania and Belarus and the efforts of state institutions aimed at strengthening the values of democracy and human rights. This statement by the ambassador is noteworthy in that it shows that the U.S. government hopes that Lithuanian President Adamkus as an ardent supporter of democracy can influence in a positive manner the development of political events in a neighboring country. The future will show how realistic are these hopes of American and Lithuanian politicians. In pursuing bilateral Lithuanian-Belarusian cooperation, Lithuania also supports the activities of the OSCE mission in Belarus and by concrete methods and events supports the fulfillment of the recommendations of this organization. In November and December, 1998 Lithuanian experts participated in the seminars organized by the OSCE Advisory Monitoring Group for training Belarusian election observers and invited Belarusian representatives to observe the elections in one of Lithuania’s voting districts (November, 1998). The election observers from Belarus were acquainted with the way elections in Lithuania are carried out. One can regret that Belarus’s neighbors Poland and Ukraine in recent times do not maintain active contacts with Belarus. The same can also be said about Latvia, which views the political and economic developments in the neighboring state in a quite passive manner.

Lithuania views in a positive manner the restoration of the EU-Belarusian negotiations which provide the opportunity to finish the process of ratifying the EU and Belarus partnership and cooperation treaty. As we know, these relations became even more complicated after the eviction of the ambassadors from their residencies in the “Drozdy” area of Minsk. Most of them were recalled to their countries for consultations. Lithuania behaved in a different manner than the other countries of Western and Central Europe; its ambassador returned home for unlimited vacation. With the resolution of the conflict at the beginning of 1999, the Baltic states hope that the renewed contacts of the EU and Western states with Belarus will help not only the process of successful EU expansion, but will also strengthen the stability of the Baltic region. This stability and Lithuanian security would increase even more if the Baltic states were accepted into the EU in the next five years. This would speed up the development of their economies as well as provide the so-called “soft security” which would provide the opportunity to influence in a more active manner the development of democracy in Belarus.

## **Concluding Thoughts**

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<sup>33</sup> *Belorusskaya gazeta*, 1998. 09. 21., p.6.

<sup>34</sup> *Minsk News*, 1998. 11. 24-30. p.1.

There can never be too much democracy. All the states that have chosen the path of developing democracy constantly confront questions on how to preserve and develop it. This question, without doubt, is especially urgent for post-communist countries. In the analysis of the relations between states the primary attention is not always directed at the perfection of their political system or violations of human rights. However, discussions about Belarus and its relations with other states usually mention its president Lukashenko, his authoritarian rule, and the weakness of democracy in the country. This is probably due to the fact that for many Western democratic states the neighbors of Belarus, such as Poland, Lithuania, Latvia and even the Ukraine, are states which, in spite of their socialist system heritage, differ, to a greater or smaller degree, from Belarus in respect to their political systems, beliefs of their inhabitants as well as in the path chosen for development. At the same time, all of them are in transition and Belarus in many respects is in the last place in this process. One can not assert that a consolidated democracy has already been established in Lithuania and other post-communist states. However, the basic democratic principles are maintained, the market economy is being implemented more rapidly, efforts are made to get rid of the one-party methods of rule used in the past.

In talking about Lithuanian-Belarusian relations one should first pay attention to the factors that influence them. If Russia is still clearly capable of influencing the course of Lithuania's economy and foreign trade, its influence is much greater on Belarus not only in economic, but also in foreign and security policies as well as in internal political affairs. Lithuania is expanding its bilateral relations with many democratic states and international organizations while the bilateral relations of Belarus in recent times have been limited to trips to several not very democratic foreign countries and the CIS states. Such international isolation of Belarus can have a negative effect on Lithuanian-Belarusian relations. Lithuania's relations with Belarus, without doubt, are also influenced not only by a different attitude to democratic values, but also by different foreign policy priorities and opposing vectors of geopolitical orientation.

Summarizing Lithuania's relations with Belarus, one can assert that the relations of Belarus with Lithuania are more advanced than the relations of Belarus with Poland and Latvia. In spite of certain restrictions, which arise because Belarus is a member of the CIS and has difficulties in paying Lithuania for provided electricity, the volume of trade and the established economic ties allow one to expect a growth, even if limited, in the future. Even though most problems arise in cooperating on questions of developing democracy, one can assert that these disagreements are not severe and will not worsen bilateral relations. The absence of inter-parliamentary relations is explained by the fact that the European Union and the Council of Europe at this time do not recognize the legitimacy of the current Belarusian Supreme Soviet. One can only regret that the political parties of the neighboring states have not developed inter-party relations which could promote in a more active manner the formation of a democratic multiparty system in Belarus.

The current political regime in Belarus and its foreign and security policy create many problems, first of all, for the security of the Baltic states and the stability of the Baltic region. This question could become quite acute if the political situation in Russia becomes worse or if social disturbances develop in Belarus. Lithuanian state institutions believe that this problem can be solved not by isolating Belarus from democratic Europe, but by expanding contacts and dialogue with government institutions and various levels of society, especially with youth and non-governmental organizations. As one can see from the materials in this article, Lithuania has been

carrying out this task quite successfully. In concluding one can only wish that other states would also participate in this not easy dialogue whose results might not be felt very soon.

## *Lithuania and the Kaliningrad Oblast: a Clearer Frame for Cooperation*

Raimundas Lopata, Vladas Sirutavičius

### **Introduction**

The collapse of the Soviet Union and the disintegration of the Soviet-dominated system of alliances have encouraged debate about the future of the Kaliningrad Oblast (KO)\*. This exclave of the Russian Federation, the country's westernmost outpost, is cut off from Russia by Lithuania and Belarus and is surrounded by countries that are orienting themselves toward Europe and the Trans-Atlantic sphere.

Kaliningrad's complicated geopolitical situation is exacerbated by additional problems. Nevertheless, these central questions remain: What are Russia's plans for developing the exclave? How could Kaliningrad influence the stability and security of the Baltic states and Lithuania from political, economical, military, social, and environmental points of view?

### **Future of the Kaliningrad Oblast**

Debates and discussions on the future of the KO became especially popular right after the spring of 1991 when the region was opened to the world. During several years some theoretical and practical speculations have been proposed.

1. *Internationalization*. Desires for internationalization of the region – either through partition or the creation of a condominium. The nature of partition plans is demonstrated by one bizarre “unofficial Polish plan” which would subdivide the region, without apparent justification, into small, gerrymandered Polish, Ukrainian, Belarusian, and Lithuanian sections.<sup>1</sup>

2. *Extraterritoriality and autonomy*. The approach suggests the transformation of the region into the “Baltic Hong Kong” – an extraterritorial free trade zone drawing on the history of Königsberg as a member city of the Hanseatic League with far-reaching autonomy. The Russian government made the first steps by passing laws creating the “Yantar (Amber) Free Economic Zone in Kaliningrad. The project was based primarily on the premise that, because of its geographically advantageous location, Kaliningrad could become a center for economic cooperation in the Baltic.<sup>2</sup> Nevertheless, it is clear that the extraterritorial status would require that the region would be prosperous enough to be self-sustaining, and have legal security, protection of investments, clear tax provisions, an efficient administration, and, finally, the setting of clear objectives by the political authorities.

3. *Independence or full independence as a “fourth Baltic state” of Russians*. This has been discussed by some Russian intellectuals in the region as well as by some Lithuanian

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\* At present Kaliningradskaya Oblast' is one of Russia's thirty-nine autonomous provinces. With an area of 15,100 km<sup>2</sup> (approximately half the size of Belgium), it has about 926,000 inhabitants, 415,000 of whom live in Kaliningrad. The population comprises 78 percent Russians, 10 percent White Russians, 6 percent Ukrainians, 4 percent Lithuanians, as well as about 12,000 Germans and 8,000 Poles. Administrative structure: 13 districts, 9 cities; urbanization – 78.2 percent. For more statistics, see Pertti Joenniemi, Jan Prawitz (eds.), *Kaliningrad: The European Amber Region* (Aldereshot: Ashgate, 1998), p. 32-56.

<sup>1</sup> A map of this “unofficial plan” published in the German newspaper *Das Ostpreussenblatt* was reprinted in Lithuanian newspaper *Tėviškės žiburiai*, June 23, 1992.

<sup>2</sup> P. Kirkow, “The Concept of ‘Free Economic Zones’ in Russia,” *Osteuropa*, 3 (1993), 229-243.

politicians.<sup>3</sup> But such suggestions are almost certainly overblown. Few people in the KO appear to be interested in independence.

4. *Resettlement.* This would involve the resettlement of displaced ethnic Germans and the creation of a German autonomous unit under Russia's jurisdiction. On purely logistical grounds (for instance, looking at the standard of living), this solution does not seem especially likely.<sup>4</sup>

5. *Military outpost of Russia.* The concept was very popular among Russian national patriots who backed the plans for even stronger links with the "mainland", with the goal of expanding Kaliningrad's role as a Russian garrison (the Kaliningrad Garrison State) against the supposedly hostile West. Nevertheless, the militarization of the region changed dramatically after the collapse of the Soviet Union. In the early 1990s an estimated 120,000 to 200,000 troops remained in the oblast. Over the past three years the number of Russian troops in Kaliningrad have declined substantially with estimates of their numbers ranging from a low of 24,000 to a high of 40,000.<sup>5</sup>

Without doubt, none of the scenarios mentioned above were fulfilled or implemented despite the fact that the speculations were very popular at the beginning of 1990s. It is necessary to emphasize that some of the tendencies of the possible scenarios were stressed by the Russians themselves.

At the beginning of May 1997 the Russian embassy in Vilnius issued a statement denouncing "certain forces" in Lithuania that were seeking to question Russia's right to the Kaliningrad region.<sup>6</sup> The statement added that these same "forces" were "encouraging Chechen separatists" and thus seeking to undermine good relations between Russia and Lithuania. But it suggested that these "forces" would not succeed in doing so because both sides would live up to the principles of the July 1991 treaty between Russia and Lithuania that called for each country to respect the territorial integrity of the other. In an opinion poll of 1991, almost half the respondents agreed that certain neighboring territories should belong to Lithuania. Extreme nationalists in Lithuania and exile groups in the USA openly laid claim to "Lithuania Minor", as the northern and eastern part of today's Kaliningrad Oblast is called, or the whole region.<sup>7</sup> One of the candidates in the presidential campaign in 1993, Stasys Lozoraitis, talked about incorporating "Lithuania Minor" into Lithuania,

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<sup>3</sup>The idea of making Kaliningrad a fourth Baltic republic was pleaded by Romualdas Ozolas, the leader of influential Center party, and Vytautas Landsbergis when he was a leader of the conservative opposition. See *Baltic Observer*, March 3, 1994.

<sup>4</sup> For more details, see R. A. Smith, "The Kaliningrad Region: Applications of the Civic and Ethnic Models of Nationhood," *Journal of Baltic Studies*, XXIV, 3 (Fall 1993), 236-237.

<sup>5</sup> M.Hoff., H.Timmermann, "Kaliningrad: Russia's Future Gateway to Europe?," *International Relations*, 2, 36 (1993), 38-39; P.A.Petersen, S.C.Petersen, "The Kaliningrad Garrison State," *Jane's Intelligence Review* (February 1993), 59-61; Richard J. Krickus, *U.S. Foreign Policy and the Kaliningrad Question*, (Kopenhagen: DUPI, 1998, working papers No. 18). According to the last information – 18,000. The figure was cited during the informal Round Table "Perspectives Regarding Co-operation with the Kaliningrad Oblast", organized by the Institute of International Relations and Political Science, Vilnius University on September 24-25, 1998. It is worth mentioning that the remaining military in the KO does not constitute any classic threat or danger to neighboring states, since due to the current financial crisis it does not play a serious political role in the region. However, the military, which is not being adequately supplied with food, is widely engaged in commercial activities, including the unauthorized sale of arms. There is also the danger of an environmental threat from the decaying military structures, which may include nuclear material.

<sup>6</sup> Paul Goble, "Reopening the Kaliningrad Question", *Radio Free Europe/Radio Liberty Newswire*, May 8, 1997.

<sup>7</sup> In October 1997 a border agreement was reached between the Lithuanian and Russian governments. There were forces in both countries that opposed the agreement. In Lithuania the nationalist Young Lithuanian Party opposed the treaty, in part because it allowed Kaliningrad to remain part of Russia. "We reckon Lithuania should clearly stand for handing over of Karaliaučius [Kaliningrad] enclave to UN rule", urged party leader and member of parliament Stanislovas Buškevičius. Quoted in a report by ELTA (Lithuanian News Agency, Vilnius), October 22, 1997.

but the proposal did not gain any popular support. Mainstream Lithuanian officials have never raised the issue. It is necessary to stress that the Polish government has adopted a similar stance. The German government has repeatedly disavowed any interest in trying to reclaim the territory. Consequently, the Russian fear that the KO territory could be claimed and even transferred to Lithuania, Poland, or Germany is implausible.

The prospect that Russia would transfer the region to the countries mentioned above is even more impossible. Although a few commentators in Russia have hinted that it might be worth trying to make a deal with Japan to exchange some of the southern Kuril islands (those of no military significance) for a large quantity of money, such an arrangement has never materialized. It is even more unlikely that Russia would consider giving up Kaliningrad. No Russian official or politician of any political stripe has ever indicated a willingness to relinquish the KO and there is no serious pressure on Russia to do so.

Because the independence of the KO or its transfer to another country can be ruled out (barring some drastic change of circumstances in the whole of Russia), the future status of the oblast is likely to be determined by how well the local economy functions over the next several years. The resumption of economic growth and greater foreign investment could enable the oblast to seek a considerable degree of political and economic autonomy. If economic circumstances do not improve and foreign investors shun the region, the oblast is likely to remain under tight Russian control.

It is necessary to note, that the proposal by senior Moscow politician Vladimir Shumeiko, a former Russian deputy prime minister and the chairman of the Russian Federation Council, to transform the Kaliningrad Oblast into an autonomous Russian Baltic Republic raised a lot of discussions during the summer of 1998.<sup>8</sup> The proposal was treated as reordering the geopolitics of the Baltic region. Shumeiko said that he favored upgrading the Kaliningrad Oblast into an autonomous republic, so that the non-contiguous part of the Russian state would not suffer a social explosion, become “a protectorate of a neighboring country or even an area managed by the Council of Europe”.<sup>9</sup> Shumeiko made the suggestion in response to a Russian government plan to reduce economic subsidies to this non-contiguous part of the federation. But even if the KO eventually receives far-reaching autonomy (comparable to that granted to Tatarstan or Sakhalin), the Russian military presence is unlikely to disappear.

Russian military officers have consistently emphasized the strategic significance of the Kaliningrad Oblast, especially with the loss of key facilities in the Baltic states, and they have never expressed any willingness to eliminate (or even sharply reduce) Russia’s military deployments there. The modest reductions that occurred in the 1990s to comply with the Treaty on Conventional Forces in Europe seem to be the limit of what the Russian army and navy will accept. It is useful to note that Russian officials and especially the so called hard-liners have said that they might station missiles in Kaliningrad as part of Russia’s protest against NATO enlargement.<sup>10</sup> This may simply be scare tactics, but as mentioned above, some Russian army and air force commanders who have been unable to prevent the reduction of their military assets there, no doubt hope to reverse this trend with the revival of the concept of the Kaliningrad garrison state and with the enthusiastic support of a post-Yeltsin government comprised of the current opposition (including the national patriots).

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<sup>8</sup> Paul Goble, “A Fourth Baltic Republic?,” *Radio Free Europe/Radio Liberty Newswire*, July 20, 1998.

<sup>9</sup> *Ibid.*

<sup>10</sup> Lyndelle D. Fairlie, “Kaliningrad: Visions of the Future” in Joenniemi, Prawitz, *Kaliningrad*, p.178; Krickus, *U.S. Foreign Policy*. Sometimes the commentators like to remember the West Berlin and Danzig examples in the light of the KO and the process of NATO enlargement. For instance, see S. Kober, *NATO Expansion Flashpoint No. 3. Kaliningrad* (Cato Foreign Policy Briefing No. 46, February 11, 1998), p. 9.



This suggests that, the “Extraterritoriality and autonomy” (No. 2) with some rudiments of the “Military outpost of Russia” (No. 5) are the most plausible of the mentioned scenarios if economic conditions in the KO improve. If economic hardships continue, the revitalization of the Kaliningrad garrison state under Russia’s direct jurisdiction will occur.

Meanwhile, it is impossible to ignore the conclusion of the EU experts on Kaliningrad who are absolutely correct in warning that if the political, economic, and social situation in Kaliningrad deteriorates further and no methods for improving development are found, while conditions continue to improve in Poland and Lithuania, the oblast may become a “black hole” and a source of instability in the Baltic Sea region.

### **Evaluation of the Current Situation in the Kaliningrad Oblast**

From the standpoint of political, economic, social, and cultural development, the KO is seriously lagging behind the multidimensional growth of the Baltic sea region and, specifically, of its immediate neighbors - Lithuania and Poland.

Few attitudes and practical policy initiatives dominate the thinking of Moscow toward the KO: the so called Hard-liners, the Kaliningrad Elite, and the Moderates in Moscow.<sup>11</sup> The “hard-liners” see the KO question in very clear-cut terms. Their thinking is based on the assumption that it is necessary to reject the idea of a free economic zone and to confirm the idea of re-militarizing the KO. The Kaliningrad Elite and the Moderates in Moscow favor establishing a free-market economy combined with small rudiments of the Kaliningrad garrison state. The appropriate KO model may be similar to the one that the local authorities in Tatarstan presently enjoy with control over domestic affairs, but conceding foreign affairs to the Center (Moscow). The attitudes of the “hard-liners” are unacceptable to the Center and the position of the Moderates has not yet been adopted.

As Richard Krickus has noted, there are mixed feelings about foreign initiatives to help resolve Kaliningrad’s problems. Foreign investments and grants that have a positive impact upon the KO are welcomed but there is also the fear that Moscow may lose control over the oblast.<sup>12</sup>

During the period 1991-1993 a Free Economic Zone (FEZ) for Kaliningrad had been established. Duty-free policies were intended to help the oblast compensate citizens for the higher costs for goods from mainland Russia because they had to pass through foreign countries. In addition, special initiatives for business development were included. The introduction of the FEZ was terminated by Yeltsin in March 1995. After pressure from Kaliningrad officials, Moscow introduced the idea of a Special Economic Zone in January 1996. Even though the law on the Special Economic Zone has been passed by the Russian Federation, Kaliningrad’s economic situation remains complicated.

The main problems facing the Kaliningrad economy are: an unstable legal foundation; an unattractive investment climate; debts and the inability to pay them; a slow and complicated privatization process; and weak tax management policies.

Other characteristics of the KO are: corruption, crime, smuggling (clearly with the involvement of military officers); continuing tension between the Administration led by Governor Leonid Gorbenko and the Duma of the Oblast, (Although the administration of the President of the Russian Federation tried to help resolve the conflict and statements of reconciliation were made by the Duma and Administration, more time is needed to estimate how and to what extent a real reconciliation can be accomplished.) as well as an indigent system of social security, scarcity in living quarters for retired and reserve

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<sup>11</sup> Krickus, *U.S. Foreign Policy*.

<sup>12</sup> Ibid.

officers, high unemployment, the lack of a competent public administration, and an inherited military complex which until recently dominated Kaliningrad industry.

With respect to the mentioned characteristics, the KO fails to keep pace not only with the adjacent countries, but also with the majority of Russia's regions. Furthermore, the situation worsened after the financial crisis erupted in Russia. There have been clear-cut consequences to the endemic crisis: the continuing decline in industrial production; no breakthrough in agricultural production because railroad tariffs in the KO are higher than in other regions of the Russian Federation, some KO privileges were reduced in the central budget, the introduction of quotas by the central authorities resulted in the slow economic development of the KO as a Free Economic Zone, decreased turnover at the ports, and a decreased standard of living. The psychological factor, the fear of isolation and the separation from Russia, also affects the current crisis. In a survey of Russia calculating an index of development, the KO had the fourth lowest living standards at 0.93.<sup>13</sup>

There are few explanations for the oblast's economic decline. During the Soviet era the Kaliningrad Oblast had large enterprises which today are no longer economically viable, have not survived the transition to a market economy or need subsidies to operate. Also, an estimated 35 to 40 percent of the oblast's economy was linked to the military industrial complex but now defense related activities have been dramatically curtailed by cuts in Russia's defense budget.

The problems do not affect society evenly, but fall heavily on orphanages, hospitals, prisons, pensioners, and the military. There is no food and medicines in hospitals, prisoners' rations are cut, children are starving in orphanages, and the elderly are suffering. People cannot cope with current prices. The crisis in the whole economy is having a negative effect on the social-political system of the region: 25 percent decrease in the number of profitable enterprises, and an overall drop in income. In early 1998, the average monthly salary was 120 USD and today it is 95 USD. Ten percent of the population receive 24 percent of the income. Stagflation and instability continue to escalate.

On the other hand, the situation in the KO should not be dramatized. The critical situation in Kaliningrad is similar to that in other regions of Russia. The crisis has had some scattered positive effects for the development of the KO: it produced a favorable exchange rate, the decrease in imports resulted in the increased reliance on local producers (especially poultry). The perspective behind the privileges is gaining importance and the Free Economic Zone privileges have been retained.

Local leaders increasingly understand that they can no longer count on subsidies from the federal budget and need to apply measures to vitalize the local economy. Although they have different opinions on what kind of measures should be applied, they agree on one issue – in order to be successful, the oblast has to gain greater regional powers than it now holds. Governor Leonid Gorbenko, as well as other officials of the oblast, continue to emphasize that the Constitution of the Russian Federation should be amended to expand the jurisdiction of the Kaliningrad authorities.

Other prominent leaders, such as former Governor Yurii Matochkin, propose making a special arrangement between the EU and Russia, which would place the KO in a unique relationship with the enlarged EU even though the understanding of what the EU represents is very vague. In general, the domestic reaction to the financial crisis was shock and uncertainty. There is no clear idea of how the future of the KO will develop, or how Kaliningrad will be affected by the next steps taken in Moscow.

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<sup>13</sup>With Buryatia, Ingushetia, following behind. Moscow (4.51), Tyumen (3.04), Komi (1.54), Magadan (1.36). For more details, see an article on Kaliningrad in newspaper *Atgimimas*, February 12, 1999, 10.

On the other hand, the situation is complicated by the fact that the Russian political elite in the “center” do not have a clear and unified vision regarding the KO. Eventually, the possibility of another “Kuril Islands syndrome” prevails in the Moscow mind, thus impeding a more pragmatic approach toward the region. The question could be raised whether the Russian Government has an interest in the KO? The future place and role of the KO in the region largely depends on the answer to the question and the clarification of the attitudes of Russia’s federal and regional governments as well as of the oblast’s inhabitants.

### **Policy Options. The Lithuanian experience**

What is the future of Kaliningrad? Despite the mentioned examples of “creative imagination”, the question is still open. Clearly, the answer largely depends on the development and trends of global politics. On the other hand, the activities of the international community on regional and local levels are also very important.

The international community tried to stabilize the Baltic region through economic aid and by linking its countries in various ways. In this context, the meeting of the Baltic Prime Ministers in Visby, Sweden in May 1996 was very promising because it discussed general issues and avoided military questions. It sounded very much like the reasoning expressed by the EU founders almost fifty years ago. Although traditional security issues (geostrategic and geopolitical) can be important if tensions flare, they need not necessarily be problematic. It is very important to note that many Kaliningraders have essentially “de-securitized” themselves and are now involved in the regional economy with all its problems and opportunities.<sup>14</sup> Kaliningrad’s cross-border cooperation with neighboring states involves the same issues as the relationship between the EU and associate EU members: crime, migration, environmental protection, and barriers to economic activity.

The last Nordic Council visit to Kaliningrad and the events of a CBSS meeting in Kaliningrad are likely to mean both less and more than some of the initial media coverage in the region suggested. It is likely to mean less because virtually all the participants are committed to avoiding any suggestions that would support giving independence to the territory. But it is likely to mean more because growing ties between the KO and the Nordic and Baltic countries are likely to become a model for other Russian regions to follow. And to the extent that they do, the Kaliningrad sessions could promote the kind of regionalism that Russian Prime Minister Yevgeny Primakov has pledged to fight.<sup>15</sup> Taking into account short and medium term perspectives, the activity of Lithuanians in the KO can also serve as a very important example of the efforts for developing stable political, economic and social environment within the KO and the Baltic region as a whole.

Despite the current financial crisis, the KO - Lithuania relations are stable and very positive. The interests of Lithuania regarding the involvement of the KO in cooperative activities could be explained by several factors: political geography (the frontier with the KO is Lithuania’s only border with the Russian Federation, the KO’s main transit route passes through Lithuanian territory; against the background of Lithuania’s aspirations to join the EU and NATO, Lithuania seeks to develop a cooperative relationship with the KO, so that potential problems can be transformed into mutually beneficial results), good neighborly relations (the successful cooperation with the KO has a positive influence on

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<sup>14</sup> The authors of the essay represent the Institute of International Relations and Political Science, Vilnius University, which recently organized a series of events on the problems of the KO. The remarks mentioned in the text are based on them.

<sup>15</sup> Paul Goble, “The Internationalization of Kaliningrad,” *Radio Free Europe/Radio Liberty Newswire*, January 20, 1999.

the overall relations between Lithuania and Russia and contributes to the cooperative spirit within the region); people-to-people contacts and the Lithuanian national minority in the oblast (Lithuania promotes contacts between local communities and supports expanded cross-border cooperation between regional authorities), economic motives (Lithuania is seeking to utilize trade and investment opportunities in the region, by investing in the KO, Lithuanian investors try to gain access to the entire Russian market), environmental protection (the KO faces ecological problems which directly influence environmental conditions in Lithuania).

Lithuania made several very concrete steps in developing cooperation with the KO. Trade with the Kaliningrad Oblast constitutes around 12 percent of Lithuanian's overall trade with Russia. As of July 1998, Lithuania was third in terms of the number of established joint-ventures in Kaliningrad. The Lithuanian stock-company "Klaipėdos maistas" has started an investment project in the KO. The implementation of this project begun in 1998 will require an investment of up to 5 million USD. The Šiauliai confectionery factory "Naujoji Rūta" has established an enterprise for the production of caramel candies with an investment totaling up to 1.5 million USD. Projects dealing with the export of Lithuanian electric energy to the Kaliningrad region as well as the transit of gas and oil from Russia to the KO are being negotiated.

While chairing the CBSS, Lithuania, with the agreement of Russia, made it one of its priorities to encourage the participation of Kaliningrad in the organization of regional projects. Lithuania has suggested that the next meeting of the Committee of Senior Officials of the CBSS be held in Kaliningrad.

The Klaipėda region of Lithuania and the Kaliningrad district are participating in Euroregion "Baltija" activities. On February 23, 1998, in Elblong (Poland) representatives of Lithuania, Denmark, Poland, Latvia, Russia, and Sweden signed an agreement on the establishment of the Euroregion "Baltija". The agreement provides for the implementation of joint cooperation projects in the fields of industry, agriculture, transport, communication, environmental protection, education, and tourism. Representatives from the Kaliningrad Oblast administration were invited to participate in the international conference "Trans-border Cooperation around the Baltic Sea: Realities and Perspectives," held in Klaipėda in October 1998.

A few joint projects concerning environmental protection are currently at the scientific research stage. Initiatives concerning the incorporation of the Kuronian Spit into the World Heritage list (UNESCO) are underway. The final declaration of an international conference, which took place on May 7-8, 1998, recommended that the Republic of Lithuania and the Russian Federation prepare an application to the International Committee for the Protection of World Culture and Natural Heritage for the incorporation of the Kuronian Spit into the World Heritage list. While preparing the application it was recommended that the Kuronian Spit be considered an area of natural and cultural value.

No doubt, the foreign policy of Lithuania is determined by some concrete national concerns. First of all, some politicians and experts in Russia and in the West use the "Kaliningrad card" to argue against the possible membership of Lithuania in NATO. In order to mitigate these fears, Lithuania will need to utilize creativity and diplomacy. However, Lithuania is more concerned with the economic crisis in the oblast which can negatively effect the development of bilateral economic relations, Lithuanian business interests, and the overall stability of the region.

Further economic deterioration in the region may result not only in direct financial repercussions, but also in negative social outcomes, such as illegal migration and increased criminal activity, including drug trafficking. With regard to the military, Lithuania still views that the KO as a heavy military carrier in the middle of the Baltic Sea region, impeding the economic development of the region and the greater involvement of international business. With the coming of the financial crisis, military officers are

searching for alternative resources and employment to support their families. Economic uncertainties reveal a risky trend toward military disintegration and the loss of control. Although the question of military transit through Lithuania is not an issue of direct discussion, it remains in the back of Lithuanian minds as a potential source of contention.<sup>16</sup>

As mentioned before, the future place and role of the KO in the region largely depends on the attitudes of Russia's Central Government, the regional policy (Center /Moscow/ relations with the periphery regions /KO/), and the domestic political environment within the KO. The initiative to identify the needs and problems of the region that could be relieved through cooperative ventures with neighboring countries should be decided domestically. However, Lithuania and the international community can encourage and stimulate the oblast's interest to use the opportunities available through bilateral and multilateral programs. On the other hand, the EU and NATO should also consider specific ways in which the European integration processes could contribute to the greater economic development and prosperity of the KO and could find a generic conceptual framework through which to identify and bring about a comprehensive assistance strategy.

It is in Lithuania's interest to contribute to the stable development of the KO, to strengthen economic relations, and to include the oblast in a wide range of regional cooperation programs. It is also important to ensure that as Lithuania and Poland integrate into Euro-Atlantic institutions, Kaliningraders would benefit from greater involvement in regional initiatives, as well as increased economic cooperation and people-to-people contacts. The established legal and political relationship between Lithuania and Russia and in particular, the KO, coupled with a good record of cooperation on a wide range of issues, provides an excellent framework for actively assisting Kaliningrad to create conditions for stable development in the oblast and the whole Baltic region. While Lithuania headed the CBSS, it tried to stimulate the interests of countries in the region to help Kaliningrad deal with current problems and challenges through mutual cooperation.

In concrete terms, Lithuania proposed the following mechanisms to advance mutually beneficial and practical cooperation with Kaliningrad:

- the working group in the Lithuania–Russia intergovernmental commission for cooperation between regions of Lithuania and the KO;
- bilateral initiatives to involve other interested states and institutions: Poland, European Commission, EU member states, and the U.S.;
- CBSS regional cooperation programs;
- utilizing the possibilities of cross-border cooperation between regional and local governments, expanding the involvement of Lithuania's counties in this cooperation;
- activities concerning the Euroregions "Baltija" and "Nemunas".

Throughout the discussions with representatives of the Central Russian government and the KO, the following fields of Lithuanian–Russian beneficial cooperation have been identified:

- Creation of favorable conditions for investments in the KO;
- Upgrading and improving public administration in the KO;
- Cooperation in the field of civic security: prevention of crime, illegal migration, drug trafficking, and car thefts;
- Implementation of specific projects in the field of environmental protection.

The proposed agenda for positive involvement and cooperation is already becoming a reality. On the other hand it needs to be supplemented:

- A special education program raising public awareness on EU and NATO issues. The Lithuanian academic community and media could be used to help transmit information

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<sup>16</sup> In a 1998 public opinion survey of the Baltic region, 52 percent of the Lithuanian population stated that Russian military transit was a threat to Lithuania's stability and security. On the other hand, military transit ranked as only the 9th most important threat for Lithuania at 1.9 percent.

to society. A media strategy can affect the KO Administration and local politics. The KO is right in the middle of and directly affected by the EU; thus, it is important that Kaliningraders understand their regional neighborhood;

- In order to develop democratization, positive and practical approaches are necessary: TACIS, the EU, Lithuania, Norway, and Denmark have attempted to exemplify the advantages of the KO by promoting successful initiatives and encouraging enterprises that operate efficiently.

- A positive framework of regional cooperation may be established by adopting the Finnish "Northern Dimension" strategy which through a Lithuanian initiative also includes the KO.

- In order to develop mutual trust, the idea of setting up Hot Lines between the KO military command and the defense ministries of neighboring countries has been revived.

The success of cooperative efforts to help the KO overcome current difficulties and to promote stable and prosperous development will depend on many factors. The key to many of them lies either in Moscow or Kaliningrad. However, some of them will depend on neighboring countries and especially Western institutions. Their willingness and ability to address the complicated issues of the Kaliningrad region as well as their openness to an innovative approach will be vital for determining the scope and extent of the impact for promoting stability in the region.

Unfortunately, the strong need to develop a coordinated strategy for Western assistance still exists because both the Kaliningrad regional authorities and the Western community do not have a generic conceptual framework to identify and expand the comprehensive assistance strategy. Obviously, there is no single, one sided solution for the KO. The reality of the Kaliningrad oblast is that strategies will never be clear, always chaotic. There needs to be a system to modernize the economic and political structures in rapidly changing times. The feeling of hopelessness in the KO should be ignored and the concept of its positive development should be publicized to capture the political will. In order to help the KO, interested parties need to receive concrete information about development initiatives in the KO from its Administration, as well as from Russia. The key to solving Kaliningrad's problems is working on the economic and educational fronts to reveal possibilities of cooperation and to educate the public.

To some extent Lithuania has succeeded in accentuating the fate of the Kaliningrad Oblast as a regional issue. The success of Lithuania's Kaliningrad policy was recognized by the international community. Lithuania's leaders have been praised for such policies many times. In the recently released in the USA "Report of an Independent Task Force Sponsored by the Council on Foreign Relations" Lithuania's active participation in the KO was also evaluated in a positive manner.<sup>17</sup> However, despite some positive reaction from the West, emphasizing Kaliningrad as a focus of international attention remains problematic. The question that must be addressed is how to translate Lithuania's concerns for Kaliningrad into a practical policy which stresses that concrete involvement now is both a sensible and cost-effective way of preventing more serious and acute problems later. Therefore, it would be useful to institutionalize the problem within the ongoing search for a meaningful dialogue between the European Union and the Russian Federation. Lithuania could offer to be a bridge between the EU and Russia for developing relations between states and regions on either side of the Schengen space.

On the other hand, the modernization of economic/political structures is not possible if there is no rule of law, based on political culture and morals. Rudimentary

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<sup>17</sup> *U.S. Policy Toward Northeastern Europe. The Council on Foreign Relations* (New York, 1999), p.40-41, 48-49. Lithuania's policies to the KO received the same evaluation at the CBSS foreign ministers meeting in Palanga on June 14-15, 1999. See: "Sumažėjo dėmesys ministrų susitikimui" (Less Attention to the Meeting of Ministers), *Lietuvos aidas*, June 15, 1999.

“rules of the game” must be established. The KO should do its homework. The Region could adopt interim Nordic legal structures (company, banking, bankruptcy law). As a starting base, minimum legal standards could be developed locally. The EU’s internal regulations might also serve as a case/example for establishing these “rules of the game”. However, false hopes about the idea of an association with the EU should be dispersed. Lithuania together with Poland and Western institutions should make an additional effort to share information and experience on what some supranational institutions (the EU, NATO) represent and what they can offer.

## *The U.S. Role in Lithuania's Foreign and Security Policy*

**Renatas Norkus**

### **Introduction**

Since the establishment of diplomatic relations between the two countries in 1922, throughout the 50 years of Lithuania's occupation, and even now when Lithuania's membership in Euro-Atlantic institutions seems more and more inevitable rather than simply possible, American moral support for Lithuania has always been and remains a source of inspiration and encouragement.

Due to its influence, resources and especially its military strength the United States plays an important role in the further consolidation of democracy, prosperity, and stability in Europe. From Lithuania's perspective it is natural to ask how much importance is placed on this role for increasing Lithuania's national security and consolidating its economic and political achievements.

In the last few years one may have observed a number of interesting highlights in the Lithuanian - United States bilateral agenda. On January 16, 1998, the U.S., Estonian, Latvian, and Lithuanian Presidents signed a Charter of Partnership among the four countries. A U.S. military team from the Pentagon conducted defense assessment studies for each of the Baltic states. Lithuania proposed granting the United States a special participant status at the Council of the Baltic Sea States (CBSS). The military exercise "Baltic Challenge" took place in the summer of 1998 in Lithuania with the participation of more than 2,000 U.S. troops. Four U.S. Congressional delegations visited Lithuania over the past some months. Major multinationals such as Philips, IBM, and Philip Morris, and most recently - "Williams International", set up and are expanding their operations in Lithuania. And last, but not least the NATO Washington Summit identified Lithuania as a promising candidate for the next round of NATO enlargement.

This article will attempt to present an overview of these and other developments in the relations between Lithuania and the United States. It will also try to evaluate the specifics of these relations and offer some policy suggestions on how to improve them in the future.

### **An Evolving U.S. "Baltic Track" Policy**

The United States - particularly since the beginning of the Clinton administration - has sought to develop an overall policy toward northeast Europe. Lyndon Olson, the U.S. Ambassador to Sweden, has offered three basic arguments to explain the increasing attention to the region in the U.S. First, "this is the region where things are happening and where one can see the contours of a new Europe and a new Euro-Atlantic community taking shape." Second, "the future security and the proper place of Estonia, Latvia, and Lithuania in Europe and the Euro-Atlantic community" is important for the U.S. A third reason for the U.S. interest in Northern Europe is "the policy challenge we face concerning Russia and its integration both into the overall Euro-Atlantic community and into this region in particular."<sup>1</sup>

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<sup>1</sup>*U.S. Ambassador to Sweden Lyndon Olson's speech at the conference on Baltic Security and Cooperation* (Stockholm, November 19, 1998).



To promote these interests, the U.S. administration has developed the Northern European Initiative (NEI). First presented by Assistant State Secretary Marc Grossman in Bergen in September, 1997, it seeks to help build an economically and socially unified region - including northwest Russia - and to foster stronger regional cooperation and cross-border ties, relying not only on the governments but also on the private sector and non-government organizations (NGO). The NEI does not create new institutions, but rather works through well-functioning existing ones and proceeds along three separate but closely related tracks, dealing with the Baltic states, the Nordic States, and Russia.

The administration's so called "Baltic Track" policy has evolved gradually. One can mention the famous think-tank RAND Corporation report produced in the summer of 1996 which made a strong case for NATO and the U.S. administration to develop a strategy specifically aimed at sustaining the independence and security of the Baltic states. Although met with some criticism in Lithuania, the analysis and recommendations by RAND provided a boost to the debate on the security of the Baltic states and their place in the Euro-Atlantic institutional framework. Such a debate was more important because it took place in the context of the then forthcoming NATO Madrid Summit.

Soon thereafter, the State Department developed the Baltic Action Plan (BAP) which was designed to promote closer bilateral cooperation in a number of political, economic, and security areas. It is interesting to note that the BAP was formed after the symbolic but very important decision to establish a new office of Nordic and Baltic Affairs within the Bureau of European and Canadian Affairs in the State Department. Such a structural move clearly demonstrated that the policy toward the Baltic states was considered an integral part of U.S. policy toward Europe.

### **Commitment to Create Conditions for Integration**

On January 16, 1998, at a White House ceremony in Washington, the four presidents of Estonia, Latvia, Lithuania, and the U.S. signed the Charter of Partnership. At the signing ceremony, President Clinton said: "NATO's door is and will remain open to every partner nation, and America is determined to create the conditions under which Estonia, Lithuania, and Latvia can one day walk through that door."<sup>2</sup>

For Lithuania, the Charter, as a political document, is important for three reasons. First, it recognized the role of the three Baltic states in the American strategy to guarantee security and stability on the European continent. In this context, the U.S. perceives Lithuania and the other Baltic states not as a problem to be managed but as partners with whom to work. Second, the Charter put on record America's "real, profound and enduring interest in the independence, sovereignty, and territorial integrity, and security of Estonia, Latvia and Lithuania."<sup>3</sup> Third, although the Charter does not contain a security guarantee, the United States committed itself to help create the conditions for Lithuania's membership in NATO and other Euro-Atlantic institutions. Assistant Secretary of State Marc Grossman repeated this clear commitment in his testimony before the Senate Foreign Relations Committee where he said: "We want the United States to be a champion of the integration of Estonia,

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<sup>2</sup> Transcript: Presidents' remarks at U.S. - Baltic Charter signing, see the Internet page of USIS.

<sup>3</sup> "Charter of Partnership among the United States of America and the Republic of Estonia, Republic of Latvia, and Republic of Lithuania".

Latvia, and Lithuania into European and trans-Atlantic institutions. That is what the Baltic Charter is all about.”<sup>4</sup>

To help implement these common objectives the Charter established two bilateral working groups (BWG). Mutually beneficial military cooperation is dealt with by the BWG on Defense and Military Relations.<sup>5</sup> Issues related to economic development, trade, and investment are discussed in the Economic BWG. To review progress towards meeting the goals of the Charter and to further strengthen cooperative ties among the four countries, a Partnership Commission chaired at the level of Lithuanian, Latvian, and Estonian Foreign Ministers and Deputy Secretary of State was established. With the creation of the above mentioned working groups the Lithuanian - U.S. bilateral agenda obtained a much higher level of permanence and regularity.

Lithuania’s policy towards the United States is driven by the following foreign policy objectives: enhancing national security, fostering good neighbor relations, and increasing economic prosperity at home. These objectives are clearly reflected in and even dominate Lithuania’s bilateral agenda with the United States which could be best summed up in three words: security, democracy, and prosperity. For Lithuania, security includes building effective defense capabilities and preparing the country for NATO membership. Democracy embraces adherence to Western values, stable political development at home as well as good and pragmatic relations with all neighbors, including Russia. Prosperity depends on successful market reforms, foreign investments, and membership in the European Union and World Trade Organization (WTO). All these areas, however, are very interdependent.

Evidently - and for many good reasons - security cooperation has been made a top priority in Lithuania’s relations with the United States. The continuous involvement of the U.S. in Europe is of paramount importance for Lithuania’s security as well as for the overall stability on the Continent. The principal vehicle for American involvement in Europe has always been and will remain the North Atlantic Alliance. NATO has shown its continued relevance by its performance in Bosnia and Kosovo and by the decision to enlarge its membership. NATO’s strength and determination, health, and survival are of paramount national interest for the United States.

After applying for membership in NATO, Lithuania has been working diligently to prepare for the Atlantic Alliance. Gaining the support of the United States for Lithuania’s membership in the Alliance has always been a major task and challenge for Lithuanian diplomacy. The Clinton administration has frequently asserted that NATO is the only organization capable of providing the hard military security that is a prerequisite for economic prosperity in Europe. It has also been one of the most active advocates among the NATO member governments for enlarging the Alliance by inviting Poland, the Czech Republic, and Hungary. It has been Lithuania’s objective to include the U.S. in every possible manner and to ensure that the enlargement process once started would embrace Lithuania and the other Baltic states.

The results of such an approach seem positive to some extent. The U.S. maintains the firm view that NATO should keep its door open to new members even after the first

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<sup>4</sup> “U.S. Policy Toward Estonia, Latvia and Lithuania”, Testimony before the European Subcommittee of Senate Foreign Relations Committee by Marc Grossman, Assistant Secretary of State for European and Canadian Affairs, July 15, 1998, in *Baltic Sea Region. Brief*, prepared by the U.S. Information Service, Stockholm, November 1998, p.14.

<sup>5</sup> The Charter formalized the BWG on Defense and Military Relations which had been working for two years prior to the signing of the Charter.

three countries were admitted. In this context, the decisions made at the NATO Washington Summit in April 1999 represent a step forward, primarily due to the active role of the U.S. in preparing the Summit. The Alliance reaffirmed its commitment to openness and pledged that NATO would continue to welcome new members. It stated that no democratic European country would be excluded from consideration, regardless of its geographic location, and each would be considered on its own merits. NATO made a commitment to the open door policy by setting the target date - 2002 - for the next review of the enlargement process. Of particular importance to Lithuania is the fact that NATO has recognized Lithuania's continuing efforts and progress towards NATO membership. An explicit reference to Estonia, Latvia, and Lithuania in the Summit Communiqué also demonstrated that the Alliance has moved away from its political treatment of the Baltic states as one cluster and now considers them individually.

There is no doubt that as with the first trench, the leadership of the United States in advocating support for the next NATO enlargement is essential. In view of this, therefore, a number of important and essential considerations are taken into account and comprehended to lay ground for a productive and result-oriented political framework for Lithuanian - U.S. security dialogue.

#### Lithuania's Role in the U.S. Concept of "Cooperative Security"

For the United States - especially the Clinton administration - the security of Lithuania and the other Baltic states serves like a litmus-test for the development of a European structure based on "cooperative security."<sup>6</sup> Secretary of State Madeleine Albright argued in a speech at Vilnius University in July 1997, that the U.S. goal is "to ensure that nations can advance their interests only by cooperating within the community we are building, and respecting the rules we jointly establish. We want to close every avenue to the kind of destructive behavior that has made so much of this century so tragic for you and for so many. In this way, [NATO] enlargement will benefit every European nation - those that join sooner, later or not at all."<sup>7</sup> Turning the Baltic states into a litmus-test for the concept of "cooperative security" is inevitably linked to Russia's approach toward Europe, and consequently to each of the Baltic states. One of the main goals in this approach is to encourage Russia to develop a non-imperialistic and non-expansionist national security strategy and self-image, which in itself is a prerequisite for integrating Russia into Europe's evolving security framework. Following this logic, apart from being a "litmus-test", the Baltic states also can and should find a way to play a role in the U.S. policy vis-à-vis Russia, and this gives them an importance and raises their political profile in Washington.

In this context, Lithuania has spared no effort in cooperating in the spirit of a mutually beneficial and pragmatic dialogue with all its neighbors, including Russia. In fact, Lithuania is in a better position than the other Baltic states in building a constructive relationship with Russia because it does not have any unresolved bilateral political issues. The best example of this positive and productive relationship involves the Kaliningrad region. It is in the interest of broad cooperative security to contribute to the stable and balanced development of Kaliningrad, and to assist it in becoming an

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<sup>6</sup> For a comprehensive analysis of the concept of "cooperative security", see Ashton B. Carter, William J. Perry and John D. Steinbruner, *A New Concept of Cooperative Security* (Washington D.C., The Brookings Institution Occasional Paper, 1992).

<sup>7</sup> *Address of U.S. Secretary of State Madeleine Albright to Vilnius University* (Vilnius, July 13, 1997).

attractive partner for trade and development. Realizing that these objectives of good neighborly diplomacy are shared and appreciated by the U.S., Lithuania has encouraged greater American involvement in the region. It proposed granting the United States a special participant status at the Council of the Baltic Sea States (CBSS) and giving a special priority within this organization to the sub-regional initiatives associated with the Kaliningrad region.

The common objective shared by the U.S. and Lithuania to construct a framework for practical cooperation in the region by which every nation, including Russia, would benefit has implicit meaning for predictability and thus increased security. Within such a cooperative framework, Lithuania as a member of NATO would pose no threat to Russia. On the contrary, it would have much more confidence in expanding such cooperative relations. Yet, the United States and Lithuania firmly maintain that Russia should not be given a veto over the Alliance's decisions or over the right of Lithuania or any other state to choose its own security orientations.

### **Winning Support from Many Actors**

A second important factor deals with the nature of the U.S. domestic debate on foreign policy issues, including NATO enlargement. It is very important to realize that there are two branches of government that direct foreign policy in Washington - the executive and legislative - and that there are considerable differences between the U.S. Congress and European parliaments. Congress is a much more vibrant and active player in developing foreign policy than its European counterparts. Moreover, the United States is known as a "talking" democracy. Non-governmental actors such as media, think tank, business, ethnic organizations and a number of opinion-makers such as Henry Kissinger, George Kennan, Zbigniew Brzezinski significantly influence policymaking in the United States. This requires Lithuania to undertake major efforts and to cooperate with many different sectors in the United States to win support for eventual membership in NATO.

In the summer of 1998, Lithuania hosted a visit by U.S. Congressional staffers and later in the fall by eight U.S. Senators, headed by William V. Roth, the Chairman of Senate Finance Committee. The latter visit provided a good opportunity for the U.S. decision-makers to assess the progress Lithuania made in developing its economy and in preparing for Euro-Atlantic integration. Lithuanian policy makers value the statement of Senator John Warner during the visit, that "in case Lithuania's sovereignty is ever challenged and NATO does not respond, the Alliance would lose its credibility - it does not matter at all is Lithuania a member of NATO or not."<sup>8</sup> In March 1999, two delegations from the U.S. Congress led by the Speaker of the House of Representatives Dennis Hastert and Chairman of the House Commerce Committee Tom Bliley paid a visit to Lithuania. The twenty-four U.S. Congressmen, accompanied by their spouses and fifteen House staffers, were the largest U.S. delegation that ever visited Lithuania. Dennis Hastert in his address to the Lithuanian Parliament firmly supported Lithuania's bid for NATO and EU membership: "I support Lithuania's membership - full membership - in NATO," the Speaker of the House said. The Speaker also described Lithuania as a "model of regional stability" voicing his appreciation of Lithuania's excellent relations with Poland and its efforts to "find common ground with Russia," its Kaliningrad region, and Belarus.

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<sup>8</sup> From the notes taken by the author at the Senate delegation's meeting with Lithuanian President Valdas Adamkus

Understanding the importance of intensified cooperation with the U.S. legislative branch, the Lithuanian Foreign Ministry strengthened its Embassy in Washington to ensure that such bilateral cooperation be given particular attention.

Lithuania's strategic partnership with its NATO member neighbor Poland has also been viewed in a positive manner in the United States. The U.S. administration supports and encourages multifaceted Lithuanian - Polish cooperation. Lithuania and Poland have established a Consultative Committee between the two Presidents, a joint Parliamentary Assembly, and the Cooperation Council of the two Governments; the two countries have created the NATO interoperable battalion LITPOLBAT. Of particular importance is the fact that Polish and Lithuanian communities in the United States now work in coalition. On October 31, 1998 the Polish American Congress passed a resolution expressing its "strong support for admission of Lithuania to NATO at the next stage of the Alliance enlargement" and committed itself to work towards this goal "with the same enthusiasm as it has fought for NATO membership of Poland".

Lithuania has devoted a great deal of effort to cooperate with the American think-tanks which are actively engaged in foreign policy matters. The most active relationship has been established with a dozen institutions, such as the RAND Corporation, the U.S. Council on Foreign Relations, the U.S. Committee on NATO, the Center for Strategic and International Studies, the National Defense University, the Institute of East-West Studies, the Heritage Foundation. It is important for Lithuania to keep these think-tanks informed of its progress and foreign policy initiatives as this helps a great deal in making its case better known and understood by the intellectual community in the United States. The most recent example is a Report of an Independent Task Force on U.S. Policy toward Northeast Europe sponsored by the U.S. Council on Foreign Relations. The authors of this Report suggest that the U.S. administration should differentiate among the Baltic states based on their performance and should admit them into Euro-Atlantic institutions individually rather than as a group. It also recommends that "the next round of NATO enlargement should include one Baltic state provided that state demonstrates the ability to meet the responsibilities of membership". It notes that "at present, Lithuania has made the most progress in preparing for membership."<sup>9</sup>

### **Readiness to Share the Values and Burdens**

A third essential consideration of which Lithuania is aware is that for the United States NATO is a strong military expression of a community of shared values. We support all processes and mechanisms which could contribute to our security. However NATO membership is the most effective instrument because it is based on the principle of a collective defense, and has developed a capacity for crisis management and peacekeeping. The strength of the alliance derives from the respect for democracy and human rights, individual liberty, and the rule of law. At the same time, NATO must remain a strong military alliance, which is capable of achieving a rapid consensus for decisive action in a crisis, so enlargement must preserve its strength and the credibility of its commitments. In the words of the Secretary of State Madeleine Albright, "NATO membership is not an entitlement. It involves the most profound obligations that any nation can accept. It means assuming responsibility for the security of others,

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<sup>9</sup> *U.S. Policy Toward Northeastern Europe: Report of an Independent Task Force Sponsored by the Council on Foreign Relations* (Brookings Institution Press, 1999), p. 43.

just as others assume responsibility for your security.”<sup>10</sup> In light of this, Lithuania should be in a position to demonstrate its preparedness, ability and willingness to accept the costs and share the burdens and values associated with becoming a full NATO member. Indeed the country has been an active participant in NATO activities, and has been and will be a real contributor to NATO defense in many ways. Lithuania is contributing its troops to the mission in Bosnia and has expressed full support for NATO actions to stop the genocide and ethnic cleansing carried out by Yugoslav military, police, and paramilitary forces against the ethnic Albanians in Kosovo. Lithuania has joined other members of the international community to help ease the suffering of the innocent people expelled from their homes. To this end the Government allotted 500,000 litas (LTL) (125,000 USD) for humanitarian aid to the refugees from the Kosovo province. It has also agreed to grant temporary asylum for up to 100 refugees from Kosovo. Lithuania participates in NATO-led humanitarian operation “Allied Harbor” in Albania with 2 ambulance teams. Lithuania has demonstrated its political commitment to NATO security interests outside the Baltic Region and has contributed military forces consistent with available resources. The U.S. administration has recognized this as “an important factor that will be considered when the U.S. assesses the future qualifications of Lithuania for NATO membership.”<sup>11</sup>

Building its national defense capabilities and enhancing NATO interoperability are and will remain high priority tasks for Lithuania as it prepares to assume the responsibilities of NATO membership. Many Lithuanians remember the comments by former Secretary of Defense William Perry during his visit to Copenhagen in September 1996 that the Baltic states “are not yet ready to take on the Article V responsibilities of NATO membership [but] I believe they are making very good progress in that direction. <...> We should all work to hasten the day that they will be ready for membership.”<sup>12</sup> In a subsequent letters to the Defense Ministers of Lithuania, Estonia and Latvia, Secretary Perry explained that the United States still believed that each of the Baltic states are “fully eligible” for NATO membership, arguing that his comments in Copenhagen were made in a “spirit of realism and practicality”.

The Lithuanian Ministry of Defense (MOD) understood these comments in a very pragmatic sense. There was no complaint, but rather a very specific and result oriented request sent to the Pentagon. The Lithuanian Defense Minister then, Linas Linkevičius, wrote to Secretary Perry: “I value your opinion and was extremely heartened when you acknowledged the hard work of both ourselves and our Baltic neighbors to achieve an acceptable state of military capability. Moreover, your pledge to help us bring our defense capabilities up to NATO standards was very much appreciated, and it is in regards to your pledge that I wish to put forth the following proposal. <...> From the man who personally pledged to help us, I request a top to bottom evaluation of the Lithuanian Armed Forces.<...> We request that you explore every area and program related to our military through unprecedented access and unlimited assistance. I trust that you, as well as the next Secretary of Defense, will honor your pledge and make it a reality by helping the Lithuanian military improve

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<sup>10</sup> *Address of U.S. Secretary of State Madeleine Albright.*

<sup>11</sup> *Secretary of State Madeleine K. Albright and Lithuanian Prime Minister Gediminas Vagnorius Statement on U.S. - Baltic Charter of Partnership* (Washington D.C., March 16, 1999).

<sup>12</sup> *Address of Secretary of Defense William Perry at a conference on “The Future of Defense Cooperation Around the Baltic Sea”, Copenhagen, September 24, 1996.*

upon and develop its interoperability and compatibility with NATO forces.”<sup>13</sup> In response to the request, the Office of the Secretary of Defense formed a team headed by the Principal Director of European and NATO Policy, Major General Henry Kievenaar, Jr. In the course of six months, the team visited each of the Baltic states several times and produced three defense assessment studies. The Lithuania Defense Assessment study looked at the country’s current military strategy, capabilities, and deficiencies in land, sea, and air defense. It also came up with broad recommendations on priorities to help Lithuania modernize its military forces so that they would support Lithuania’s objectives of self-defense, interoperability with NATO, and participation in international peace support operations. The U.S. assessment was an excellent test of an “Economy Based Development Plan of Lithuanian Armed Forces” - the document produced by the MOD just before the U.S. team started its work in Lithuania. The evaluation of the document was the following: “Lithuania has an attainable plan, the plan is resources supported and it is being implemented.”

### **Defense Cooperation: Utilizing Assistance for future Qualification**

The U.S.-Lithuanian bilateral working group on defense and military relations chaired respectively by Frederick C. Smith, Principal Assistant Secretary of Defense for International Security Affairs, and Jonas Kronkaitis, Deputy Minister of National Defense is an excellent forum where all defense cooperation issues are discussed. Recently, the Lithuanian MOD requested the Pentagon to conduct a study on the further development of the air defense capabilities of Lithuania.

The U.S. administration has also taken a lead, along with Denmark, in coordinating military assistance to the Baltic states through the Baltic Security Assistance Group (BALTSEA). The group, which includes representatives from all countries providing assistance to the three Baltic states, has the very important task of coordinating the assistance, especially in regard to the implementation of joint Baltic military projects and initiatives, such as the joint Baltic Peacekeeping Battalion (BALTBAT), the joint naval squadron (BALTRON), the joint Baltic airspace surveillance system (BALTNET), and the joint Baltic Defense College (BALTDEFCOL).

U.S. military support ranges from various bilateral education projects to joint training exercises and military procurement initiatives. The United States Military to Military Team and the Pennsylvania National Guard were pioneers in institution building by helping Lithuania to establish the Non-commissioned Officer School. The International Military Education and Training (IMET) funds provided by the U.S. are being used to train Lithuanian officers in the United States military schools and to establish English language laboratories in Lithuanian military education establishments.

Lithuanian and U.S. soldiers have worked together extensively in joint military exercises. Two of them are held annually: “Winter Forest” with training in winter conditions and “Amber Valley” with large airborne and search and rescue elements. The largest military exercise in the Baltic region was “Baltic Challenge” the final phase of which took place in Klaipėda, Lithuania in July 1998.

In 1994 the Clinton administration announced the so called Warsaw Initiative funding which established a single, comprehensive, bilateral program to establish closer relations and interoperability between NATO and the Partnership for Peace (PfP)

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<sup>13</sup> The letter of the Lithuanian Minister of Defense, Linas Linkevičius to the U.S. Secretary of Defense, William J. Perry, Vilnius, December 9, 1996.

countries. The main goals of the Warsaw Initiative are to assist partners to participate in PfP activities such as exercise, seminars, workshops, and to promote interoperability with NATO by purchasing equipment and services. Since 1996 the U.S. provided 10 million USD assistance to the Lithuanian defense establishment. Lithuania used these funds to finance its priority defense programs, including the regional air space control and surveillance center in Karmélava, and to purchase state of the art communications equipment, such as radios manufactured in the United States by the Harris corporation, which are fully interoperable and meet all NATO requirements. In 1997-1998 the Lithuanian MOD continued this procurement program with its own national funds. With help from the United States and other supporting nations, and due to its own growing economy, Lithuania has made significant progress in developing its military infrastructure, formalizing defense planning, programming and budgeting process, improving military training, acquiring badly needed military materiel and improving the quality of life for its soldiers and officers.

The Lithuanian Government, however, is aware that continuous mutually beneficial military cooperation between Lithuania and the United States depends very much upon Lithuania's strong commitment to support both politically and financially the further development of its defense capabilities. In this context there has been a positive development: the defense budget was increased from 0.8 percent of Gross Domestic Product in 1997, to 1.51 percent in 1999. Moreover, the Lithuanian Parliament made the important political and legal commitment to increase allocations for defense up to 2 percent of GDP by the year 2001, and in January, 1999 passed a Law on the Strategy of Financing of the National Defense System.

### **Economic Dimension of Security**

Strong economic and commercial ties with United States are critical to Lithuania's successful economic performance and ultimately to its prosperity. Moreover, expanded U.S. trade and investment in Lithuania also enhance its security. The dynamic growth of the Lithuanian economy - with annual GDP increases of 5 percent - make it one of the fastest growing economies in Central and Eastern Europe. According to the data of the Lithuanian Statistics Department for October 1, 1998, the U.S. with investments of 251.5 million USD was the leading country for foreign direct investments (FDI) in the Lithuanian economy with a 17.5 percent share of total FDI. The U.S. investment is greater in Lithuania than in the other two Baltic countries. In October 1998, the U.S. company "Williams International" signed an agreement to become a strategic investor in the Lithuanian oil industry. "Williams International" promised to purchase a 33 percent share of "Mažeikių Nafta" for 150 million USD with an additional planned investment of 300 million USD in equipment and infrastructure. The Williams deal promises to be the largest investment into the region's energy infrastructure and may be a kind of "flagship" project to help attract additional U.S. and other investors.

Lithuania and the U.S. have a rather ambitious agenda covering both bilateral and multilateral economic cooperation. The Economic BWG under the Baltic Charter serves as a good forum for frank and constructive economic dialogue between the two countries. Since the signing of the Baltic Charter in January 1998, this BWG has met two times and focused its work on priority areas such as energy and environment, communications, air and maritime transportation, financial and banking sectors, law enforcement, and agriculture. The two countries also signed a Memorandum of



Understanding on Agricultural Cooperation. The projected areas of cooperation include biological control, dairy, exotic diseases and pests, human nutrition, health and food safety, water and soil quality, and waste management. At the last Economic BWG meeting in Washington in the spring of 1999, both sides agreed to explore how the Agrobusiness Council, Inc. could work with Lithuania to promote the establishment of a NGO Lithuanian Agrobusiness Council, supported by funding from the United States and the private sector. The U.S. also agreed to help develop the basic and specific capabilities of Lithuania's law enforcement agencies, especially in upgrading post-blast investigation techniques, building on training for dealing with bombing accidents, counter-narcotics investigations, and undercover operations. In this connection, Lithuania has asked the FBI to open an office in Vilnius in the near future.

The United States has great economic and strategic interests in Lithuania because it can offer U.S. companies a good platform for exporting into Russia. Although Lithuania with a population of less than 4 million people may appear a too small market for investment, U.S. and other foreign investors can be convinced of the benefits of investing there as a base for the broader markets of 8 million people in the Baltic states or even the 80 million in the Baltic Sea Region. In the words of Under Secretary of State Stuart Eizenstat, "In today's world of fast moving capital flows what attracts investment are opportunities that give access to an entire region."<sup>14</sup> Therefore, the U.S. might pursue its economic strategy bilaterally as well as through regional initiatives and organizations such as the NEI and the CBSS. It is in U.S. interests that the countries of the Baltic Sea region take steps to harmonize requirements, allow for the mutual acceptance of products, and rationalize regional energy use by establishing a regional energy grid. Together with the U.S., Lithuania and the other Baltic states are trying to urge the private sector in their countries to attract American business. At the inaugural Baltic Charter Partnership Commission meeting in Riga, more than 30 business leaders from the private sector met, identified 12 specific recommendations, and offered to work with government authorities to set up concrete goals and timetables to meet these goals. In this connection, the United States continues to support the Baltic-American Enterprise Fund, which provides loans and investments for an average of 1 million USD per month throughout the Baltic states. In Lithuania, the Fund has granted business loans for 6.4 million USD and residential mortgages for 4 million USD. In addition to the Fund's activities, the U.S. supports Business Management Training Centers in Lithuania with a focus on Small and Medium Sized Enterprises.

Lithuania's integration into the European Union is also high on its bilateral agenda with the U.S. Both sides agree that Lithuania's membership in the EU could complement continued strong bilateral economic and commercial ties. While not a member of the EU, the United States supports its faster, deeper, and broader enlargement even though Lithuania's membership in the EU would affect U.S. political and economic interests. At the same time, the United States is exploring ways with the EU to support this economic integration based on open markets to make sure that the broader U.S. economic interests are not damaged. In January 1998, President Clinton also committed the U.S. to work to help Lithuania gain entry to the World Trade Organization. Both sides agree that Lithuania's accession to the WTO would help attract foreign investment and foster its integration into the world economy.

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<sup>14</sup> Remarks by Under Secretary of State Stuart Eizenstat, CBSS Trade Ministerial, Vilnius, July 10, 1998.

## Conclusions

Because the U.S. has a leading role in the world economy and is the continuous indispensable leader in maintaining Euro-Atlantic security, it is in Lithuania's strategic interests to maintain active relations with the United States. A good framework for cooperation between Lithuania and United States is in place. It provides for bilateral talks in the economic and defense bilateral working groups established by the Charter of Partnership as well as for quadrilateral or even wider discussions in regional organizations such as the Partnership Commission, the BALTSEA group, and the CBSS. Fully utilizing the latter institutional frameworks at first instance is likely to remain Lithuania's objective in structuring its relations with United States. Through the Baltic Charter, the U.S. has made a long-term political and economic commitment to Lithuania and the Baltic region.

The United States is and will remain one of Lithuania's most important partners as it pursues integration into the North Atlantic Alliance. U.S. leadership was pivotal in promoting NATO's enlargement to include Poland, Hungary, and the Czech Republic. Such strong leadership and support is going to be even more necessary for the next round. For the United States and other NATO allies, the strategic rationale for a further round of NATO enlargement might become a subject for debate. In order for the U.S. to provide the necessary leadership, policy-makers will have to examine a number of questions. These include the preservation of NATO's primary function and *raison d'être* - collective defense, the successful integration into the Alliance structures of the three new members, the demonstration by aspirant countries that they prepared, able, and willing to accept the costs and share the burdens and values associated with full NATO membership, as well as an evaluation of NATO-Russian relations. Indeed, while there is a clear mandate for further enlargement, it will require more energy and may be less certain than the first round.

Lithuania, therefore, still has to work to convince U.S. and European policy-makers of both the need to continue NATO enlargement and to invite Lithuania in the next round. The performance of the country will be crucially important. Its relations with Russia and Russia's position toward Lithuania's membership in the Alliance will remain serious factors. The key to winning U.S. support, however, will be the ability of Lithuania to pursue a two-fold strategy of working with the Administration and Congress to keep NATO enlargement in the forefront of American policy interests and to demonstrate to opinion makers, media, as well as the think tank, academic and business communities that Lithuania has made significant gains in implementing democratic, economic, and political reforms. Lithuania should pursue an image-building campaign that would highlight its desire to contribute to shaping the future of Europe's security as well as its willingness and ability to assume military responsibilities. The overall goal should be to demonstrate that, if and when invited to join, Lithuania would be ready to carry out the obligations of membership.

## *The Rough Road to the West: Lithuania 1990-1998*<sup>1</sup>

**Joachim Tauber**

### **Historical retrospect**

Lithuania is the only one of the Baltic states with a historical statehood. The largest expansion of the Great Duchy of Lithuania included the regions of the Baltic Sea and the Black Sea. Poland's continuously increasing influence led to the creation of a Polish-Lithuanian Commonwealth (Union of Lublin, 1569). In this way the fate of Lithuania was joined to Poland. After partitioning of the commonwealth, Lithuania was incorporated into the territory of the empire of the Czar.<sup>2</sup> The historical Great Duchy was the legitimization of the demands of Lithuanian nationalism developed late in the 19th century. The period after the Union of Lublin was considered a phase of decline. For that reason the distancing from Poland - as opposed to the sometimes very severe politics of Russification was considered self-explanatory by Lithuanian intelligentsia.

During World War I German troops occupied Lithuania in autumn 1915. From the beginning, the country was the object of various German political goals. The population suffered from the occupying army, which plundered the resources of Lithuania, forced men into labor and introduced mandatory German language lessons beginning in elementary schools. In 1917 Germany finally acknowledged that Lithuania could be more than a part of a future Polish kingdom. In Vilnius the foundation of a Council of Lithuania was allowed. This was certainly seen by the military forces as a help for their own intentions and as an obsequious instrument. However, the *Taryba* (i.e. Council of Lithuania) was to quickly emancipate itself. While the Germans were planning an indirect annexation of Lithuania, Lithuanian politicians strove for real independence. When, at the beginning of 1918, the German plans became too evident, the *Taryba* decided to take a symbolic step: on February 16th, 1918, it declared independence. The future state was to be founded on a democratic basis; the actual type of state was to be decided by a freely elected constituent assembly. The breakdown of the German Reich in November 1918 finally paved the way. Indeed, the young nation had still to defend itself against German "Freikorps" as well as against the Red Army marching westwards and Polish troops, but in 1920 the Lithuanian Republic was assured.

In regard to foreign policies, Lithuania was burdened with two problems: during the first meetings of the *Taryba*, there was already no doubt that Vilnius - the former capital of the Great Duchy - should also be the future capital of the young nation. However, in October 1920 Poland suddenly occupied Vilnius and the surrounding region. This incident confirmed historical reservations of Lithuanian politicians against Poland. Lithuania refused to recognize Polish occupation and demanded the return of Vilnius. During most of the period between the wars, there were no diplomatic relations between Lithuania and Poland. The conflict over Vilnius destroyed any hopes for a joint policy of the states that came into being in East Middle Europe in 1918/19.

The second territorial conflict arose at the border to the German Reich. The Treaty of Versailles separated the region around Memel/Klaipėda from Germany and put it under the sovereignty of the Entente. A Lithuanian minority, the "Prussian Lithuanians", lived in East Prussia. For this reason, Lithuania hoped to get the region of Klaipėda. When it appeared that these aspirations were not to be realized by diplomatic means, a "rebellion" led by the

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<sup>1</sup>First published in: "Aus Politik und Zeitgeschichte", *Beilage zur Wochenzeitung Das Parlament*, B 37/98 (September 4, 1998), 35-45. The article is published here virtually unchanged, minor corrections are inserted in brackets [ ].

<sup>2</sup>Manfred Hellmann, *Grundzüge der Geschichte Litauens und des litauischen Volkes* (Darmstadt, 1990), 4.

“Prussian Lithuanians” was staged in the region of Klaipėda to gain control of the region. It is true that the advance into Klaipėda in January 1923 accomplished this task, but Lithuania had to agree to an international understanding granting special status of the region (an own diet, bilingualism, etc.). The German dominated administration of the Klaipėda region, working together with the consulate general of the Reich and using the legal means of the Klaipėda statute, prevented Lithuania from truly gaining a firm footing in this region.<sup>3</sup>

The foreign policy of Lithuania was caught in a vicious circle. On the one hand, the country belonged to the revisionist powers concerning Vilnius, on the other concerning Klaipėda it adhered to the status quo created by the Treaty of Versailles. This contradiction was irreconcilable, prevented a clear and definite aim, and culminated in the catastrophe of the first Republic at the end of the 1930's. Three ultimatums sealed Lithuania's fate: in March 1938 Poland used a border incident to force the opening of diplomatic relations with Lithuania, which was more or less understood as an oath of disclosure regarding the Vilnius question; in March 1939 the German Reich forced Lithuania to cede Klaipėda, and in June 1940 the Soviet Union - in the aftermath of the Hitler-Stalin pact - annexed the three Baltic States.

In 1926 Lithuania had already turned its back to democracy. When a left, liberal government replaced the previous Christian-Democratic-conservative coalition and took first steps to limit the influence of the Catholic church, to establish schools for the Polish-speaking minorities and to amnesty political prisoners (most of them were Bolsheviks), officers of the Kaunas' garrison revolted - with the silent approval of the conservatives - on December 17th, 1926. An authoritarian presidential regime under the leadership of one of the most famous Lithuanian politicians, Antanas Smetona, was established and succeeded in staying in power until June 1940.

The Soviet rule, interrupted by the no less horrible interlude of the second German occupation (1941- 1944), was to become a traumatic experience for the Lithuanian society in this century. Thousands were deported and killed in the Stalinist Gulag system. Until about 1954, Lithuanian partisans, called forest brothers, fought against the Soviets without mercy. In Lithuania, there is virtually no family that can not claim victims of this early phase of Soviet rule. For present day Lithuanian identity, these occurrences have a significant meaning. Hushed up until the end of the 1980's, the survivors now relish a special status as symbols of the Lithuanian fight for freedom.

By the 1960's, a very important trend was emerging that had great impact on the reclaiming of independence. Lithuanian speaking members of Lithuania's Communist party steadily maintained between 70 and 80 percent of the entire Communist party.<sup>4</sup> Despite the often severe policies against the Catholic Church and sometimes strong measures of Sovietization, many members of the CP (Communist Party) considered themselves *Lithuanian Communists*.

### **The Fight for Independence**

At the end of 1989, Lithuania took the lead in the fight for independence of the Baltic States. The Lithuanian CP (Communist Party) (LCP) declared its independence from the KPdSU as first Socialistic party of the Soviet Union in December 1989. The great majority of the Lithuanian CP (LCP) shared this decision; they had clearly chosen Lithuania over Moscow. In conjunction with the people's front movement of the Baltic States, a national

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<sup>3</sup>See above all Vytautas Žalys, *Ringens um Identität. Warum Litauen zwischen 1923 und 1939 im Memelgebiet keinen Erfolg hatte* [Kova dėl identiteto. Kodėl Lietuvai nesisekė Klaipėdoje tarp 1923-1939m.] (Lüneburg 1993).

<sup>4</sup>Alfred Erich Senn, *Gorbachev's Failure in Lithuania* (New York, 1995), p.13.

movement was also founded in Lithuania. Sajūdis (i.e. “movement”) competed increasingly with the CP, although the bulk of its members also belonged to the Communist party. The first free elections for the Supreme Soviet were the first clear victory for Sajūdis; Vytautas Landsbergis was elected President of Parliament.

The parliament proclaimed the recovery of independence on March 11, 1990.<sup>5</sup> Moscow responded with an economic blockade to bring the rebellious republic to its knees. The situation escalated dramatically at beginning of January 1991; Vilnius was more or less separated from the outside world by Soviet troops; citizens demonstrated round the clock in front of the Vilnius’ parliament and television tower to protect the legitimate government from the troops driving continuously through the city. On January 13, 1991, Soviet special guards attacked the television tower and staged a massacre of the unarmed demonstrators: Thirteen Lithuanians, among them a 24-year-old woman, were rolled over by tanks or shot.

Although the reasons for this action are still not clear, it is certain that the attack on the television tower was the initial spark in the establishment of Gorbachev’s presidential authority in Lithuania. In addition to the reaction from the West, the impressive conduct of the Lithuanian population thwarted these plans. Hundreds of thousands of citizens from all over the country accompanied the victims and demonstrated in this way for the country's independence. Despite the tense atmosphere, the Lithuanian people and the government maintained rebellion without violence; not one Soviet soldier was attacked. The Baltic people fought peacefully for sovereignty. This process ended in August 1991 with the unsuccessful revolt at Moscow, which fastened international recognition of the Baltic States.

The reinstalled Lithuanian state is comprised of 65200 square kilometers of land; approximately 3.7 million people live there, more than 80 percent of which speak the Lithuanian language. The largest minorities are the Russians (8.3 percent) and the Poles (7 percent). A minority problem as in Estonia or in Latvia does not exist. In 1989 Lithuania took a remarkable step and allowed all inhabitants who are not Lithuanians by birth to unconditionally apply for Lithuanian citizenship.<sup>6</sup>

### **Transformation: from Planned Economy to Free Market**

After the dramatic occurrences of the years 1989 - 1991, Lithuania had achieved national sovereignty, but the economy suffered from the effects of 50 years of government-controlled economics. The industrialization of Lithuania did not really occur until Soviet period; from an economic point of view, the first republic was clearly agriculture-oriented. Forty percent of the factories were classified as All-Union enterprises, highlighting a special problem: The close interaction with the Soviet Union was an additional barrier to economical transformation. Lithuania chose a gradual path to system transformation, keeping social expenses to a minimum. They did not want to destroy the old system without having first created a new one. The future economic system was to be based on a free market, whereby the state had to ensure a strong social component (welfare state).<sup>7</sup>

A key aspect is privatization. Agricultural reform was the current central issue in Lithuania. The problems on the administrative level were enormous. The former owners or their descendants were to be given back their land or receive compensation. Initially no more than 50 hectares could be purchased. Several successive laws eventually expanded the size of

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<sup>5</sup>Since the annexation of Lithuania was against international law, the Lithuanian state continued to legally exist during the 50 years of Soviet rule.

<sup>6</sup>Caroline Taube, “Minority Rights in Present Lithuania”, *Die deutsche Volksgruppe in Litauen und im Memelland während der Zwischenkriegszeit und aktuelle Fragen des deutsch-litauischen Verhältnisses* [ed. by Boris Meissner and oth] (Hamburg, 1998), p.424.

<sup>7</sup>Tomas Bartusevičius, “Probleme der Systemtransformation am Beispiel der Wirtschaft der Republik Litauen”, *Jahrestagung 1993*[ed. by Litauisches Kulturinstitut] (Lampertheim 1994), p.53-54.

the parcels to 150 hectares. More than 80 percent of the land is now privately owned again. But a trend has occurred during recent years which could negatively influence the future: Between 1994 and 1996 the average farm size fell from 8.5 to 7.6 hectares. This could make the competitiveness of these farms questionable, if Lithuania were to become a member of the European Union.

The privatization of industrial objects occurred with (coupons) investment checks. Every citizen could receive an investment check. The intention was to grant everyone the same chances in this new era. The second phase technically began in 1995 (actual start: August 1996) allowing domestic and foreign investors competitive access to large government-owned facilities. Final judgment on this issue can not yet be passed; private industry now tops 80 percent, whereby this figure also includes many newly established factories and enterprises.<sup>8</sup>

In the summer 1993, Lithuania introduced the Litas as its national currency. To ensure stability of the currency, it was firmly linked to the US dollar (4 LTL (Lithuanian Litas) equivalent 1 USD (U.S. dollar) by a currency board. This helped to deter speculation and allowed a restrictive financial policy. But the fixed exchange rate has caused a deficit in the balance on goods, services and unilateral transfers, leading to the call to release the currency from this restriction. The government has recently confirmed that currency release is planned within the next two years.<sup>9</sup> The reform of banking and finances experiences strong recession between the end of 1995 and the beginning of 1996, when within a short period of time some of the strongest Lithuanian banks went bankrupt and many Lithuanians lost their savings. The crisis escalated in a government scandal of which the then minister president Adolfas Šleževičius became the victim.<sup>10</sup> In the meantime the situation has consolidated once again, supported among other things by positive trends in recent years.

The first years after 1991 brought dramatic decline to all branches of the economy: in 1992 alone the production fell 51.6 percent compared to the previous year, the inflation rate was between 20 and 30 percent during this time. Liberalization and privatization led simultaneously to rapid increases in rent and incidental expenses, plunging the nation into a deep crisis. In 1993 the GNP fell 30 percent compared to 1992!

In 1994 the first gleams of hope appeared; now steady economic recovery and continued growth are standard. The inflation rate in 1997 was below 10 percent for the first time, which - in conjunction with higher wages - posed substantial relief for Lithuanian households. Consolidation of the national budget has also been achieved in recent years.

The GNP is a good indication of the situation; it increased 4.2 percent in 1996 and 6 percent in 1997 (estimate for 1998: approx. 8 percent). The dynamic growth is unmistakable, especially since the portion of GNP from private industry has increased so dramatically (1992: 37 percent; 1996: 68 percent). In the meantime private economy dominates trading and farming; private farming produces 70 percent of the agricultural output.<sup>11</sup> Economic dependence on Russia has decreased substantially. Russia is still the main commercial partner of Lithuania for import as well as export, but the number two export country is the Federal Republic of Germany. Direct investments from the West will continue to increase in the future, because investment in Lithuania is becoming more and more attractive.

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<sup>8</sup>Data according to *Lithuanian Human Development Report 1997* [ed. by United Nations Development Program]. Source: [www.undp.lt/HDR/1997](http://www.undp.lt/HDR/1997); afterwards cited as "Lithuanian Human Development Report"; *Baltikum Hauptbericht April 1998* [ed. by Frankfurter Allgemeine Zeitung GmbH Informationsdienste] (Frankfurt a.M., 1998), p.20.

<sup>9</sup>"Report of the World Bank", in: *Lithuania*. [www.worldbank.org](http://www.worldbank.org).

<sup>10</sup>Joachim Tauber, "Politik und Gesellschaft in Litauen 1995/96: Politische Normalität – soziale Defizite," *Der Osten Europas im Prozeß der Differenzierung. Fortschritte und Mißerfolge der Transformation* [Ed. by Bundesinstitut für ostwissenschaftliche und internationale Studien] (München, 1997), p.117-118.

<sup>11</sup>See: footnote 8.

There are still many tasks to accomplish in politics and administration (e.g. reduction of shadow economy, reform of taxation, tariff legislation, expansion of infrastructure, etc.), but it is evident that Lithuania has completed the most difficult phase of economic transition. Statistics show that the economy is continuously improving, but the more important question is: How does this transformation affect the population?

### **The Social Effects of Transformation**

In the year 1996, 46 of every 100,000 Lithuanians committed suicide - one of the highest suicide rate in the world.<sup>12</sup> While suicide can have many causes, the dramatic increase since 1990 indicates the difficult life faced by large parts of the population. The level of salaries could not keep pace with high inflation and the rising prices, despite recent positive economic development. The price of a loaf of bread rose 135 percent between 1993 and 1995. High utilities - heating, electricity and water - account for a substantial portion of household expenses.<sup>13</sup> For a society that, until recently, was accustomed to Soviet paternalism, these are new, grievous experiences, which play a substantial role in system transformation. Thus 77 percent of Lithuanians see the decline in the standard of living as the most important problem; 72 percent think the most important duty of the government is ensuring financial prosperity.<sup>14</sup>

This issue shows an increasing break in Lithuanian society. While the people working in private industry are generally content with the development, there are clear losers as a result of the changing system: retirees, the rural population and employees in public utilities, to name a few. It becomes evident when comparing the average salary of banking and financing (1471 Litas) with wages in the agricultural sector (279 Litas).<sup>15</sup> The crass difference in wages demonstrates the unbalanced structure of income and the resulting social consequences in a drastic way.

Today the reformed social system is already near the limit of its capacity. Thus there is little leeway for social measures, most of which is understandably used to increase pensions. Although official unemployment figures are relatively low (1997: 5.6 percent<sup>16</sup>), they burden the social welfare system more and more.

The effects are especially clear in the education system. Since educators are amongst the worst paid employees, transferring to the private sector (e.g. as a translator or guide) is especially tempting to them. Thus teachers of West European languages are hard to find. About a third of examinees do not even intend to teach at school.<sup>17</sup>

Strict financial policies prevent quick improvements of the situation. Wages and pensions have risen continually over the last few years, but it is still not sufficient to maintain the same standard of living as during the Soviet period - although it was low - for large parts of the population. Since about 1996 the situation has improved due to consolidation: Lower inflation helped to close the gap between income and prices somewhat.<sup>18</sup>

Discontent with civil servant salaries has led to extensive corruption. Although all Lithuanians authorities battle corruption, the evil can not be abolished by administration measures alone. The high susceptibility of civil servants to private gratuities can be traced

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<sup>12</sup>*Lithuanian Human Development Report.*

<sup>13</sup>Tomas Bartusevičius, *Die wirtschaftliche Entwicklung in Litauen seit 1993* [ed. by Litauisches Kulturinstitut], (1995), p.103.

<sup>14</sup>*Lithuanian Human Development Report*, Chapter 7.

<sup>15</sup>*Ibid.*, Chapter 3.4.

<sup>16</sup>*Ibid.*, Chapter 4.1. Adding the hidden unemployment, it is reasonable to assume an unemployment of 14 percent in 1997.

<sup>17</sup>Tauber, *Politik*, p.121.

<sup>18</sup>The average monthly salary was 947 Litas in March 1997. This is about 24 percent higher than in March of the previous year. See the report of the Lithuanian News Agency (ELTA), April 27, 1998, in: [www.elta.lt](http://www.elta.lt). Afterwards cited as ELTA.

back to their social situation, whereby the old Soviet mentality plays an important part. Under these conditions, the population can have no confidence in government administration; only 2 percent of Lithuanians are proud of their authorities and only 37 percent think they are trustworthy.<sup>19</sup>

The recent case involving the Lithuanian telephone company showed that people's patience is worn out. When it was announced that local calls - until now free- would cost something, the greatest mass protests in Lithuania since the beginning of independence occurred.<sup>20</sup> The parliament was called to a special session, and all politics parties commented on the telephone conflict. It was of special concern that the increase in rates was linked to the privatization of the Lithuanian telephone company. People suspected foul play between authorities and the purchasers of Lietuvos Telekomas, the cost of which was to be carried by the population. The demonstrations targeted not only the increase in rates for local calls, but also the privatization of the telephone company. Even the vice president of parliament realized that the planned measures were not popular, but he thought there was no other way, if Lithuania wanted to be admitted in the European Union.<sup>21</sup> Under public pressure, the increase in rates and the privatization of the telephone company were postponed.

This event also demonstrates the many changes in Lithuanian society during the past eight years. The public has found its place in Lithuanian political culture. The great interest in politics<sup>22</sup> has been a result of the media. In recent years Lithuanian newspapers have uncovered some scandals through investigative journalism and taken seriously their role as "the fourth estate." When, during the banking scandal of 1995/96, it became known that the prime minister Šleževičius, based on insider information, withdrew most of the money from his private accounts shortly before one of the greatest Lithuanian banks crashed, such a great public protest arose that the minister, who initially had no intention to resign, finally had to give in to pressure and step down.<sup>23</sup> Thus it is no surprise that the media are considered trustworthy by more than 70 percent of the population, giving them the top position.<sup>24</sup>

Another problem that concerns the public is the dramatic increase in crime. Besides the decreased standard of living, the Lithuanians consider the fight against crime the most important issue.<sup>25</sup> In 1988 21,337 crimes were recorded; in 1996 the figure was 68,053. The generally improved situation in Lithuania led to some reduction in crime (especially capital crime), but the situation remains critical. Also, an especially rapid increase in juvenile crime can be observed: almost half of the criminals are between 14 and 24 years old. For the first time, independent Lithuania is confronted with crimes unknown until now, e.g. economic criminality or organized racketeering.<sup>26</sup> Despite government action, the population has not regained trust in internal safety.<sup>27</sup>

Without doubt, the personal trials form the largest burden on Lithuania's democracy due to transformation. The attempt to avoid social hardship by gradual change must be considered a failure. Approval ratings of individual aspects of public life clearly show this: Parliament, government and the president can hope for no more than one third approval ratings. More than 80 percent of Lithuanians have reservations regarding the justice, finance

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<sup>19</sup>Lithuanian Human Development Report, Chapter 7.

<sup>20</sup>ELTA, February 3 and 4, 1998. *A charge of seven Centas per minute was planned.*

<sup>21</sup>Ibid., February 4, 1998.

<sup>22</sup>53 percent are "very interested" or "interested" in politics; From: *Lithuanian Human Development Report*, Chapter 7.

<sup>23</sup>Tauber, *Politik*, p.117-118.

<sup>24</sup>ELTA, November 27, 1997.

<sup>25</sup>75 percent are of this opinion. See: *Lithuanian Human Development Report*, Chapter 7.

<sup>26</sup>For more detail, see: International Crime Victim Survey in Lithuania. Final Report [ed. by Ministry of Justice of the Republic of Lithuania and Institute of Law] (Vilnius, 1997), p.14.

<sup>27</sup>Only 21percent hold the police for trustworthy, while 73 percent do not trust the law enforcement agencies. *Lithuanian Human Development Report*, Chapter 7.



and security authorities. Only 5 percent trust the banking system.<sup>28</sup> The people are skeptical of complete liberalization of economic relations: 57 percent think that the state must protect national economy from foreign competition, and 44 percent think that regulation of industrial relations should be handled by the government.<sup>29</sup>

These burdens are compensated for by recovered independence and the experiences gained during 50 years of Soviet occupation. Statehood is the undisputed legitimization of the Lithuanian republic: 60 percent of the Lithuanians are proud of the historical past of their nation.<sup>30</sup> The current consolidation must be politically confirmed to dispel reservations and to ensure the standard of living and raise it in the long term. Only then can the Lithuanian democracy hope not only for emotional but also for rational approval.

Lithuanian faces more great changes. The continued paternalistic trust in the state, along with the paradox neglect of public institutions, prevents initiative and responsibility. This can be seen in the Lithuanian attitudes towards taxation. Even businesses declare lower wage payment to their employees than they actually pay. Moonlighting is common, but the income is seldom declared. Thus a substantial portion of the economy evades the treasury, whereby silent consent prevails between all parties. The shadow economy is currently estimated at 18 percent of the entire economic performance.<sup>31</sup>

While the understanding of the role and function of the state still relies on old ideas, first clear signs of system transformation in the demography are becoming evident. Between 1990 and 1996 the number of marriages decreased 44 percent. More and more partnerships exist without marriage certificates, and an increasing number of young people remain single. During the Soviet period many Lithuanians married young, resulting in a high divorce rate (almost every second marriage ended in divorce). Now a clear trend shows people marrying later, leading to less divorces and a lower birth rate. These trends indicate that great changes will continue to occur in the traditionally patriarchal Lithuanian society in the next decade.

### **The Political System**

Lithuania is a parliamentary democracy. The constitution guaranties human rights and separation of justice. It ensures the rights of national minorities and guarantees freedom of religion, conscience and confession. The parliament, the Seimas, is elected for four years; parties of national minorities do not require 5 percent for representation, as in some other countries. In addition to the Seimas, the people elect the President for five years. He also has the right to initiate laws and nominates the Prime Minister for approval of the Seimas. A special aspect of the Lithuanian constitution grants the President the right to dissolve the parliament. But this is restricted by the fact that the newly elected Seimas, with a majority of 3/5 can declare new presidential elections (art. 87). Art. 87 has not been used yet. The President's position in relation to parliament and government is stronger than that of the purely representative function of the German President, but it does not compare to the position of the French President or the American President. The most important task of the office is stated in art. 84 of the constitution: The President: "... should lay down the basis foreign policy issues and execute foreign policy in conjunction with the government". This right to set broad rules requires maintaining a balance between the head of state and government, which thus far has not been a problem. [In spring 1999 the first conflict occurred

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<sup>28</sup>Ibid.

<sup>29</sup>Ibid. 43 percent hold the state responsible for moral values.

<sup>30</sup>Ibid.

<sup>31</sup>Ibid.

between President and Prime Minister, which ended with the resignation of the Prime Minister Vagnorius.]<sup>32</sup>

The outcome of parliamentary elections are always a surprise. After Lithuanian voters had granted Sąjūdis a clear majority in February 1990 and the president of parliament, Vytautas Landsbergis, became a figurehead of Lithuania's fight for independence, a victory for the Landsbergis fraction was anticipated in autumn 1992.

Instead, the former Communist Party, which has called itself Democratic Labor Party (LDDP - Lietuvos demokratinė darbo partija) since December 1990, won the elections with a landslide victory. In contrast to the conservatives, the LDDP had a developed infrastructure in the rural regions, too; it had an extremely popular party chairman, Algirdas Brazauskas, and stood clearly for an independent Lithuania. During the election campaign, the LDDP promised a more socially bearable and slower system transformation, which appealed to many voters. Therefore the victory of the social democratically oriented Communists was not a return to the socialistic system of old. In February of 1993, Brazauskas was then elected Lithuanian President with 60 percent of the votes.<sup>33</sup> However, the LDDP could not transform its great success into permanent support. Brazauskas was (based of his position) obliged to remain impartial and to resign his post as party chairman and party member. Several scandals shocked the government and the party, and the LDDP could not fulfill its promise of a more socially bearable transformation. The slowing down of reforms in key areas such as privatization was criticized in the West, which is due at least partly to the absurd classification of the LDDP as a Communist party. Also under the LDDP, the path to the west was not abandoned, the principal interior and exterior disposition of Lithuania was agreed on by all parties equally.

The bitter defeat in 1992 brought the founding of a Conservative Party, coming from Sąjūdis, in 1993. The Homeland Union/Conservatives of Lithuania ( TS/LK - Tevynės sąjunga/Lietuvos konservatoriai) clearly represents - under its party leader Landsbergis - the national conservative side more so than the Lithuanian Christian Democrats ( LKDP - Lietuvos krikščionių demokratų partija). The increasing strength of conservatives was apparent in the communal elections in March 1995 and resulted in a catastrophic defeat of the LDDP in the parliamentary elections on October 20th, 1996. The Homeland Union and the Christian Democrats formed a coalition with a substantial majority. Gediminas Vagnorius was elected prime minister. He already held the position from January 1991 until July 1992. Landsbergis celebrated his comeback as president of parliament. The table shows the results of the parliamentary election in 1996 for the most important parties and gives information on the Lithuanian parties.

Party	Votes In %	Seats (Direct mandates included)	
		1996	1992
Tevynės Sąjunga (Lietuvos konservatoriai) The Homeland Union (Lithuanian Conservatives)	29.80	70	--
Lietuvos krikščionių demokratų partija Lithuanian Christian Democrats	9.91	14	16

<sup>32</sup>For the constitution, see: Zenonas Namavičius, *Die Verfassung der Republik Litauen. Verfassungsgeschichte, Menschenrechte, Staatsaufbau* (Lampertheim, 1994), p.39.

<sup>33</sup>Tauber, *Politik*, p. 116; Joachim Tauber, "Die Auseinandersetzung mit der kommunistischen Vergangenheit in Litauen", *Berichte des Bundesinstituts für ostwissenschaftliche und internationale Studien*, 28 (1997).

Lietuvos demokratinė darbo partija Lithuanian Democratic Labor Party	9.52	11	73
Lietuvos centro sąjunga Lithuanian Center Union	8.24	14	2
Lietuvos socialdemokratų partija Social Democratic Party of Lithuania	6.60	10	8
Lietuvos moterų partija Lithuanian Women's Party	3.67	1	-
Lietuvos lenkų rinkimų akcija Election Movement of the Poles	2.98	2	4
Lietuvos liberalų sąjunga Lithuanian Liberals Association	1.84	3	0
Lietuvos socialistų partija Lithuanian Socialistic Party	0.73	0	-

It is noteworthy that the political middle of the party spectrum is under-represented. But since then, a refined party system has evolved without susceptibility to extremists. A contributing factor has surely been that the previous change in government impressively verifies the democratic intentions of the parties. The political system passed its first test with flying colors.

This was also apparent during the presidential elections. For a long time it was unclear whether the officiating President Brazauskas, who still has high approval rate, intended to run again. In October 1997, Brazauskas announced that he did not intend to run for reelection. In addition to health reasons, he felt that he was identified too closely with the Communistic past of Lithuania (Brazauskas has been the leader of the LKP since 1988) and that it was time for a new generation with clean slates to take over the helm.<sup>34</sup>

It finally came to a final ballot between the 44-year-old Artūras Paulauskas, who was supported by the left powers, and the 71-year-old Valdas Adamkus, who was originally nominated by the Center Union. Landsbergis, whose strong reputation in the West is in stark contrast to his popularity in Lithuania, was eliminated in the first round with 16 percent of votes. In a close decision on January 4, 1998, Adamkus won the election with 968,032 votes Paulauskas's 953,775 votes. Adamkus is an exiled Lithuanian; his family emigrated to the USA at the end of the World War II. As former director of an environmental institute, the new President has extensive administrative experience. His biography represents a decidedly western trend.<sup>35</sup> Despite the most objective and composed election campaign, more than 70 percent of voters participated in the final ballot - a figure last reached in autumn 1992. Between 1992 and 1997, participation fell from 50 to 40 percent. This is surely an indication of public opinion on the one hand, but on the other it should not be granted too much significance.

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<sup>34</sup>*Jo Ekscelencijos Lietuvos Respublikos Prezidento Algirdo Brazausko kalba per Lietuvos televizija (The speech of His Excellency President of Republic of Lithuania Algirdas Brazauskas on Lithuanian Television)*, October 9, 1997, in: <http://rc.lrs.lt/president/kalba>.

<sup>35</sup>A first comment by Alfred Erich Senn, "The 1998 Lithuanian Presidential Election", *Analysis of Current Events*, 10, 2, (February 1998), p.1.

All together it can be said that the political institutions are firmly established in Lithuania, changes in power occur democratically, and the political elite firmly support the democratic form of government.

### **NATO and EU: Cornerstones of Exterior Policy**

There is no dispute over fundamental foreign policy issues: the aim is the integration in transatlantic and European structures. As the first country to be part of the former Soviet Union, Lithuania asked for full membership to NATO on January 4th, 1994. On his first official visit to Brussels, President Brazauskas declared, "Security and stability of a country are absolute prerequisites for a functioning democracy and a free market. We are convinced that Lithuania's national security is an inseparable part of European security as a whole. Lithuania can not guarantee its security on its own. We think that European security - and therefore also Lithuanian security - can only be achieved by the political, economical and military integration of the affected countries; the most important institutions for such an integration are the European Union and NATO."

The Baltic desire for security is based in part on the background of Russian policy, which repeatedly launches verbal attacks against the Baltic States. In his Brussels speech, Brazauskas clearly described the problem: "Russia's comments about its specific interests and its extraordinary claim to keep peace in the so-called 'near abroad' and the former territory of the Soviet Union are not wholly consistent with the spirit of international law or the 'Partnership for peace'. Statements of specific Russian interests in the Baltic States are extremely difficult to understand, if only because Lithuania and the other Baltic States never were a legitimate part of the Soviet Union."<sup>36</sup> For Lithuania, the real problem is not the Russian minority in the country but the Russian Kaliningrad region, where strong military forces continue to be stationed.<sup>37</sup>

The decisions made at the Madrid NATO Summit in July 1997 caused disappointment, even if in official statements discretion was used. While in February 1997 approval of joining NATO stood at 47.7 percent amongst the Lithuanian public, it decreased to 36.2 percent shortly before the summit, when it became clear that the Baltic States would not be in the first round of new members.<sup>38</sup> Meanwhile Lithuania, which joined the "Partnership for peace" as second eastern European country, is banking on the new NATO member, Poland, along with the USA<sup>39</sup> and the Scandinavian countries. Lithuanian-Polish relations, which after the declaration of independence were strained by the respective minorities and the historical quarrel over Vilnius, have continued to improve. On the 80th anniversary of the Lithuanian declaration of Independence, on February 16, 1998, the Polish President Kwasniewski was the only head of state to visit Vilnius; the first official visit abroad of the newly elected President Adamkus was to Warsaw.<sup>40</sup> Militarily, the two countries are working together on air space control; a joint Polish-Lithuanian battalion for peacekeeping missions is planned.<sup>41</sup>

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<sup>36</sup>Cited in: Joachim Tauber, "Litauen und die Nato", *Osteuropa*, 6, A 322ff (1994).

<sup>37</sup>For this, see the reports edited by the Bundesinstitut für ostwissenschaftliche und internationale Studien herausgegebenen Berichte Nr. 17-1993 (*Kaliningrad (Königsberg), Eine russische Exklave in der baltischen Region. Stand und Perspektiven aus europäischer Sicht*); Nr. 21-1993, 25-1993 (Dieter Bingen, *Das Gebiet Kaliningrad [Königsberg]: Bestandsaufnahmen und Perspektiven. Deutsche Ansichten I und II*).

<sup>38</sup>See: ELTA, July 2, 1997. In February, 29.6 percent of those questioned were undecided, in July 33.6 percent. The approval of EU membership dropped (even before the recommendations of the EU commission) from almost 50 percent to 40.2 percent.

<sup>39</sup>*The Charter of Partnership among the United States of America and the Republic of Estonia, the Republic of Latvia and Republic of Lithuania*, January 16, 1998, in: [www.state.gov/www/regions/eur](http://www.state.gov/www/regions/eur).

<sup>40</sup>ELTA, February 16, 1998 and April 1, 1998.

<sup>41</sup>ELTA, March 25, 1998. [The battalion was inaugurated by the two presidents in April 1999.]

For the time being the EU will not begin negotiations with Lithuania about joining the community; of all three Baltic States, only Estonia got an invitation to such talks. The Lithuanian government blamed out-of-date data for this decision by the EU Commission. They suggested that the EU recommendation was more politically motivated than objective. In late April 1998, the Lithuanian government reacted harshly to comments by Estonian President Lennart Meri, who in talks with the Polish press stated that Estonia would introduce visa requirements for Latvian and Lithuanian citizens, if it would accelerate membership to the EU. In its own statement, the Lithuanian government pointed out that the EU decision could divide the Baltic States and provoke domestic and foreign tensions. Once more, the government pointed out that the EU was negotiating with countries who are much weaker economically than Lithuania.<sup>42</sup> These misgivings are not totally unfounded, as demonstrated clearly the telephone rate controversy; when for the first time arguments critical of Europe found their way into the populace by maintaining that the fees for local calls and the privatization of the telephone company were part of adaptation to EU standards.

Lithuania continues to hope for clear signals from the West; President Adamkus committed himself and his country on the occasion of his first appearance before the NATO council on April 23, 1998 with clear words: "I am here to reconfirm the principle aspirations of our state and its people, which are: integration into the European and transatlantic structures, political and economic cooperation and good neighborly relations. During my term in office, I will make every effort to ensure that Lithuania becomes a member of NATO and the EU."<sup>43</sup>

### **Attorney of the Balts? A Lithuanian View on the Federal Republic of Germany**

After regaining independence, Germany was highly esteemed in Lithuania. As the nearest Western country, it was and is the most important destination for the Lithuanian populace in Western Europe. The reunification of Germany also triggered empathy, because many Balts saw a parallel to the struggle for freedom by the Baltic people, although Lithuanians considered Germany's politics cautious commercial politics.<sup>44</sup>

There is now constant interaction between the two countries. Many contracts and treaties, mutual cultural contacts and the support that Germany has provided in many areas have helped to strengthen relations. Particularly important is participation of many of the German federal states in projects in the economic and cultural sphere.<sup>45</sup> Germany's commitment in Lithuania is also aided by private initiatives.

In foreign policy, Germany assisted Lithuania in gaining the status of an associated member of the EU and supported the signing of a free trade treaty with the EU. The regional initiative of the Council of the Baltic Sea Border States, to which Lithuania and the other Baltic States belong as full-fledged members, is also of importance. Germany has played an important role in the convergence of the Baltic States to Europe, which Foreign Minister Klaus Kinkel clearly expressed in August 1996: "Germany sees itself as an attorney for the people of this region. Therefore, it is the aim of German foreign policy to link Estonia, Latvia and Lithuania more strongly and formally with European institutions. In this way, we want to

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<sup>42</sup>ELTA, March 30, 1998.

<sup>43</sup>*Address by H.E. Mr. Valdas Adamkus, President of the Republic of Lithuania, Brussels, 23, April 1998, in: www.nato.int/docu/speech.*

<sup>44</sup>Alfonsas Eidintas, "Deutschland und die Staatlichkeit Litauens im 20 Jahrhundert," *Nordost-Archiv N.F.*, 1, (1992), 38, with reference to Vincas Bartusevičius, "Vokietijos politika Lietuvos atžvilgiu [Germany politics on Lithuania]," *Atgimimas*, 40 (1991), 43.

<sup>45</sup>For more details on this, see Joachim Tauber, *Die deutsch-litauischen Beziehungen seit 1990*. Paper delivered at the conference „Supermacht oder Partner? Deutschlands neue Rolle in Osteuropa“, organized by the Ev. Akademie Hofgeismar, July 4 – 6, 1997.

contribute to strengthening the independence and stability of these three countries... Estonia, Latvia and Lithuania had, in a special way, to bear the burden of European history in this century characterized by two terrible wars and forty years of Cold War. They fell victim to criminal politics, robbing them of their independence and statehood. Afterwards they had to bear the consequences for half a century... With a view of this history Germany acknowledges its special responsibility for the Baltic States.”<sup>46</sup>

In recent years, it has become clearer and clearer, that the Lithuanian hopes in Germany were not disappointed, but gave way to a more pragmatic view. The main partners are the USA, the Scandinavian countries and, most recently, Poland.

Another problem has at least diminished if not damaged the prestige of the Federal Republic within Lithuanian society: Lithuanians are still not able to travel to Germany without a visa. The flocks of travelers coming from all over the country form huge crowds in front of the German embassy in the center of Vilnius. Despite many years of negotiations, a visa is still required. The problem has even caused the German parliament to take action; on December 9, 1997, an interfractional group brought forward a motion for the government to start negotiations with the Baltic States over the abolition of the visa requirement. The foreign policy committee of the German parliament approved with this motion on April 29, 1998.<sup>47</sup> [Note: On March 1, 1999, the visa requirement between Lithuania and Germany was finally abolished.]

Despite these problems, it is fair to say that, since August 1991, Germany has faithfully supported Lithuania, so that the last eight years can be considered without exaggeration the best period of German-Lithuanian relations in this century.

## **Conclusion**

Eight years after beginning system transformation, Lithuania has made amazing headway. The foreign policy of the Baltic republic is clearly oriented to the West. The country has a functioning political system; macroeconomic data has shown positive trends for quite a while. The social situation remains difficult; a large part of the populace had to bear a decreasing standard of living, which has led to some social stratification. The Lithuanian Office of Statistics emphasized the underlying dangers of this development as early as 1996: “If Lithuania today does not find a way to guarantee its inhabitants the chance of social development, our country can tomorrow become a region of mass poverty and a small wealthy class without political stability and without social security for its people.”<sup>48</sup> A rough stretch of the road to the west still lies ahead for the Lithuanian Republic.

*Translated by Barbara Buehler-Tauber and Robin Backhaus*

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<sup>46</sup>Cited in *Leipziger Volkszeitung*, August 27, 1996.

<sup>47</sup>Deutscher Bundestag, *Antrag Visumsfreiheit für die baltischen Staaten*, Wahlperiode, Drucksache 13/9390,; [www.bundestag.de/wib/98](http://www.bundestag.de/wib/98).

<sup>48</sup>*Žmogaus socialinė raida ir gyvenamoji aplinka 1996 m.* (Vilnius: United Nation Development Program, 1996), p.9.

## *The Impact of the European Union on Intra-Baltic Economic Cooperation*

Ramūnas Vilpišauskas\*

### Introduction

Since the beginning of the 1990s, cooperation among Estonia, Latvia and Lithuania (further referred to in this article as intra-Baltic or sub-regional cooperation) has progressed relatively far. Intra-Baltic cooperation has occupied an important place in the agenda of the three countries' policy-makers. The three countries have established a number of trilateral inter-governmental institutions, including the Baltic Assembly, the Baltic Council of Ministers and the Baltic Council, and have signed a number of trilateral agreements ranging from economic to security matters. At the same time, membership in the European Union (EU) has emerged as the top foreign policy priority of the three states, and all three have signed bilateral agreements with the EU. They have all started implementing the pre-accession strategy, and Estonia has begun accession negotiations with the EU.

Intra-Baltic cooperation and the factors behind it have increasingly become an object of extensive studies of both local and foreign analysts. The adoption of trilateral cooperative or non-cooperative policies has been explained by employing security, geopolitical, cultural, historical or identity factors.<sup>1</sup> While not denying the importance of these factors, this article argues that the factors accounting for the *choice* of general cooperative policy orientation do not necessarily provide an explanation of the *dynamics* of cooperation, its timing and particular forms. The argument here focuses on the influence of a regional union, namely the EU, on neighboring countries and the sub-regional cooperative policies they pursue. The observation that the EU has been exercising an important effect on intra-Baltic cooperation is not new.<sup>2</sup> However, systematic analysis of this EU impact on intra-Baltic cooperation has been lacking. This article attempts to provide such an explanation based on the general framework of the impact that a large regional union exerts on neighboring countries.

The article adopts the definition of cooperation as it is widely accepted by scholars of international relations. It is suggested that cooperation "takes place when the policies actually followed by one government are regarded by its partners as facilitating realization of their own

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<sup>1</sup> See, for example, Pertti Joenemi, J.Prikulis(eds.), *The Foreign Policies of the Baltic Countries: Basic Issues*, (Riga: Center of Baltic-Nordic History and Political Studies, 1994); A.Lejins, Z.Ozolina (eds.), *Small States in a Turbulent Environment: The Baltic Perspective* (Riga: Latvian Institute of International Affairs, 1997); H.Rebas, "Baltic Cooperation – Problem or Opportunity?" *Perspectives (Review of Central European Affairs)*, 9, (Winter 1997/1998), 67-76, B.Hansen, B.Heurlin (eds.), *The Baltic States in World Politics* (Richmond: Curzon Press, 1998); T.Jundzis (ed.), *The Baltic States at Historical Crossroads* (Riga: Academy of Sciences of Latvia, 1998); Česlovas Laurinavičius, Egidijus Motieka, *Geopolitical Peculiarities of the Baltic States [presentation for the conference Baltic States: Cooperation and Search for New Approaches]* (Vilnius, April 24, 1998); R.Munich, *Baltic Cooperation – Prospects and Agenda [presentation for the conference "Baltic States: Cooperation and Search for New Approaches]*, (Vilnius, April 24, 1998).

<sup>2</sup> For example, it was suggested that "the Baltic free trade agreement of September 1993 was largely due to outside European pressures". (S.Lainela, P.Sutela, *The Baltic Economies in Transition* (Helsinki: Bank of Finland, 1994), p.11.)

objectives as the result of policy coordination.”<sup>3</sup> This implies “that an actor’s behavior is directed toward some goal(s).”<sup>4</sup> Therefore, analysis of cooperation requires understanding of how particular objectives are formed and prioritized. Regional cooperation might facilitate achievement of goals aimed at both an external environment and a domestic arena. Second, it implies “that actors receive gains or rewards from cooperation.”<sup>5</sup> Thus, the issue is how distribution of gains is perceived by participating actors, and how cooperative measures influence the chances of achieving other objectives of governmental actors as well as the distribution of gains among domestic economic groups.

Analysis of intra-Baltic cooperation in this article is focused on cooperation in trade matters. The choice is based on several considerations: (1) it has probably been the most advanced area of intra-Baltic cooperation, in some aspects surpassing multilaterally accepted requirements for regional agreements<sup>6</sup>; (2) it is characterized by both successes and failures, which allows comparison of different outcomes of cooperation dynamics; and (3) it reflects the modes of the Baltic states’ integration into the EU. The variable of intra-Baltic cooperation comprises both agreements to cooperate and failures to cooperate, which include unilateral, competitive or conflicting behavior limiting benefits to other actors as well as inactivity<sup>7</sup>.

The argument attaches particular importance to the leadership role of the EU also acting as a “commitment institution” in solving coordination problems by providing common rules and side-payments.<sup>8</sup> The EU, by virtue of the importance attached to it by Baltic leaders, has been playing the role of external coordinator in the process of intra-Baltic cooperation by providing rules for regional cooperation and domestic policy-making, often in close coordination with other suppliers of aid, trade or financial regimes. The EU’s role as an external coordinator helped to solve coordination problems of intra-Baltic cooperation when the three were all “vaguely and diffusely in favor [of cooperation], but their preference for forms and terms makes agreement on the specific cooperative enterprises difficult.”<sup>9</sup> Coordination problems in particular hampered intra-Baltic economic cooperation during the early part of the decade. The prospect of EU membership, EU-provided rules guiding integration and the realization that sub-regional cooperation is likely to advance integration into the EU have all played a role in designing and implementing schemes for intra-Baltic economic cooperation.

Nevertheless the role of an external leader is limited since the provision and adoption of rules for sub-regional cooperation depend on the individual countries’ prospects of integration into the regional union. Furthermore, the analysis is extended to include transition related issues such as uncertainty, lack of resources and changes in political and economic institutions which impact on governments’ ability to cooperate. Finally, the decisions in favor of intra-Baltic cooperation are seen as a complementary rather than an alternative policy to integration into the

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<sup>3</sup> R.O.Keohane, *After Hegemony. Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984), p.51-52.

<sup>4</sup> H.Milner, *Interests, Institutions, and Information* (Princeton: Princeton University Press, 1997), p. 7.

<sup>5</sup> Ibid.

<sup>6</sup> The main requirements for regional agreements set by the GATT include reduction of trade barriers between the constituent territories within a reasonable period of time and no increase of barriers to third countries. Trilateral agreements signed among the Baltic States have not foreseen any transition periods. Eventually liberalization was extended to trade in agricultural goods, which is usually exempted from similar agreements.

<sup>7</sup> Milner, *Interests*, p.8. In the case of the Baltic States, the issue has often been framed in terms of cooperation versus competition, leading some to conclude that “we are economic competitors” (see, for example, V.Made, *Estonian Geostrategic Perspectives [presentation for the conference Baltic States: Cooperation and Search for New Approaches]* (Vilnius, April 24, 1998), p. 38). In many cases, Baltic policy-makers as well as analysts tend to extend the model of competing firms to the level of the three countries, often mixing the notions of company competition with states’ competition for status and prestige, as well as the competition for FDI - issues which could be an interesting matter of a separate analysis.

<sup>8</sup> This general argument is elaborated in W.Mattli, *The Logic of Regional Integration. Europe and Beyond* (Cambridge: Cambridge University Press, forthcoming).

<sup>9</sup> Kornelija Jurgaitienė, O.Waeber, “Lithuania”, *European Integration and National Adaptations* [ed. by H.Mouritzen, O.Weaver,H.Wiberg] (New York: Nova Science Publishers, 1996), p.215.



EU. The dynamics of sub-regional cooperation is directly conditioned by the prospects and prerequisites for integration into the regional union.

In the interests of simplicity the reader should imagine a situation in which outside countries for a number of reasons express their willingness to join a regional integration scheme. For a number of other reasons, the regional union finds it too costly (in more than just economic terms) to accept new members, but does not deny the possibility of doing so some time in the future. Meanwhile, the regional union encourages outsiders to cooperate amongst themselves and supplies models of market integration as well as financial support and leadership. It thereby acts as a push factor with regard to the outsiders' cooperation, which is also facilitated by certain conditions (the security situation, recent cooperative experiences, common objectives as well as the demands of actors who stand to benefit from integration), and is disturbed by other factors (divergent preferences for achieving policy objectives, protectionist demands of actors facing losses from market integration, etc.). This article addresses the impact of a regional union, which outsiders aspire to join, while the other factors are taken as given.

The impact of a regional union on the scope of sub-regional cooperation of neighboring countries can be assessed by examining the union's policy towards individual countries and the way that particular decisions addressed towards them as a group or individually affect sub-regional cooperation. The analysis would be incomplete, however, without examining responses by the sub-regional group and the means by which they translate into further sub-regional cooperation or lack of it.

This analysis establishes a clear link between sub-regional cooperation and the policies of a regional union. As was indicated above, sub-regional cooperation is perceived by participating actors not as an alternative but as a facilitator of individual integration into the regional union. For the purposes of this analysis, *integration* refers to the process of an independent state joining the regional union by way of removing barriers to free exchange of goods, services and movement of factors of production (negative integration), adoption of certain common rules and policies (positive integration), delegation of authority to supranational institutions and participation in common decision-making procedures. Thus, unilateral adaptation rather than joint decision-making is emphasized. The focus of analysis is on sub-regional actors, and their strategies vis-à-vis a neighboring regional union. Integration refers to a gradual process evolving in stages that can be identified for analytical purposes. The integration process includes (1) the establishment and intensification of diplomatic and economic relations, (2) the pre-accession stage in which the union explicitly acknowledges the possibility of eventual membership, and supplies schemes designed to prepare applicants for integration into the common market and accession, (3) the accession negotiations, during which individual applicants agree with the union on the (negotiable) conditions of membership, and further proceed with adoption of rules governing the common market and common policies, (4) the accession itself, after which new members acquire the right to participate in the decision-making procedures but may face transition periods in certain areas. The main proposition is that there is a link between integration of individual members of the sub-region into the union, and the dynamics of sub-regional cooperation. Participation in different stages of integration which imply divergent prospects of union membership is likely to act as a barrier to cooperation and encourage non-cooperative policies.

### **The EU and Intra-Baltic Economic Cooperation**

*A Period of Uncertainty.* The early phase of relations between the EC/EU and the Baltic countries was marked by the EC/EU's preference for a group approach towards the three. This lasted from the establishment of diplomatic relations to the initiation of individual trade agreements, although the actual negotiations were conducted bilaterally. The group approach towards the Baltic states was reinforced by EU representatives' direct encouragement of intra-Baltic cooperation on various occasions. They have indirectly promoted this cooperation by

urging the strengthening of economic relations among transition countries in general. The economic cooperation of the Visegrad countries, and the EU's statements regarding the desirability of the transition countries' economic integration proceeding in parallel with their integration into the EU have provided Baltic policy-makers with a reference model to be followed. Once the prospects of EU integration became more certain, and the Baltic states' leaders realized that intra-Baltic economic cooperation was likely to maximize their chances of integration into the EU, they were willing and able to proceed with sub-regional cooperation. These developments are discussed below.

The EC recognized the independence of the three Baltic states on August 27, 1991, and in April of 1992 the Ambassador of the EU to the Baltic states started discharging his duties. During an early-September meeting with the foreign ministers of the Baltic states, EC representatives offered to include the three states in the Phare program, thereby differentiating them from the other former Soviet republics, and to start preparing trade and cooperation agreements similar to those concluded with the CEECs. The subject of intra-Baltic cooperation, particularly in the field of developing their relations with industrialized countries and the EC, was dealt with during the visit of Commission Vice President Andriessen.<sup>10</sup> In September 1991, the negotiations concerning the "first generation" trade and cooperation agreements were started. The agreements were signed in May 1992, and came into force in early 1993. The agreements were supplied by the EU and their enforcement has upgraded the trading status of the Baltic states in the general "pyramid of preferences" of the EU by extending MFN status and GSP as well as abolishing specific import restrictions applied before to the state-trading economies.

The Baltic states' representatives raised the issue of EU association already during the negotiations on trade and cooperation agreements. Their aim was to conclude association agreements similar to the ones signed by the EU with the Visegrad countries, and thereby to be included in the same group that was recognized as composing prospective EU members. This hope was expressed by the foreign ministers of the Baltic countries during the signing of the trade and cooperation agreements in May 1992. Estonian Foreign Minister J. Manitski called the accords "our first step back to Europe", which would, he hoped, lead to full EC membership within a few years.<sup>11</sup> The acknowledgment that these agreements may lead to association was also included in the preambles of the agreements. The Baltic states again expressed their wish to join the EU in a conference on aid to the former Soviet Union held in Lisbon at the end of May 1992 and attended by representatives of 64 countries.<sup>12</sup> The negotiations of the Europe agreements and the question of eventual EU membership moved to the top of the agendas of the Baltic governments. However, the attitude of EU policy-makers was rather reserved. The importance of regional cooperation among the "new independent states"<sup>13</sup> was emphasized by President of the Council Pinheiro and reiterated in the conclusions of the Lisbon conference. The development of the EU's relations with the Baltic states was not addressed. Later various proposals about possible forms of economic and political links with the Baltic states were debated, pointing to uncertainty about whether they could be included in the category of potential members<sup>14</sup>. The prospect of eventual membership was quite uncertain at best.

Despite the uncertainty concerning further development of relations with the Baltic countries, the EU assumed a leading role in supporting economic and political reforms in these countries. The Phare technical assistance program was extended to the Baltic states. The EU

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<sup>10</sup> Commission of the EC, *Bulletin of the EC*, 9 (1991), 44.

<sup>11</sup> "Baltics Sign Trade Deals with EC," *The Baltic Independent*, May 15-21 (1992), 4.

<sup>12</sup> "Balts Want Triangular Trade," *The Baltic Independent*, May 29 - June 4 (1992), 1.

<sup>13</sup> Commission of the EC, *Bulletin of the EC*, 5 (1992), 80.

<sup>14</sup> As with the EC/EU's response to developments in the CEECs, the resulting policy constituted 'a curious mix of tradition and innovation' (U.Sedelmeier, H.Wallace, "Policies towards Central and Eastern Europe," *Policy-Making in the European Union* [ed. by H.Wallace, W.Wallace,] (Oxford: Oxford University Press, 1996), p.355), and 'more a conglomeration of discrete activities than the result of a well-developed coherent strategy' (H.Kramer, "The EC's Response to the 'New Eastern Europe' ," *Journal of Common Market Studies*, 31, 2, (1993), 221).

Commission acted in close coordination with the international financial institutions, for example, making aid conditional upon the adoption of the IMF economic recovery programs. A part of Phare funds and technical assistance measures were directed towards facilitating economic liberalization and supporting economic cooperation by improving the administration of trade and supporting the development of exports. Trade liberalization and sub-regional cooperation among the transition economies were encouraged as part of general support for economic transformation and democratic consolidation.<sup>15</sup>

The group approach towards the Baltic states was reinforced by support of intra-Baltic cooperation measures, which EU representatives encouraged on various occasions. During the July 1992 G-7 summit, G-7 leaders urged “all CEECs to develop economic relations with each other.”<sup>16</sup> This was directed in particular towards the Visegrad countries. In their case the link between sub-regional economic cooperation and integration into the EU was very explicit. The Visegrad countries decided to create a free trade area only after signing the Europe agreements with the EU, and tuned reductions of sub-regional trade barriers in accord with those of the EC.<sup>17</sup> Sub-regional integration among the Visegrad countries was strongly welcomed by the EC.<sup>18</sup> At the same time, the “Visegrad example” provided a model that the Baltic states could emulate.

EU policy towards the Baltic states has been conducted in concert with other regional institutions, in particular the Council of the Baltic Sea States (CBSS). The CBSS was created in 1992 in Copenhagen with the participation of representatives of 10 countries and the EU Commission. It became an important institution for development of ties between the Baltic states and the EU, and another avenue of EU support for sub-regional cooperation. Its importance is underlined by the fact that it includes Germany, Denmark and the future Nordic members of the EU which have become the main supporters of the Baltic states’ integration into the EU.<sup>19</sup> “The Baltic Sea Dimension” of EU policy was strengthened further after Sweden and Finland became EU members in 1995.

The situation in the Baltic states during the first years of transition was characterized by radical political and economic institutional changes, which imposed constraints on intra-Baltic economic cooperation. As policy-makers of one Baltic state acknowledged at that time, the “tense domestic situation” rendered advancing sub-regional cooperation impossible.<sup>20</sup> Uncertainty and lack of resources limited the abilities of governments to implement sub-regional cooperation projects. The work of one already established intra-Baltic institution – the Baltic Assembly – was hampered by a lack of financial resources, while the level of expertise for designing sub-regional market integration schemes was low.<sup>21</sup> This was a period of learning, institutional imitation and innovation. The absence of a regional coordinator and supplier of cooperation rules made commonly acceptable agreement on the form and substance of economic cooperation more complicated, although various proposals, often based on references to the Benelux or other models, were discussed.

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<sup>15</sup> Although some observers have concluded that the emphasis on sub-regional cooperation reflected a lack of a clear strategy on the part of the EU with which to respond to the urgent needs of the region (see A.Inotai, *Correlations between European Integration and Sub-Regional Cooperation* (Budapest: Hungarian Academy of Sciences, WP No. 84, 1997), p. 15).

<sup>16</sup> Commission of the EC, *Bulletin of the EC*, 7/8 (1992), 142.

<sup>17</sup> H.W.Hoen, *The Transformation of Economic Systems in Central Europe* (Cheltenham: Edward Elgar, 1998), p. 39.

<sup>18</sup> Commission of the EC, *Bulletin of the EC*, 10 (1992), 128.

<sup>19</sup> Already during the founding meeting of the CBSS, German Foreign Minister H.D. Genscher declared that the Baltic States “must be offered association accords with the EU similar to those signed with Poland, Czechoslovakia and Hungary” (“Baltic Region Forms Council to Build Democracy and Speed Growth,” *The Baltic Independent*, March 13-19 (1992), 5)

<sup>20</sup> The Baltic Independent June 5-11, 1992, “New Strains on Baltic Unity”, 1.

<sup>21</sup> Notably, Nordic diplomats reportedly expressed dissatisfaction with the level of preparation on the part of the Baltic States during the signing of the Nordic and Baltic States cooperation agreement of 1992 (“New Strains on Baltic Unity,” *The Baltic Independent*, June 5-11 (1992), 1).

The Baltic states established foreign trade regimes in 1992 and 1993, ranging from a very liberal one applied by Estonia to more protectionist ones, particularly in trade of agricultural goods, applied by Latvia and Lithuania. Introduction of market institutions, such as national currencies, created the necessary basis for sub-regional economic cooperation, although varying rates of progress in each of the three states posed temporary limits. Estonian officials referred to Lithuania's slow progress in introducing a national currency and instituting a visa regime for CIS nationals as an obstacle to a trilateral trade agreement.<sup>22</sup> The willingness to proceed with trilateral economic cooperation on Estonia's part was also temporarily lessened by the formation of a left wing government in Lithuania as a result of a "protest vote" during the parliamentary elections of late 1992. Estonian right-wing government officials were quoted referring to the "anti-business policies" of the new Lithuanian government and the need to consider conclusion of a bilateral free trade agreement with Latvia instead.<sup>23</sup> These differences, however, proved to have only a temporary effect on intra-Baltic relations.

Prospects for intra-Baltic economic cooperation started changing in 1993, and the major push to advance it is attributed to EU policies. The first indication of changing EU policy towards the Baltic states - not without major efforts by the Danish government - was an invitation to participate in a conference organized in Copenhagen on April 13-14, 1993. The conference gathered representatives from the EU, EFTA and the CEECs to discuss European integration, and the final declaration acknowledged the aim of several participating countries (meaning the Baltic states) to become members of the EU.<sup>24</sup> The following months were characterized by developments in the EU and responses of the Baltic states to these developments that led to the intra-Baltic free trade agreement. Several days after the conference, the EU troika and Commissioner Van den Broek had a meeting with the Baltic foreign ministers, during which the issues of the EU's relations with the three and economic liberalization and cooperation within the Baltic region were discussed.<sup>25</sup> The Baltic states' representatives raised the issue of establishing a free trade area with the EU. However, the response from the EU, namely from Belgian Foreign Minister Claes, was that the three "should first improve cooperation among themselves."<sup>26</sup> He also indicated that the Baltic states could learn from the Benelux example.

Before going to their meeting with the EU representatives, the prime ministers of the Baltic states met in Vilnius to discuss their relations and common position towards the EU<sup>27</sup>. The Baltic leaders met again at the beginning of June, before the EU summit in Copenhagen, and issued a joint document urging the EU to begin talks on association with the Baltic states.<sup>28</sup> Although the EU summit in June 21-22 did not recommend starting association negotiations, the decision to ask the Commission to develop proposals on free trade agreements with the Baltic states marked a step towards integration of the three into the EU. The conclusions of the Copenhagen summit also stated that acceleration of the process of opening EU markets to transition countries is expected "to go hand in hand with further development of trade between those countries themselves".<sup>29</sup> The same attitude was again expressed during the meeting of G-7

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<sup>22</sup> "Lithuania Seeks to Join Baltic Trade Deal," *The Baltic Independent*, August 20-26 (1993), 1.

<sup>23</sup> Estonia even voiced doubts about the necessity of the Baltic Assembly ("Trade Row Highlights North-South Gap", *The Baltic Independent*, April 2-8 (1992), 1.; Jurgaitienė, Waever, *Lithuania*, 213).

<sup>24</sup> Rytis Martikonis, *Penkeri Lietuvos ir Europos Sajungos metai [Lithuania's and EU's five years]* (draft paper), 1997, p. 8.

<sup>25</sup> Commission of the EU, *Bulletin of the EC*, 4 (1993), 54.

<sup>26</sup> Cited in *The European Union and the Baltic States* [ed. by M.Jopp, S.Arnsward,] (Helsinki: Ulkopoliittinen instituutti, 1998), p. 50.

<sup>27</sup> "Politics or Economics", *The Baltic Review*, 2, 2, (March – June 1993), 9.

<sup>28</sup> J.Prikulis, "The European Policies of the Baltic Countries," *The Foreign Policies of the Baltic Countries: Basic Issues* [ed. by Pertti Joaniemi, J.Prikulis,] (Riga: Center of Baltic-Nordic History and Political Studies, 1994), p.106.

<sup>29</sup> Commission of the EU, *Bulletin of the EC*, 6 (1993), 13.

heads in Tokyo in July, who urged “stronger cooperation among the countries in transition themselves.”<sup>30</sup>

These decisions strengthened the perception of the Baltic governments that their major objective - integration into the EU - is likely to be facilitated by sub-regional cooperation. This was very explicitly stated by the leaders of the three countries during their August 1993 meeting in Jūrmala, when the three presidents jointly declared their intention to integrate into the EU and their view that intra-Baltic integration was a step towards integrating the sub-region into the EU.<sup>31</sup> The intra-Baltic free trade agreement was signed on September 13. It was modeled on the bilateral free trade agreements that the Baltic states had concluded about a year ago with some EFTA countries. The intention to proceed further by liberalizing trade in agricultural products was indicated in the preamble of the agreement.

The conclusion of the agreement was declared to be a major step towards the integration of the three into the EU. The intra-Baltic free trade agreement was clearly perceived by the Baltic leaders as maximizing their chances to integrate into the EU. As Estonian President Lenart Meri remarked, “we can’t reenter Europe through three doors and then get together there.”<sup>32</sup> The instrumental value of the agreements was reaffirmed again during the meeting of the foreign affairs ministers of the three states in December, following the decision of the Commission to start discussions on Baltic free trade agreements. The ministers jointly appealed for prompt ratification of the intra-Baltic free trade agreement, and declared that this would pave the way for even more advantageous treaties with the EU in the immediate future.<sup>33</sup>

Its was also positively evaluated by the EU Commission, which was at the time preparing bilateral free trade agreements with the Baltic states. A memorandum on the free trade agreement between the EU and Latvia, prepared in September, stated that the intra-Baltic free trade agreement, which provided for integration among the three, would assist in their future integration into the EU.<sup>34</sup> The preparation for talks on the Baltic states’ free trade agreements with the EU took place in the second half of 1993. At the beginning of December, the Commission presented to the Council its recommendations to negotiate free trade agreements with the three, “taking into account specific features” of the Baltic countries. The latter qualification probably referred to some remaining policy ambiguities concerning possible accession of these countries. The Commission also noted that conclusion of the free trade agreements will ensure that existing agreements between the Baltic states and the Nordic countries will be compatible with the EU’s *acquis* after accession of the latter.

On February 7, 1994, the EU Council confirmed the Commission’s mandate to negotiate free trade agreements with the Baltic countries. The Council and the Commission issued a declaration which acknowledged the importance of further strengthening integration between the Baltic states and the EU and declared that the free trade agreements would constitute an important step to this end. The declaration also stated that “the Council will take all necessary steps with the aim of negotiating and concluding Europe agreements as soon as possible in recognition of the fact that Estonia, Latvia and Lithuania are to become members of the EU through Europe Agreements.”<sup>35</sup> Thus, the EU explicitly acknowledged the aim of the Baltic states to become EU members. Although the Europe agreements were to become the main instruments of integration, the strategy of integration was still uncertain.

In the following months, bilateral negotiations on free trade agreements between the EU and the Baltic states took place. The three agreements were signed on July 18, 1994, and came into force in January 1995. The agreements, supplied by the EU and modeled on interim

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<sup>30</sup> Commission of the EU, *Bulletin of the EC*, 7/8 (1993), 130.

<sup>31</sup> Prikulis, *The European*, p.106.

<sup>32</sup> “Baltic Leaders Give a New Lease of Life to Cooperation”, *The Baltic Independent*, September, 3-9 (1993), 1.

<sup>33</sup> , “Foreign Ministers Rebuke Russia on “Peacekeeping Forays”, *The Baltic Independent*, December 10-16 (1993), 1.

<sup>34</sup> Prikulis, *The European*, p.107.

<sup>35</sup> Commission of the EU, *Bulletin of the EU*, 1/2 (1994), 73.

agreements concluded before with other CEECs, resulted in different provisions concerning the speed and scope of liberalization. Their contents have been comparatively analyzed elsewhere, therefore it suffices to point out several features relevant to the analysis<sup>36</sup>. First, the agreements explicitly recognized the need for continuing intra-Baltic cooperation, taking into account that closer integration between the EU and the Baltic states, and among the Baltic states themselves should proceed in parallel.<sup>37</sup> Second, the provisions of the agreements to a certain extent reflected differences in economic policies in each of the Baltic states, which were conditioned by domestic political economic processes.

These developments spilled-over into other areas of Baltic economic cooperation. The intensified intra-Baltic cooperation resulting from EU policies towards the three expressed itself in the March 1994 decision to extend the sub-regional free trade area to the Visegrad countries, and in the establishment of the Baltic Council of Ministers in June 1994 as well as the Secretariat of the Baltic Council of Ministers several months later.<sup>38</sup> Agreements on joint Baltic infrastructure projects financed by the EU were reached. However, earlier announced plans to extend the intra-Baltic free trade regime to agricultural goods and proceed with the establishment of an intra-Baltic customs union stalled. For some time, the Baltic states were actively involved in relations with the EU, which declared the Baltic region a “major focus” of its external policy.<sup>39</sup>

*Pre-accession and development of the group approach.* In the period 1994-1996, the EU continued its group approach in bilateral relations with the Baltic states, although it gradually shifted its emphasis to individually evaluating the progress of each applicant in terms of future accession to the EU. The EU decided to start negotiating Europe Agreements with the three even before the free trade agreements came into force. In August 1994, negotiations were opened simultaneously with all three countries. Although they were conducted bilaterally, the agreements were all signed on June 12, 1995. They incorporated the free trade agreements, and added new dimensions to the Baltic states’ relations with the EU, including political dialogue and economic cooperation in a number of areas, and approximation of laws to the EU’s acquis.

The Europe Agreements marked a new stage of the Baltic states’ integration into the EU and upgraded their status to that of the other associated countries.<sup>40</sup> The agreements came into force only in February 1998, after the respective parliaments of the Baltic states, the EU member states, and the European Parliament ratified them. However, even before their conclusion, the EU decided that these countries could be included in the accession preparation strategy<sup>41</sup> following the signing of the Europe Agreements. The Baltic states were invited to the Cannes summit in June 1995, during which the EU confirmed that the Baltic states could be included in the accession preparation strategy, which was defined in Essen.<sup>42</sup> The pre-accession strategy included such instruments of integration as the Europe Agreements, the Phare program, the

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<sup>36</sup> For example, Estonia has committed itself to free trade without a transitional period, Latvia has negotiated four-year and Lithuania six-year transition periods to gradually remove trade restrictions. For a legal analysis of these agreements see S.Peers, “The queue for accession lengthens,” *European Law Review*, 20, 3 (1995), 323-329, for an economic analysis, see P.Sorsa, *Regional Integration and Baltic Trade and Investment Performance* (Washington, D. C.: IMF, WP/97/167).

<sup>37</sup> Preamble of the free trade agreement between the EU and Lithuania.

<sup>38</sup> As the Prime Minister of Estonia noted during the opening of the Secretariat, “as we all move towards the EU we have to prove our capacity to integrate between ourselves” (“New Baltic structure opens in Riga”, *The Baltic Independent*, September 16-22 (1994), 1).

<sup>39</sup> EU Commissioner Brittan quoted in “Summit Pledges European Ties”, *The Baltic Independent*, May 27 – June 2 (1994), 2.

<sup>40</sup> Lithuania’s Prime Minister Šleževičius was quoted as saying that the “Europe agreement, no doubt, is the most significant Lithuanian international agreement this century” (“Baltic States Re-enter Europe”, *The Baltic Independent*, June 16-22 (1995), 1).

<sup>41</sup> See the Conclusions of the Essen summit (Commission of the EU, *Bulletin of the EU*, 12 (1994)).

<sup>42</sup> See the Conclusions of the Cannes summit (Commission of the EU, *Bulletin of the EU*, 6, (1995)).

structured relationship between the CEECs and the EU, and the White paper on integration into the internal market. In other words, the Baltic states were provided with the opportunity to further integrate their markets into the EU, participate in Council meetings together with other CEECs, and focus on adopting the EU's legal rules governing the internal market. In the latter case, the Commission suggested that each country should draw up its own timetable of legal approximation.

In parallel, the EU was using every opportunity to stress the need for advancing sub-regional cooperation. For instance, during the visit of Commission representatives to the Baltic states to discuss the Europe Agreements, they indicated that "it could be only in the Balts' interest to cooperate closely with each other."<sup>43</sup> The preambles of the Europe Agreements include the recognition of "the need for continuing regional cooperation among the Baltic states."<sup>44</sup> Similar statements were repeated by representatives of other EU institutions. In January 1995, a delegation from the European Parliament called for greater intra-Baltic cooperation stressing the importance of free trade among the Baltic states.<sup>45</sup> In May 1996, the president of the European Parliament suggested during his speech to the Estonian Parliament that the Baltic countries should "cooperate more closely in order to better their chances of EU membership."<sup>46</sup>

These statements represented a shift from ad hoc encouragement to a more coherent EU policy towards sub-regional economic cooperation in the CEECs. This policy was most explicitly presented in the Essen summit conclusions, which stated that "being aware of the role of regional cooperation within the Union, the Heads of State or Government emphasize the importance of similar cooperation between the associated countries for the promotion of economic development..."<sup>47</sup> This statement was incorporated into the section on the accession preparation strategy, prompting some analysts to conclude that intra-regional cooperation had come to be seen as a requirement for EU membership.<sup>48</sup>

The EU's policy of support for intra-Baltic economic cooperation found its expression and was constantly reaffirmed in a more general framework of EU policy towards the Baltic Sea Region. As was mentioned before, in 1994 the Baltic Sea region was declared to be a major focus of its external policy. On October 24, 1994, the Council adopted the Communication on Orientation for a Union Approach towards the Baltic Sea Region, which was presented by the Commission. It acknowledged that "the forthcoming enlargement of the EU and the move towards closer relations with the countries of the Baltic create a need for an overall Union policy for that region."<sup>49</sup> The EU's approach was based on the regional dimension of cooperation and, among other things, supported greater cohesion between existing regional initiatives and cooperation in trade and economic matters. It also foresaw financing regional (including infrastructure) projects under the Phare framework.

On May 29, 1995, the Council adopted its conclusions on EU policy towards the Baltic Sea Region, and reaffirmed its policy targeted to promote "initiatives to expand trade between Baltic Sea States which are not members of the Union by providing suitable assistance, e.g. in the customs field."<sup>50</sup> The Council also asked the Commission to prepare a report on the current

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<sup>43</sup> "Way Cleared for Baltic Negotiations with EU," *The Baltic Independent*, August 5-11 (1994), 2.

<sup>44</sup> Preamble to the Europe agreement between the EU and Lithuania.

<sup>45</sup> "Euro-MPs Call for Baltic Integration," *The Baltic Independent*, January 13-19 (1995), 4.

<sup>46</sup> This referred in particular to the border disputes among the Baltic States ("Haench: Settle Quarrels, Then Think about EU," *The Baltic Independent*, May 9-15 (1996), 4.).

<sup>47</sup> Commission of the EU, *Bulletin of the EU*, 12 (1994), 13.

<sup>48</sup> M.Maresceau, *Enlarging the European Union. Relations between the EU and Central and Eastern Europe* (London: Longman, 1997), p.9. Although the importance attached by the EU to intra-regional cooperation was largely motivated by security reasons, economic cooperation was seen as an important part of it.

<sup>49</sup> Commission of the EU, *Bulletin of the EU*, 10 (1994), 53-54. The communication was adopted the same day when the Commission recommended that the Council authorize negotiations of the Europe Agreements with the Baltic States.

<sup>50</sup> Commission of the EU, *Bulletin of the EU*, 5 (1995), 66.

state of and prospects for cooperation in the Baltic Sea Region. At the end of November, 1995, the Commission presented its report in which financial contributions by the EU and other institutions and countries provided during the first half of the decade to the Baltic Sea Region were assessed and future projections presented.<sup>51</sup> According to the Commission, over the period 1990-1994, a total of 206 MECU were provided to the Baltic states in the context of national Phare programs, most of which concentrated on economic stabilization and restructuring. Multi-annual Indicative Programs for the period 1995-1999 covering an estimated total of 430 MECU were under preparation for the three countries.<sup>52</sup> These measures were expected to focus on pre-accession, medium-term restructuring, infrastructure investment and regional cooperation. The Commission concluded that the “scope for the development of such a specifically regional Union approach to the countries of the Baltic Sea Region exists, based upon a deepening of the Union’s own bilateral relationships and supported by the active encouragement and support of inter-regional and sub-regional cooperation.”<sup>53</sup>

In December 1995, EU leaders requested that the Commission propose “a suitable regional cooperation initiative” to be presented during the conference of the Council of Baltic Sea States scheduled for May 3-4, 1996.<sup>54</sup> Following this decision, the Commission adopted a Communication on a regional cooperation initiative in the Baltic Sea region on April 10, 1996. It proposed “strengthening democracy, political stability and economic development in this region ... by taking full advantage of existing cooperation instruments”, and fostering regional cooperation.<sup>55</sup> This implied not only support for cooperation in the whole region but also for the sub-regional arrangements such as the intra-Baltic economic cooperation schemes. The position of the EU was then presented in the Visby conference of the Council of the Baltic Sea States on May 3-4, 1996, which was attended by the President of the Council and the President of the Commission. The declaration adopted in Visby called for more cooperation in several areas including economic development and integration, and stressed its support for the “early realization of a free trade area between Estonia, Latvia and Lithuania.”<sup>56</sup>

Thus, the EU gradually developed a policy towards sub-regional cooperation, and intra-Baltic economic cooperation in particular, which consisted of (1) general support for intra-regional economic cooperation measures as an element of economic transition, (2) emphasis of sub-regional cooperation as an element of preparation for accession, (3) supply of rules for sub-regional cooperation based on the EU’s integration record and the individual situation of countries forming a sub-region, (4) financial support for sub-regional initiatives. It should be noted that financial support was targeted towards improvement of administrative capabilities, the promotion of exports and, increasingly, pre-accession measures. For rather obvious reasons financial assistance was not provided for redistribution purposes and side-payments for groups facing adjustment pressure resulting from liberalization and market integration as practiced inside the EU. Leaving aside questions regarding the sufficiency, efficiency and necessity of concrete support measures, the EU’s policy of support for intra-Baltic cooperation projects backed by the provision of rules and some resources seems to have played a major role in advancing intra-Baltic economic cooperation *insofar as* this was perceived by the Baltic leaders as maximizing their chances of integrating their countries into the EU.

After the signing of the 1993 free trade agreement, plans for extending the scope of intra-Baltic market integration and common trade policies remained in the preparatory stage for several years. Support for extending the scope of intra-Baltic economic cooperation was

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<sup>51</sup> See Commission of the EC, *Report on the Current State and Prospects for Cooperation in the Baltic Sea Region* (Brussels, COM (95) 609 final, 29.11.1995).

<sup>52</sup> Commission of the EC, *Report*, p.3-4. Statistics of financial support provided to each of the Baltic States bilaterally by EU members and Nordic countries illustrated quite clearly the priorities of different countries.

<sup>53</sup> Commission of the EC, *Report*, p. 1.

<sup>54</sup> Commission of the EU, *Bulletin of the EU*, 12 (1995), 96.

<sup>55</sup> Commission of the EU, *Bulletin of the EU*, 4 (1996), 69.

<sup>56</sup> “The Visby Summit: Baltic Europe and the EU”, *The Baltic Review*, 10 (Summer 1996), 3.



frequently expressed by the leaders of the three states. For example, during the February 13, 1995 conference of the three prime ministers, the heads of government set a target for an intra-Baltic customs union, which was to come into force starting January 1, 1998. There was also discussion of free trade in agricultural products with Estonian representatives, who stressed the difficulty of aligning their liberal agricultural trade policy with that of the other two states, which were more protectionist.<sup>57</sup> These differences also became apparent during the negotiations on bilateral agreements between each of the three Baltic states and the EU. Despite constant EU support for intra-Baltic economic cooperation, the next measure on extending the scope of intra-Baltic market integration was agreed on only in June 1996, after the change in the government in Latvia.

The intra-Baltic agreement on free trade in agricultural goods was signed on June 16, 1996, after several months of negotiations. It came into force at the beginning of 1997. The preamble of the agreement stated the intention of the three states to participate in the European integration processes, and the agreements were seen as a means towards this objective. It was reported that the agreement was drafted taking into account the goal of the Baltic states to join the EU.<sup>58</sup> The significance of the agreement as an instrument towards the integration of the three into the EU was stressed by the three Baltic presidents in Vilnius at the end of May, after the text of the agreement was finalized. The joint declaration of the three presidents stated that the creation of a free trade area for agricultural products would create “an important precondition for integration of the Baltic states into the EU internal market.”<sup>59</sup> The following agreement on extending the scope of intra-Baltic economic cooperation – this time in the area of non-tariff barriers - was taken after more than a year. This period was marked by changes in individual integration of the Baltic states into the EU, which impacted on further dynamics of intra-Baltic economic cooperation.

*Differentiation and accession negotiations.* The change in EU policy towards the Baltic states (and applicant countries in Central and Eastern Europe in general) became apparent with the announcement of the Commission’s Opinions on the applicant countries in July 1997. The group approach was abandoned in favor of an individual approach towards integration of the applicant countries into the EU. Although the proposal to start accession negotiations with some countries, and not others created new groups of “ins” and “pre-ins”, to use the terminology of the Commission, the result in the case of the Baltic states was their differentiation. This change of EU policy produced a change in intra-Baltic relations, although the EU continued emphasizing the importance of sub-regional cooperation. However, the potential benefits of intra-Baltic economic cooperation in terms of maximizing their chances of EU membership decreased for some of the Baltic governments, and the Estonian government in particular. At the same time incentives for other targets of cooperative efforts were strengthened (for example, Lithuania’s economic relations with Poland).

Signs of changing EU policy towards the prospective members appeared before the presentation of the Opinions. The Copenhagen accession criteria represented a major shift in evolving Union policy of integrating candidate countries into the EU. The definition of membership criteria, however vague and broad, for the first time indicated that each country would be assessed in terms of its development and ability to meet the criteria. At that time, however, the concrete strategy of integration, especially in the case of the Baltic countries, was far from clear. Simultaneously the EU was constantly encouraging sub-regional cooperation as a way to prepare for accession (or as a sign of the lack of a clear integration strategy, depending on one’s point of view). With the prospect of membership negotiations becoming clearer, however, the emphasis gradually shifted from the group approach towards individual readiness for

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<sup>57</sup>“Despite Customs Plans, Tone of PM Summit is Subdued”, *The Baltic Independent*, February 17-23 (1995), 1.

<sup>58</sup> *Together in Europe*, 90, June 1 (1996), 3.

<sup>59</sup> Cited in Agency Europe, Brussels, 30.05.1996.

accession. In November 1995, the Commission presented its interim report on the effects of EU enlargement on its policies, which stressed that the countries “will accede on an individual basis in the light of their economic and political preparedness and on the basis of the Commission’s opinion on each applicant.”<sup>60</sup> This approach was confirmed at the 1995 Madrid EU summit, which adopted the position that each country was to be treated separately. The Madrid Council also asked the Commission to “expedite preparation of its opinions on the applications made so that they can be forwarded to the Council as soon as possible after the conclusion of the intergovernmental conference.”<sup>61</sup> By that time, all three Baltic states had presented their EU membership applications.<sup>62</sup> Early in 1996, the Commission started collecting the necessary information for preparation of the Opinions, which were to assess the state of the applicant countries on the basis of membership criteria. The Opinions were presented in July 1997. They recommended opening accession negotiations with Estonia, among other countries, but not with Latvia and Lithuania. After intense debates inside the EU during the second half of 1997, the European Council in Luxembourg confirmed the differentiation of the applicant countries, although in a somewhat “softer” form of “ins” and “pre-ins”, and new multilateral arrangements including all candidates<sup>63</sup>. At the same time, the Council declared that “each of the applicant states will proceed at its own rate, depending on its degree of preparedness.”<sup>64</sup>

The ambiguity of the EU group approach during the period leading to the explicit differentiation of the Baltic states in 1997 was reflected in the attitudes of Baltic policy-makers assessing to what extent “preparedness” of their countries for accession could be advanced by intra-Baltic cooperation. This was in particular evident in Estonia’s policy. As early as November 1994, the Foreign Minister of Estonia declared during a conference in Tallinn that Estonia prefers admission to be decided “on individual countries rather than groups”, and “should any of the Baltic states meet the admission criteria, its admission should proceed immediately”<sup>65</sup>. Similar statements followed in 1995 and 1996, although they were usually followed by joint declarations of the Baltic leaders that accession negotiations should be started at the same time with all three Baltic countries. An example of such an ambiguous policy was the statement made by Estonian President Lennart Meri in March 1996, during his visit to the Commission, that “each of the applicant countries must be dealt with separately, namely, on its own merits.”<sup>66</sup> This statement prompted criticism from the other Baltic states, namely Lithuania. Several months later the Presidents of the three countries declared that the three countries are going to integrate into the EU together, “making a show of their common front” as some have commented.<sup>67</sup> In October 1996, the Estonian President reaffirmed his support for the intra-Baltic customs union during his meeting with the Latvian President in Riga.<sup>68</sup> The ambiguity of Estonia’s policy towards intra-Baltic cooperation was also reflected in the negotiations of bilateral free trade agreements with the EU, which the EU and the Baltic Assembly encouraged to coordinate among the three. The Estonian attitude was expressed by a statement of a Foreign Ministry official who remarked that “had we agreed [to coordinate negotiations] it would have been similar to tying bombs to our feet, waiting for the others to catch up.”<sup>69</sup> However, before

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<sup>60</sup> Commission of the EU, *Bulletin of the EU*, 11 (1995), 69.

<sup>61</sup> Commission of the EU, *Bulletin of the EU*, 12 (1995), 18.

<sup>62</sup> Latvia applied on October 10, 1995, Estonia on November 24, 1995 and Lithuania on December 8, 1995. In general the timing was related to the forthcoming EU summit in Madrid, although in the case of Latvia the domestic situation also played a role.

<sup>63</sup> For reactions of the member states and applicant countries to the Commission’s Opinions see G.Avery, F.Cameron, *The Enlargement of the European Union* (Sheffield: Sheffield Academic Press, 1998), p.121-139. For reaction of the Baltic States in particular see contributions to M.Jopp, S.Arnswald, (1998).

<sup>64</sup> Cited in Avery, Cameron, *The Enlargement*, p.135.

<sup>65</sup> “The Baltic States and EU Integration,” *The Baltic Review*, 6 (Winter 1995), 12.

<sup>66</sup> Agency Europe, Brussels, 27.03.1996.

<sup>67</sup> “Baltic Presidents: We go West Together,” *The Baltic Times*, May 30-June 5 (1996), 1.

<sup>68</sup> “President Meri Makes State Visit to Latvia,” *Estonian Review*, October 21-27 (1996), 3.

<sup>69</sup> “Estonia Skips EU Transition Period,” *The Baltic Independent*, March 3-9 (1995), 1.

the actual differentiation of the Baltic states, intra-Baltic economic cooperation was perceived by all three countries as an important instrument for individual integration into the EU, especially in the background of intensive support for sub-regional cooperation expressed by the EU. The agreement on free trade in agricultural products should be seen in this light. As Estonian Foreign Minister Kallas declared after signing the agreement, “we are going to build our relationship in such a way as to further integrate into the EU.”<sup>70</sup>

Although the subsequent agreement on abolishing non-tariff barriers to intra-Baltic trade was signed in November 1997, i.e. after the announcement of the Opinions, its conclusion can also be largely attributed to the “EU effect”. The agreement illustrates both the potential scope of intra-Baltic economic cooperation and its future limits, taking into account individual integration of these countries into the EU. The preamble of the agreement explicitly stated that the final objective of the parties to the agreement is EU membership. Thus, the agreement was instrumental in their integration into the EU. Moreover, EU rules were taken as a reference for the provisions of the agreement, thereby illustrating most clearly the role of the EU in solving the coordination problem of choosing the appropriate framework for cooperation. Besides, the costs of economic cooperation measures were minimized as each of the Baltic states was in the process of approximating domestic legislation, including norms governing veterinary and technical product standards, as part of their integration into the EU internal market.

The coordination problems also explain the failure to advance positive intra-Baltic market integration, extending it beyond the scope of integration into the EU, namely the failure to implement the intra-Baltic customs union in 1998. Divergent trade regimes of the three countries and estimated costs related to their alignment, unclear potential benefits as well as the method of sharing the customs duties among the three proved to be an obstacle that policy-makers of the three countries were unable to overcome in the absence of a leader who could supply the rules and side-payments for the disadvantaged. The EU role in positive integration, extending beyond the scope of integrating candidate countries into the EU, is limited. Any economic arrangement among the Baltic states exceeding the scope of their integration into the EU has rather unclear prospects, particularly in view of the fact that one country had already started accession negotiations. Differentiation of the Baltic states further reduced the incentives for intra-Baltic economic cooperation, as policy-makers of these states are provided with new opportunities (or constraints) for achieving their main objectives.

To sum up the analysis presented above and discuss possible future developments of intra-Baltic economic cooperation, the linkages between EU policy and intra-Baltic economic agreements are suggested in the following table. The scheme is based on the categorization of integration stages presented in the introductory section.

Table 2. Linkages between EU Policy and Intra-Baltic Economic Cooperation

EU policy towards the Baltic states	Policy characteristics	The Baltic states' integration into the EU	Intra-Baltic economic cooperation
Establishment of diplomatic and economic relations; search for policy	Group approach; ad hoc support for sub-regional cooperation	Negative market integration (trade and cooperation agreements; free trade agreements)	Agreement on free trade in industrial goods

<sup>70</sup> “Estonia, Latvia Talk Security,” *The Baltic Times*, July 18-24 (1996), 2.

options (1991-1995)		supported by financial assistance (Phare)	
Pre-accession (1995-1998)	Group approach with increasing emphasis on individual development; strengthened support for sub-regional cooperation	Negative market integration supplemented by unilateral aligning of regulatory policies (Europe agreements, White book), political dialogue and continued financial assistance	Agreement on free trade in agricultural products; agreement on abolishing non- tariff barriers
Accession negotiations (1998-present)	Differentiation; some support for sub- regional cooperation	Positive integration complemented by continued financial assistance; opening of accession negotiations with Estonia	Failure to implement customs union; possible agreements on free movement of production factors
Membership and transition periods (200? - ...)	Initial differentiation; formation of issue sub-groups	Positive integration; delegation of authority, participation in joint decision-making	Possible coalitions inside the EU on certain policy issues (regional policy, etc.)

Source: compiled by the author

Several remarks need to be made concerning these linkages between EU policy and intra-Baltic economic cooperation. Although it is possible to attribute changes in EU policy to concrete decisions or agreements - the signing of the Europe Agreements or the actual opening of accession negotiations - the categorization of stages masks the fact that policy changes occur gradually, and trigger responses from outsiders, sometimes even during the preparatory stages. Another feature of this scheme is the emphasis on the adaptive policy of the Baltic states based on responses to the development of EU policy. The EU acts as a policy-maker while the Baltic states' governments respond by assessing opportunities and constraints for integration into the Union. In the area of intra-Baltic economic cooperation, Baltic policy-makers cooperate when it is likely to increase their chances of membership, which in turn is facilitated by being a part of the same group in respect to the EU.

The current differentiation of the Baltic states by the EU is likely to reduce the possibilities and incentives for increasing the scope of intra-Baltic economic cooperation. The issue is perceived not so much, or not only, as how the development of intra-Baltic economic cooperation can facilitate the three countries' integration into the EU. Rather, the question currently is being phrased differently: how differentiation is likely to affect intra-Baltic economic agreements implemented so far. This change of position was rather clearly illustrated by the declaration made by Estonian Foreign Minister T. Ilves upon the opening of accession negotiations with the EU at the beginning of April, 1998. He stated that "we shall seek to ensure that the existing political, cultural and economic relations with our neighboring countries are preserved."<sup>71</sup> The future status of Estonia's trade regime with the other two Baltic states was to become one of the first negotiation subjects at the beginning of 1999. It is likely that the current market integration measures will be secured, although the prospects for further intra-Baltic economic cooperation are uncertain. Still, the possibility of extending it to include the areas which are harmonized on the basis of EU rules remains.

After the official decision to differentiate between the Baltic states in terms of their accession-status and abandon the group approach, the EU continued its support for intra-Baltic

<sup>71</sup> Agency Europe, Brussels, 01.04.1998.

economic cooperation, although it seems that the emphasis shifted to avoiding the negative consequences of differentiation for sub-regional relations. It was reiterated during the meeting of the CBSS in Riga in January 1998 and during the meetings of Association Councils that took place after the Europe Agreements came into force in February 1998. On these occasions EU representatives “welcomed the Free Trade Agreements” that came into force between the Baltic states.<sup>72</sup> In July 1998, Commissioner van den Broek visited Latvia and Lithuania. During his talks with policy-makers of the two countries he encouraged them to intensify regional cooperation.<sup>73</sup>

The Baltic leaders continued to occasionally declare their solidarity, although differentiation had clearly impacted on intra-Baltic economic cooperation. Before the Luxembourg summit, the three presidents agreed on a joint declaration stressing the importance of “full-fledged participation of the Baltic states on an equal footing in the European Union enlargement process.”<sup>74</sup> The joint position towards integration into the EU was abandoned after the Luxembourg summit as were the plans for the intra-Baltic customs union, although the latter issue was brought up in May 1998 by the Latvian Minister of Agriculture, who referred to the need to protect the intra-Baltic market.<sup>75</sup> The political tensions resulting from differentiation found expression at the end of April 1998, when the Estonian President was quoted as saying in his interview by a Polish newspaper that “Estonia can introduce a visa regime for Lithuanians and Latvians if the European Union requires it.”<sup>76</sup> “Baltic unity” was reaffirmed in May 1998 in a joint statement of the three presidents, who also encouraged “the establishment of a more unified economic area, particularly in the fields of transportation, border crossing and the free movement of people, services and capital.”<sup>77</sup> Although the plans for trilateral agreements on free trade in services and labor were discussed during the routine meetings of the Baltic Council, no decisions have been taken so far and do not seem to be very likely in the near future.

Differentiation created incentives for new cooperative dynamics among sub-groups formed by members participating in the same stage of integration. The meeting of five prospective “ins” in Prague before the Luxembourg summit to discuss their integration strategies, and in February 1999 to jointly urge the EU to speed up internal reforms and alter its export policies in regard to CEECs, signals new cooperative efforts.<sup>78</sup> Another sign of new cooperation dynamics is an increasing number of bilateral meetings between Latvian and Lithuanian authorities in 1998 and 1999. However, it is very unlikely that cooperation inside new groups of “ins” and “pre-ins” will be extended beyond coordination of their policies towards the EU. Possible changes in group structure reflecting divergent integration rates of individual candidates, limited benefits that could be derived from stronger economic coordination and concentration of resources on accession-related measures all reduce the incentives and opportunities for extending the scope of sub-regional cooperation.

## Conclusions

The analysis presented above supports the argument that intra-Baltic economic cooperation to a large extent has been determined by the “EU effect”. The main findings could be summarized as follows. (1) The EU has acted as the supplier of sub-regional cooperation rules and as the indirect “supervisor” of sub-regional cooperation. The EU has also provided financial assistance, although restricted to administrative aspects and pre-accession measures. (2) The initial EU strategy of parallel and uniform treatment of the Baltic states and its emphasis on sub-

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<sup>72</sup> DG1 news site, [http://www.europa.eu.int/comm/dg1a/daily/02\\_98/pres\\_98\\_48.htm](http://www.europa.eu.int/comm/dg1a/daily/02_98/pres_98_48.htm)

<sup>73</sup> DG1 news site, [http://www.europa.eu.int/comm/dg1a/daily/02\\_98/pres\\_98\\_671.htm](http://www.europa.eu.int/comm/dg1a/daily/02_98/pres_98_671.htm)

<sup>74</sup> “Presidential Hat Trick Promises Baltic Unity,” *The Baltic Times*, November 13-19 (1997), 2.

<sup>75</sup> “Atgimsta Baltiliukso idėja [Revives an Idea of Baltilux],” *Verslo žinios*, May 8 (1998), 2.

<sup>76</sup> “Meri’s EU Aspirations Irk Lithuania,” *The Baltic Times*, May 7-13 (1998), 1.

<sup>77</sup> “Baltic Unity Remains Undivided,” *The Baltic Times*, May 14-20 (1998), 8.

<sup>78</sup> Daily *Lietuvos rytas*, February 12 (1999), in <http://www.lrytas.lt/19990212/eko12pva.htm>.

regional cooperation as an informal precondition for membership has gradually changed with the evolution of enlargement politics and the emphasis on individual achievements of applicant countries. The group approach towards the Baltic states has facilitated intra-Baltic economic cooperation, while differentiation proved to discourage it. (3) The issue of intra-Baltic economic cooperation has been high on the three countries' agenda since before and after the re-establishment of independence. However, after the establishment of relations with the EU, it has become instrumental for advancing integration into the EU. After the EU's decision to invite Estonia to start accession negotiations, the issue has become not so much how sub-regional cooperation affects integration into the EU, but how the latter might affect the former. Lack of resources, most of which have been mobilized for EU oriented policies, has set further limits on intra-Baltic cooperation. (4) Therefore, the scope of intra-Baltic economic cooperation is influenced by how individual Baltic countries are situated in a gradual process of integration into the EU. Participation in different stages might discourage further sub-regional cooperation. (5) Intra-Baltic market integration has been limited largely to negative measures. When harmonization was agreed upon, it was based on references to the EU rules. Sub-regional rules, common economic policies and administrative structures have not been agreed upon because of coordination problems, high costs and unclear potential benefits.

It still remains to be seen how the further integration of the Baltic states into the EU is likely to affect trilateral cooperation. The opening of accession negotiations with Latvia and Lithuania which is likely to be agreed upon by the European Council in December 1999 will place them in the same position as Estonia. However, the dynamics of membership negotiations is likely to be the main factor behind the sub-regional cooperation initiatives. The aligning of regulations will rather take place on the basis of unilateral adoption of the EU *acquis* rather than result from intra-Baltic cooperation. It is also unclear what effects the possible accession of one Baltic State are likely to have on sub-regional economic cooperation. The impact to a large extent will be determined by membership negotiations. The economic and political impact of enlargement in stages on sub-regional economic cooperation is difficult to estimate. Possible trade and investment diversion resulting from differentiation might reduce the market pressure for sub-regional integration and strengthen demands for protection. However, the negative economic effects are likely to be insignificant, taking into account continuing integration of the three into the EU. The other issue is to what extent the sub-regional approach can be maintained when the Baltic states become EU members. It is doubtful that the Benelux example of close trilateral coordination inside the EU will be followed by the Baltic states. The dynamics of intra-Baltic relations does not seem to provide evidence for the bargaining power argument. The bargaining positions in the Council might be coordinated depending on the policy area. However, the willingness to coordinate positions on economic policy issues is going to a large extent to be determined by domestic political economic forces.

## OPINION

### *NATO Is Destroying Stiff Dogmas, but not the World Order\**

**Dainius Žalimas**

The NATO military operation against Yugoslavia encountered contradicting evaluations in the world. A number of politicians and lawyers in different states expressed doubt on the legality of the NATO actions. Some of them, particularly Russian state officials, viewed the NATO actions as aggression against the sovereign and independent state of Yugoslavia and as the destruction of the settled world order and the rule of international law in international relations. While in the West, as well as in the Central and Eastern Europe states, there is the concern that NATO has created a dangerous precedent that for instance, may allow Russia to use force against the Baltic states under the pretext of protecting the rights of the Russian-speaking minorities. Meanwhile, the supporters of the NATO military operation do not doubt its legality and justify it as necessary to maintain international peace and security and to strengthen justice in international relations.

The discussions on the NATO actions against Yugoslavia can also be looked at from a broader point of view, namely - as a dispute between two different law schools - that of legal positivism and natural law. The arguments of the opponents of the NATO operation, not surprisingly rely on the legal positivism school's conception of the world order and international law which was dominant in the Soviet Union. The advocates of legal positivism consider as law only that which has been formally issued (in this case, international law is only what has been defined in the Charter of the United Nations and other international treaties) and completely ignore the norms which emerge in society as rules of naturally just behavior. In other words, they forget that the norms of behavior arise in a society naturally with the concept of justice that society adopted and accepted. Therefore, in this respect law and justice are identical concepts (for example, Aristotle did not distinguish between law and justice) - what is unjust cannot be considered law. The legal positivism based doctrine limits itself only to the formal expression of law. The role of legal usage is denied, law is clearly distinguished from justice by asserting that what is just does not necessarily have to be legal, and vice versa - what is legal does not necessarily have to be just. The latter concept of law and justice is dominant in Russia and a number of post-Soviet states, as well as in some other European countries.

The assessment of NATO actions against Yugoslavia depends upon the person's world outlook, i.e. whether he accepts the legal positivism based conception of law, or the traditional conception of law being identical to justice. The full assessment of the NATO operation would change and all the arguments of the opponents would be rejected, if law was derived from the requirements of justice and these two concepts were considered identical. The principles of justice require interpreting international law norms by taking into account more than just how these norms are formalized in the UN Charter and other written sources of international law. According to Friedrich von Hayek, words do not necessarily express perfectly what is considered just. Julius Paul (III century BC), a lawyer of Ancient Rome, emphasized that justice does not originate from a rule, but on

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\* An article was got by Editorial Board in May 1999.

the contrary, the rule is derived from the concept of justice adopted by the people. Therefore, international law norms should be interpreted according to the principles and criteria of justice, applicable in the given case of the NATO operation against Yugoslavia. It can not be otherwise, if we recognize the axiom declared by many theoretician lawyers that the aim of law coincides with the aim of moral norms - to guarantee the evolution of society in accordance with the principles of justice.

It should be obvious that the goal of the NATO operation is not to destroy the state of Yugoslavia, but to prevent its military forces from violating the human rights of the Albanians in Kosovo. Respect for human rights is one of the basic principles of international law and one of the aims of the UN as declared in Article 1 of its Charter. NATO only pursues the practical implementation of this aim. International law recognizes the concept of humanitarian intervention, the use of military force to protect basic human rights and prevent a human catastrophe. The UN Security Council in its resolutions No. 1199 and No. 1203 adopted in 1998 stated that the situation in Kosovo could result in a human catastrophe and urged the government of Yugoslavia and the Albanian authorities in Kosovo to solve the conflict peacefully by reaching a political agreement and thus reducing the threat of a human catastrophe. The government of Yugoslavia, however, was not willing to listen to this urging, and was thus responsible for making the peaceful resolution of the conflict impossible.

There is probably no doubt that Yugoslavia has been carrying out genocide against the Albanians in Kosovo as well as other violations of international law, considered to be war crimes. In the previously mentioned resolutions No. 1199 and No. 1203, the UN Security Council pointed out that the military forces of Yugoslavia were performing non-discriminative attacks against civilian Albanians and deporting them from their homes. Such actions, as well as the use of force by Serb soldiers against civilians, particularly women and children, are prohibited by the 1977 Second Supplementary Protocol for Non-International Armed Conflicts to the Geneva Conventions on the Protection of War Victims. According to Article II of the UN General Assembly Convention of 1948 on the Prevention and Punishment for Genocide, genocide includes actions aimed at the complete or partial destruction of any national or ethnic group, namely, murdering and mutilating members of such group, the intentional creation of living conditions for the group whose purpose is their destruction, etc. The listed genocide actions have already become the policy of the Yugoslavian government toward Albanians and obviously created a human catastrophe in the region.

It is also worth remembering that Yugoslavia under Milosevic started aggression against Slovenia, Croatia, Bosnia and Herzegovina when they declared their independence and inspired the crimes against humanity and war crimes carried out by local Serb forces in Bosnia and Herzegovina. All attempts to resolve the conflict in Bosnia and Herzegovina peacefully were unsuccessful until NATO started air strikes against the Serb military forces. Attempts were made for a long time to solve the crisis in Kosovo through negotiations, but it was impossible to carry out negotiations with a country which is neither able, nor wishing to negotiate and views negotiations only as a method to delay the resolution of the conflict and to demonstrate the impotence of the international community. Yugoslavia is such a country today for it has not shown any flexibility, but used the time of negotiations for preparing still more intense military actions against the



Albanians in Kosovo. Thus, it is obvious that Yugoslavia, and not NATO, is to be blamed for the military operations in the Balkans.

The natural laws of justice demand that everyone should receive what he deserves. In this case, Yugoslavia under Milosevic is not an exception. The requirement of justice was applied to his state. It is perfectly clear that only military measures can stop Yugoslavia's threat to the peace and stability in Europe, compel it to make concessions, and resume negotiations. Therefore, Yugoslavia only received what it really deserved. The NATO operations, whose aim was to curb Yugoslavia's aggressive potential forever, can be viewed as an instrument of the international community to ensure that justice would prevail in international relations. There are always certain risks in military matters and the success of the NATO operations was, therefore, not necessarily guaranteed. However, it would be interesting to know what alternatives the opponents of the NATO operation would have proposed in this situation; perhaps only another peace initiative, doomed to fail, but allowing Milosevic to continue mocking the hopelessness of the international community.

Humanitarian intervention in this particular case does not violate the universally accepted norms of international law forbidding the threat or use of force. Article 2.4 of the United Nations Charter urges members to refrain "from the threat or use of force against the territorial integrity or political independence of any member or state, or in any other manner inconsistent with the purposes of the United Nations." Clearly, in this case force against the territorial integrity of Yugoslavia has not been used, since the international community, including NATO, are not attempting to tear Kosovo from Yugoslavia by force and continue to consider Kosovo an integral part of Yugoslavia. The use of force is also not directed against the independence of Yugoslavia, since Yugoslavia's independence does not give it the freedom to commit immense violations of international law and to carry out international crimes. According to traditional international law, genocide and violation of basic human rights are declared to be international crimes. The UN Commission of International Law lists genocide as an international crime in its project on the Articles of States' Responsibility. International humanitarian legal norms also belong to the *jus cogens* category of imperative international legal norms, and thus their violation is also considered to be an international crime. The concept of absolute sovereignty became outdated a long time ago; states must adhere to universally accepted norms of international law. Thus, the independence of any state does not grant it independence from international law. In this aspect, NATO is only seeking that Yugoslavia obey the imperatives of international law, firmly establishing respect for basic human rights.

It would also be difficult to state that the use of force against Yugoslavia is not compatible with the goals of the UN. As has been mentioned, one of the purposes of the UN is encouraging respect for human rights, and the humanitarian intervention by NATO was intended for that purpose. The preamble of the UN Charter mentions the use of armed force only in the common interest. Apparently, stopping the massive violations of human rights in Kosovo is in the common interest of the whole international community, totally in compliance with the objectives of the UN. According to traditional international law, whose norms are expressed in the previously mentioned project on the Articles of States' Responsibility, all the world's countries have the right to react to any international crime.

It is unclear on what grounds the opponents of the NATO operation assert that the use of force against Yugoslavia breaches the Charter of the United Nations. In fact, those condemning the NATO military operation declare that any use of force against a sovereign state must be directly authorized by the UN Security Council, otherwise it would constitute a gross violation of the UN Charter and be a violation of international law. But does this formal rule at all help strengthen the role of justice in international relations and can it be explained so formally in general? It is clear that the Security Council could not directly approve the NATO actions because Russia and China would have vetoed them. For this reason, the Security Council would have been unable to fulfill its main function - to ensure international peace and security. But does this mean that in such cases the international community should not take any appropriate actions and allow Yugoslavia to continue violating international law, natural human rights, and conduct the genocide of Albanians in Kosovo, and thus encourage potential war criminals by creating the impression that they would not be punished. Finally, should the fate of justice depend on nations such as Russia and China whose understanding of justice and international law is excellently illustrated by the recent war against Chechnya and the continuing occupation of Tibet and the genocide of Tibetans? In this case, it would probably be better not even to talk about justice. It is also worth remembering the previous practice of the UN and the Unity for Peace Resolution adopted by the General Assembly in 1950, according to which the UN Security Council has the primary, but not exclusive responsibility to maintain international peace and security. Therefore, if the Security Council is not able function effectively due to the constant lack of solidarity, other institutions can assume the responsibility for maintaining international peace and security.

International law should not be looked at solely through the prism of the formal procedural rules of the UN Charter. The opponents of the NATO operation forget that the interpretation of the UN Charter norms change in the course of time taking into account the requirements of justice, the necessity to implement the requirements in a changing world as well as with the appropriately changing norms of international law. Therefore, the UN Charter is a quite flexible document, whose elucidation can alter as the understanding of the concrete goals of the UN change. However, the written formulation of the Charter's norms change very rarely. It may not be otherwise, since it is impossible to preserve the modern norms of international law and to understand them in a strictly literal way like a static phenomenon. Unfortunately, the supporters of legal positivism are likely to interpret the international law norms in this way. Moreover, such an interpretation contradicts the purpose of international law to promote the progress of the international community according to the criteria of justice.

Thus, the norms of the UN Charter should be interpreted not only literally but also in accordance with the need to fulfill UN goals. The opponents of the NATO operation forget that UN Security Council Resolution No. 1199 of September 23, 1998, demanding the end to fighting in Kosovo, mentions the use of further supplementary measures to restore international peace and security, if the conflict cannot be resolved by peaceful means. Since the Resolution was adopted according to Chapter VII of the UN Charter, which provides for the possible use of force, the supplementary measures may also include military force. Thus, it might be said that the Resolution foresees the use of force against Yugoslavia if the plan of restoring peace in Kosovo fails because of

Yugoslavia's fault (this actually happened). In this case, the NATO actions fully comply with the meaning of the Resolution and the requirements of justice, according to which it is to be interpreted.

Finally, international law is a creation of the international community derived from the requirements of justice prevailing within the international community. The majority of the international community does not condemn the NATO actions (out of the 15 states in the Security Council only Russia, China, and Namibia voted for the condemnation). On the other hand, the UN Human Rights Commission did not condemn the NATO actions, but the policy of ethnic cleaning in Kosovo pursued by Yugoslavia. One can claim that the international community interprets the norms of international law in such a way that it can undertake effective actions to guarantee international peace and justice when the UN Security Council is unable to sanction them directly. In this way a new practice of clarifying and applying international law norms has appeared. Because it is universally accepted, it becomes a legal custom. The international community does not protest against the NATO operation, implying that it is considered to be legal. If the NATO actions were considered illegal, it would be difficult to imagine how the international community could look indifferently at the violation of the norms of international law that are the most essential ones for its existence. The supporters of legal positivism, who consider the NATO actions as aggression, are also caught in their own traps of the formalistic interpretation of law; they forget that only the UN Security Council is authorized to declare that there is an act of aggression, and the Security Council has not adopted such a declaration.

Hence, the NATO operation should be understood as a thoroughly legal act, whose objective is to strengthen the rule of international law and justice in international relations and to implement UN objectives. It could be wished that this would not become a onetime step, but a precedent that could be applied not only in the continent of Europe. Moreover, the precedent of the NATO actions against Yugoslavia is more useful than pernicious for the Baltic and other Central and Eastern Europe nations. For example, if the Baltic states would be included in the zone of NATO interests and their attack would be understood as a threat to NATO, they could expect effective military assistance despite the opposition of some members of the Security Council or the absence of direct authorization by the Security Council .

On the other hand, we should not really be afraid that the NATO operation might constitute a precedent for Russia to occupy the Baltic states again. It is unrealistic to believe that regimes would take power in the Baltic states that would start implementing such actions against the national minorities as Milosevic has done against the Albanians in Kosovo. Russia still remains a state that will when needed always find pretexts to make an act of aggression (e.g. accusing the Baltic states of unfriendly actions towards the USSR in 1940, or expressing the need to introduce constitutional order in Chechnya in 1994). Moreover, the never ending absurd accusations that the Baltic states violate the rights of the Russian-speaking people and discriminate against them sometimes turning into absolutely illegal economic sanctions (for example, those recently applied to Latvia) show a peculiar feature of Russian policy and its understanding of international law. Thus, unfortunately, Russia remains a state that is always able to interpret the norms of international law in a way that would help it meet its still expansive goals.