

EU–RUSSIA ENERGY DIALOGUE AND LITHUANIA’S ENERGY SECURITY

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Background

National security, energy security, and co-operation in the energy sector between Russia and the West start regaining their status of extra-popular subjects. After the unjustifiably long time Lithuania has eventually witnessed the opinion that its energy security is impaired by not only Russia’s, but also Western partners’ unfriendly policy. On the other hand, this “afflatus” has not produced the sufficient impetus to shaping Lithuania’s clear security policy and to starting its implementation. Action is limited to discontent that not all partners are friendly, that no account is taken of Lithuanian interests and that our problems are ignored. Frustration at the same time is accompanied with the hope that someone will help resolve those problems and offer an analogous NATO “umbrella” (by the way, such an initiative was brought up by the Polish Prime Minister). Unfortunately, from back in the times of the industrial revolution energy security has been a national matter, often much dearer (in all senses) than “friendship”.

At present, there have been signs of developing the measures, which could neutralise Lithuania’s vulnerabilities in the energy sector. However, many of them are beyond the means for a small state or even a group of states. What seems apparent is that Lithuania will not be able to stop the construction of the North European Gas Pipeline (recently renamed to “Nord Stream”) alongside our coast same as we would not have been able to lay the gas pipeline from Norway, which was planned ten years ago. At times decisions that can improve energy security are much simpler than that, requiring no billion-worth expenditure, which is never to pay off.

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This article demonstrates that not before the energy sector becomes a “normal” business submitting only to the laws of economy will it submit to other, geoenergetic, laws. The provided geoenergetics-based explanation of trade in energy resources describes the processes developing around Lithuania as natural and inevitable. Lithuania is stuck between Western Europe and Russia with all the resulting effects on our energy security, and none of the parties are interested in changing this situation.

This is how it would have been remained be it not Russia’s decision to block gas supplies to Ukraine on the first days of January 2006. This Kremlin’s decision was not the first and, likewise, not the last (as also shown by the dry oil supplies to Mažeikių nafta). It is nevertheless special for destroying the established routine of trade in energy resources between Western Europe and Russia, which will have to be created anew. The statement that the development of a new order enables Lithuania to substantially improve its security status is based on the theory of the formation of international regimes. This change lies in presenting Europe with two alternatives: either the European Commission becomes a common focal point for energy policy, including security, or Lithuania makes its best effort to support the expansion of Russia-controlled enterprises to Western Europe to give the latter the chance to experience all the twists and turns of the Russian energy business. Both solutions would be beneficial for Lithuania with *status quo* being the most harmful option.

Preconditions for EU–Russia co-operation in the energy sector

The world through the prism of geoenergetics

One of the greatest challenges for the states’ energy policy was, has been and will be the ensuring of energy security. It is like *perpetuum mobile*, which forces co-operation, competition, ignoring and constant looking back over the shoulder. Energy security is the securing of long-term stable supply of strategically important raw materials for acceptable price. Ensuring energy security implies full satisfaction of demand for energy resources for acceptable price through stable supply of diversified resources over diversified routes from stable suppliers, i.e. the maximum minimisation

of the risk of potential change in the supply conditions. This definition of energy security applies to countries which both import and export energy resources.

The following can be viewed as the major threats for Lithuanian energy security: *first*, dependence on the single supplier of energy resources; *second*, unavailability of offsets from the (economic, political and social) influence of the resource supplier; *third*, dependence of the national economy on the single energy resource (natural gas, nuclear fuel or oil); *fourth*, too high dependence of the national economy on energy resources – high energy intensity; *fifth*, monopolisation of the energy sector and vertical integration, particularly if the energy supplier is the subject of control; *sixth*, dependence on the vulnerable energy infrastructure; *seventh*, dependence on unstable and/or unpredictable supplier/-s of energy resources; *eighth*, the unavailability of threat-neutralising measures. In the broad sense, energy security encompasses the ensuring of the favourable and stable position of a state or another actor (a group of states or a region) in the global energy market, elimination of potential risks and the capacity to eliminate them.

As can be seen, energy security inevitably relates to external policy, primarily to relations with suppliers of energy resources. According to the researcher of the energy security policy Michael A. Toman, energy security is fundamentally an international problem that transcends any one country's supply picture or policy measures; effective measures to countervail energy disturbances may require significant international cooperation [1]. Another important aspect in the analysis of energy security policy is that it must be focused on the long term because short-term measures are normally good only for reactive action and cannot be viewed as an acceptable prevention tool. Energy security measures must project not only policy changes with respect to specific actors, but also the alterations and adjustments of the energy system. This is how energy policy finds itself somewhere in between economy, business, domestic and external policy, geopolitics and international relations. One of the most acceptable instruments to find out who acts where, how and why is *geoenergetics* or *energy geopolitics*.

1. Michael A. Toman, "What Do We Know About Energy Security?", <http://www.cato.org/pubs/regulation/reg14n1i.html>

Geoenergetics can be defined as the constituent of geoeconomics which explores: *first*, the dissemination of energy policy in the global space; *second*, the conformity of energy policy with geopolitical transformations; *third*, the influence of energy resource markets on state policies; *fourth*, in what way political actors use their energy systems to develop their power; *fifth*, state and regional vulnerabilities in the energy field; and *sixth*, the regions' interrelationships in the energy field. Geoenergetics is one of the aspects producing the strongest correlation between geography and economics, which shows how the unequal distribution of natural resources on the Globe brings geoeconomic advantage and power to specific areas. Geoenergetics may also be used to define energy policy as the use of energy systems to achieve desired goals. Actors which implement such a policy are geoenergetic actors [2].

Geoenergetic research serves as a basis for the formation of geoenergetic schemes – the instruments of analysis used to determine the principal actors, their business trends and their impact on the geopolitical situation as well as the impact of the energy aspects in the geographic area on geopolitical processes. The geoenergetic scheme consists of three types of geoenergetic zones, which are determined according to the prevailing nature of infrastructure: *first*, producing of energy resources, *second*, transportation and processing of energy resources, and *third*, distribution and consumption. Based on the dependence of political formations (states or regions), geoenergetic zones are broken down into the following types by geoenergetic actors: *first*, producers, *second*, transporters and processors, and *third*, consumers. Identification of the types of actors in the entire geoenergetic scheme allows for the determination of the trend, nature and strength of their interdependence.

2. Geoenergetic actor is an institutional or non-institutional economic-political actor which operates or is related to the specific part of the energy system. Geoenergetic actor is described by not only the management of physical energy elements, but also the actions aimed at changing existing systems, retaining them or using them to achieve political goals. Geoenergetic actor can be energy companies (private or state-owned, national or trans-national), states or international organisations.

Table 1. Geoenergetic and geoeconomic zones

Geoenergetic zone		Geoeconomic zone		Examples
Zone	Criteria	Zone	Criteria	
Production1*	<p>Production of energy resources.</p> <p>Predominant position of the energy sector in economy.</p> <p>Development of relations with consumer states and search for new markets.</p> <p>Investments from consumer states into the sector of natural resources.</p>	Periphery	<p>Technological backwardness.</p> <p>Cheap labour force.</p> <p>Consumption of products from core states.</p> <p>Supply of natural resources to core states.</p> <p>Economy specialisation in the sector of natural resources.</p>	<p>Russia, the Caspian Sea Basin, Western Africa, North Africa, East Africa, the Caribbean Sea Basin, the Persian Gulf.</p>
Transportation and processing2*	<p>Import of energy resources from production zones.</p> <p>Transit of energy resources of production zones to consumption zones and processing.</p> <p>Dependence on production or consumption zones.</p> <p>High energy intensity.</p> <p>Broad network of transportation links.</p>	Semi-periphery	<p>Average technologies.</p> <p>Qualified cheap labour force.</p> <p>Competitive economy.</p> <p>Import of raw materials from periphery.</p>	<p>Central and Eastern Europe, South Asia.</p>

Consumption^{3*} High consumption of energy. Import of energy resources from production zones. Investments into the energy sector of production zones.	Semi-peripheral consumption zone	Ref. criteria for consumption zone and for semi-periphery.	India and China
	Core	Advanced technologies. Highly-qualified labour force. Production of high-quality end products. Import of raw materials from periphery states.	Western Europe, North America, East Asia (Japan, South Korea).

1* *Geoenergetic production zones* are geoeconomic peripheries characterised by technological backwardness, cheap labour force and technological dependence on consumption zones. The economy of production zone states is normally non-diversified and depends on the energy sector. Russia and the Caspian Sea Basin are the most relevant zones for energy security of Lithuania and the entire Central and Eastern Europe.

2* *Geoenergetic transportation and processing zones* are geoeconomic semi-peripheries, whose distinguishing features are competitive economy, qualified and cheap labour force and average, yet rapidly developing, technologies. Their key geoenergetic criterion is the nature of the energy infrastructure – a broad network for transporting energy resources. Through these areas energy resources are transported from production zones to consumption zones. Transportation and processing zones are also dominated by the processing industry. The semi-peripheries are dependent on both consumption zones (technological dependence) and production zones (natural resources dependence). Lithuania, like the majority of other Central and East European states, is a typical transportation and processing zone country: *first*, it imports the total quantity of consumed gas and most of oil; *second*, the refinery Mažeikių nafta processes oil brought from Russia (at present also from other production regions), whereas oil products are supplied to not only neighbours, but also consumption zone countries; *third*, Russian oil is exported through the Būtingė Oil Terminal (before cut-off of oil supply); *fourth*, using the uranium produced in Russia, Ignalina Nuclear Power Plant produces electricity for not only Lithuania, but also the neighbouring states.

3* *Geoenergetic consumption zones* normally are geoeconomic core where production is based on high technologies and qualified labour force. Core zone states import raw materials from the periphery, i.e. production zones. Consumption zones, in exchange for energy resources, invest into production zones and transfer the technologies required for the maintenance of the raw material sector. Lithuanian energy security directly depends on the processes in the Western European consumption zone and on its relations with other actors.

This definition of the principal actors in the global market of energy resources facilitates the explanation of their behaviour. On the one hand, it seems natural that actors in different consumption zones compete with each other (China, USA, Western Europe), that so do actors in different production zones (Russia with the Persian Gulf countries, for instance, with Iran, over gas supplies to the EU), that the control of the transportation and processing zone is important for both producers and consumers and also that actors in production and consumption zones find it important and beneficial to co-operate (Europe and Russia).

On the other hand, it is apparent that behaviour in energy resource markets is not necessarily determined by the geoenergetic scheme. This was clearly shown in 2006 when many things were or started to be turned upside down – *the actors' interests started changing*.

Unsuccessful attempts to institutionalise relations

The most apparent attempt to institutionalise relations between actors of the production, consumption and transportation and processing zones was the Energy Charter Treaty (ECT), which was supposed to project energy supplies from former Soviet Union in exchange for investments and technologies, and stable transit. In 1994 the ECT was signed by 49 states and the European Union. Following ratification by 30 states on 14 April 1998, the ECT came into force. It envisages the goal to create “a legal framework in order to promote long-term cooperation in the energy field, based on complementarities and mutual benefits” (article 2). The ECT defined conditions for investing into the production of energy resources and the principle of freedom with respect to the transit of energy resources and its non-discriminatory nature. In the case of conflict between the ECT member states, the counterparts undertake not to discontinue supply of energy resources and products (in contrast to what was done in the Ukrainian case). The ECT, however, never started to fully operate because it was not ratified by one of the key states for the envisaged regime – Russia. In January 2001, the hearing of the ECT ratification was held in the Duma. The Government and some state-owned companies expressed support to ratification, but Gazprom was strictly against. The major argument was the

competitive fear of Central Asian states. This argument has still remained as the principal one.

Following review of the ECT provisions and the predicted preferences of actors in the international energy sector, it is seen that the new regime [3] was most favourable for actors of the consumption and transportation and the processing zone (stable supply, investing opportunities, consolidation of the transportation and processing zone). For actors of the production zone, namely the Russian Government, this implied merely the implementation of stable supply and of the development of the energy sector. Owing to the activity of actors in the consumption zone, the ECT would impair the chances of the Russian Government to control the energy sector and earned income and would reduce decision-making autonomy in developing alternative markets. The creation of transit opportunities for competing actors (Central Asian states) would impair the competitive advantage of Gazprom (and of other companies engaged in production), undermine the monopolist's annuity, reduce the opportunities to control consumption markets and cut the price of energy resources. For this reason the fact that Russia renounced the ECT and will never ratify it, the way it is now, is absolutely natural.

January 2006 – fall of the regime

On the other hand, the fact that the ECT did not work does not imply that there has been no regime in the international energy sector, at least in Europe. During the Cold War, trade between Western Europe and the Soviet Union was particularly stable. The socialist block used to receive strong currency and technologies for gas and oil. Trade was never discontinued for political or economic reasons to admit only a few technological faults (which is the favourite argument of Gazprom and the Russian Government in discussions on

3. The definition of international regime provided by Robert Keohane is perhaps the most appropriate for relations on the global market of energy resources: regime are institutions with clear rules agreed by governments and applied to specific fields of international relations. A regime changes only when norms and principles change – any other changes must be considered changes in the regime. Robert Keohane, “Neoliberal Institutionalism: A Perspective on World Politics.” Book by Robert Keohane (ed.), *International Institutions and State Power: Essays in International Relations Theory*. Boulder: Westview Press, 1989, 4 (1-20).

Russia's reliability). Similarly, co-operation has been successfully developing at present – it is simply not institutionalised.

Analysis of relations between Western European actors (states, the EU and companies), USA (government and companies) and Russia (government and companies) shows that co-operation in the past decade has been developing taking into account mutual goals and preferences. The Russian Government, on the political level, agreed to develop relations in the energy sector with both the EU (EU-Russia energy dialogue) and the US Administration (a similar energy dialogue); control of fields and production of energy resources was ensured; the investing opportunities of foreign companies are totally controlled by Kremlin; in exchange for limited investing opportunities and stable supply Russia imports (or rather seeks to import) technologies from consumption zone states (imports of natural gas liquefaction technologies from the USA, Canada and Norway); there have been attempts to diversify consumption markets; and control of income from energy resources has undergone centralisation. Russian state-owned companies do not face survival risks; control of the most promising fields has been taken over from private companies with help from the government; and co-operation with Western partners has been developed in the field of investments and technologies. In co-operation with Russia, states of Western consumption zones expanded energy imports and thus diversified import sources and increased autonomy as well as competed with each other over access to the Russian energy sector. Even the issue of the price of energy resources was addressed with help from the Russian Government (for instance, Russia's "benevolent" consent to increase production after the beginning of war in Iraq). The limited chances of Western companies did not cause too much harm because they all had equal conditions (at least before Russia started demonstrating exclusive acceptance of German companies).

Central and Eastern Europe was also indirectly involved into this co-operation (regime). Throughout this period, control over transportation and processing was continuously passing (or, to be more exact, returning) to Russian enterprises. This satisfied both the Russian Government and actors of Western consumption zones since stability was guaranteed. This kind of regime did not meet the preferences of Central and East European states: apart from the development of transportation through this area, alternative networks were also

developed with their decreased autonomy in the energy sector and diminished significance. CEE companies had no opportunity to compete with Russian actors with respect to both acquiring the existing infrastructure and developing it. Although CEE actors' preferences did not match the regime, they did not have sufficient power to change it.

The existence of an established regime has also been evidenced by the currently intensified discussion about changing it. Western European actors initiated the questioning of the regime because, for the first time, priority interests in the international energy sector, i.e. stability of supplies, were impaired. It is not the first time when Russia discontinues energy supplies: withdrawal of natural gas supply for Ukraine in 1991, oil exports through Latvia in 2003, natural gas supply to Belarus in 2004 and natural gas to Ukraine in 2006. However, for the first time it did affect the states of the Western European consumption zone. Apparently, this precedent was a good lesson for all actors and, firstly, the reputation of Russia as a reliable regime partner will be/has been reviewed.

Russia may seem to have changed its *energy policy* preferences and decided, using pressure measures, to take over the control of the transportation and processing zone actor (in the energy sector). However, if this explanation could be applied to the Belarus situation in 2004 (cut-off of natural gas could be treated even as specific sanctions on Belarus for disregarding the regime – the disagreement to allow Russian actors to directly control transit), it is not exactly applicable in the Ukrainian case. The Russian Government revised its list of energy policy preferences by including the interest to render energy policy an effective tool of foreign policy. This did not meet, if not the goals, then at least the expectations of other regime participants.

It is obvious that the relations between Western Europe and Russia in the energy sector are changing and will no longer be as before. This change process will be different from the previous one due to the challenge it now has to face – the Western European objective to institutionalise relations and the key rules. Intentions to do so are contained in the revised EU-Russia Partnership and Cooperation Agreement (PCA) that expires on 30 November 2007. In order to envisage what the new regime will be like and in what way it will challenge Lithuanian energy security, it is necessary to evaluate the outcomes of the EURussia energy dialogue and the current situation.

The geoenergetic status of Western Europe-Russia relations

Stranded EU-Russia energy dialogue

The primary scenarios of EU-Russia co-operation in the energy field [4] were based on not only economic, but also political and cultural projects – Russia’s europeanisation in the general sense – which were supposed to integrate Russia into the European area. Part of the truth lies in statements that this integration should be similar to the modernisation of CEE and obtrusion of conditions by big powers, therefore there is nothing strange in that Russia refused it [5]. In Western European discourse Russia was seen mostly as both a potential source of instability and a reliable supplier of energy resources. Securing of energy supplies and exporting EU rules was supposed to reduce threats to the EU. The EU was eager to liberalise the transit of energy resources across the Russian territory and thus to have the chance to import natural gas and oil from not only Russia, but also the Caspian Sea Basin. The Russian energy sector had to be de-monopolised and internationalised. State monopolies (Gazprom, United Energy System) had to be disintegrated, whereas Western companies to be provided conditions similar to those enjoyed by Russian to

4. Reference was taken from the reports on EU-Russia energy dialogue. The Russian Vice Prime Minister Victor Khristenko and Director-General of the European Commission, “EU-Russia Energy Dialogue: Second Progress Report.” Brussels, Moscow, May 2002, http://europa.eu.int/comm/energy/russia/joint_progress/doc/progress2_en.pdf; The Russian Vice Prime Minister Victor Khristenko and Director-General of the European Commission Francois Lamoureux, “EU-Russia Energy Dialogue: Third Progress Report.” Brussels, Moscow, November 2002, http://europa.eu.int/comm/energy/russia/joint_progress/doc/progress3_en.pdf; The Russian Vice Prime Minister Victor Khristenko and Director-General of the European Commission Francois Lamoureux, “EU-Russia Energy Dialogue: Fourth Progress Report.” Brussels, Moscow, November 2003, http://europa.eu.int/comm/energy/russia/joint_progress/doc/progress4_en.pdf; The Russian Vice Prime Minister Victor Khristenko and Director-General of the European Commission Francois Lamoureux, “EU-Russia Energy Dialogue: Fifth Progress Report.” Brussels, Moscow, November 2004, http://europa.eu.int/comm/energy/russia/joint_progress/doc/progress5_en.pdf; The Russian Vice Prime Minister Victor Khristenko and Director-General of the European Commission Francois Lamoureux, “EU-Russia Energy Dialogue: Sixth Progress Report.” Brussels, Moscow, October 2005, http://europa.eu.int/comm/energy/russia/joint_progress/doc/progress6_en.pdf

5. For instance, the task force to explore the perspective of Russia-EU relations headed by head of the Russian Council for Foreign and Defence Policy S. A. Karaganov, for more ref. “Европейская стратегия России: новый старт.” Россия в глобальной политике, 2, 2005, <http://www.globalaffairs.ru/numbers/13/3947.html>

participate in all energy fields. The assumptions were that investments would promote Russia's modernisation, diminish the influence of politics on economy and ensure Russia's "more transparent" position in the international environment. This kind of scenario, in the medium-term, would have turned Russia into an area of action for Western companies, would worsen Kremlin's independence and would inevitably force Russia itself to restrict its political autonomy and to integrate more rapidly into Euro-Atlantic structures.

In the long-term this development of events would, indeed, provide prerequisites for the formation of the Pan-European [6] energy security area. Its geoenergetic expression would be a consolidated Western Eurasian geoenergetic region with the dominating Western European consumption zone in the medium-term. Apart from Western Europe and the western part of Russia (the eastern border would extend across the Central Siberia Plateau), this region would also include the Central and Eastern Europe transportation and processing zone. The Pan-European project would have established Russia's European focus, which would inevitably become one of the principal parts of the EU energy security policy. A similar geoenergetic alliance has formed in North America between the USA and Canada. These neighbouring states are united by not only supply of raw materials, but also by the broader economicpolitical union.

The relationships between the geoeconomic and geoenergetic core, Western Europe, and the semi-periphery, Russia, in the medium-term would inevitably become unequal. Russia's submission to the imposed rules of the "game" – democracy, development, securing of human rights, restructuring and diversification of economy, improvement of investment conditions, securing transparent business – in the long-term could provide Russia with all prerequisites to become a core state. Russia's changed status in global geoenergetics (and the entire geopolitics) would allow for the revision of relations with partners in Western Europe. This, seemingly, too utopian scenario could imply both negative and positive effects for Lithuania. First of all, it is

6. At the start of the energy dialogue the EU had hopes that Russia's measures for legal modernisation, technological assistance and consolidation of international legal environment had to shape an international regime of trade in energy resources – a safe pan-European energy area. Such a liberal approach to energy security gave many hopes to europeanise Russia, to bring it closer to Western Europe and to reduce the threats for energy security.

likely that in exchange for progress the EU would be forced to make concessions for Russia in its “Near Abroad”. In the medium and long-term, with the view to consolidating the single Eurasian area, unique opportunities would emerge (and will never be available again) to become a real economic-political-cultural link between East and West. Russia’s non-conflictive europeanisation could accelerate the engagement of Lithuania and the entire Central and Eastern Europe into the Western European consumption zone – the extinction of the Central and Eastern European transportation and processing zone and the eventual enlargement of Western Europe. The listed perspectives, and particularly their potential outcomes, would endanger not only the power balance in Eurasia, but also the entire global regime. A new security area from the quality point of view would emerge. On the other hand, conditions for this turned out to be inadequate.

Russian political elite, which started establishing its position in Kremlin after Putin became president, can be characterised by a high level of impatience and short-sightedness of strategic planning. The easiest way to consolidate one’s influence in the Russian political system was to adopt control over the energy resource sector and to consolidate Russia’s influence in international policy – strengthen governmental influence on energy companies by merging them into mega-monopolies. The outcome of this policy is restriction on foreign investment and centralisation of economy, which will hinder restructuring and diversification. The economic effects of a too high dependence of the country’s economy on a single branch is the so-called “Dutch disease”, the political effects are the strengthening of authoritarianism, whereas the geoenergetic effects are lingering in the semi-periphery, diminishing opportunities to modernise and degradation to the periphery. In Russia’s case this would imply the tiring out of the still-functioning branches of economy and capital outflow from the country. As A. L. Moshes states with a slight hyperbola, from the economic point of view Russia might become “Siberian Nigeria”[7].

Following its renouncement of the course of action offered by the EU energy dialogue, Russia inevitably froze itself in the existing situation for a time and maybe even convicted itself for the periphery. This is an important first conclusion in assessing the current situation: the relations between Western

7. А. Л. Мошес, “Еще раз о плюсах европейского выбора.” Россия в глобальной политике, 4, 2005, <http://www.globalaffairs.ru/numbers/15/4509.html>

Europe and Russia now have no chance to develop as equal relationships and will remain the relations of the core with the periphery – between producer and consumer. This means that Lithuania, likewise the entire Central and Eastern Europe, at least for some time, will remain a transportation and processing area.

*Intensifying inter-dependence of Western Europe and Russia
Foreseen growth of energy imports from Russia*

EU-Russia inter-dependence in the energy sector is of mutual nature. Twenty five per cent of total consumed natural gas in the EU is imported from Russia (half of total EU natural gas imports), which exactly corresponds to the Russian oil consumed in the EU – 25 per cent (30 per cent of EU total oil imports) [8]. The Russian federal budget receives as much as 40 per cent revenue and the major part of foreign currency from trade in natural resources with the EU. Taking into account the fact that trade in energy resources accounts for more than 60 per cent of Russia's total exports and EU is the key partner (for example, the EU accounts for 85 per cent of Russian oil exports), it can be concluded that Russia and the EU are linked by mutual dependence. Moreover that this dependence will only increase owing to the decreasing production of energy resources in the North Sea and to EU's growing demand for imported resources. According to different forecasts, in 2030 the EU will import 70 per cent of total consumed energy resources. This leads to the second conclusion that imports from Russia will all but increase.

Expansion of energy infrastructure

Recently, co-operation between Western Europe and Russia has particularly strengthened through the expansion of energy infrastructure. Trade in natural gas is the most susceptible for the inflexible continental energy infrastructure – pipelines. At present Russia is particularly active in trying to implement two new projects for the supply of natural gas over these pipelines: the North European Gas Pipeline (“Nord Stream”) and the South European Gas Pipeline.

8. “EU-Russia Energy Dialogue”, <http://www.euractiv.com/en/energy/eu-russia-energy-dialogue/article-150061>

In the year 2006, due to the active resistance of the Baltic countries and Poland, the gas pipeline which is bound to connect Russia and Germany, NEGP, has raised particularly numerous discussions [9]. Over NEGP, Gazprom seeks to supply gas to Western Europe, bypassing CEE states for political and economic reasons. It is possible to bypass those states over the gas pipelines only by laying pipelines across the sea. It is declared that the NEGP project will enable the Russian gas monopolist Gazprom to achieve its two major goals: *first*, to expand the capacities of gas transportation exports to Europe, and *second*, to diversify gas exports and to reduce the influence of transit countries (Ukraine, Belarus and Poland) on Russian gas exports. The new gas pipeline should connect the Western Siberian basin “Yuzhno Russkoye” with Germany and extend across the bottom of the Baltic Sea (from Vyborg in the Finnish Bay down to Greifswald in Germany). The possibility to prolong it all the way to the coasts of Holland and United Kingdom at a later time is not denied. Assumptions are that the new gas pipeline could also serve as alternative for the Lithuania-crossing pipeline to Kaliningrad. NEGP meets both Western European and Russian interests, yet by its nature of total disregard towards CEE countries’ interests, it not without reason resembles, for some people, the 1939 Molotov-Ribbentrop Pact, which divided CEE [10].

Intentions are to bypass Lithuania with not only the Russian and German project, but also the South European Gas Pipeline planned by Russia and Central Europe. SEGP should connect the Blue Stream gas pipeline extending from Russia to Turkey across the bottom of the Black Sea through Bulgaria, Romania and Hungary. From Hungary one branch of the gas pipeline will run to Austria and Western Europe, and the other to Slovenia and Croatia, and from there to Italy. In the meantime, this EUR 5 billion-worth project has gained more acceptance only in Hungary: MOL and Gazprom will jointly perform the technical and economic validation of the pipeline. It is important to emphasise that it also provides for the expansion of natural gas storages in

9. The idea of this pipeline emerged in late 1999 during the completion of the construction of the first line of the Yamal-Europe gas pipeline. The capacity of the gas pipeline, depending on the market demand, will be around 55 billion m³ of gas per year. The price for the NEGP may reach USD 5.7 billion because even 1,189 km of the 3,000 km of the pipeline would be under the water.

10. Daniel Dombey, “EU’s Energy Policy Brings Hitler Jibe from Poland”, *Financial Times*, 30 April 2006, <http://www.gatago.com/talk/politics/misc/14737033.html>

Hungary, which would provide prerequisites for Hungary's becoming an important CEE node. SEGP is a direct competitor to the Nabucco project. Even if SEGP is not implemented, one may draw the third conclusion that energy infrastructure which connects EU and Russia is expanding. In the medium term it will substantially impede diversification opportunities: for the EU to reduce the relative share of imports from Russia and for Russia to reduce the relative share of exports to the EU. For this reason relations between those two actors will inevitably have to intensify.

Russian ambitions to surround Europe

Gazprom not only plans new routes and pipelines, which will inter-bind Russia and Western Europe even more, but also threatens to take over at least part of supplies control from other production zones. North Africa is one of Europe's major traditional suppliers for natural gas. This region was not competitor to Russia before Gazprom's active expansion to Western Europe, particularly as far as access to its direct consumers is concerned. Its markets covered the countries on the northern coast of the Mediterranean Sea. After Russia (its state-owned companies) altered its policy and with its seeking to become an active player on the Western European market, eyes started turning also to traditional European partners.

Gazprom pipelines do not reach the Iberian Peninsula, but it does not mean that its consumers will not feel the influence of the Russian company. With all resulting advantages and disadvantages. The attempts of Russian companies to approach North African companies have existed for years. However, only this year did they gain a more concrete character. The ice-breaking event was the visit of Putin-lead delegation to Algeria in the March of 2006, which helped to gain the blessing on the supreme level for the co-operation of the two countries' state-owned companies. The process was promoted by not only the summit visit, but also the generous gesture from Kremlin: Moscow relieved the Northern African state from the debt in the amount of USD 4.7 billion and signed a USD 7.5 billion agreement on the services of armour supply and servicing. Back in August 2006, the Algerian state-owned company Sonatrach and Russian Gazprom and Lukoil signed agreements in Moscow regarding co-operation in Russia, Algeria and third

countries, which provided for the opportunity to exchange resource production projects [11]. This will have several significant effects for the EU. *First*, Russia will be able to participate in the supply of natural gas from North Africa to the EU and USA, thus increasing its share in those markets. Agreements on the exchange of products have not been concluded so far, but Gazprom intends to supply Algerian liquefied gas (LNG) to North America in exchange for Russia's gas supplies to Europe. *Second*, prerequisites are provided for the formation of an alliance between one of the major suppliers of natural gas for Europe. This, as could be expected, raised the concern of South European consumers. The Italian Minister of Industry Pierluigi Bersani wrote a letter to the EU Energy Commissioner Andris Piebalgs to draw attention to the potentially decreased number of natural gas suppliers for Europe and the resulting potential price increases for natural gas. Naturally, this also referred to the possible cartel agreements, which are of no use for Europe. Italy imports 80 per cent of required gas amount: Russian gas covers 32 per cent of Italian demand, while Algerian – 37 per cent [12]. *Third*, bypassing Western countries, Russia will be able to receive access to the sodesired technologies, and primarily liquefaction of natural gas. Russia's need for technologies might serve as a wild card in negotiations on access to Russian energy resources. Now that Russia will be able to receive it from another supplier country, the negotiation position of Western Europe may weaken. So may the position of foreign investors already operating in Russia, which is based on technological advantage. Therefore the fourth conclusion from the assessment of EU-Russia geoenergetic links is as follows: Russian state-owned companies can increase their influence on EU imports not only directly, within the framework of trading with Russia, but also through EU trade in energy resources with other production zones, primarily North Africa. The probability that Russia will engage also in the exports of South American countries to the EU should not be denied. This development may enable Russia to more freely review of its preferences in relations with the EU.

11. "Gazprom and Lukoil Seeking Closer Relations With Algeria", Moscow Times, 7 August 2006, <http://www.themoscowtimes.com/stories/2006/08/07/042.html>

12. Sarah Laitner and Ian Limbach, "Italians Fume Over Russia-Algeria Natural Gas Deal", *Financial Times*, 9 August 2006, <http://www.ft.com/cms/s/c51d9b94-2743-11db-80ba-0000779e2340.html>

EU attempts to attract alternative suppliers

EU attempts to restrict the expansion of Russian influence to other production zones are mostly based on developing supplies of energy resources from the Caspian Sea Basin to the EU which are independent from Russia. There are three potential routes: the Nabucco pipeline, the Georgia-Ukraine-EU gas pipeline and the Odesa-Brody-Plotsk oil pipeline.

In the January of 2006, Austrian, Bulgarian, Hungarian, Romanian and Turkish energy ministers, in co-operation with the EU Energy Commissioner Piebalgs, signed the Ministerial Statement of commitment to the Nabucco gas pipeline project. Over the Nabucco gas pipeline, which will start at the crossing of the Baku-Tbilisi-Erzurum and Iran-Turkey gas pipelines, from Azerbaijan, and later also from Iran, through Turkey, Bulgaria, Romania, Hungary and Austria (ending at the Baugarten node) gas should reach the EU. The major argument for laying this 3,400 km-long and USD 4.6-5.8 billion-worth route has a geoenergetic nature because, *first*, the Russia-bypassing route for transporting Caspian energy resources to Europe (near Azerbaijan intentions are to connect also the Kazakhstan and Turkmenistan basins by pipelines) would be created. *Second*, Europe would be provided conditions to import Iran's natural gas and to diversify supplies. *Third*, to decrease Gazprom's influence in the countries through which the new gas pipeline will run (half of the gas supplied over it should remain in transit countries). *Fourth*, new gas pipeline should consolidate Turkey's function of the geoenergetic node for pipelines and reinforce Austria's role in CEE, which, in the long-term, could compete from significance point of view with Ukraine currently holding the key position. It is worth mentioning that Gazprom also demonstrated intention to join this project by offering its gas, which reaches Turkey over the gas pipeline laid on the bottom of the Black Sea, the Blue Stream. The project participants, however, are sceptical about this opportunity.

Another project which can shape alternative paths of natural gas to Europe is the 1,000 km USD 2 billion-worth gas pipeline from the Georgian Supsa harbour to the Ukrainian Feodosia harbour across the bottom of the Black Sea (it should extend for 700 km across the sea), and from there to the EU (Georgia-Ukraine-EU). So far this project has been viewed very sceptically, but with the remaining high prices of energy resources, the increasing need to

diversify sources and with Russia disallowing third countries to freely transport energy resources through its pipelines, it may turn out quite attractive. The GUEU feasibility study is currently under development. It is envisaged that the Baku-Tbilisi-Erzurum branch (which is parallel to the Baku-Tbilisi-Ceyhan oil pipeline) of the gas pipeline running from Azerbaijan to Turkey would extend from Tbilisi to Ukraine. Intentions are to use this gas pipeline for exporting natural gas from Azerbaijan, and later, if a gas pipeline is laid across the bottom of the Caspian Sea, also from the Central Asian states.

Construction of the Odesa-Brody-Plock oil pipeline is also associated with the resources of the Caspian Sea Basin [13]. This pipeline should supply Caspian Sea oil to CEE and Poland. In 2006 Ukraine, Poland and the EU signed a declaration to accept the construction of the oil pipeline. In the July of 2006, Poland and Ukraine signed a memorandum to incorporate a joint venture, which will engage in the building of the oil pipeline. This project is one of the priorities for the new Polish administration, which, still before election, declared its aim to ensure country's energy security.

With all these pipeline projects, be they implemented, EU could improve its independence from Russia and strengthen inter-binding with the Caspian Sea Basin. This would partly reduce Russia's influence on co-operation with areas rich with energy resources eastwards from the EU, but would not substantially limit the Russian share in EU imports. As it was mentioned before, the relations between Western Europe and Russia currently have no chance to develop as equal relationships and will remain relations between core and periphery. Furthermore, in consideration of the strengthening physical connections of areas and Russia's intentions to surround the EU from the geoenergetic point of view, one may forecast that the relations between the Western European consumption zone and Russian production zone will intensify and will become increasingly based on geopolitical assumptions.

13. With its capacity of 9 million tons per year, the 647 km-long Odesa-Brody line has already been laid (finished in 2001), with the remaining 500 km section from Brody to Plock still to be constructed. The planned capacity of the Brody-Plock oil pipeline is 25 million tons per year and the price around EUR 450 million.

Closer relations between states and companies

Redistribution of power on the global market of energy resources

The future regime of the EU-Russia relations in the energy sector and Lithuanian energy security will be influenced by not only geoenergetic trends, but also the recently observed redistribution of power on the market of energy resources: states gain more and more significance compared to international private companies. From the analysed point of view, i.e. what kind of regime may develop in the energy sector between Russia and the EU and how, global trends are significant inasmuch as they have direct impact on the EU energy sector. Firstly, it is the formation of giant companies and the increasing importance of national states on the Western European markets. Growing power of national states is primarily understood as direct intervention into the market in order to ensure energy and national security – a variety of economic protectionism or “economic patriotism”. It differs from the policy of the President of Venezuela Hugo Chavez with respect to international investors, the nationalisation campaign of the new Bolivian leader Evo Morales in the natural resource industry or the order of the President of Chad Idriss Déby to foreign oil companies to move out. It first of all means that in the future the geopolitical aspects of the energy sector will become only stronger.

At present, eight out of the world’s ten largest companies are state-owned. State-owned companies control 90 per cent of global oil and natural gas [14]. Most new fields, if found, will also be subjected to the control of state-owned companies. According to the Economist estimates, 16 out of 20 largest by shares energy companies are state-owned [15]. Furthermore, apart from exporting resources, state-owned companies also actively operate in consuming countries, what signals the transformation of national companies into national transnational ones. Such are Saudi Arabian Aramco, Norwegian Statoil and Brazilian Petrobras. Russian Gazprom should shortly join this flock of companies.

14. “Oil’s Dark Secret”, *The Economist*, 10 August 2006, http://www.economist.com/business/displaystory.cfm?story_id=E1_SNSDPDT

15. “Really Big Oil”, *The Economist*, 10 August 2006, http://www.economist.com/research/articlesBySubject/displayStory.cfm?story_id=7276986&subjectid=381586

Effects of the establishment of Russian state-owned companies

State-owned companies, particularly in the energy field, are normally characterised by the following negative features in comparison with the private sector. The main one is higher expenditure as compared with the private sector, and also efficiency, for the mere reason that the state burdens them with expensive social and political programmes (Russia, the countries of the Persian Gulf). If they are not engaged in political projects, they may be forced to pay a tribute to the state selling products for prices lower than the market's (India, China, Russia); a poor level of corporate management; too large administrative structures; limited transparency of business, and higher corruption as compared to private companies.

The giant expenditure conditioned by state policy could be compensated by a preferred position in business when acquiring new fields or licences, obtaining political support for development abroad or receiving transportation quotas (the Russian case), which determine the scope and profit of exports. However, companies' profit is also redistributed by the state (depending on the state's transparent and not so much transparent goals), which reduces not only the motivation of corporate management, but also the opportunities to make efficient investments and seek even bigger profits.

In Russia, the differences of the activities of state-owned companies from those of private ones are far greater. They have extra-favourable opportunities to ensure their interests on both federal and local government levels, for instance, with regard to receiving tax advantages. The undoubted feature of Russian state-owned companies is the exclusive conditions to obtain licences and to operate new fields. The government can impose stronger control over the activities of state-owned companies as compared with private ones, which diminishes the government's suspicion regarding the relations with foreign partners and provides more favourable conditions for attracting foreign investment. The government can also assist companies in receiving loans (for example, not without Kremlin's help the German Government issued guarantees for the Gazprom loan to build NEGP).

What do such exclusive conditions, first of all for Gazprom and Rosneft, imply? *For Russian private companies* it implies a particularly intricate business environment, where, seeking similar conditions (acquiring fields, quotas for

transportation and the “moderate” attitude of the tax inspectors), they need to make concessions and do favours for the government. Owing to these favours – assistance in the implementation of the state’s domestic and external policy – the term “loyal to Kremlin companies” appeared. Currently it defines nearly all enterprises in the Russian energy sector, because the “disloyal” normally find no place in Russian business. *For foreign companies which intend to do business in Russia* it implies the only choice in search for partners. Private enterprises will not be able to ensure security for investors’ money as companies closely related to politicians could. The best example of such co-operation is perhaps the project for the assimilation of the Shtokman field. *For foreign companies already operating in Russia*, which started business in the country back in the last century, such establishment of state-owned companies poses a direct threat. Particularly in the event they implement a project attractive to Gazprom or Rosneft. What does this imply for the states where these companies control whole energy economies, for instance, Lithuania? Without any paranoia, which Russia often reproaches us with, it may be assumed that these are potentially among the most active influence agents in those countries.

Increasing significance of states in the European energy sector

State-controlled companies or growing energy giants enjoying state care are everyday life for not only those countries which produce energy resources. Similar trends also dominate in countries which consume energy resources. The most relevant situation for Lithuania is in the EU, which, especially this year, has witnessed growing tension regarding the future of energy companies.

According the EU Competition Commissioner Neelie Kroes, between 2000 and 2005 the number of merger bargains of cross-border companies in the energy sector grew by 75 per cent, whereas in 2006 alone there were 10 such mergers, which fell under the jurisdiction of the European Commission [16]. This denotes accelerating concentration of the energy sector in the hands of the big companies. The merger process, however, has been gradually changing and gaining a global character conditioned by the formation of large state-owned

16. Mark Mulligan and Andrew Bounds, “Spain Set to Soften Stance on Endesa”, *Financial Times*, 3 September 2006, www.ft.com/cms/s/eeb905a8-3b73-11db-96c9-0000779e2340,dwp_uuid=e19fdde0-a39a-11da-83cc-0000779e2340.html

or national private companies with the state's strong protectionist backing. This process was marked in 2006 by the attempts of the Spanish Government to block the intentions of German E.ON to purchase the country's largest electricity group Endesa for EUR 29.1 billion; the endeavours of the French governing coalition to block the attempts of the largest Italian electricity company to purchase the French former state-owned electricity enterprise Suez; the plans of Italian politicians to merge Enel with Italy's largest oil and gas company Eni. These processes are only part of the moves in Europe based on "national interests", covering only the energy sector and only year 2006 [17].

What is interesting is that, without exception, all government attempts to protect national energy sectors were based on the dramatic dilemma between the ambitions of the liberalisation of the EU energy market and the state's strategic position or even security protection, as was described by the Spanish Minister of Industry, Trade and Tourism Joan Clos [18]. A solution for this dilemma comes from the European Commission, which cannot boast a particularly positive opinion about the manifestations of "economic patriotism" in Europe [19].

17. The attempt of the Spanish Government to block the coming of the Germans served as expression of agreement to the commercially less attractive offer from another Spanish company Gas Natural regarding the purchase of Endesa. When E.ON increased the offered price by almost 40 per cent and knocked all cards from the Spanish Government's hands, it was not long before a response came. When threatened to lose the biggest company, the government can either interfere with the bargain or create a new biggest company. The Spanish Government decided to create an energy company larger than Endesa. The actions of the French Government are similar to those of its neighbours': politicians developed a plan on how state-owned Gaz de France could take over Suez. For France this step may imply the loss of the majority holding, but this is how EU's largest natural gas and electricity enterprises may emerge. And all this is not economic protectionism, but, according to French Prime Minister Dominique de Villepin, primarily protection of the French national interests. Martin Arnold and Peggy Hollinger, "De Villepin Rejects Protectionism Charges", *Financial Times*, 28 February 2006, <http://news.ft.com/cms/s/691d09ec-a89f-11da-aeeb-0000779e2340.html>

18. William Chislett, "Inside Spain 27", *Real Instituto Elcano*, <http://www.realinstitutoelcano.org/materiales/insidespain/Chislett090606Newsletter.pdf>

19. The company merger process may not be treated as the emergence of international European-type companies because they develop on a strong national background. According to the head of the European Employers' Association UNICE Ernest-Antoine Seillière, the opposition to liberalisation and to the coming of 'outsider' companies rises not from companies themselves, but rather from governments and trade unions. "The Nationalist Resurgence", *The Economist*, 2 March 2006, http://www.economist.com/research/articlesBySubject/displayStory.cfm?story_ID=5575147&subjectid=348978 This is now in the spring of 2006 the Italian Government still headed by Silvio Berlusconi granted itself the right of veto (the so-called "golden share") with respect to potential 'hostile' attempts to purchase Italy's largest gas distribution company Snam Rete Gas. The Italian Government now possesses the company's majority

Central and Eastern Europe has also witnessed similar trends. In the last few years three regional companies which can feel strong governmental backing have been the most influential: Polish PKN Orlen, Austrian OMV and Hungarian MOL. Recently, as many experts of the region's market observe, from unprofitable state dependents companies have turned into developing business structures. MOL acquired the Slovak oil refinery group Slovnaft and a stake in the Croatian oil company INA. PKN Orlen bought the majority holding in the Czech oil refinery and chemical group Inipetrol and is finishing documentation arrangements for the purchase of shares of the Lithuanian oil refinery Mažeikių nafta and the Būtingė oil terminal from Yukos and from Lithuanian Government. OMV acquired the majority holding in the Romanian refinery Petrom. All these acquisitions are blessed and supported by "home" governments. The shift of influence towards governments primarily implies future improvements in the significance of state preferences relative to company interests. This is also another signal of strengthening geopolitical aspects of energy.

Developments in investment regimes

The need for investments of Russia's energy sector

The World Energy Investment Outlook [20] prepared by the International Energy Agency in 2003 claims that the Russian need for investments will be USD 269 billion in 2001-2010, 391 billion in 2010-2020, 389 billion in 2020-2030 and in total USD 1.05 trillion until 2030. These include USD 328 billion for the oil sector, 332 billion for natural gas, 13 billion for coal and 337 billion for electricity generation. Compared with the Western European (EU-15) needs for investments – USD 1.6 trillion until 2030 – this figure does not seem that high. In Western Europe, however, this accounts for less than 0.5 per cent of GDP and only about 2 per cent of total future investment, whereas in Russia more than 5 per cent of GDP and 31 per cent of total required investment. The need for investment from Russia's point of view is somewhat more moderate.

holding, but in accordance with the EU legislation will have to reduce it down to 20 per cent before 2008. Although the EU "golden shares" are prohibited, national security is more important, especially when such trends exist all across Europe.

20. International Energy Agency, „World Energy Investment Outlook: 2003 Insights“, <http://www.iea.org/textbase/work/2003/washington/Cozzi.pdf>

In June 2006 the Russian Deputy Minister for Industry and Energy Andrej Dementyev claimed that Russia's energy sector would need USD 27.5 billion of investment until 2010, including 16.5 billion for oil and natural gas sector [21]. These figures evidence not only the tremendous impact of the energy sector on the entire economy, but also that Russia may face problems in attracting investments – neither the Russian companies, nor the Russian Government have and will have such money.

Challenges for foreign investors in Russia

Russia's offered model for foreign investors into the energy sector is that companies are provided access to fields and extraction projects in exchange for specific political and/or economic benefits. They will be able to operate in projects as small shareholders, ensuring financial flows and technologies and also providing conditions for Russian companies to access consumers in the countries where the extracted products will be traded.

Such co-operation had been already agreed upon by the German chemical company BASF, receiving 25 per cent of shares of the Juzhno Russkoye field in Western Siberia in exchange for the opportunity to increase its stake in the German natural gas distribution company Wingas up to 50 per cent minus one share. In the summer of 2006 a similar exchange was performed by another German giant E.ON. In exchange for E.ON stake in Hungary (50 per cent minus one share in the natural gas storage E.ON Foldgaz Storage and the natural gas distribution company E.ON Foldgaz Trade and 25 per cent plus one share in the electricity and gas company E.ON Hungaria) Gazprom granted 25 per cent minus one share in the same Juzhno Russkoye field [22]. There have also been signs that Dutch Gasunie, Italian Eni and French Total will follow the same course of co-operation. Be there more examples, one could claim that such regime of investor behaviour in Russia is starting to settle down. Furthermore, the exchange such as E.ON and Gazprom increases Russia's influence as monopolist on CEE. Having regard to the fact that in this process Western

21. "EU, Russia: An Elusive Energy Partnership", http://www.stratfor.com/products/premium/read_article.php?id=263613

22. "Газпром" обменялся активами с немецкой компанией E.ON", <http://www.newsru.com/finance/13jul2006/eongaz.html>

partners assist the Russian company, CEE states may hardly expect support by decreasing the impact of Russian capital.

In Russia, foreign-controlled companies cannot have more than 51 per cent in the projects of development of fields which are categorised as “strategic”. The majority of fields in Russia fall under this type. This means that operators of at least three projects will have to revise their investments in Russia: Khariaga – French Total, Sakhalin-1 – ExxonMobil, and Sakhalin-2 – RoyalDutch-Shell. Khariaga project is encroached upon by Rosneft and the other two by Rosneft and Gazprom. The fate of these fields will also help to determine future rules for Russia-investor co-operation. According to the Russian Minister of Industry and Energy Victor Khristenko, such restriction on the activities of foreign investors will not be absolute prohibition, but rather the attempt to ensure Russia’s national interests [23]. The same was reiterated by the Minister of Natural Resources Yury Trutnev, who provided a draft of somewhat more stringent regulations with respect to investors. The draft stipulates that companies whose 50 per cent and more stock are owned by foreign companies will not be able to develop fields with over 70 million tons of oil and 50 billion m³ of gas. According to the minister, these amendments would mostly affect TNK-BP business [24].

The future guidelines for the investment regime should reflect in the three currently developing stories: the Shtokman field development project, the outcome of the Sakhalin-2 project and the development of the Kovykta natural gas field. Many companies expressed a wish to participate in the development project for the Shtokman field [25], but the simulations of several-year tenders have been endless. Gazprom promised to announce companies to participate in the project before the G8 summit in June 2006, afterwards following the G8 summit and has now postponed it to the beginning of 2007. The potential

23. “Энергетика способна стать более мощным “локомотивом” развития России”, <http://www.rian.ru/economy/resource/20060613/49422937.html>

24. Arkady Ostrovsky, “Russia Further Restricts Foreign Oil Groups”, *Financial Times*, 13 June 2006, http://www.ft.com/cms/s/90d25580-fb12-11da-b4d0-0000779e2340,_i_rssPage=7c2e2eb0-cbe5-11d7-81c6-0820abe49a01.html

25. The Shtokman field was discovered in 1988. It is located in the central part of the Barents Sea. The confirmed reserves comprise 3.2 trillion m³ of natural gas and 31 million tons of oil. V.V. Rusakova, “Shtokman Project – The First Gazprom’s LNG Project”, http://www.ebconline.org/files/EBC_041104_Gazprom.pdf#search=%22shtokman%22

participants should be Norwegian Norsk Hydro and Statoil (owing to their technologies and experience in extracting resources under severe conditions), French Total (owing to their financial sources and political benefits for the EU) and US Chevron and ConocoPhillips (owing to their financial resources, the future North American market and political benefits). However, the decision on the political-economic project is missing namely for political-economic reasons. Kremlin hoped to use the Shtokman field project and the potential participation of US companies as the tool to facilitate Russia's accession to the World Trade Organisation [26]. When this card turned out unsuccessful (the USA did not give consent regarding WTO during the G8 summit), Russia decided to reserve it for the next game-negotiation. In September 2006, during the meeting with the French President Jacques Chirac and the German Chancellor Angela Merkel, Putin, imposing pressure on the George W. Bush's administration, promised to direct 45 billion m³ of natural gas to the European market [27], i.e. to punish Washington. This developing story is not merely another example of how business is done in Russia. Rather, this is another particularly bad precedent for everyone willing to see a depoliticised energy sector, at least in Europe. Energy policy and energy security are confused with political issues, which at times have nothing in common with economy, and which, in turn, serves as direct threat for those who want to see energy only as another branch of economy.

Another "litmus paper" to identify the future investment regime is the RoyalDutchShell problems in developing the Sakhalin-2 project. The largest energy resource production project controlled by foreign companies is the Sakhalin-2 oil and natural gas production and natural gas liquefaction project under implementation by the RoyalDutchShell-run consortium Sakhalin Energy in the Far East of Russia, on Sakhalin Island. The implementation of the project started in 1999. Gazprom has never tried to conceal its annoyance with not participating in it. In 2005 Gazprom agreed with RoyalDutchShell on the exchange of shares: in exchange for the Sakhalin-2 blocking shareholding RoyalDutchShell was supposed to receive a stake in one of the Siberian deposits.

26. Andrew E. Kramer ir Steven R. Weisman, "Russia, U.S. Push to Get Moscow into Trade Group", *New York Times*, 12 July 2006, http://www.signonsandiego.com/uniontrib/20060712/news_1b12wto.html

27. "Gazprom Ready to Send Shtokman Gas to Europe", <http://www.barentsobserver.com/index.php?id=364608&cat=16290&xforcedir=1&noredir=1>

However, when RoyalDutchShell adjusted the project's estimated expenditures by almost doubling it and thus reduced Gazprom's potential revenue, the Russian monopolist decided to alter the course of events. In September 2006 the Russian Ministry of Natural Resources announced that it detected environmental violations during the implementation of the project and that it suspended its further development. The environmental arguments perhaps, indeed, seem serious, but all experts without exception admit that Royal Dutch Shell's major environmental violation is the disregard of Gazprom interests [28]. Therefore if investors are not insightful, losses may be much more substantial than expected, for instance, the loss of the licence and its transfer to Russian companies: the field is "strategic" after all.

Similarly, a far from pleasing environment in Russia surrounds another big investor British Petroleum, which established joint venture TNK-BP with Russian companies. The greatest shortcoming of British investors which conditioned Kremlin's disfavour is that it owns 62 per cent of shares in one of the largest natural gas fields in East Siberia, Kovykta. This field is one of the major gateways to the promising Chinese market. It is known that Gazprom associates its big plans with China, therefore according to the logic of Russian stateowned business, the field is also supposed to belong to Gazprom. The Russian Government prevents TNK-BP from exporting the gas of the Kovykta field to the East, which hinders any extraction plans there. Owing to the conflict with Gazprom and cumbersome relations with Kremlin, TNK-BP is not able to take actions which could further increase tension. Such actions could include competing with Russian companies when acquiring companies in CEE, for instance, Lithuanian refinery Mažeikių nafta. Not many expected that before matters are resolved in East Siberia the company would start acquiring the enterprise which is claimed by Russians. By the way, this is what happened: TNKBP demonstrated willingness to acquire the Lithuanian refinery, but then, for some reason, changed its mind.

Consequences of the investment regime

The fact that state-owned companies control about 90 per cent of the world's deposits, yet produce only half of the total amount, evidences broad-

28. Neil Buckley, Arkady Ostrovsky, Ed Crooks, et al. "Moscow Faces Global Oil Backlash", *Financial Times*, 19 September 2006, <http://www.ft.com/cms/s/866e2cd6-481a-11db-a42e-0000779e2340.html>

scale problems of the investment policy [29]. The most efficient way to resolve these problems would be to privatise state-owned companies, however, as it was mentioned before, global trends are the opposite. In 2005, gas production in Russia accounted for 598 billion m³ of natural gas, which is only by 1.5 per cent more than in 2004 [30]. Gazprom increased production only by 0.5 per cent: from 545.1 billion m³ to 547.9 billion m³ of natural gas [31]. According to the plan approved by Gazprom in 2005, until 2008 production will experience only the minimum annual growth of 0.4 per cent [32]. Such a development shows the essential problems of a monopoly: ageing fields, the inability to efficiently develop the volume of production and shortage of investment into fields and into new technologies. Gazprom's production is levelling on the edge of maximum capacity, whereas in consideration of growing domestic and external demand and of the ambitious plans of the Russian President to expand shipment of natural gas for the Russian regions and increase exports to Europe, China, Japan and the USA, resources may be insufficient to cover for all needs, particularly in the cold winter period.

Minimum growth of production should raise the concern of Gazprom customers. In the last decade, Gazprom managed to start operation of only one new field "Zapolyarnoye", all the remaining newly-operated fields having been bought/taken away from other both private and state-owned companies. To add unreliable supply to the vague production perspectives, Gazprom's declining image of a reliable partner is no longer merely a matter of public relations, especially when assessors such as Standard&Poor's started having doubts about its reliability [33]. This company named limited investments into the development of fields as major challenge for Gazprom.

29. "Oil's Dark Secret", *The Economist*, 10 August 2006, http://www.economist.com/business/displaystory.cfm?story_id=E1_SNSDPDT

30. "Quantifying Energy. BP Statistical Review of World Energy", June 2006, http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/publications/energy_reviews_2006/STAGING/local_assets/downloads/pdf/statistical_review_of_world_energy_full_report_2006.pdf

31. Alexey Miller, "Gazprom – Strategy for the Energy Sector Leadership", <http://www.gazprom.ru/eng/articles/article20334.shtml>

32. Roman Kupchinsky "Russia: Gazprom – A Troubled Giant", *Radio Free Europe*, <http://www.rferl.org/featuresarticle/2006/01/aacaf75d-5629-436a-b453-7c8a470c4368.html>

33. "Russian Oil Shortfall Predicted", *Agence France Presse*, 11 June 2006, www.nautilus.org/aesnet/2006/APR1206/AFP_Russia_shortfall.pdf

A similar situation is observed in the Russia's oil sector. Although in 2005 oil production in Russia grew by 2.7 per cent³⁴, according to expert calculations, exports declined from 254 million tons in 2004 to 251 million. Russia has oil reserves for 27-29 years, but this is still insufficient ground for optimism because at present Russia produces only the most profitable fields, whereas money is not invested into the problematic ones³⁵. Owing to the already mentioned specific activities of state-owned companies, investments into expensive geological surveying are minimum, which determines the inevitable future decrease in production with the production peak having been already reached in many fields. Only Lukoil covered 102.3 per cent of production with new stocks in 2005³⁶. Of course, a straightforward conclusion that this is another example of how a private company manages better than a state-owned one would be too brave, but this still reflects the general trends in Russia. According to the executive director of the International Energy Agency Claude Mandil, oil supply from Russia should be discouraging in the next four years because expectations for growing exports from Russia were too optimistic³⁷. Therefore, he claims, IEA will be forced to revise Russian forecasts.

A similar situation has developed in the field of the transportation of energy resources: pipeline monopolists Gazprom and Transneft find it difficult to handle vital investments. Insufficient funds are allocated to the renewal of the old infrastructure. Lithuania also had a chance to experience what negative effects this may have in the summer of 2006 when the supply was discontinued due to a breakdown in the Druzhba oil pipeline. Even if this breakdown was more of a political rather than technical nature, few had doubts about its actual possibilities. Even if Russia could attract foreign investment, on extremely stringent terms, into the development of oil and natural gas fields, expecting that foreign enterprises would invest into pipeline networks, which nobody gets

34. "Quantifying energy. BP Statistical Review of World Energy", June 2006, http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/publications/energy_reviews_2006/STAGING/local_assets/downloads/pdf/statistical_review_of_world_energy_full_report_2006.pdf

35. Михаил Крутихин, "Тяжелые потери Сырьевая база нефтедобычи имеет мало шансов на рост в обозримом будущем", <http://www.rusenergy.com/articles/a20060404.pdf>

36. Alexander Anatolyev, "The Basis of Competitive Advantages", <http://www.oilru.com/or/28/500/>

37. Carola Hoyos and Kevin Morrison, "Russia to Supply Less Oil Than Expected", *Financial Times*, 11 April 2006, http://www.ft.com/cms/s/df552d4e-c981-11da-94ca-0000779e2340,_i_rssPage=9d5b9ebec8bc-11d7-81c6-0820abe49a01.html

access to, would be all but naive. At present, only 25 per cent of all pipelines are newer than 20 years, 32 per cent are 20-30 years old, and the remaining 43 per cent (almost half) more than 30 years [38].

Regime of Russian investment in Western Europe

One of the key objectives of ensuring Russian energy security is expanding access to end consumers, i.e. increasing influence in production zones. Nearly all discussions on energy security underline that Russian companies (primarily Gazprom) must have the same opportunities as Western companies to access EU's end consumers. Gazprom's new export strategy provides that if European countries refuse entering into long-term agreements on the supply of natural gas, the concern will be forced to demand concessions from partners in the transportation and distribution of energy resources [39]. This turn more than apparently denotes the altered power balance between Russia and the EU. At least Kremlin views it as changed.

It is with this aim – to gain firm position in the Western European production zone – Russia seeks to purchase natural gas distribution companies and petrol station chains in Western Europe. As it is known, Russia implemented its objectives of access to end consumers in CEE without greater challenges back in the last decade. However, in Western Europe, with the exception of Germany, it was far less successful. One of the most vivid examples of particular relevance for the assessment of today's situation is Gazprom's attempt to gain position in the United Kingdom.

In early 2006 Gazprom declared intention to consider the opportunity to acquire UK's largest gas distribution company Centrica (with 60 per cent market share in the public utilities sector and 15 per cent share of the market of commercial consumers). Stock markets welcomed this news enthusiastically, but not so much the politicians. This is understandable. The entrance of a Russian company to the market, direct access to consumers and plans to ensure 20 per cent of supply until 2015 can provide the opportunity to shape one's own

38. Михаил Крутихин, “Развитие по схеме: Вслед за “Газпромом” профицит мощностей наращивает и “Транснефть”, <http://www.rusenergy.com/articles/a20060705.pdf>

39 “Евросоюз ответил на ультиматум “Газпрома”,
[http://www.newsru.com/finance/21apr2006/
gazprom.html](http://www.newsru.com/finance/21apr2006/gazprom.html)

rules of the game. What almost all CEE countries have faced for the whole decade has become a threat also to Western Europe. The fear-raising logic is not so much economic (too large market concentration) or protectionist (foreign capital will gain a too strong position) as political: the capital controlled by the Russian state with doubtful transparency of business and the non-existent boundary between business-focused and political decisions. This kind of reaction from UK politicians perhaps was not expected in Russia probably on the grounds of the Western European experience of the non-interference into Gazprom's active expansion in CEE. The response from the Russian President Putin was: "When [European] companies come to us it's called investment and globalisation, but when we go there it's called expansion by Russian companies." [40]

In the spring of 2006, the UK Government decided to review the merger control regime in order to block the possible passage of Centrica to Gazprom's hands because this may jeopardize British energy security. It is proposed to include energy companies into lists of enterprises whose deals can be blocked by ministers to protect national security interests. What is interesting is that this decision emerged in the office of UK's Secretary of State for Industry and Trade Alan Johnson, who was one of the most proactive critics of protectionism in Europe and the USA and of French and Spanish actions to protect their own companies [41]. Possible involvement was based on the assumption that ministers must take action as soon as national security interests arise, which is always the case when any company intends to acquire one of the natural gas distribution companies [42]. This kind of observations were supposed to subdue the suspicion that concern was raised due to Gazprom, but the Russian monopolist came to reason and temporarily gave up on its intentions.

Political resistance has been the attribute of all acquisitions of Russian companies in the unfriendly "Near Abroad", and in all cases "alternative" tools

40. Hugh Williamson, Peter Ehrlich and Neil Buckley, "Putin Hits at European Investment "Double Standards", *Financial Times*, 27 April 2006, <http://www.ft.com/cms/s/484193e0-d61d-11da-8b3a-0000779e2340.html>

41. Jean Eaglesham, "Gazprom Prompted Rethink on UK Merger Rules", *Financial Times*, 16 April 2006, <http://www.ft.com/cms/s/ac558d4a-cd7c-11da-afcd-0000779e2340.html>

42. Jean Eaglesham, "Proposal to Block Gazprom Generates Unease", *Financial Times*, 18 April 2006, <http://www.ft.com/cms/s/a9e7539e-ce77-11da-a032-0000779e2340.html>

of imposing influence have been employed: threatening, blackmail, intimidation and ultimatums. Cut-off of natural gas supply to Belarus and Ukraine, termination of oil exports through Latvia, cut-off of oil supply to the Lithuanian refinery, restriction on the natural gas exports from Turkmenistan, and termination of natural gas and electricity supply for Georgia. All these actions have been accompanied by public and non-public demanding rhetoric: for Belarus to hand over the control over the gas transportation company Beltransgaz and for Latvia the oil export terminal, for Lithuania to interfere with the bargain with PKN Orlen, for Turkmenistan not to increase the gas sales price and for Ukraine to ruin the country's economy and punish unfriendly government, etc.

Kremlin was going to apply similar action to relations with the West. In the April of 2006, following the meeting of Gazprom leader Aleksey Miller with EU ambassadors, the company published a statement claiming that “attempts to limit Gazprom's activities in the European market and to politicise issues of gas supply, which in fact are of an entirely economic nature, will not lead to good results. It should not be forgotten that we are actively familiarising ourselves with new markets, such as North America and China” [43]. This was basically a threatening urge for Europe to accept Gazprom's rules of the game, i.e. first of all to provide access to the Russian company to the natural gas distribution business in Western European countries. The threatening nature of such statements is reinforced by the fact that they were made just right after Gazprom's unsuccessful attempts to acquire the already mentioned UK Company Centrica and after agreements between Russia and China regarding natural gas supplies to the growing Asian economy. The response of the European Commission was unexpected for Russia, likewise threats for Europe: Europe must look for new suppliers and improve diversification of supply, which means that Russia's participation in the supply of gas to Europe is no longer sufficient [44]. This is how the spiral of escalation was started: Gazprom representative Sergey Kurpiyanov relied to the statements of the European

43. Neil Buckley and Arkady Ostrovsky, “Gazprom Issues Threat to EU Gas Supply”, *Financial Times*, 19 April 2006, http://news.ft.com/cms/s/ac6fb4ca-cfc7-11da-80fb-0000779e2340,dwp_uuid=d4f2ab60-c98e-11d7-81c6-0820abe49a01.html

44. Евросоюз ответил на ультиматум “Газпрома”, <http://www.newsru.com/finance/21apr2006/gazprom.html>

Commission that “if the decision is made to drive Gazprom out of Europe, we will all go to those markets where we are welcome and this will be Gazprom’s return step” [45]. Afterwards, possibility to turn away from Europe was confirmed by Putin [46].

Prospects of the new regime

Having regard to the currently developing Russia-Western Europe relations in the energy sector, one may draw the following conclusions:

- The old regime of Western Europe-Russia relations is under review and inevitably changes because, *first*, Russia’s preferences in energy policy have altered – it was decided to use this policy also as a lever of foreign policy, *second*, trust in Russia as a reliable supplier of energy resources has been undermined in Western Europe.

- Western Europe-Russia relations are developing as those of consumption and production zones – core and periphery. The position of Central and Eastern Europe, and also that of Lithuania in the short-term when the new regime will be formed, will remain in the transportation and processing zone: there are no signs showing its movement towards the Western European consumption zone.

- Energy infrastructure between Russia and Western Europe is expanding. So are Russia’s exports to the EU and Russia’s share in EU imports. For this reason relations between these two actors will inevitably have to intensify. The intensifying dialogue has nothing to do with the assessment of political processes in Russia or, as representatives of democratic powers in Russia attempt to emphasise, with the “sale” of European democratic values for the favourable supply of energy resources [47].

- Owing to the policy of diversification of energy resources that is applied by Western Europe, the distinction between the different produc-

45. Ibid.

46. Hugh Williamson, Peter Ehrlich and Neil Buckley, “Putin Thanks Blair Over Support for Energy Plans”, *Financial Times*, 28 April 2006, <http://news.ft.com/cms/s/904379e4-d652-11da-8b3a-0000779e2340.html>

47. Garry Kasparov, “Investors Must Not Sell Out Russian Liberties”, *Financial Times*, 19 July 2006, <http://www.ft.com/cms/s/c6f72b04-ffb8-11da-93a0-0000779e2340.html>

tion zones in Eurasia – Russia and the Caspian Sea Basin – becomes more clear. This distinction will enable a more flexible inclusion of the Caspian Sea production zone into the new regime, reserving the opportunity to conclude separate agreements with it in the future. This development denotes a situation different from that which existed when adopting the ECT: exports from the Caspian Sea Basin, in the medium-term, will not be totally dependent on Russia.

- Influence of states on national and international markets of energy resources has been apparently improving. This process encompasses both Russia and the entire EU – Western Europe and CEE. This implies that states' preferences in the new regime will have more impact than those of companies.

- Russia's need for investment has been increasing, and its applied regime for foreign investments has likewise become more stringent. Restrictions on foreign investments have had painful consequences on the development of the country's energy sector and that is why Russia will inevitably have to make concessions to attract foreign capital.

- The ambition of Russian companies and government to expand access to end consumers has been strengthening, i.e. to ensure the same conditions as it already has in CEE. This issue will have to be necessarily included into discussions on the new regime and cannot be ignored.

The interests of Russian Government and companies in the new regime

Analysis of situation allows for the review and the more accurate definition of the potential interests of actors in geoenergetic zones. The interests of the Russian Government are to:

- Retain existing markets and to expand them – increase exports to Eastern, South Asian and North American markets (also recorded in the Russian energy strategy until 2020 [48]). In spite of all threats, this diversification should not take place at the expense of exports to Western Europe. Seeking to retain markets, one need to, *first*, limit the expansion of exports of other production

48. “Энергетическая стратегия России на период до 2020 года”, <http://www.minprom.gov.ru/docs/strateg/1>

zones to Western Europe, primarily from direct competitors – the Caspian Sea Basin and Persian Gulf (Iran). Control of transit through the territory of Russia is a direct expression of this limitation. *Second*, to secure long-term agreements for the supply of energy resources.

- Secure a stable transit through Central and Eastern Europe to Western Europe – the only transportation and processing zone that separates Russia from export markets (also included into the Russian energy strategy until 2020). The most efficient way for Russia to ensure stable transit would be through the control of transit routes.

- Reduce the transit supply risks by reducing the number of transit countries – improve the opportunities to bypass Central and Eastern Europe through the development of the infrastructure directly connecting Western Europe and Russia.

- Retain a full autonomy in the energy sector without providing prerequisites for the establishment of foreign actors. This autonomy provides conditions for the independent redistribution of earned income and, as appropriate, for a flexible use of the energy policy, as well as for internal and external policy goals. For this reason it is necessary to retain control over fields through the limiting of opportunities for foreign actors to take over production in “strategic” sectors and the further improvement of state-owned companies’ influence.

- Secure a stable development of the energy sector, seeking larger domestic and foreign investments into the energy sector and access to technologies, particularly in the field of natural gas liquefaction (the Russian energy strategy until 2020).

- Secure a maximum earned price from exports of energy resources.

The interests of Russian state-owned companies should meet those of government, with the exception of the ambition to manage financial flows independently from government authorities and to minimise participation in the government’s cost-inefficient domestic and external policy, for instance, the sales of resources for less than the market price to internal consumers or “friendly” states (Belarus). The interests of Russian private companies probably still greatly differ from those of the government compared with state

owned companies, but with regard to the fact that their primary interest is survival, opposition to Kremlin's energy policies, as the Yukos case showed, can be disastrous.

Interests of Western European actors

The most probable interests of governments in Western European consuming states when defining a regime of trade in energy resources with Russia are the following:

- Secure continuous imports of energy resources – economic and political stability in Russia; security of transportation infrastructure.

- Secure acceptable and stable prices for energy resources, i.e. not provide conditions for Russia to control the majority of all imports and to manipulate supply volumes and prices. For this reason retention of the balanced structure of imports diversified by supplier, transit route and energy resource is absolutely required.

- Secure a stable transit through Central and Eastern Europe to Western Europe – the only transportation and processing zone that separates Western Europe from export markets. There is not significant difference in how this stability will be ensured: this can be done also by Russian companies through the control of transit routes.

- Ensure a stable and free transit of the energy resources of the Caspian Sea Basin through Russia, to CEE and Western Europe.

- Reduce the transit supply risks by decreasing the number of transit countries – improve the opportunities to bypass Central and Eastern Europe through the development of the infrastructure directly connecting Western Europe and Russia.

- Retain autonomy in the energy policy field at least as long as the energy sector is considered a strategic sector directly associated with national security. This aim relates to both reluctance to transfer energy issues to the purview of the European Commission and the aim to limit access for Russian state-owned companies to end consumers.

- Provide conditions for Western European companies to directly participate in the production of energy resources in Russia.

- Western Europe can secure the development of its energy sector both from the investment and the technology point of view all by itself, therefore this issue should be excluded from the future regime.

The interests of Western European state-owned companies, same as in Russia's case, coincide with those of their governments: they speak in favour of close co-operation with Russia [49]. The major difference from Russia is that governments in Western Europe still do not subject the companies' business to domestic and external policy, which reduces the likelihood of cost-inefficient activity. The interest of private companies (primarily the shareholders' interest), in contrast to the state-owned ones, is profit. Therefore they find the intervention of governments into their business and the spreading EU "economic patriotism" useless. For this reason the ambition of private companies, which differs from those both of governments and state-owned companies, may be claimed to be total liberalisation of the market.

The position of the European Commission, which often contradicts governments and companies, should also be attributed to Western European actors. The interests of the European Commission are best reflected in its 2006 Green Paper "A European Strategy for Sustainable, Competitive and Secure Energy" [50]. It states the following key objectives:

- An open, competitive, non-protectionist and single European Union electricity and natural gas market. This means not only EU's full geoenergetic infrastructural integration (primarily by connecting the Baltic States and Ireland to Western Europe with networks), but also limited opportunities for governments to interfere with the market.

49. In the spring of 2006, following the start of the European debate on Russia as reliable supplier, the head of Germany's largest gas and electricity company E.ON Wulf Bernotat clearly spoke against any questioning of Gazprom reliability by calling all such talks nonsense. Richard Milne and Mark Mulligan, "Eon chief jumps to defend Gazprom", *Financial Times*, 1 May 2006, <http://news.ft.com/cms/s/c3021af2-d977-11da-8b06-0000779e2340.html>; European Round Table of Industrialists, appealing to the pink forecasts of Russia's development, in May 2006 distributed a statement saying that *the European Union could benefit substantially from increased economic integration with its largest neighbour and one of its best customers*. Stefan Wagstyl, "Top Bosses Step in to Soothe Relations With Moscow", *Financial Times*, 22 May 2006, <http://www.ft.com/cms/s/032b9dd6-e9bf-11da-a33b-0000779e2340.html>

50. Commission of the European Communities, Green Paper "A European Strategy for Sustainable, Competitive and Secure Energy", Brussels, 8 March 2006, http://ec.europa.eu/energy/green-paper-energy/doc/2006_03_08_gp_document_en.pdf

- Physically, economically and politically secure transportation of energy resources.
- Diversification of the energy mix through the increase of the consumption of renewable resources.
- The improving efficiency of the consumption of the energy resources – to stabilise growth in the EU demand and ensure environmental requirements.
- Technology development.
- A harmonised EU External Energy Policy, which includes a clear policy on securing and diversifying energy supplies); reacting effectively to external situations; integrating energy into other policies with an external dimension and energy partnerships with producers, transit countries and other international actors. The last module basically implies the aim to form clear international regimes, also with Russia. This regime, called “common regulatory space” in the Green Paper (it would be regulated by the planned Pan-European Energy Community Treaty) should become the basis for the Pan-European Energy Community already referred to in the review of the EU-Russia energy dialogues) – to create a predictable, open and harmonised market which prompts investment and growth. The Pan-European Energy Community would be a consolidated geoenergetic region encompassing production, transportation and processing and consumption zones. According to the proposals of the European Commission, this area should cover the EU, Turkey, Ukraine and the countries of the Caspian Sea Basin, Maghreb and Mashreq.

As it can be seen, not all EU preferences match those of governments and companies. Most of the controversy comes from two fields directly related to the future regime: the free market of energy resources in the EU and the creation of the Pan-European Energy Community. Free market contradicts the ambitions of governments to retain control over the energy sector (even in the countries which propagate liberal trade such as United Kingdom). The creation of the Pan-European Energy Community primarily rests on the assumption that single energy policy will be created in the EU. This ambition is opposed by the governments’ interest in retaining autonomy. *Second*, the Pan-European

Energy Community – the geoenergetic region – would be created around the Western European consumption zone (geoeconomic core). It would cover the key production zones supplying resources to Western Europe (Russia, the Caspian Sea Basin, suppliers of the Persian Gulf and North Africa), and also transportation and processing zones (non-EU CEE countries, primarily Ukraine, and Turkey, which are becoming one of the most important energy nodes). However, such a complicated and complex system contradicts not only the interests of actors in all other consumption zones (from the USA to China), but also the interests of Western European governments to apply different policies to different suppliers. It is this particular goal which is served, for example, by the “liberation” of exports from the Caspian Sea Basin through the infrastructure which is independent from Russia. Therefore the Pan-European Energy Community project could be implemented only in the long-term. In the short-term, individual regimes should be aligned with individual suppliers: the EU-Russia regime should be a separate issue.

Thus the common interests of Western European consumption zone actors in relations with Russia include:

- Stable and continuous energy supplies;
- Acceptable and stable prices;
- Stable transit through CEE;
- Opportunities to participate in the production of energy resources in Russia.

The clashing and mismatching interests are the single and free market (the European Commission and private companies) vs. the autonomy of governments (governments and state-owned companies) as well as decision-making regarding external energy relations – the European Commission vs. national governments.

Interests of Central and East European actors

The likely *common* interests of governments in the CEE transportation and processing zone (with the retained inter-competition for transportation volumes, routes and conditions):

- Reliable energy supplies – stable co-operation of actors in consumption zones through the transportation and processing zone.
- Acceptable and stable prices for energy resources.
- Diversified supplies, including transit through CEE and the energy resources of the Caspian Sea Basin and the Persian Gulf (for instance, Iranian natural gas), which leads to the ambition to ensure a stable and free transit through the Russian territory.
- Autonomy from other actors, primarily from Russian state-owned companies, which, apart from their core business, often also perform ancillary functions for Kremlin's policy.
- Retaining the importance of the transportation and processing zone by neutralising projects which intend to bypass this region (NEGP).

The interests of state-owned and private CEE companies fully match those of their governments. The pre-condition for companies' survival is governments' strive for autonomy. There are no international organisations covering energy issues in the entire CEE. Energy issues are included into some co-operation formats (GUAM) only episodically.

Matching and contradictive interests of geoenergetic zones

The interests of Western European, Russian and Central European governments match owing to, *first*, stable and continuous supplies from Russia through Central and Eastern Europe to Western Europe (on the Russian part, this ambition is valid to the extent that it does not contravene external policy arrangements); *second*, deepening of co-operation between Western Europe and Russia, but only to a certain extent – as long as it does not threaten to become totally dependent from a single supplier or a single consumer, and, *third*, securing of stable and acceptable prices for energy resources. These three conditions basically comply with the currently existing regime, apart from the limited guarantees that Russia will not discontinue natural gas supplies, for example, in the winter of 2007 in the event of a conflict with Belarus regarding natural gas prices. As long as there is no single regime – a package of rules – the best guarantee for stable and continuous supplies could be long-term supply agreements supported by both Russian and Western European governments. This

choice, however, is hardly probable because it contradicts the commitments to secure a free market in the EU's energy sector.

In all zones governments seek to retain autonomy in their energy sectors. However, in Russia and Western Europe, in contrast to the majority of CEE states, where Russian companies are quite active, governments enjoy those conditions. The autonomy retention interests are opposed by the interests of both Western European and Russian actors to have direct access either to fields and production (Western Europe) or end consumers (Russia). The European Commission and Western European private companies disagree with the retention of governments' autonomy in all geoenergetic zones. CEE interests to retain and increase the volumes of transit to Western Europe may be qualified as contradictory interests, failing to meet Western European and Russian ambitions to reduce the number of transit states. The third group of contradictory interests is the free transit of energy resources through the Russian territory sought by Western Europe, which is the main reason for Russia's disagreement to ratify the ECT.

One can distinguish one more group of preferences – specific interests. This is primarily the Russia's ambition to attract European investment and technologies.

Alternatives of EU-Russia energy regime

Having regard to the matching and contradictory interests, there exist several alternatives to align those interests, which could serve as basis for an institutionalised regime (for instance the EU-Russia agreement to replace PCA). The *first* alternative would be institutionalisation of the existing regime through the obtaining of Russian guarantees for stable supplies, Western European guarantees for stable settlement and the consent of CEE countries which are EU Member States not to restrict transit. None of the parties commits to open its energy sector for companies within another geoenergetic zone (of course, with the exception of CEE countries where both Western European and Russia companies are active anyway). This means that Russia would have no access to Western European consumers, whereas Western European companies to the production of energy resources and exports from Russia. Russia would not commit itself to allowing free transit of energy resources over its operated

pipelines. Neither would the investment regime be firmly established, which would limit Russia's opportunities to attract Western European investment and technologies.

Such retention of *status quo* would not alter Lithuania's position or its opportunities to improve the state of energy security: Lithuania would linger in the CEE transportation and processing zone, partly isolated from Western Europe; it would also be dependent on Russia's and its companies' ambitions to vertically integrate the Lithuanian energy sector; energy imports would be controlled by the same Russian state-owned companies; Lithuania would be dependent on the vulnerable and worn-out energy infrastructure – pipelines for whose renovation Russia has no funds.

The *second* alternative, apart from the three fields which are agreed upon (stable supplies, prices and transit through CEE), would be to establish Russia's obligation to provide independent from state-owned companies access to Western European companies to the production of energy resources and exports: this, without additional conditions, should secure the flow of Western European investments and technologies to Russia. Western Europe would commit to refrain from limiting the acquisitions of Russian companies, which enable direct sales of resources to end consumers [51]. Transit through the Russian territory could be subjected to a transitional period as long as the Caspian Sea Basin countries have transportation routes to the EU as alternative for Russia. Chances to have access to end consumers and to production and exports should not diminish Western European and Russian ambitions to bypass Central and East European countries as long as Ukraine and Belarus are not involved in the agreement. A maximally flexible liberalised market could ensure better competition (due to the mere participation of the Russian capital) in the

51. In March 2006, in Moscow during the meeting of Putin and the President of the European Commission José Manuel Barroso, the Russian President provided exactly the same proposal – European companies will be accepted to production and exports of Russia's oil and natural gas, but Russian companies must have the opportunity to not only supply, but also transport, process and distribute the energy resources in Western Europe. "EU-Russia Energy Talks Stalled in Moscow" <<http://www.euractiv.com/en/energy/eu-russia-energy-talks-stalled-moscow/article-153504>>. This position is basically similar also to the one presented by the EU Energy Commissioner Andris Piebalgs and the Austrian Minister for Economics Martin Bartenstein in the letter dated May 2006 to the Russian Minister of Industry and Energy Victor Khristenko – Gazprom will not be discriminated on the EU market if Russia opens its markets for Gazprom competitors. "EU: Competition Rules Apply to Gazprom", <http://www.eiropaskustiba.lv/en/russia>

EU, energy efficiency and development of alternative resources. In the medium-short term de-politicisation of the energy sector could be expected.

For Lithuania, this alternative would bring the best opportunities to improve energy security. *First*, the likely expansion of the activities of Russian companies in Western Europe would render the energy sectors of those countries more similar to those in CEE from the point of view of controlling actors. The challenges for Russian-controlled business should be addressed by not only CEE, but also Western Europe. This would naturally enforce creation of clear rules for transparent business in the entire EU and improved liberalisation of markets. Such a perspective would decrease companies' chances for manipulative action in Lithuania among others. *Second*, the expansion of European companies' business in Russia will increase their influence on the Russia's energy sector and eventually reduce the capacity of the Russian Government to employ energy policy for political purposes. *Third*, the creation of a single market should diminish the importance of the transportation and processing zone with Lithuania and entire CEE increasingly resembling a consumption zone – it is likely that a more active consolidation of the EU as the single consumption zone would take place. Alternative to Russia's oil and natural gas would reach Lithuania at approximately the same time as the entire EU, but, in contrast to Western Europe, they would be supplied through Russian territory. The major obstacle for this second compromising alternative will be the reluctance of the Russian Government to reduce influence on the energy sector. Therefore, as long as companies such as Gazprom do not care about European principles of liberalism, the liberalisation scenario does not seem secure. On the other hand, Lithuania and most other CEE states have nothing to lose.

The *third* alternative would be based on the hardly feasible condition: the EU Member States would agree to limit their influence on energy sectors, would speak in favour of the total completion of liberalisation of the energy sector and would not object to delegating external energy relations to the European Commission. This would be an internal consolidation of the EU as a single geoenergetic consumption zone. The relations of this consolidated zone with Russia would take place in a centralised manner through the European Commission. First of all, this would imply that agreements on energy supplies would be concluded with Russian companies through a single EU focal point.

The regime of investments in Russia would not be established in the new arrangement: Russia could do this unilaterally. This kind of regime would have the same effects for the development of the Russian energy sector as in the case of the first alternative. Liberalisation of transit through the Russian territory could be subjected to a transitional period, likewise in the case of the second alternative until Russia no longer has the need to restrict transit, i.e. suppliers of the Caspian Sea Basin have export routes alternative to Russia. The EU, as the single focal point for decision-making on energy policy could develop regimes with other production zones similar to those with Russia. The exclusive role of the European Commission in relations with production zones would enable a more efficient *global* competition with US, Chinese and Indian companies over access to energy resources and negotiations with state-owned energy producing companies and companies with strong political backing.

This prospect would enable Lithuania to limit the further expansion of Russian companies in the country with preferences on CEE and Western European companies. Lithuania's becoming part of the consumption zone should neutralise the majority of energy security challenges faced by the states of transportation and processing zone. Furthermore, Lithuania would have the opportunity to put a veto on decisions regarding the energy infrastructure projects, which it finds unfavourable. However, as it was mentioned before, the likelihood that states will agree to delegate more powers in the energy sector to the European Commission is very low.

As it can be seen, the principal choice for the EU and Russia lies between the *status quo* and the new regime. Should the decision be to change the regime rules, much will depend on the willingness of the EU Member States to delegate external energy relations to the European Commission and on the resolution of the Russian Government to reduce intervention into the energy sector. Be Russian state-owned companies gradually deprived of their privileged position in Russia, one could expect a decision about the second compromise, which is most beneficial to Lithuania. If Russia disagrees to free competition in its energy sector and EU Member States do not object to the delegation of rights to the European Commission, the decision regarding the third alternative is possible. For Lithuania, any change is useful, except for the *status quo* situation.

Conclusions – Lithuania’s opportunities and objectives

As paradoxical as it may seem, the fact that in the January of 2006 Russia cut natural gas supplies to Ukraine, which, in turn, to Western Europe, is beneficial for Lithuania. This blockade destroyed the regime of energy relations between the Western European consumption zone and the Russian production zone, which formed a unique situation requiring the development of a new regime that must meet the interests of Lithuania, among others. The needs of the CEE transportation and processing zone, including Lithuania, have so far been ignored – tolerating the unlimited expansion of Russian companies in national energy sectors and the development of the infrastructure which bypasses CEE. It would therefore be unforgivable if Lithuania did not actively engage in the formation of the new regime and did not use the gained opportunity to improve the status of energy security.

First of all Lithuania must engage in discussions within the EU on the development of EU’s energy sector. A *constructive* contribution to promoting a free market, delegating external energy relations to the EC and a quality-wise new agreement with Russia to replace PCA should be the three major directions in those discussions. It should be noted that the escalation of the extrapopular issues of ratifying the Energy Charter Treaty in Russia and of building NEGP are of no use. The building of NEGP is a totally natural outcome of today’s geoenergetic framework, as is the rejection of the ECT in Russia.

A constructive contribution to the discussion within the EU would facilitate involvement in EU-Russia negotiation on the new regime and its institutionalisation. Russia tries to eliminate the CEE transportation and processing zone countries, the majority of which are new EU Member States, from the future negotiation by discrediting them, defining them as non-constructive and incapable of negotiating. Such attempts are reflected, for instance, in statements made by the Russian Ambassador in the EU that the new Member States interfere with the EU-Russia relations and aggravate strategic partnership [52]. In consideration of the fact that these observations are well heard and receive a supporting response in Western Europe, CEE and Lithuania must make efforts to render this voice audible as well.

52. George Parker, “Russia Says New States Damaging EU Relationship”, Financial Times, 21 May 2006, <http://www.ft.com/cms/s/c0c691fe-e8e6-11da-b110-0000779e2340.html>

Following the assessment of the geoenergetic situation in Western Eurasia and of the maximally limited opportunities of Lithuania and CEE to alter their potentially endangered geoenergetic situation between Western Europe and Russia, we should avoid the formation of loud “defence alliances” from Russian energy policy. One of these proposals was the initiative of the Polish Prime Minister Kazimierz Marcinkiewicz to create a “NATO for Energy Security”. This initiative, without any realistic – geoenergetic – grounds, served merely for increasing tension and the separation of CEE from decision-making regarding the new regime. By the way, likewise the Polish resistance to “new Molotov-Ribbentrop” pacts.

Lithuania must support *any* solution to change the current situation because it is more useful compared to *status quo*. If large EU Member States from Western European consumption zone do not approve of making the EC the single and principal focal point for the formation of global energy policy within the EU (Lithuania can hardly have any influence on this process) and basically reject the third possible option for the new regime, it is necessary to seek the second one: the formation of a free market between the EU and Russia. Lithuania’s voice calling Russia for full-fledged acceptance of European companies into its energy sector, production and exports, would not be heard, and even if it would, then only as another example of destruction. For this reason an alternative move is possible: support to Russian investments in the EU.

This seemingly controversial proposal would prompt the “export” of Lithuania’s problems to Western Europe and, as mentioned before, stimulate the search for common solutions. Furthermore, Russia would be interested that the development of its companies’ business in Western Europe be supported by EU Member States, especially “Russophobic” new members, and would therefore provide adequate conditions for this voice to be heard and appreciated. The criticism of “economic patriotism” and protectionism in Western Europe would provide firm support to the EC’s liberalisation ambitions in the energy sector. Lithuania could initiate in the EU a group of common-minded states holding the clear position that conditions must be provided either for the expansion of Russian companies *all across* the EU or for EC’s becoming a single focal point for energy policy. This would not be blackmail for the mere reason that both alternatives would be useful for Lithuania.

The biggest guarantee of energy security for Lithuania as for any other state that imports energy resources would be the transformation of energy sector into “normal” and non-politicised business. The major threats for the country’s national security arise from the energy sector in every instance when political interests appear on the scene. On the other hand, expecting the energy sector to become depoliticised would be naive. At least as long as an extra-large amount of political projects in one state which supplies us energy resources are associated with this branch of economy.

YET ANOTHER ATTEMPT TO DEFINE RUSSIA'S REGIME

Tomas Janeliūnas*

The article discusses the new state ideology called the idea of “sovereign democracy” proclaimed by the administration of the President of Russia and the presidential party “United Russia”. It is stated that this is another attempt to give a new adjective to the word “democracy” in the Russia’s regime. The article by the Deputy Chief of Staff of the Presidential Executive Office of Russia Vladislav Surkov, in which the principles of “sovereign democracy” are revealed, is analysed in detail. The article states that these principles are already being implemented in practice; therefore the regime of “sovereign democracy” defines Vladimir Putin’s present and future political programmes.

The author of the article critically reviews the attempts to define “sovereign democracy” as a democratic political system. According to the author, the principles of “sovereign democracy” do not meet the traditional criteria of democracy, and Russia’s real policy is directed only towards increasing its powers in the international system. The Kremlin intends to strive for these goals by strengthening power control in the economic and information sphere, as well as by increasing aggressiveness of its foreign policy.

Russia wants to remain “democracy with adjectives”

Since the downfall of the Soviet Union in 1991 attempts have been made to create democracy in Russia, however, hardly any investigator of political regimes would dare to refer to Russia as democracy. In the index of democracy *Economist Intelligence Unit* compiled in 2006 Russia falls into the category of

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hybrid regimes in which countries of Latin America, Asia and Africa prevail [1]. Recent assessments show that Russia is moving away from the democratic principles. In the assessments of democracies of 167 countries presented in the above-mentioned *Economist Intelligence Unit* Russia is singled out as a state in which movement towards the authoritarian regime is obvious. Main features of this process are restriction of civil and mass media freedoms [2].

Despite obvious violations of democratic principles Russian politicians keep on trying to prove to the world that Russia does not refuse democracy. After 1991 the West highly welcomed Russia's choice to carry out reforms and to create a democratic state. For a certain time the reforms that would be held up were judged with leniency and it was stated that this was unavoidable in "young democracies". However, more than a decade after the end of the Cold War Russia, like many former soviet republics, failed to create a real democracy. There is no point of talking further about the "transitional period". The countries of Central and Eastern Europe, as well as the Baltic States can serve as an excellent example showing that if democracy is resolutely sought for, it is possible to be established quite soon.

Seeking to veil authoritarian tendencies of the political regime specific terms to define "Russian democracy" were started to be sought for. Attempts to create new epithets for unstable, hybrid or pseudo-democratic regimes acquired even an ironical name "democracy with adjectives" [3].

Though attributing specific terms to a political regime does not change the situation, representatives of the authorities of Russia and political scientists and analysts supporting them do not want to refuse the word "democracy". On the other hand, one can ever more often hear from the representatives of Russia the comment that a traditional democratic system, the one that has become established in the West, does not suit Russia. Russian politicians do not like democracy that is common in the West because it is too liberal and restricts the political power too much. The authorities of Russia do not want to recognise

1. Laza Kekic. The Economist Intelligence Unit's Index of Democracy. London, 2006, P. 5, http://www.economist.com/media/pdf/DEMOCRACY_INDEX_2007_v3.pdf

2. Ibid., P. 6.

3. See: Collier, David and Steven Levitsky. "Democracy with Adjectives: Conceptual Innovation in Comparative Research." *World Politics*, 49(3), 1997, pp.430-551; Diamond, Larry. "Developing Democracy. Toward Consolidation." Baltimore: The John Hopkins Press, 1999.

the fact that the political system of Russia resembles rather the authoritarian regime. Therefore a search for attractive adjectives, which would allow Russia to be called “democracy”, continues. Most probably this will not help Russia find itself on the lists of traditional democracies; however, it will be possible to explain at least to Russian society that democracy in Russia does exist.

One of the latest adjectives for “Russian democracy” was proposed by the Deputy Chief of Staff of the Presidential Executive Office and advisor to the President Vladislav Surkov. Refusing to admit that “a managed democracy” exists in Russia (that is, the political system is strictly supervised and regulated from the Kremlin), Vladislav Surkov referred to the present regime of Russia as “a sovereign democracy”. Regarded as a highly influential member of Vladimir Putin’s team, at the Presidential Executive Office Vladislav Surkov is responsible for providing organisational, analytical and information assistance to the President of Russia. Different experts of Russia refer to Vladislav Surkov as to the main ideologist of Russia’s President; therefore the definition of the political regime “according to Surkov” could also be called “democracy according to Putin”. A more detailed look at the political ideology being formulated by Vladislav Surkov can also help to understand many present and future solutions of the authorities of Russia. What kind of Russia does the present Kremlin want to see, and on what interests will the relations with the foreign countries be developed? These issues are of great importance to Lithuania too; to which Russia will always be one of the main players in the international policy.

Putin’s Russia as “a Sovereign Democracy”

The first time Vladislav Surkov spoke about “sovereign democracy” was at the meeting with foreign journalists in June 2006. Soon a more detailed and comprehensive description of “sovereign democracy” appeared – the adviser to the President of Russia published the article “Nationalisation of the Future” in the journal *Expert* [4]. The article discussed at great length the essential prin-

4. Владислав Сурков. Национализация будущего. “Эксперт” №43 (537), 20 ноября 2006. <http://www.expert.ru/printissues/expert/2006/43/nacionalizaciya_budushego/>

ciples, what political regime Russia should seek for, and what should form the most important interests of the state.

Surkov's thoughts, at least in Russia, received a rather strong response. The first Vice-prime Minister Dmitrij Medvedev, who, by the way, headed the Presidential Executive Office of Russia in 2003 – 2005, responded rather critically to Surkov's invitation to assign the new adjective to democracy. According to Medvedev, nationalisation of politics and economics has little in common with democracy, and application of any kind of adjectives to democracy sounds suspicious. Nevertheless, Surkov's observations about Russia's future received many positive responses from the politicians of Russia. The ruling party "United Russia" supported the idea of "sovereign democracy" especially enthusiastically. Its leader and Speaker of the Duma Boris Grizlov stated at the party congress held at the beginning of December 2006 that the principles of "sovereign democracy" were reflected in the new programme of the party, which "would form the basis for the elections to the parliament of Russia to be held in 2007 [5]. The party "United Russia" calls itself the "presidential party"; therefore its ideological position is almost identical with Putin's views. However, the most important thing is that the principles presented in the ideology of such a "new democracy" are already today in line with logic of the recent solutions of the Kremlin. Therefore it is possible to suppose that at least till the end of the term of Putin the authorities of Russia will follow namely this "ideology".

The term of "sovereignty" thereby Surkov supplements the concept of democracy is rather attractive or at least impartial. Many classical theories of politics and constitutions of national states indicate sovereignty as the most important value. The Constitution of Russia is not an exception either. Surkov tries to base himself on the provision of the Constitution that the holder of sovereignty is the multicultural Russian nation. Such a "backbone", which is in essence undeniable from the point of view of policy and values, permits Surkov to formulate the definition of "sovereign democracy".

According to Surkov, democracy is a varying concept, therefore it is quite reasonable to define it by means of additional criteria. In Surkov's opinion the

5. Newslab.ru. "United Russia" Congress held in Yekaterinburg. 2006 12 03, <http://english.newslab.ru/news/207631> NEWSru.com. "Грызлов не видит для России альтернативы "суверенной демократии"" 2006 12 03, <http://www.newsru.com/russia/03dec2006/gr.html>

changing, developing political environment requires such terms, which make democracy more exact. In choosing the term “sovereign democracy” Mr. Surkov underlines the importance of national sovereignty, that is, of the nation, in a democratic regime. According to the adviser to the President of Russia, nobody can make claims to power, which belongs to the Russian nation according to the essential provisions of the Constitution of Russia. In other words, “sovereign democracy” should in essence mean “national democracy”. Such a definition, perhaps, would be even more exact than the term “sovereign democracy”. Nevertheless, Surkov avoids identifying the concept of democracy that he proposes with the terms of nationalism, which in the modern world often sound negative and archaic – nationalism is often identified with radical political forces, which proclaim superiority of its own state over other states.

Nonetheless, Surkov evaluates “sovereign democracy” rather clearly as a national regime contrary to an open state, which is ready to fully and actively participate in global processes. According to Vladislav Surkov, the concept of “sovereign democracy makes claims to express the might and self-respect of the Russian nation, which is sought through the development of the mechanism of civil society, a reliable state, competitive economy and an efficient impact on the world processes”[6]. This provision enables us to suppose that “sovereign democracy” should be understood namely as the consolidation of the ideas of nationalism in Russia. It is obvious that though Surkov uses the concept of “nationalism” cautiously, he does not conceal the aspirations to proclaim the ideals of strengthening Russia as a powerful nation. He also clearly specifies the reason why he underlines the importance of nationalism. According to him, to seek for “sovereign democracy” means to resist any global dictatorship or monopolies. Indirectly this specifies the opposition to an ever-increasing influence of globalisation on the national states, and at the same time to the Western societies, the United States, in particular, which encourages globalisation.

The interesting thing is that Surkov, similarly to more radical right-wingers of Russia (for example, creators of the “doctrine of Russia”) states that the creation of democracy in Russia started only with Vladimir Putin’s coming to power. The regimes that were before that – tsarism, socialism and oligarchy

6. Владислав Сурков. Национализация будущего. “Эксперт” №43 (537), 20 ноября 2006, http://www.expert.ru/printissues/expert/2006/43/nacionalizaciya_budushego/

(that is, the regime attributed to the time period of Boris Yeltsin's presidency) are assessed equally in the negative as the regimes, which did not serve the interests of Russia's society. Therefore, according to Surkov, now it is time to turn back to look at the interests of the nation.

The mission of “Sovereign Democracy”

Why did it suddenly become necessary to turn back to look at the interests of the Russian nation, which the rulers of Russia had never been too concerned about before? And what interests of the nation is the present regime of Russia going to defend now?

Answers to these questions can be easily found in Surkov's text. First, actualisation of sovereignty and turning back to look at the nation are based on a rather commonplace argument that has been heard in history many a time and oft – there exist ill-intentioned people beyond the borders of Russia who seeks to decrease Russia's sovereignty (in Surkov's words – have intentions of “desovereignisation”). It is not only foreign subjects that lay schemes to encroach on sovereignty belonging to the Russian nation and impose recipes of their own democratisation and globalisation on Russia but also internal saboteurs – “marginal unions of the former officials, proponents of nazi and refugee oligarchs”, which are being still encouraged by the “entering diplomats”[7]. The main reason due to which the external forces have designs to encroach on Russia's sovereignty is ever-increasing needs for resources and security in the world, therefore Russia, which disposes of large resources of the nuclear weapon, oil, gas, wood and water, unavoidably becomes an attractive object in a global fight for resources and power. Such attempts should be stopped, and income earned by the international projects, which invest in the extraction of resources of Russia, must be left in Russia.

Surkov urges people to support the idea put forward by Vladimir Putin stating that the nation's assets (Surkov uses the word “savings”) must be preserved, and this should become the “fundamental principle of democracy”[8].

7. Владислав Сурков. Национализация будущего. “Эксперт” №43 (537), 20 ноября 2006. – P. 5, http://www.expert.ru/printissues/expert/2006/43/nacionalizaciya_buduschego/

8. Ibid

It would be difficult to find somewhere else a similar comparison of assets as a goal and democracy. All classical definitions of democracy, first and foremost, underline participation of the public in state administration and representation of the majority, respect of civil rights and freedoms [9]. Of course, it is possible to come across very broad definitions of modern democracy, however, it would suffice to remember the criteria for evaluating democracy applied by the *Freedom House*: 1) A competitive, multiparty political system; 2) Universal adult suffrage; 3) Regularly contested elections conducted on the basis of secret ballots, reasonable ballot security and the absence of massive voter fraud; 4) Significant public access of major political parties to the electorate through the media and through generally open campaigning [10].

Alongside these “technical” criteria, which define freedom of elections, the *Freedom House* also basis itself on the criteria of civil rights and freedom of the press.

In his book *Models of Democracy* [11] David Held describes autonomy and national sovereignty in modern democracy at great length. However, he evaluates autonomy of democracy from the point of view of relationship between the authorities and the citizens. David Held seeks to expand the classical contents of democracy by stating that it is necessary not only to separate the state and a civil society but also actually to strengthen the possibilities of society to take part in the decision-making process. As one of the preconditions to guarantee greater possibilities for citizens to participate in a decision making process David Held indicates expansion of economic possibilities, that is, citizens must be economically independent and free from other structures so that they could realise their democratic freedoms [12]. Perhaps one could suspect that some ideas of David Held about autonomic democracies could “inspire” Surkov to speak about re-distribution and concentration of economic resources at the disposal

9. See about the principles of democracy: Dahl R. “Poliarchy: Participation and Opposition.” New Haven: Yale University Press, 1971; Dahl R. “Democracy and its critics.” Yale University Press, 1990; Lipset S.M.

Political Man. The Social Bases of Politics. Doubleday, 1963; Lipset, Seymour Martin. Encyclopedia of Democracy, Washington, DC: Congressional Quarterly, Inc., 1995.

10. Freedom House. “Methodology: Electoral Democracy Designation”, <http://www.freedomhouse.org/template.cfm?page=35&year=2006>

11. Held, David. *Models of Democracy*. Stanford University Press, 1997.

12. See for more about it: Held, David. *Models of Democracy* . Stanford University Press, 1997, P. 295-325.

of the Russian nation. However, even if Surkov became acquainted with the ideas of David Held, their transformation into the idea of “preservation of assets” in the concept of “sovereign democracy” seems to greatly distort David Held’s proposals to increase the possibilities of a civil society to participate in democratic processes.

The ideal of preserving or striving for assets is closer to oligarchic and plutocratic regimes. Though Surkov speaks about the preservation of assets of the entire Russian nation in a very abstract manner, it is easy to understand how he imagines the implementation of this process. The very title of Surkov’s article enables us to suspect that the best way not to permit foreign capitalists to impoverish Russia is to increase influence of the national authorities in economy, or speaking in even simpler terms, to nationalise the most valuable objects of Russian economy. However, such nationalisation of the policy and economy will not enrich the entire Russian nation but it will sooner strengthen the power of the ruling circles to regulate state-owned companies and will make wealthier the officials who head the largest state-owned companies. Taking into account the social sphere Surkov speaks neither about social wellbeing nor about reducing social differences in society. Therefore aspirations to maintain and increase the economic power of Russia are not directed towards increasing the wellbeing of society. One can understand that certain restrictions imposed on property possibilities would mean a struggle against concentration of private capital (that is, the state’s attempts to reduce the economic power of the oligarchs) or limited possibilities for foreign capital to become established in Russia. However, it is most likely that consequences of such “reform of redistribution of the assets” will be beneficial to the new elite of Russia, which has become rooted in the structures of the state power, rather than to a civil society.

Is sovereignty a pretext for nationalisation and militarization of economy?

Though Surkov speaks about “open economy”, he fails to present any arguments about why “sovereign democracy” in Russia could be regarded as “open”. However, it is not difficult to find in Vladislav Surkov’s article to what the priorities should be given when re-distributing the amassed assets. Accord

ing to him, to protect Russia's sovereignty it is necessary to strengthen defensive powers and to allocate "reasonable budgetary financing to the Army, the Navy and special services"[13]. It is especially difficult to understand why special services are included in the aims of financing. Surkov does not even trouble himself to hide the liking that the present ruling elite feels for the structures of the force, and secret services in particular. There are even no hints that effective military or intelligence service institutions are necessary, let us say, to fight against new threats – terrorism, traffic of weapons, drugs or people. Therefore there remains only one conclusion – Russia is going to strengthen its military forces following the attitudes that a "national state" has to compete and fight with other national states.

One can notice even now that the authorities of Russia do not grudge money to secret services: On 8 November 2006 the new Headquarters of the military intelligence service GRU was opened, according to the Defence Minister of Russia S. Ivanov, the most modern building of this type in Russia, or, perhaps, even in the world. A 77-thousand-square-meter building was built and equipped within as short period of time as three years, thus, one can understand that its construction did not lack funds [14]. Vladimir Putin, when congratulating the GRU officers on opening the new Headquarters said the following: "We need to be fully aware that the potential for conflict in the world is on the increase. The international community finds itself in a situation in which factors of force are dominating in international relations. Stability is being seriously undermined by the practice in countries of taking unilateral action – action that is not legitimate in international law – and by attempts by some countries to unceremoniously impose their views without taking into account at all the legitimate interests of other partners." [15] These statements of the President of Russia coincide with Surkov's ideas that Russia has to strengthen its internal security and protect it from a conflicting and aggressive world.

13. Владислав Сурков. Национализация будущего. "Эксперт" №43 (537), 20 ноября 2006. – P.5, http://www.expert.ru/printissues/expert/2006/43/nacionalizaciya_buduschego/

14. According to the data presented in the Russian daily *Kommersant*, construction of the GRU building officially cost 9,5 milliard Russian roubles, or about 365 million US dollars, <http://www.kommersant.ru/doc.html?docId=720044>

15. Putin V. Speech at the New Headquarters of the Chief Intelligence Directorate of the Russian Armed Forces General Staff. November 8, 2006, http://president.kremlin.ru/appears/2006/11/08/1741_type63376_113574.shtml

Goals of strengthening the economic power are currently already being implemented in Russia with an unconcealed enthusiasm. The main measure of the implementation of these goals is Russia's dominance in the energy sector. Russia's aggressiveness in energy markets of recent years has become an especially popular theme. Even NATO countries became concerned that Russia might use energy as a weapon against economy of other states [16].

Russia, however, does not refuse other sources of income that were tested in the times of the Soviet Union. According to the latest data of the study *Conventional Arms Transfers to Developing Nations* submitted to the US Congress, in 2005 Russia outdid the USA by arms sale to developing countries. In 2005 Russia sold weapons for 7,4 billion US dollars (in 2004 – for 5,6 bln. US dollars), the larger part of which – 7 bln. US dollar value arms were given to developing countries [17].

This orientation of Russia towards strengthening heavy and military industry partially confirms the aspiration for preserving and increasing “assets” in Russia that is accentuated by Surkov. Vladislav Surkov clearly underlines the necessity for Russia to become an economically competitive state; however, the choice of measures to increase its competitiveness is surprising. There is an ever-growing aspiration for free trade in the world, and the most competitive economies distinguish themselves by largest openness and dynamism, orientation towards knowledge-based economy, the development of science and technologies. Though in his article Vladislav Surkov mentions the importance of knowledge to the development of competitiveness, the general context of “sovereign democracy” as though promises that Russia's economy will become ever more “national”, that is, closed to foreign capital, especially in the strategic sectors of economy.

Of course, Russia does not think of building a new economic “iron curtain” from the West. After a longer than a decade lasting negotiations, in November

16. At the NATO Summit meeting, this issue was especially accentuated by the US Senator Richard Lugar. More about it see: “Lugar: Attack on Allies' Energy Supplies is Attack on NATO Alliance” NATO Summit, Riga, November 27, 2006, <http://www.rigasummit.lv/en/id/newsin/nid/239/>; Vladimir Socor “Lugar urges active role for NATO in energy security policy” Eurasia Daily Monitor, Volume 3, Number 222, *Published by The Jamestown Foundation*, http://www.jamestown.org/edm/article.php?article_id=2371701

17. Thom Shanker. “Russia Led Arms Sales to Developing World in '05”. New York Times, October 29, 2006.

2006 at last it was possible to agree with the USA on Russia's joining the World Trade Organisation (WTO). However, Russia's joining the WTO is enmeshed in plenty of restrictions for foreign capital (for example, the USA failed to achieve that Russia should permit foreign banks to found their affiliates in Russia). Furthermore, the fact that Russia will become a member of the WTO does not mean yet that it will be inclined to open its economy to the world, especially sectors of energy and other resources. On the basis of the ideas put forward by Surkov, Russia will seek to increase the state influence on the systems of energy supply, processing and distribution, especially in Europe. Politicians of Russia do not conceal the fact that the economic rebirth of Russia is related to a more efficient functioning of the energy sector and the increase in energy prices to foreign buyers. Russia's ambition to become an important and, perhaps, the most significant world centre for energy production and distribution is becoming to seem not so utopian. Russia is active in establishing relations with other suppliers of oil and gas (for example, Venezuela, Algeria, and Kazakhstan) and threatens Europe that it would direct its oil and gas supply to China. Unfortunately, thus far the response of EU to such an obvious blackmail of Russia was reserved and it permits Russia to impose energy prices and conditions of supplying to the countries of the EU and Eastern Europe unilaterally.

Surkov speaks with hostility of the earlier attempts of Russia's politicians to become involved in globalisation processes. According to him, these were attempts to "hide Russia in the past"[18] and both Russia's oligarchs and the bureaucratic elite, which feared global competition, encouraged these attempts. Most probably Surkov can imagine Russia in the global world only as a struggle of national companies against foreign capital. Otherwise it would be difficult to understand why, for example, *Yukos*, which was recognized as a company, that created the most modern and most efficient management systems, was destroyed in no time and its assets were divided among the state companies controlled by the Kremlin officials.

The interesting fact is that the above-mentioned David Held investigates also the problems that a democratic state faces in maintaining its sovereignty in the global world. According to David Held, "there appear disjuncture between the idea of a democratic state, which in principle is able to decide its future,

18. Владислав Сурков. Национализация будущего. "Эксперт" №43 (537), 20 ноября 2006. –P.5, http://www.expert.ru/printissues/expert/2006/43/nacionalizaciya_budushego/

and the global institutions, international law and military unions, which form and limit the possibilities of individual national states to choose”[19]. However, David Held admits that there appear plenty of disjunctures in the global world between sovereignty of the states and the influence exerted by global processes. Main disjuncture arises because of the world economy, international adoption of political solutions, international law and the global mass media, as well as the environmental development. All these disjunctures determine that it is in principle impossible to speak about sovereignty of democracy in the modern world. Instead of this Held proposes a cosmopolitan model of democracy – attempts to combine globalisation and autonomy of power.

Held’s “cosmopolitan model” is quite opposite to Surkov’s idea of “sovereign democracy”. Surkov regards globalisation as an instrument of the USA, or, more generally, means of western capitalism to expand its economic influence in the world. Therefore for Russia to open itself to globalisation means to become the victim of predatory western capital.

On the other hand, Surkov does not speak of complete isolation of Russia. On the contrary it is stated that Russia has to “stick to the West”[20], however, this slogan is intended for Europe only. Vladislav Surkov refers to Russia as a “European nation” and invites it to draw intellectual ideas from Europe, to cooperate in the sphere of science because it is only in this way that Russia would be able to modernise itself. Though he does not forget to remind that there are many bad things in Europe (for example, he reminds that Nazi was the “invention” of Europe), still he recognises that at the present time Europe is necessary for the restoration of Russia’s majesty. At the same time attention is drawn to the fact that there are different positions on Russia in the West – some seek to make Russia obey, whereas others are looking for mutually beneficial partnership. According to Surkov, in the relations with the former (one should understand that with the USA in the first place) Russia is ready to resolutely defend its sovereignty, whereas in the relations with the latter it is determined to show openness and flexibility, as well as productive co-operation.

19. Held, David. *Models of Democracy* . Stanford University Press, 1997, P. 342.

20. Владислав Сурков. Национализация будущего. “Эксперт” №43 (537), 20 ноября 2006. –P.5, http://www.expert.ru/printissues/expert/2006/43/nacionalizaciya_budushego/

Freedom from foreign forces but not from the state

Though in his article Surkov repeats the word “freedom” many times, this freedom means to him only freedom from the influence of the foreign policy or foreign capital. In the ideology of “sovereign democracy” the least is said about freedoms of citizens and freedom of the mass media. Unfortunately, the concept of “sovereign democracy” does not include these freedoms that are so common in democratic countries. Most probably this means that besides nationalisation of economy in Russia one should expect further “nationalisation of information”, that is, a non-decreasing pressure on the mass media and suppression of any public opposition to the ruling elite. The murder of the well-known journalist A. Politkovskaya strengthened suspicions even more that journalists in Russia cannot feel safe, especially if they speak unfavourably of the leaders of the Kremlin.

At the present time there are no national television channels in Russia, which are not supervised by the Kremlin. Only very small number of the press and radio and certain Internet media can express a somewhat freer position. Most likely the President’s administration considers that it is possible to maintain “sovereignty” of Russian democracy only by restricting freedom of the media in Russia and announcing exclusively positive news of the Kremlin.

Conclusions

The Kremlin does not stop explaining to Russian society and the foreign mass media or politicians that democracy does exist in Russia. Though Russia is obviously going down in all ratings of democracy and free society, the very word “democracy” is still attractive to Russian politicians. Therefore they use various means of various terms to fill in the gaps in democracy acquire ever-new forms, and ideologists or parties supporting Vladimir Putin are trying to persuade everybody that Russia needs special democracy.

Unfortunately, even the most beautiful adjectives placed next to the word “democracy” will not change the political reality. Vladimir Putin strengthens domination of power in the state and uses various measures for this purpose – control of the media, decrease of the possibilities of free elections, taking over

the most important economic sectors into the state's supervision, strengthening of special services and the military sector.

Russia is already speaking openly of the ambitions to substantially strengthen its influence in the international system. The first task, which should help Russia acquire more weight in solving the issues of international policy, is strengthening of the economic power. The situation in the world energy market enabled Russia to feel that it has an important instrument of impact on other countries, especially on the countries, which depend on import of energy resources. It is understandable that Russia's authorities want to make use of this measure of power as effectively as possible, therefore it seeks to achieve that as few as possible secondary players should interfere with the energy sector of Russia. Several years ago it was thought that Russia would not manage without foreign investments in oil and gas extraction sector. High prices of energy resources and an aggressive penetration of Russian companies into the energy sectors of Central and Eastern Europe strengthened Russia's self-confidence in its own powers. Recently, it is said more and more often that Russian companies themselves are capable to make considerable investments into the energy sector. It is true, however thus far more that investments have been allocated to infrastructure of transportation than to extraction of energy resources. Some of these infrastructure projects do not seem to be economically well-grounded (for example, the planned North European Gas Pipeline, which *Gazprom* and German companies intend to lay through the ground of the Baltic Sea), however, they correspond with the aspiration of Russia to be as little as possible dependant on any external players, for example, potential transit countries or other oil and gas suppliers.

Domination in the energy sector gives hopes to Russian politicians that Russia will recover its former political influence. Nostalgia for the status of the superpower that the Soviet Union had makes the present authorities of the Kremlin demonstrate at least some symbols of power. In the Soviet Union power and might were directly related to fear. It is not surprising that the present authorities of Russia also encourage the rebirth of traditional measures of fear. The cult of power emerges again on the TV channels controlled by the authorities – broadcasts heaping praises on the work of special services or documentaries about the former professionalism of the KGB are constantly

shown, movies and serials about heroism and everyday life of the Army of the Soviet Union and Russia are created. Unfortunately, patriotism of the Russian population is encouraged not only by the means of public agitation. Attacks against foreigners are on the increase in Russia, however, the authorities are inclined to ignore this tendency.

Russia's turning back to look at the policy of the Soviet Union times is felt not only in the internal policy but also in its relations with other states. Smaller states, Russia's neighbours have already experienced Russia's increasing disfavour – almost all means of communication were broken off with Georgia, export of Georgian and Moldavian goods to Russia was impeded, since July 2006 supply of oil to Lithuania through the pipeline *Druzhba* has been terminated. Russia's criticism with respect to the USA and NATO is becoming more severed. On the other hand, Russia seeks to strengthen its bilateral relations with Germany, France, and Italy. It is regrettable but these largest countries of the European Union still regard Russia as a "reliable partner" without noticing that in the name of good relations with the Kremlin common interests of the European Union are disrupted.

The West seems to have reconciled with the idea that there will be no democracy in Russia and is inclined to maintain "rational" relations, that is, to ignore Russia's growing aggressiveness and to rejoice if Russia agrees to make exceptions to "its best friends", to supply larger quantities of gas and oil. Up till now neither the European Union nor the USA showed how far their compliance to Russia might go. This will only strengthen Russia's self-confidence and resolution to behave the way it likes, not only inside its country but also on the international arena. As can be judged from the ideas of Vladislav Surkov and the "United Russia", Russia's politicians feel ever less embarrassed to state that they intend to resolutely seek to achieve the rebirth of Russia's might by any means. The strange thing about it is that the symbol of "democracy" is still being used for this purpose.

THE ISSUE OF OCCUPATION IN LITHUANIAN-RUSSIAN RELATIONS: INFORMATION SECURITY ASPECTS

Diana Jurgelevičiūtė*

Introduction

Competition in the information sphere is based on the aspiration of making one's own viewpoint of a certain event or issue dominant and imposing it on others. Information security covers the protection of information and activities based on information (making decisions about the foreign, domestic, and national security issues of the state), and the protection of the idea of the state (ideology and values). Propaganda, the restriction of information, the aspiration to have influence on the opinion and behaviour of society or the authorities, forcing them to act according to a scenario that has been planned in advance, pose a threat to these reference objects of security.

Concern about information pressure being exerted and hostile information campaigns being carried out is on the increase in the public sphere of Lithuania. Awareness of Russia's aspiration to maintain Lithuania in its zone of influence by means of information power causes concern about the protection of interests, values, historical truth, and the national attitude towards and position on various issues. Information that is presented by official figures of Russia or in the media but does not correspond to facts or is an incorrect interpretation of events or history as seen by Lithuania is considered to be a threat. The position declared by Russia is often at variance with Lithuania's official position and misleads the international community. Therefore, the importance of the information security of Lithuania and the need to understand information threats and vulnerabilities increases. Information security in Russia is perceived as the efficient presentation of the official position of the authorities on various issues to domestic and international society and the protection of national

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patriotism and values [1]. A threat to the constitutional rights or freedoms of an individual or citizens; to spiritual or informational activities; to individual, group or public consciousness; or to the spiritual rebirth of Russia is considered to be manipulation of information. On the basis of this definition of information security and threats, Russia vigorously defends its interests in the information sphere.

Recognising the occupation of Lithuania and paying compensation for the damage caused by this event can be regarded as an important and long-lasting theme in relations between Lithuania and Russia. Raising the issue of recognising the occupation carried out by the Soviets and paying compensation for the damage caused by the occupation constantly causes tension between Lithuania and Russia. These issues were discussed most extensively in 2000 after the Seimas obligated the Government to demand that Russia pay for damage resulting from the occupation, which, according to the calculations of the Lithuanian Interdepartmental Commission, amounted to 20 billion US dollars. At that time, as well as later, Russia rejected Lithuania's proposals to solve the issue of the occupation by setting up a bilateral working group. Later the issue of recognising the occupation generated especially intense discussions when Russia was preparing to commemorate the 50th anniversary of its victory in World War II. At that time, one could clearly see the different attitudes that Lithuania and Russia had towards the historical events.

Thus the occupation is one of those issues over which a struggle between Lithuania and Russia in the information sphere is going on; both states seek to present their own position on the occupation and substantiate it as correct. Different proposals follow from different interpretations – to compensate for damage done by the occupation or to value the historical events other than the occupation following World War II. It should be noted that the occupation has recently received the attention of academicians. One proposal not to demand compensation from Russia for the 1940 occupation includes three motives: history, international policy, and morality [2]. The validity of raising the issue of

1. Совет Безопасности Российской Федерации, „Доктрина информационной безопасности Российской Федерации“. (The Doctrine of Information Security of the Russian Federation) № Пр-1895, 9 сентября 2000, <http://www.scrf.gov.ru/Documents/Decree/2000/09-09.html> [reviewed on 25 August 2005].

2. Česlovas Laurinavičius, *Kodėl nereikėtų reikalauti okupacijos žalos atlyginimo?* (Why shouldn't compensation for damage done by the occupation be demanded?). Radijo paskaita (Radio lecture), 29 March 2006. Recording of the lecture: <http://www.lrt.lt/lectures/static.php?strid=1381> [Reviewed on 15 April 2006].

the occupation has however not been valued in terms of information security. Are Lithuania's positions defended in the information sphere and how does raising the issue or attempts not to actualise it affect Lithuania's information security?

This article presents an analysis of the disagreements arising between Lithuania and Russia over the issue of the occupation. Disagreements between the states are processes going on in the information sphere: the states defend their different interpretations of the historical events and offer their contradictory evaluations. On the whole, the countries compete for what is to be regarded as the historical truth and its correct evaluation. The objective of this article is to provide an answer to the question of why and how historical disputes grow into threats of information security and what consequences this entails; that is, what impact escalation or, on the contrary, non-actualisation of this theme has on information security. To achieve this objective it is sought to elucidate how Lithuania and Russia understand the occupation and what kind of actions this understanding encourages. When analysing Lithuanian-Russian relations, proposals are put forward about how the issue of the occupation should be addressed from the point of view of information security (which problems should be "securitized", and which should not, to assure the information security of Lithuania).

The discussions about the occupation that have broken out recently (2005–2006) and in which Russia's attitude became more belligerent and Lithuania's attitude became more diversified, are given the greatest attention in this article. The discussions were stimulated to a great extent by the commemoration of 9 May organised by Russia in 2005. During the commemoration, the issue of the occupation was in essence not solved. It was used as an argument only on the basis of which the decision about participating in the commemoration was taken. The choice of the period under investigation does not mean that discussions on the occupation were not held earlier. Essential aspects of the previous discussions will be made mention of to the extent of their significance in evaluating the positions of the states on the issue of the occupation.

Theoretical approach of the investigation

The model of securitization developed by the Copenhagen School is applied in this research [3], and it is supplemented to extend the possibilities of its appli-

3. Buzan, Barry, Ole Waever and Jaap de Wilde, *Security: A New Framework for Analysis*. Boulder USA, London UK: Lynne Rienner Publishers, 1998.

cation. The investigation into securitization is an investigation into a discourse in which specific rhetorical structures expressed in specific circumstances by specific players are sought. Security is regarded as a socially constructed phenomenon: a problem turns into a threat when it is named as such by a securitizing player. Hence, securitization of a problem is its presentation as an existing threat, transferring it from the political agenda into a much more important one, enabling non-traditional measures to be taken to solve it. Desecuritization means returning the problem of securitization to an ordinary political agenda.

When defining the criteria for assessing security policy, the assumption is followed that naming and actualising information dangers, as well as seeking to achieve their recognition as threats, can pose a threat to information security itself – the state's interests in the information sphere. This can destabilise the situation, actualise the problems to which society reacts sensitively, etc. Giving prominence to a problem can take over a large part of the security or political agenda and the discussions that start in the public sphere and in this way can overshadow other important issues, actualise the initial problem, or encourage appearance of new ones.

The model of securitization does not define on the basis of what criteria decisions of security policy should be assessed. This article states that in assessing security policy one can make assumptions based on the principles earlier laid down by the states formally or in official statements (before the issue of the occupation was brought up-to-date when Russia was preparing for the commemoration of May 9). It is assessed whether the states adhered to their earlier declared interests and attitude towards the theme of the occupation. Issues of recognising the occupation and paying damages are related to the historical and fundamental aspects of the idea of the state. The assumption is therefore made that they did not have to change the national interests of Lithuania and Russia or their attitude towards threats because it would take a long time to change the attitude towards them. The response of Lithuania and Russia should correspond with their earlier adopted position on the issue of the occupation and threats posed to that position.

Thus, on the basis of this model, Lithuanian-Russian relations in terms of information security are analysed, and it is sought to establish what information dangers the state should securitize and what dangers it should desecuritize to ensure information security. The article investigates the following: (1) how

the issues of recognising the occupation and compensation for damage caused by the occupation are assessed by Russia and Lithuania and how and why their attitudes towards this issue change or remain unchanged; (2) what actions of theirs are determined by this attitude.

Issue of the occupation in Lithuanian-Russian relations

Russia's position on the occupation

On 24 December 1989, the USSR Congress of People's Deputies gave a political and legal assessment to the Molotov-Ribbentrop Pact, condemning the secret agreements of this Pact and declaring them null and void. The annexation carried out by the Soviets was recognised in 1991 by the Agreement on Lithuanian-Russian Interstate Relations signed by Boris Yeltsin [4]. Russia's position on the issue of the occupation changed after Vladimir Putin became president, however. The occupation began to be denied and belittled in every possible way. In turn, this was the reason why the issue of the occupation raised by the Baltic States began to be understood as a threat of an informational nature to Russia's information security. The viewpoint of the Baltic States opposes the official position of Russia and raises doubts about it in the global information sphere. The demand to recognise the occupation is at variance with the attitude towards historical events presented by Russia and also contradicts Russia's official position that it did not carry out the occupation. This is therefore regarded as a threat to the idea of the Russian state. Not only the financial but also the territorial claims of the Baltic States about the occupation disconcert Russia [5]. They are securitized as a threat to Russia's territorial sovereignty.

4. „Sutartis tarp Rusijos Tarybų Federacinės Socialistinės Respublikos ir Lietuvos Respublikos dėl tarpvalstybinių santykių pagrindų“ (Agreement on the Fundamentals of Interstate Relations between the Soviet Russian Federal Socialist Republic and the Republic of Lithuania). Adopted on 29 July 1991, ratified on 19 August 1991, and came into force on 4 May 1992. Adopted by the countries, which signed international documents. (Is this really necessary? As this sentence now stands, it doesn't make any sense.)

5. Стенограмма выступления и ответов на вопросы СМИ Министра иностранных дел России С.В.Лаврова по итогам Международной конференции по Ираку, Брюссель, 22 июня 2005 года. (Stenograph of Foreign Affairs Minister Sergei Lavrov's speech and answers to media questions at Conference on Iraq), http://www.ln.mid.ru/Brp_4.nsf/arh/33FE25B66202D11CC3257029002C4B82?OpenDocument [Reviewed on 25 August 2005].

Several ways in which Russia responds to the claims about the occupation can be distinguished. *First*, Russia provokes discussions about concepts and their definition. By introducing new concepts into a generally accepted historical discourse, Russia seeks to change the assessment of the events defined by them. According to Vladimir Chizhov, the vice-minister of foreign affairs of Russia, the time period following the annexation is to be assessed as a “formally *de jure*” legalised membership of Lithuania, Latvia and Estonia in the Soviet Union rather than an occupation [6]. It is stated that the use of the concept of occupation is unsuitable to define the incorporation of the Baltic States into the USSR [7]. Mikhail Margelov, the chairman of the upper house of the Russian parliament’s international affairs committee, repeated the opinion expressed by Chizhov and stated that when incorporating the Baltic States into the Soviet Union in the fifth decade of the past century, “*de jure* everything was done correctly”[8].

Second, Russia seeks to belittle the importance of the occupation by generating discussions about historical events. This is done in two ways. First, by trying to deny or not recognise the event, Russia, when denying the occupation or the issues of paying compensation for damage resulting from it, maintains that in 1940 Russia did not yet exist, and many present-day Russians were not born then. Therefore they cannot meet historical claims. By its structure, values and aspirations, Russia is an absolutely different country from the former USSR. Also, Russia cannot be considered to be responsible for the actions of the USSR because it has suffered from it itself. It could therefore put forward claims about compensation for the investments of the USSR into the re-establishment of Lithuania’s economy. It is maintained that the Baltic States are ungrateful to the Soviet Union for liberating them from Nazi Germany and

6. BNS, “V.Čižovas: Lietuvos okupacijos nebuvo” (There Was No Occupation of Lithuania) 18 July 2005. <http://www.delfi.lt/archive/article.php?id=7109436&categoryID=7&ndate=1121711400> [Reviewed on 25 August 2005].

7. Russian Foreign Ministry, “Comments by the Russian Foreign Ministry Information and Press Department in connection with remarks by some European politicians regarding the ‘occupation’ of the Baltic countries by the Soviet Union and the need for Russia to condemn this”.04.05.2005.

http://www.ln.mid.ru/Brp_4.nsf/arh/3575341BD4842979C3256FF8002F095F?OpenDocument [Reviewed on 25 August 2005].

8. BNS, “M.Margelovas: Baltijos šalių reikalavimai dėl okupacijos – lyg priekaištai Mongolijai už totorių jungą” (M. Margelov: Demands of the Baltic States Concerning the Occupation Are the Same as Reproaching Mongolia for the Yoke of the Tartars), 19 July 2005, <http://www.delfi.lt/archive/article.php?id=7116087&categoryID=7&ndate=1121792901> [Reviewed on 25 August 2005].

providing them assistance to restore their economies. Second, a more subtle way to belittle history is when “essence separates values from historical events rather than denying the latter. (It is clear to historians that this is vulgar propaganda.)”[9] In this case, it is sought to belittle the importance of a historical event. On 7 May 2005, the Ministry of Foreign Affairs of Russia issued a statement saying that apparently the western states recognised the annexation of the Baltic States by signing the Helsinki Final Act of the Organisation for Security and Co-operation of Europe, consolidating the principle of inviolability of borders.

Third, Russia’s goal is not only to remove the issue of the occupation from prominence, but also to have it forgotten altogether. Russian officials make appeals for friendly relations and non-escalation of the theme. Russian President Vladimir Putin, when responding to the attempts to remind Moscow that it should recognise the occupation carried out by the USSR, maintained that the issue related to the Molotov-Ribbentrop Pact had already been solved and that “having condemned the Molotov-Ribbentrop Pact concluded by Stalin and Hitler in 1939, Russia had already made its apology and was not going to do it again”[10]. Putin states that history is either to be forgotten or left to historians to investigate. Hence, it is sought to desecuritize an issue causing heated discussions in bilateral relations. Following his reception by the president of the Republic of Lithuania on 23 March 2006, Sergei Yastrzhembsky, aide to the Russian president and special representative to the president for the development of relations with the European Union, stated the following: “I can firmly say that Russia is not going to compensate Lithuania for damage caused by the occupation. It would therefore be better to stop discussing this theme if we want our relations to move forward”[11]. According to him, assessments of history and claims should be left in the past.

9. Leonidas Donskis, *Pasaulio tvarka: kova už tai, kaip rašyti istoriją* (The World’s Order: A Struggle for How to Write History) “*Klaipėda*”, 27 June 2005.

10. Russian Foreign Ministry, “Press statement and responses to questions following the Russia-European Union Summit, Great Kremlin Palace, Moscow”, May 10, 2005, http://www.ln.mid.ru/Brp_4.nsf/arh/1F66A6A4BB7104DFC32570000218403?OpenDocument [Reviewed on 25 August 2005].

11. Vija Pakalkaitė, “S.Jastržembskis: Rusija neketina atlyginti Lietuvai okupacijos žalos” (S. Yastrzhembsky: Russia Does Not Intend to Compensate Lithuania for Damage Resulting from the Occupation), 23 March 2006, <http://www.delfi.lt/archive/article.php?id=9104815&categoryID=7&ndate=1143099899> [Reviewed on 15 April 2006].

It should be noted that Russia does not become involved in discussions about compensation for damage caused by the occupation. That Lithuania accuses Russia of not co-operating to solve the issue of compensation for damage done by the occupation causes the indignation of Russia. They say that in this way Russia is being discredited, even though it clearly said that on the whole it was not going to speak on this theme [12].

Thus, responding to Lithuania's claims about the occupation as threats to information security, Russia takes respective defensive actions. Russia seeks to deny the attitude to historical events that are unfavourable to it and to present its own interpretation of the events in the information sphere. The commemoration on 9 May 2005 organised in Moscow was devoted to this purpose. In this situation, disagreements about historical events surfaced between Lithuania and Russia. For Russia the end of World War II – the victory in World War II – was an event of pride, important in forming its identity as a great state. For the Baltic States, the end of World War II meant the beginning of a new occupation. Questioning this information and the events relating to it was met in Russia in an especially hostile way. According to Russian political scientist Sergei Markov, who is regarded as a disseminator of the Kremlin's positions, "this is the best thing that we did in the 20th century and when somebody wants to belittle what we take pride in, rational relations are out of the question"[13]. Russian officials exerted pressure on the Baltic States to make them participate in the commemoration, tried to create a negative image of the Baltic States in the eyes of the Western countries, and tried to deny the attitude of the Baltic States towards historical events, stating that the Baltic States had not been annexed but joined the Soviet Union of their own free will. Russia understood Lithuania's refusal to participate in the commemoration as disrespect for historical events [14]. Russia securitized Lithuania's refusal as a threat to the idea of

12. "Россию за "ущерб" собираются судить в Гааге: Литва за неделю" (There are plans to judge Russia for "damage" in Hague: Lithuania in week), <http://www.regnum.ru/news/502462.html> [Reviewed on 5 April 2006].

13. BNS, "S.Markovas: Lietuvos prezidentui neatvykus į Maskvą, šalių santykiai gali blogėti". (S. Markov: If the President of Lithuania Fails to Arrive in Moscow, Relations Between the Countries Might Worsen), 15 April 2005, <http://www.delfi.lt/archive/article.php?id=6484259&categoryID=7&ndate=1113573243> [Reviewed on 15 September 2005].

14. Diana Jurgelevičiūtė, *Informacinis saugumas Lietuvoje: gegužės 9-osios problema ir Rusijos lėktuvo avarija*, (Information Security in Lithuania: Problem of 9 May and the Crash of a Russian Plane) *Lietuvos metinė strateginė apžvalga, 2006*, Vilnius, Military Academy of Lithuania (in print).

the state. The informational pressure to take part in the commemoration was replaced with informational pressure seeking to discredit Lithuania's image in the international arena. The refusal of the president of Lithuania to attend and take part in the commemoration of 9 May was used to accuse Lithuania of its hostility towards Russia and its inclination towards fascism.

Surveys show that attempts of the officials of Russia to belittle or even to deny the occupation justify themselves at least with respect to the domestic Russian audience. These surveys reveal that 70.5 per cent of the Russians questioned fully or partly agreed with the statement that in 1940 the Soviet Union occupied the Baltic States. 80.2 per cent of the respondents gave a negative answer to the question about whether Russia should apologise to the Baltic States for the occupation, and 66 per cent of the respondents would categorically oppose to such a step [15].

Lithuania's attitude towards the occupation

Lithuania's officials underline that currently existing interstate relations between Lithuania and Russia are based on the agreement of 1991 in which the annexation of the Republic of Lithuania carried out by the USSR is recorded and obligations are assumed to eliminate the consequences of annexation. Addressing the consequences of the occupation in Lithuania was securitized and special measures were taken immediately after the re-establishment of independence. On 4 June 1991, the Supreme Council of Lithuania – the Reconstituent Seimas – adopted a document entitled Resolution Concerning the Damage Done to the Republic of Lithuania by the USSR and Compensation to the Residents for It [16]. The issue of compensation for the damage done was raised when Russia withdrew its army from Lithuania. The question about withdrawing the army of the former USSR, which was under the jurisdiction of Russia at that time, and paying compensation for the damage done was asked in

15. ELTA "Apklausa: rusai nemano, kad Baltijos šalys buvo okupuotos" (Survey: Russians Do Not Think That the Baltic States Were Occupied), 16 June 2005, <http://www.delfi.lt/archive/article.php?id=6910628&categoryID=7&ndate=1118921919>> [Reviewed on 25 August 2005].

16. Lietuvos Respublikos Aukščiausiasis Taryba – Atkuriamasis Seimas, „Dėl 1940-1991 m. TSRS padarytos žalos Lietuvos Respublikai ir jos gyventojams atlyginimo“ (The Supreme Council of the Republic of Lithuania – the Reconstituent Seimas – Concerning the Damage Done to the Republic of Lithuania by the USSR and Compensation for It to the Residents), *Valstybės žinios*, No. 17-456, 20 June 1991.

the referendum of 14 June 1992. The issue of compensation for the damage done by the occupation was securitized in Lithuania after the Seimas adopted the Law on Compensation for Damage Resulting from the Occupation by the USSR in 2000 [17]. This law obligated the Government to negotiate with Russia concerning the compensation for damage caused by the Soviet occupation, which Lithuania evaluated at 20 billion US dollars, or 80 billion litas. The amount of damages has not yet been legalised because the Government has not approved its size by a separate resolution. At a meeting of the Intergovernmental Commission in 2001, Lithuania suggested that the two countries commence negotiations on compensation for damage but Russia refused.

As Rimantas Šidlauskas, the Lithuanian ambassador to Russia, noted, “a certain bad psychological background” had a negative effect on relations between Lithuania and Russia [18]. Disputes about interpretations of historical events create this background. Lithuania responds to the information about the occupation disseminated by Russia by issuing statements or adopting documents. For example, on 30 June 2005 the Seimas adopted a resolution in which it expressed “great concern about and disapproval” of the attempts of Russia’s officials to justify or deny the Soviet occupation [19]. In Lithuania itself, initiatives to raise issues of recognising the occupation or compensating for damage resulting from it intensify when dates relating to the occupation are approaching, for example, the Day of Mourning and Hope on 14 June, the anniversary of the Molotov-Ribbentrop Pact, and 9 May. In June 2005, when the beginning of Soviet deportations in the Baltic States in 1940 was commemorated, Lithuanian President Valdas Adamkus noted the following: “Unfortunately, today we again hear voices expressing doubts about whether

17. Lietuvos Respublikos įstatymas „Dėl SSRS okupacijos žalos atlyginimo“. (Republic of Lithuania Law on Compensation for Damage Caused by the USSR Occupation), 13 June 2000, No. VIII-1727, *Valstybės žinios*, No. 52-1486, 28 June 2000.

18. BNS, “Vilniaus ir Maskvos santykius temdo “psichologinis fonas”, sako Lietuvos ambasadorius” (“Psychological Background” Obscures Relations Between Vilnius and Moscow Says Ambassador of Lithuania), 17 May 2006, <http://www.delfi.lt/archive/article.php?id=9555107&categoryID=7&ndate=1147862441> [Reviewed on 29 September 2005].

19. Lietuvos Respublikos Seimas. Rezoliucija. „Dėl sovietinės okupacijos Lietuvoje 65-ųjų metinių ir pirmojo masinio Lietuvos gyventojų trėmimo sukakčių minėjimo“ (Resolution of the Seimas of the Republic of Lithuania Concerning Commemoration of the 65th Anniversary of the Soviet Occupation in Lithuania and the First Mass Deportations of the Residents of Lithuania). Adopted on 30 June 2005. *Valstybės žinios*, No. 85-3157, 14 July 2005.

Lithuania was occupied, seeking to belittle once again and sometimes to slander our state and our freedom”[20]. When a historical issue is raised when the day relating to it is approaching, it becomes even more urgent. Historical events relating to a specific day and the emotions they arouse enable the importance of the issue and its solution to be more easily substantiated.

Contrary to Russia, which seeks to forget the occupation, Lithuania holds the opinion that Russia will be able to freely and safely create its future only after it has recognised the occupation and thus ended the discussions generated by this issue. According to Lithuanian President Valdas Adamkus, it will be possible to understand the problems of today and consistently create friendly relations between the states and nations based on mutual trust only after the past has been evaluated and propagandistic stereotypes have been shaken off [21]. The same opinion is presented in the international acts supporting the issue of Lithuania’s occupation. A resolution that was adopted by the US House of Representatives and condemns the occupation of the Baltic States by the Soviet Union states that if Russia recognised the occupation, the good will of the Baltic States and regional security would strengthen [22]. In a resolution adopted by the Parliamentary Assembly of the Council of Europe in June 2005, the occupation of the Baltic States by the USSR is recognised: despite the protests of the Russian delegation, the wording “the occupied Baltic States”[23] was left in the text. The resolution specifies that if Russia recognised the occupation of the Baltic States carried out by the USSR, it would be the best way towards

20. BNS, “EP paminėta sovietinių trėmimų iš Baltijos šalių pradžia” (The Beginning of Soviet Deportations from the Baltic States Commemorated at the European Parliament). 14 June 2005, <http://www.delfi.lt/archive/article.php?id=6894442&categoryID=2045412&ndate=1118773233> [Reviewed on 28 September 2005].

21. Delfi, “V.Adamkus: lietuviai negali suprasti šiandieninės Rusijos santykio su stalinistine praeitimi” (Valdas Adamkus: Lithuanians Cannot Understand the Relation of Modern Russia with Stalinist Past), 23 March 2006, <http://www.delfi.lt/archive/article.php?id=9106910&categoryID=7&ndate=1143108613> [Reviewed on 12 April 2006].

22. BNS, “JAV kongresmenai ragina Rusiją atlyginti Baltijos šalims sovietų okupacijos padarytą žalą” (US Congressmen Urge Russia to Compensate the Baltic States for Damage Done by Soviet Occupation), 28 July 2005, <http://www.delfi.lt/archive/article.php?id=7173805&categoryID=7&ndate=1122529564> [Reviewed on 25 August 2005].

23. Parliamentary Assembly, Council of Europe, “Honouring of Obligations and Commitments by the Russian Federation”, 22 June 2005, http://assembly.coe.int/Mainf.asp?link=http://assembly.coe.int/Documents/AdoptedText/ta05/RES1455.htm#_ftn1 [Reviewed on 25 August 2005].

reconciliation and complete normalisation of the relations between Russia and Estonia, Latvia and Lithuania – members of the European Union – based on common values. Hence, it became more complicated for Russia to deny the occupation and convince the international community of it.

The election of Vladimir Putin as president can be regarded as an important event that caused Lithuania anxiety about the issue of the occupation. According to Foreign Affairs Vice-minister Zenonas Petrauskas, “up to that time Russia did not try so obviously to falsify history”[24]. Distortion of history is assessed in Lithuania as an activity posing a threat to the idea of the state: it either questions or denies the factors developing and explaining Lithuania’s identity. Attempts to evaluate historical events in another way are therefore always noticed in Lithuania and assessed as issues demanding exceptional attention and concern. In responses to Russia’s statement that the Western states recognised the annexation of the Baltic States by signing the Helsinki Final Act of the Organisation of Security and Co-operation for Europe, it was stated that “the Ministry of Foreign Affairs of Russia is falsifying history and distorting international legal norms”[25] and that its pronouncements “are at variance with historical truth and are null and void”[26]. According to Seimas member Emanuelis Zingeris, statements in which the criminal acts of the USSR against the Baltic States are named only in part are absurd [27]. That Russia fails to name some historical events is also assessed in the negative. In the opinion of the council of *Sajūdis* “the truth is the very fact of the occupation, the criminal activity in organising and carrying out the massacre of citizens of the occupied

24. BNS, “UR viceministras: Lietuva niekada neatsisakys reikalavimo Rusijai atlyginti okupacijos žalą” (Vice-Minister of Foreign Affairs: Lithuania Will Never Give Up Demand That Russia Pay Compensation for Damage Caused by Occupation), 25 October 2005, <http://www.delfi.lt/archive/article.php?id=7797485&categoryID=7&ndate=1130252074> [Reviewed on 16 November 2005].

25. ELTA, “D.Žalimas: Rusijos URM klastoja istoriją ir iškraipo tarptautinę teisę” (D. Žalimas: Ministry of Foreign Affairs of Russia Falsifying History and Distorting International Law), 9 May 2005, <http://www.delfi.lt/archive/article.php?id=6636816&categoryID=7&ndate=1115633414> [Reviewed on 25 August 2005].

26. ELTA, “Č.Laurinavičius: Rusijos mėginimai Helsinkio baigiamuoju aktu pateisinti Baltijos šalių okupaciją yra niekiniai” (Č. Laurinavičius: Russia’s Attempts to Justify Occupation of Baltic States by Means of the Helsinki Final Act are Null and Void), 9 May 2005, <http://www.delfi.lt/archive/article.php?id=6636840&categoryID=7&ndate=1115586000> [Reviewed on 16 August 2005].

27. BNS, “M.Margelovas: Baltijos šalių reikalavimai dėl okupacijos ...” (M. Margelov: Demands of the Baltic States Concerning Occupation ...), *op.cit.*

countries, and damage done to the earlier occupied states and their residents. All that must be legally evaluated, and damage must be compensated”[28]. The attempt to evaluate commonly recognised historical events anew is also regarded as a threat. The statement issued by the Ministry of Foreign Affairs of the Republic of Lithuania concerning Vladimir Putin’s comments about the Molotov-Ribbentrop Pact states that “the attempt ‘to explain’ the validity of the Molotov-Ribbentrop Pact can be assessed as an attempt to open a page of history that was closed a long time ago and to review the decision made by the Congress of People’s Deputies of the USSR”[29].

Lithuania’s struggle for the recognition of the occupation and compensation for damage resulting from it is often referred to as the restoration of historical truth. By means of this argument, the information threat posed by Russia is securitized (though it is rarely referred to directly as an information threat, its contents correspond to the definition of an information threat used in this investigation). In this case, the prevalence of Russia’s interpretations of the occupation and the possibility that they could overshadow Lithuania’s version of historical events are considered to be information threats. This could violate the constitutional principles of the continuity of the Lithuanian state and could weaken the idea of the state. Hence, it is sought to protect the state’s positions in the information sphere (not to permit Russia’s attitude towards the occupation to become prevalent and replace the currently existing one) and in this way preserve the idea of the state. This position of Lithuania is reflected in the solution of the problem of 9 May – the issue of going to Moscow and participating in the commemoration. In Lithuania the attempt to securitize the problem of 9 May took into consideration the aspects of values and ideology. It was sought to avoid indirect approval of the evaluation of the end of World War II presented by Russia and thus strengthen that country’s positions in the information sphere. Participation in the gathering was securitized as a threat to the idea of the state: participation would have meant Lithuania’s approval of Russia’s interpretation of historical events; it was thought that Russia could make use of this and raise doubts about historical events. Russia’s questioning

28. BNS, “Aistros dėl sovietinės okupacijos žalos atlyginimo” (Passions about Compensation for Damage Done by Occupation), 22 March 2006, <http://www.delfi.lt/archive/article.php?id=9093823&categoryID=7&ndate=1143020476> [Reviewed on 27 March 2006].

29. URM pareiškimas (Statement of the Ministry of Foreign Affairs), 23 February 2005, <http://www.urm.lt/index.php?-777079222> [Reviewed on 25 August 2005].

of historical events is seen in Lithuania as Russia's doubt about Lithuania's statehood and its aspiration to maintain Lithuania and the other Baltic States in its zone of influence. It was therefore decided to speak against participating in that commemoration.

Lithuania's position on the issue of compensation for damage caused by the Soviet occupation

Lithuania constantly notes that when evaluating historical events, the truth must not be passed over in silence. Lithuanian and foreign experts urge implementing the law adopted by the Seimas and raising the issue of compensation for damage caused by the occupation. It is recommended to solve this issue not only during bilateral meetings of Lithuania and Russia but also at multilateral international meetings and the International Court of Justice at the United Nations [30]. Both the U.S.A. and the European Union recognise the occupation. According to international law expert Dainius Žalimas, the most important thing is that Lithuania's behaviour when making legal demands should be sufficiently consistent and not become so passive that it would be equivalent to giving up the demand for compensation [31].

Three viewpoints can be distinguished when speaking about the issue of compensation for damage. *First*, compensation for damage caused by the occupation cannot be required because the occupation can be justified as necessity and even had positive consequences for Lithuania. Vytenis Andriukaitis, deputy chairman of the Social Democratic Party of Lithuania, proposed recognising that "Russia, which fought against the USSR itself and which destroyed it, cannot be accused of the annexation and incorporation of Lithuania carried out by the USSR"[32]. Therefore, in his opinion, Russia cannot be required to compensate for damage. However, this viewpoint did not receive such support that

30. BNS, "Teisės ekspertas siūlo per tarptautinį teismą reikalauti okupacinės žalos atlyginimo" (Legal Expert Proposes That Compensation for Damage Should Be Demanded in International Court), 25 August 2005.

31. BNS, "UR viceministras: Lietuva niekada neatsisakys reikalavimo Rusijai ..." (Vice-Minister of Foreign Affairs: Lithuania Will Never Give Up Demand That Russia ...), *op.cit.*

32. BNS, "V.Andriukaitis ragina suabejoti Lietuvos valstybės laikysena Rusijos atžvilgiu" (V. Andriukaitis Questions Lithuania's attitude towards Russia), 23 October 2005, <http://www.delfi.lt/archive/article.php?id=7776492&categoryID=7&ndate=1130054315>

[Reviewed on 28 October 2005].

it would be possible to be successfully securitized in Lithuania, and in essence it reflects the position of Russian politicians.

Second, damage must be compensated for; otherwise further friendly relations between Lithuania and Russia are impossible. Compensation for damage caused by the occupation is being securitized by picturing direct dependence between compensation for damage and recognition of the occupation. People supporting this position say that Russia will stop questioning the occupation only after it has compensated Lithuania for the damage caused by the occupation. Recognition of the occupation is considered to be inseparable from Lithuania's statehood and the idea of the state. Non-recognition of the occupation would mean that Lithuania became part of Russia of its own free will, and its present sovereignty could be questioned.

The third viewpoint states that it is impossible to identify destruction of the state with compensation for damage. If damage has not been compensated for, it does not mean that the occupation is not recognised. Or, in other words, to recognise the occupation it is not necessary to compensate Lithuania for the damage done. The proposal not to demand compensation for damage resulting from the occupation is substantiated by the fact that this creates tension in the relations between Lithuania and Russia. According to Česlovas Laurinavičius, the current policy pursued by the Government of Lithuania when raising the issue of compensation for damage is not constructive and not only worsens its relations with Russia but also could worsen its relations with the Western states that try to establish if not friendly then at least constructive relations with Russia [33]. At the same time however, Russia has to recognise the occupation.

Recently the question of what Lithuania's position on the occupation should be has not only become important but also exceptional in that different viewpoints are being defended during the discussions. In January 2006, Lithuania and Russia agreed to set up a joint commission of historians who were supposed to carry out common historical investigations within the context of the history of the Baltic region and the rest of Europe. In Lithuania this agreement was evaluated as a new attempt to falsify Lithuanian-Polish history, which

33 Laurinavičius, "Kodėl nereikėtų reikalauti okupacijos žalos atlyginimo?" (Why Should Compensation for Damage Resulting from the Occupation not be Demanded?), *op.cit.*

would be made by the historians of Lithuania with the Kremlin's knowledge [34]. On the other hand, Alvydas Nikžentaitis, the director of the Lithuanian Institute of History, noted that by creating a commission of Lithuanian-Russian historians it was sought "to lower discussions about the past from the political level to the level of historians"[35]. The aspiration to desecuritize Lithuania-Russian relations and to transfer the solution of the problem to the lowest – non-politicised – level was defined much more clearly in the general objectives of the activities of the commission: "by critically evaluating the history of both states and nations, the commission seeks to ensure that stereotypes of the Lithuanians as eternal enemies of the Russians and the Russians as eternal enemies of the Lithuanians are not created by means of amateur interpretations of history"[36]. In the spring of 2006, a joint publication of the Lithuanian and Russian historians was printed. It presented both countries' viewpoints of the events of 1939–1940. Responding to this information, the Homeland Union party issued a statement in which it expressed concern about whether with the help of the new book it was sought to "re-write history". The statement maintains that "apprehensions, which were repeatedly expressed in public, that it is sought to involve Lithuania in a discussion about what is clear to the whole world are becoming reality"[37].

Another proposal for Lithuania's position on the issue of the occupation was encouraged by the statement made by Russian President Vladimir Putin, who when visiting the Czech Republic and Hungary at the beginning of March 2006 said that he felt "moral responsibility" for the events of 1956 and 1968, when the armed forces of the Soviet Union suppressed democratic uprisings

34. Česlovas Iškauskas, "Rusija tyrinėja Lenkijos ir Lietuvos santykių istoriją savaip" (Russia Investigates the History of Relations Between Poland and Lithuania in Its Own Way), 31 March 2006, <http://www.delfi.lt/news/daily/comments/article.php?id=9191082>> [Reviewed on 12 April 2006].

35. Alvydas Nikžentaitis, "Rusija tyrinėja Lenkijos ir Lietuvos santykių istoriją savaip: nesenos istorijos tęsinys" (Russia Investigates History of Relations Between Poland and Lithuania in Its Own Way: Continuation of Recent History), 7 April 2006, <http://www.delfi.lt/archive/article.php?id=9249189&categoryID=2997120&ndate=1144394377> [Reviewed on 12 April 2006].

36. Nikžentaitis, "Rusija tyrinėja Lenkijos ir Lietuvos santykių istoriją savaip: nesenos istorijos tęsinys" (Russia Investigates History of Relations Between Poland and Lithuania in Its Own Way), *op.cit.*

37. BNS, "Konservatoriai aiškinasi, ar Lietuvos ir Rusijos istorikų leidiniu nesiruošiama perrašyti istorijos" (Conservatives Try to Determine Whether by the Publication of Lithuanian and Russian Historians It Is Sought to Re-write History), 18 May 2006, <http://www.delfi.lt/archive/article.php?id=9564769&categoryID=7&ndate=1147945240> [Reviewed on 19 May 2006].

in these countries. I. Pavlovsky, consultant of the Russian Presidential Department for Interregional and Cultural Ties with Foreign Countries, stated that Hungary and the Czech Republic received Russia's apologies for damage done in Soviet times because they did not ask for financial compensation for damage done by the Soviet system. In Lithuania, Russia's apology was assessed as the aspiration to break up Central Europe and a strategic step to isolate the Baltic States from Central Europe [38] (because Russia continues to refuse to condemn the occupation of the Baltic States, they therefore from this point of view become exceptional in the region for their unsolved historical issues with Russia). According to Česlovas Laurinavičius, by isolating the Baltic States, Russia seeks to present them in the role of "the bad ones"[39]. It can be noted that the Baltic States themselves make this task easier. Lithuania's demand of compensation for damage caused by the occupation can be regarded a hostile action with respect to Russia. Therefore, in specifying it Russia finds it easy to represent Lithuania as a hostile state. Russia understands the demand for compensation as a threat, securitizes it, and takes measures to resolve it. Because of that, tension in bilateral relations could further increase. Russia, drawing the attention of its own society and the international community to Lithuania's supposedly ungrounded demands concerning recognition of the occupation and compensation for damage, in particular, represents Lithuania as a hostile state seeking financial benefit rather than constructive co-operation. And this harms Lithuania's interests in the international arena. It should be noted that it is common in Lithuania to securitize – consider as a threat – Lithuania's moderate position with respect to Russia. The conclusion is drawn that anyone who speaks for the development of moderate (in this case, pragmatic) relations with Russia betrays the state's interests and represents Moscow's interests. For example, the political scientist Raimundas Lopata stated that "Lithuania must look for pragmatic directions or spheres of co-operation in which there is no space for

38. BNS, "Politologai: Rusija bando izoliuoti Baltijos šalis ir Lenkiją nuo likusios Europos" (Political Scientists: Russia Tries to Isolate the Baltic States and Poland from the Rest of Europe), 1 March 2006,

<http://www.delfi.lt/archive/article.php?id=8912831&categoryID=7&ndate=1141217107>

[Reviewed on 3 March 2006].

39. Vidas Venslaviškis, "Rusija mums siūlo „blogiukų“ vaidmenį" (Russia proposes the role of the "bad ones" to us). *Baltijos Kelias*. Interviu su Česlovu Laurinavičiumi, 15 March 2006.

ideological manifestations”[40]. In response to this, European parliamentarian Vytautas Landsbergis sharply criticised the suggestion to follow pragmatism and “to become silent about the occupation and let the empire distort history unrestrained”[41]. He stated that “in this way we betray ourselves, not only the rights of the re-established state, but also our honour and identity”[42]. According to him, if politicians have an element of morality, the demand to compensate Lithuania for damage caused by the occupation is not only useful politically but also unavoidable because the truth cannot be renounced[43]. Conservative MP Andrius Kubilius, the leader of the Seimas opposition, when commenting on proposals made by political scientists to pursue pragmatism, stated that “such steps are only the public relations campaign in implementing, perhaps, the instrument of surrender prepared by the Ministry of Foreign Affairs itself”[44].

It can be noted that prevailing arguments on the issue of recognition of the occupation are based on moral and ideological aspects. Speaking in support of compensation for damage resulting from the occupation, it is thought that ideological and historical disagreements and those relating to values between the states can be resolved by material (financial) measures. On the other hand, proposals not to demand compensation for damage caused by the occupation at the present time are also based on pragmatic arguments. This, first and foremost, does harm to constructive Lithuanian-Russian relations. Second, it does not help co-operation between Lithuania and the western countries.

40. Vladimiras Laučius, “Apie Lietuvą, kuri nori būti Rusijos” (About Lithuania, which wants to belong to Russia). Politikos apžvalgininko komentaras (Commentary of a political commentator) *Žinių radijas*, 8 March 2006, <http://www.delfi.lt/archive/article.php?id=8980356&categoryID=2997120&ndate=1141825126> [Reviewed on 14 March 2006].

41. BNS, “V.Landsbergis nesutinka su politologais dėl okupacijos” (V. Landsbergis Does Not Agree with Political Scientists about Occupation), 2 March 2006, <http://www.delfi.lt/archive/article.php?id=8923447&categoryID=7&ndate=1141306009> [Reviewed 28 September 2005].

42. BNS, “V.Landsbergis nesutinka su politologų nuomone dėl okupacijos” (V. Landsbergis Does Not Agree with Political Scientists about Occupation), *op.cit.*

43. Dainoras Lukas, “V.Landsbergis ragina neužmiršti tautos pažeminimo” (V. Landsbergis Urges People Not to Forget Humiliation of the Nation), *Kauno diena*, 10 March 2006.

44. Justinas Vanagas, “A.Kubilių stebina noras nepiminti Rusijai okupacijos” (A Kubilius Surprised about Wish Not to Remind Russia about Occupation), 6 March 2006, <http://www.delfi.lt/archive/article.php?id=8956802&categoryID=7&ndate=1141643713> [Reviewed on 15 March 2006].

Consequences of securitizing recognition of the occupation and compensation for damage

Effect on Russia's information security

On the basis of the arguments that are presented in securitizing non-recognition of the occupation, one can maintain that solution of the issue of the occupation is related to the development and establishment of the identity of both Lithuania and Russia. In Russia's case, claims concerning the occupation are considered to be a threat to information security of an informational nature – to the idea and sovereignty of the state. They contradict Russia's viewpoint of historical events, Russia's official position. It could be noticed that peculiar “discussions” about whether to recognise the occupation took place in Russia. During Boris Yeltsin's term in office, the occupation was in essence recognised. After Vladimir Putin's election, Russia began to refuse to recognise the occupation, and later it started to deny the occupation itself. Recognition of the occupation therefore poses a threat to Russia now: *first*, to the idea of the state because Russia denies that it is the assignee of the rights of the USSR (Agreeing with Lithuania's demands would therefore deny the concept of the idea of the state currently being developed by Russia.); *second*, to its pragmatic interests because other countries that also fell victim to the USSR will be able to demand that historical injustice should be rectified and compensated for.

Responding to Lithuania's claims about the occupation as threats to its information security, Russia takes defensive measures. It seeks to deny an attitude, which is unfavourable, towards historical events and presents its own interpretation of these events. It therefore denies and belittles the occupation. The Government of Lithuania sought to transfer discussions about the occupation to the level of the political agenda. Russia however refuses to solve the issue of the occupation in a political or diplomatic way, or indeed in any other way. Its most common position is issuing public statements about the occupation (denial of claims filed by Lithuania and the other Baltic States). This shows its unwillingness to solve the issue of the occupation together with Lithuania. Escalation of the theme of the occupation in the public sphere is useful to Russia because this encourages Lithuania to lodge claims concerning the occupation and compensation for damage more impulsively. Meanwhile

Lithuania's European and transatlantic partners do not support its claims of compensation for damages too actively. On the other hand, escalation of the occupation is not useful to Russia if Russia does not want to solve this issue on the whole. It is therefore better for it not to bring it up-to-date and to maintain discussions at the lowest, non-politicised level.

Impact on Lithuania's information security

In Lithuania's case, recognising the occupation and receiving compensation for damage caused by the occupation are understood as the restoration of historical truth, and history is one of the factors that have an impact on the development of the identity and the idea of the state. That is, in the event the issue of the occupation is not solved, one of the components of the idea of the state will constantly be questioned or denied.

The attempt to evaluate commonly recognised historical events anew is regarded as a threat in Lithuania. Using the argument of "historical truth", the information threat posed by Russia is securitized. In this case, Russia's interpretations of the occupation and the possibility that they could overshadow Lithuania's version of historical events in the information sphere are considered to be information threats. This would violate the constitutional principles of the continuity of the Lithuanian state. Hence, it is sought to protect the positions of the state in the information sphere (to prevent Russia's viewpoint on the occupation from dominating and changing the presently existing one), and in this way the idea of the state would also be protected.

No discussions are generated in Lithuania about whether the occupation actually took place. The opinions, evaluations and proposals concerning how Lithuania should behave when seeking that Russia recognise the occupation and compensate for the damage done, have recently differed, however. The absence of a clear position on what measures should be taken to deal with a fact that was recognised a long time ago, in terms of information security, is unfavourable. In this case, possibilities to manipulate and influence the decision about what measures should be chosen are much wider than if a decision had already been taken about how to seek recognition of the occupation and compensation for the damage resulting from it.

Statements issued by Russian officials posed a dilemma to Lithuania about how it should behave – to respond to them and deny the incorrect and unfavourable information being disseminated or to ignore them and not become involved in Russia’s provocations. In a generalised way, the following actions carried out by Russia can be distinguished as changing the established historical discourse. First, there are statements in which the position or response to the theme of the occupation is expressed, thereby seeking to initiate wide discussions. Quite often such statements are meant for Russian society. However, this cannot be stated unequivocally because they are usually cited in the Western press. Hence, an impact is also being made on the western states. However, since interest in such a statement is comparatively short-lived, involvement in discussions about some statement can only give it prominence and bring it up-to-date, which is not always useful in terms of information security. It is therefore more useful to ignore it and let it be forgotten. Second, official political decisions can be adopted on essential issues relating to the occupation. In this case, the consequences and impact on the audience can be considered to be more long lasting. Therefore, if one does not in a timely manner respond or deny certain information, which was formally established, it might later be more difficult to deny it. From the point of view of international law, illegal actions must be consistently denied because otherwise one can lose the right to lodge claims later.

Measures by means of which Lithuania can remind Russia of the issue of the occupation are various. In this case, their efficiency will be evaluated in terms of information security. The use of diplomatic measures, first of all, means the aspiration to solve the issue of compensation for damage by means of direct negotiations with Russia. As practice shows however, it is impossible to start negotiations with Russia because Russia does not want to do that. Russia is more inclined to transfer discussions from the diplomatic or political sphere into a public sphere and to maintain its position in the form of various statements. It makes use of Lithuania’s claims about the occupation by representing Lithuania as a country hostile to Russia. Also, Lithuania becomes involved in discussions in which it has to play a “defensive” role concerning the occupation, i.e., it tries to deny interpretations of history that do not correspond to the facts presented by Russia. Involvement in discussions about the occupation

demonstrates that no common agreement about it has been reached yet. It is therefore better for Lithuania to respond to Russia's statement by demanding compensation for damage caused by the occupation rather than by arguing about recognising the occupation. In this case, the occupation is taken for granted and is not an object for discussion. According to US commentator P. Goble, Lithuania must at the international level raise the issue of compensation for damage done by the occupation by making use of not only political, legal, or diplomatic manoeuvres but also propagandistic measures [45]. The proposal to make use of propaganda can be justified by taking into account two aspects. First, Russia also makes use of propaganda. If Lithuania does not want to lose the war of information, it therefore has to counterattack. Second, the importance of information power is constantly on the increase. Its use would therefore bring more benefit in carrying out foreign and security policy. Lithuania can make use of the following measures: to win the international society over to its side and to make use of Lithuanian communities abroad to bring the issue of compensation for damage caused by the Soviet occupation up-to-date on the international scale [46].

However, the *requirements* to demand damages can be evaluated as tension on Lithuania's foreign policy. They do not show any attempts to solve the problem of bilateral relations in a constructive way. In this case, it is useful for Russia to declare that its relations with Lithuania and the other Baltic States are not good because of their hostility. This not only puts a stop to promoting co-operation with Russia but also can isolate Lithuania from the western European states. If Lithuania's European and transatlantic partners maintain and further strengthen their constructive relations with Russia, the position advocated by Lithuania will have no support at all. One can approve of the proposal that Lithuania should mitigate its position with respect to Russia – to balance relations with Western Europe and Russia [47]. This can be done without demanding

45. BNS, "UR viceministras: Lietuva niekada neatsisakys reikalavimo Rusijai atlyginti okupacijos žalą". (Vice Minister of Foreign Affairs: Lithuania Will Never Give Up Demand That Russia Pay Compensation for Damage Resulting from Occupation), *op.cit.*

46. Dainius Žalimas, "Lietuva privalo reikalauti sovietų okupacijos žalos atlyginimo". (Lithuania Must Demand Compensation for Damage Done by Soviet Occupation), http://www.geopolitika.lt/index.php?lang=lt&content=lt_geo_1_5&parent=lt_geo_1 [Reviewed on 27 April 2006].

47. Laurinavičius, *Kodėl nereikėtų reikalauti okupacijos žalos atlyginimo?* (Why Should Compensation for Damage Resulting from Occupation Not Be Demanded?), *op.cit.*

that Russia should compensate for damage caused by the occupation, but by following the main principle that it has to recognise the occupation. The following contradiction can however be seen in the demand to recognise the occupation rather than compensate for damage: the requirement to compensate for damage caused by the occupation is spoken against because this does harm to constructive relations between Lithuania and Russia or even between Lithuania and the western countries. That the *requirement* to recognise Lithuania's occupation also causes Russia's indignation and in turn reduces the possibility of maintaining constructive bilateral relations is not noticed, however.

On the other hand, in evaluating the situation according to the fact that foreign policy decisions of Lithuania should not do harm to its constructive relations with the western states, a different conclusion could be drawn. The West, which does not provide support to Lithuania on the issue of compensating for damage, in essence agrees that Lithuania was occupied and that Russia should also recognise this. Since the demand to recognise the occupation rather than that of compensation for damage caused by the occupation seems more valid, recognition of the occupation at least directly should not be related to the issue of compensation for damage. From this point of view, Estonia could be given as an example that should not be followed. Its Prime Minister Andrus Ansip declared that it would be natural for Russia to apologise for the occupation of Estonia, but he also noted that Tallinn could not guarantee that it would not demand damages even after Russia apologised [48]. It goes without saying that this categorical position of Estonia on the issue of the occupation will not encourage Russia to co-operate.

From a legal point of view, Lithuania's situation is peculiar in that the will of the nation expressed in the 1992 referendum obligates Lithuanian authorities to seek compensation for damage caused by the occupation. "As long as the decision of the nation's referendum of 14 June 1992 has not been revoked by referendum, state institutions of the Republic of Lithuania cannot stop reminding Russia of the Soviet occupation and cannot stop demanding that dam-

48. BNS, "Estijos premjeras: būtų natūralu, kad Rusija atsiprašytų už okupaciją" (Prime Minister of Estonia: It Would Be Natural for Russia to Apologizes for Occupation), 8 November 2005, <http://www.delfi.lt/archive/article.php?id=7911496&categoryID=8&ndate=1131449338> [Reviewed on 28 November 2005].

age resulting from the occupation should be compensated for [49]. Lithuanian and foreign experts also call for implementing the law adopted by the Seimas and raising the issue of compensation for damage caused by the Soviet occupation. It is recommended that this issue should be solved not only at bilateral meetings of Lithuania and Russia but also during multilateral international meetings and at the International Court of Justice at the United Nations [50]. According to Dainius Žalimas, the most important thing is that Lithuania's behaviour in setting its legal requirement should be sufficiently consistent and not become so passive that it would be equal to abandoning the demand for compensation [51]. Thus, in this case it is important for Lithuania to carefully consider and base its arguments on legal arguments. Furthermore, by following legal arguments, Lithuania can deny Russia's claims to cover its losses, which were supposedly incurred when liberating Lithuania from Nazi Germany and assisting it in restoring the country's economy. From the viewpoint of international law, an occupying country cannot receive compensation for the expenses it incurs because it has violated the principles of law and does not acquire any rights from the illegal occupation.

By securitising the occupation, Lithuania wants to ensure that Russia is not allowed to dominate in the information sphere and disseminate its own interpretation of historical events. However, bringing the problem of the occupation up-to-date and securitizing it justify themselves in terms of information security only if legal arguments are used to substantiate the claims. When securitization is carried out on the basis of legally rather than morally valid arguments, the demands that Lithuania makes against Russia are recognised by the international community as well. Russia cannot deny them and the influence of its propaganda weakens. On the other hand, securitization of compensation for damage caused by the occupation is much more difficult. In

49. Žalimas, "Lietuva privalo reikalauti sovietų okupacijos žalos atlyginimo" (Lithuania Must Demand Compensation for Damage Done by Soviet Occupation), *op.cit.*

50. BNS, "Teisės ekspertas siūlo per tarptautinį teismą reikalauti okupacinės žalos atlyginimo" (Legal Expert Proposes That Compensation for Damage Resulting from Occupation Should Be Demanded in International Court), 25 August 2005, <http://www.delfi.lt/archive/article.php?id=7344042&categoryID=7&ndate=1124948579> [Reviewed on 25 August 2005].

51. BNS, "UR viceministras: Lietuva niekada neatsisakys reikalavimo Rusijai atlyginti okupacijos žalą" (Vice Minister of Foreign Affairs: Lithuania Will Never Give Up Demand That Russia Pay Compensation for Damage Caused by Occupation), *op.cit.*

this case, securitization strains the relations with Russia, and the requirement to pay financial compensation can be used by that country to create a negative image of Lithuania in the international arena. It is therefore more reasonable to solve the issue of compensation for damage with the help of measures of an ordinary political agenda (diplomatic channels, inter-parliamentary relations, etc.)

Conclusions

The theme of occupation is an acute and long-lasting problem in the relations between Lithuania and Russia. Raising issues of recognising the occupation and, in particular, compensating for damage caused by the occupation causes Russia's hostile reaction and encourages it to take aggressive actions against Lithuania. Russia responds to Lithuania's claims by denying the occupation, initiating discussions, and raising doubts about the occupation. Involvement in discussions with Russia over insignificant facts, bringing these details up-to-date, and securitizing them can be used by Russia to create an image of Lithuania as a Russophobic, aggressive state. Lithuania's major aim in protecting the idea of the state is not to allow the occupation to be forgotten or distorted. Therefore securitization of more fundamental aspects than Russia's unwillingness to recognise the occupation is justified in terms of Lithuania's information security: Russia's opinions are not allowed to be dominant in the information sphere, and at the same time Lithuania's legally established position (the formally established will of the nation to demand compensation from Russia for the occupation) and its legal legitimacy from the point of view of international law (the state must consistently deny illegal actions because otherwise it may lose the right to make claims) are defended. By securitizing Russia's misinformation about historical events, Lithuania does not allow it to dominate in the global information sphere. Lithuania's resistance to Russia's information pressure was strengthened even more by the fact that it did not become involved in the discussions about historical events initiated by Russia and the demands to compensate for damage caused by the occupation, which was perceived as an obvious fact. It can be said this proves that thus far the behaviour and decisions of Lithuania are in line with its security interests.

By securitizing the issue of recognising the occupation, Lithuania has to base its arguments on legal rather than moral or pragmatic grounds. Looking at it from the perspective of information security, one can see that the use of moral arguments gives Russia the possibility to create a negative image of Lithuania. And it does not allow Lithuania to be assured of the support of western states, either. A change in reasoning (replacing moral and pragmatic reasoning with legal reasoning) in the claims lodged by Lithuania against Russia would not change their essence: basing the arguments on both moral and legal grounds is also directed towards protecting the idea of the state and the identity and sovereignty of Lithuania. In the meantime, securitizing the issue of compensation for damage, especially when this is done in response to Russia's statements that damage resulting from the occupation will not be compensated for and makes use of moral arguments, is not favourable to Lithuania. It is more reasonable to solve the issue of compensation for damage by de-securitizing it and then relying on the help of measures of the ordinary political agenda. When seeking compensation for damage, one must have in mind that it is a long process. Compensation for damage should not be directly related to recognition of the occupation (having in mind that compensation for damage is impossible without recognising the occupation). And that damage will not be compensated for within a short time should not be interpreted as a factor weakening Lithuania's identity or sovereignty.

Russia's changed position and its active denial of the occupation provoke Lithuania to become involved in a discussion over the occupation and to adopt a hostile attitude towards Russia. Lithuania's involvement in the discussion about the occupation demonstrates that there is no universal agreement about it. If Lithuania responded to Russia's statements by demanding compensation, the fact of the occupation would seem to be taken for granted. However, demands to compensate for damage caused by the occupation can be assessed as Lithuania's strain-oriented foreign policy. It is then simple for Russia to show that its relations with Lithuania are not good because of Lithuania's hostility. This isolates Lithuania from the western states that seek to maintain constructive relations with Russia. In this case, the way out is adherence to the principle that Russia must recognise the occupation, and the issue of compensation for

damage should be solved by way of bilateral negotiations. The demand to recognise Lithuania's occupation also causes Russia to become indignant, however. On the other hand, in this case Lithuania receives understanding: the West, which does not express support for the issue of compensation, recognises the occupation and also believes that Russia should recognise it. By raising this issue, Lithuania therefore protects its position in the global information sphere. Concerning compensation for damage resulting from the occupation, the practice of de-securitization is more useful. The issue could further be solved by following the commitment voiced by the nation in the referendum of 1992 and demanding that damage should be compensated for. However, this should be done by using the measures of the ordinary political agenda, which do not build up tension in relations with Russia.

NEW VISION OF LITHUANIA'S FOREIGN POLICY

Česlovas Laurinavičius*

Current Lithuanian foreign policy can be conditionally divided into three main directions: participation in so-called anti-terrorist coalition, NATO and the EU affairs, and support for the development of democracy to the East. In essence this type of policy is not new, but just since 2004 it has been purposefully pursued. However, after two years it is not clear whether foreign policy directions are justified, and whether Lithuanian foreign policy increases security of the state, its prestige and, finally, whether it serves national interests. Anyway, up to the year 2004 none of these questions have been addressed more seriously. Hence, there are reasons to consider what has changed in substance since 2004, what elements of a new policy are alarming, and which elements should be continued. Generally there is a need for such consideration in Lithuania.

Up to 2004 everything was comparatively simple because in principle foreign policy was oriented towards the integration into the EU and NATO. Strategically it was perceived as the integration into a single democratic world of the West, a common military, political, economic and cultural space. However, in terms of political practice it mostly meant orientation towards the United States, since in the past decade was realised that, first and foremost, membership in NATO depended on the US. That is why the membership in NATO was supposed to become a precondition for the EU membership.

Negative consequences of this political course in foreign policy have not been considered yet, since there were no serious reasons for doing that. For example, in 1999, after Lithuania declared its support for the military campaign against the Milosevic regime, tensions in relations with Russia grew up. However, that tension did not seem threatening as the Western world demonstrated unity during the campaign. A similar situation developed during

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the military campaign against the Afghan Talibs. Disagreements over the war against Hussein's regime between the US and Europe showed up due to the course chosen by the US Administration to base its actions not so much on functioning international structures but more on ad hoc alliances. However, even at that time the line of disagreement between the allies was very wiggly. It seemed to be a temporary disagreement, the one that had been quite frequent in the history of the Transatlantic community. Furthermore, Russia's position on the war in Iraq was more moderate than in the case of the war against Serbia. Finally, soon a solemn admission of the group of Central and Eastern European countries into NATO and the EU took place. That seemed optimistic.

However, with ongoing War in Iraq, and with famous strategy of President Bush in the Middle East becoming more complicated, the line dividing the European countries became more visible, and what is the most important, this line seemed to be more permanent than temporary. European countries split into the new and the old NATO and EU members. It even looked that the integration of the Eastern European countries into the Western structures was only imitation, a certain ritual or public relations campaign; however, the real policy had quite different tendencies.

The dividing line between the EU countries was less obvious when discussing Constitution for Europe, new budget, and especially an enlargement of the European Union, than the war on terrorism. That dividing line looked like the line isolating new EU member states. Lithuania was among those new member states. Nevertheless, it seems that the most substantial disagreements between Lithuania and other countries of the western European alliance occurred over so-called Eastern policy that was the policy towards Russia and its traditional sphere of influence. Because of that policy the symptoms of international isolation vis-à-vis Lithuania became clearly noticeable, among which the following facts of Lithuania's isolation deserve mentioning:

- Projected gas pipeline from Russia to Europe, bypassing the states on the western borders of Russia, including Lithuania;

- Circumstances surrounding negotiations on the Russian civil transit through Lithuania. It's worth reminding that Lithuania during the negotiations followed instructions of the EU Commission, but Russia through

direct contacts with the EU states managed to achieve that Commission's instructions were changed;

- The incident involving the crash of the Russian fighter aircraft, which was treated by Lithuanians as Russia's special provocation, and by Brussels as an accident;

- The recent negative decision of the EU concerning the introduction of the Euro in Lithuania and a vague prospect of integration into the Schengen zone;

- Finally, the episode in the United Nations where Lithuania, aspiring to become a member of the Human Rights Committee lost the election to... Azerbaijan.

However, Lithuania's image in Russia should take a special place among the most worrying symptoms. According to public opinion surveys, Lithuania was among the states, towards which Russians had the most hostile attitudes. Of course, there can be some reservations concerning the reliability of surveys. Furthermore, the recent information war between Lithuania and Russia on the commemoration of the victory against the Nazis organised by Moscow negatively influenced Russian public opinion. One can also appeal that suppressed Russian media deliberately portrays a negative image of Lithuania. Finally, one can appeal to imperial traditions of Russian thinking, and to treat that circumstance as objective regardless of how Lithuania behaves.

It goes without saying that all these circumstances influence the relationship. However, it seems that deliberate foreign policy of Lithuania substantially contributed to the formation of the negative image of Lithuania in Russia. In connection to this a threatening conclusion may be drawn: not only Lithuania's geopolitical location creates preconditions for becoming a target of eventual hostile Russian policy, but the policy that Lithuania deliberately pursues, makes Lithuania a target for Russia.

To my opinion there is no need to explain that this is highly dangerous policy. Perhaps some people will say that Lithuania can pursue such policy if it wants to remain independent and have an independent policy. However, even if such opinion has its motivation and argumentation, I think that consequences of such policy would be really upsetting.

I am going to list just a few, to my mind, important arguments, which raise doubts about the expediency and rationality of the current foreign policy.

The first argument relates to values. I incline to say that so-called active export of democracy to the East is practically not an export of democracy. Despite great efforts to influence political processes in Belarus, Ukraine and Georgia, the extent of democracy has hardly increased there. Theoretically it could not have been otherwise. The space we are talking about does not belong to the Western civilisation, and the development of liberal democratic values there is obviously problematic. Historical experience shows that the development of democracy has brighter prospects if it is carried out by adaptation and evolution rather than by a speeded-up introduction. However, historical experience has been ignored. As a consequence, everything that has been achieved is an escalation of tensions inside the societies in those countries, and an increase of Russia's hostility. Hence, the question is whether such a policy serves democracy in general and national interests of Lithuania specifically?

Second. An active campaign for NATO and the EU enlargement to the East can hardly strengthen NATO and the European Union. Speaking about NATO it is worth recalling history when the question whether NATO can expand to Central Europe and especially to the Baltic States was on the political agenda. There were concerns about problematic history of the candidates, about their geopolitical location. A list of requirements was given to the candidates to fulfil. It was required to maintain good neighbourly relations, to solve Holocaust related issues, to become providers of security not only consumers, etc. However, such requirements are not set for new candidates. Old EU member states are often accused of not understanding something or failing to fulfil certain obligations. Why the campaign of further NATO enlargement no longer relates to the need for stability and good neighbourhood, though the space into which a future enlargement should occur is historically and geopolitically even more complicated than the geographical space of previous NATO enlargement?

The enlargement of the European Union is, without doubt, the issue of large financial costs. Therefore it seems that it would at least be ethical if the EU members – donors – were the first to decide on the enlargement. However,

at the present time things are the other way round – Lithuania, which receives billions from the European Union gives the tone. So, what is being aimed to achieve by this behaviour? It is known that a large part of Russian politicians would not suffer too much if the European Union broke up. Without advertising it some conservative stratum of the US pursues similar aims. But how would the break-up of the European Union be beneficial to Lithuania?

Third. It is not a secret that the present US Administration stands behind the export of democracy to the East and enlargement of NATO and the European Union. This is the major and basic factor of the current foreign policy of Lithuania. It is understandable that the significance of such powerful factor with respect to such a small and weak country as Lithuania is not so easy to identify and assess.

Most probably there is no need to remind the role the US played in the reestablishment of the independence of Lithuania and other Baltic States. The role of the US was significant, if not decisive, in resolving the issue of integration of the Baltic States into NATO. However, it is worth noticing the fact that in those above-mentioned two cases the role of the US was significant not only because of a successful realisation of the objective sought, but also because in both cases interests of the US and Lithuania and other Baltic States coincided. Lithuania had no other choice at that time.

However, at the present time Lithuania is already a constituent part of democratic structures of the West. Hence, Lithuania's structural power and possibilities of sovereignty have greatly expanded. Thus, is the situation justifiable where a complete coincidence of interests with those of the US is further demonstrated without other alternatives on Lithuania's part?

However, the most important thing is whether those interests of Lithuania and the US really coincide. For example, with respect to Russia – is the sharpening of relations with Russia really beneficial to Lithuania? The answer to another question perhaps could make the answer to this question easier: is the US really strategically determined to make its position stricter with respect to Russia? The answer to the latter question could be as follows: a lot of theoretical and practical details show that it is not. Then why does Lithuania, speaking in a figurative meaning, try to be holier than the Pope himself?

Seeking to address another question – whether weakening of the EU that may eventually lead to its complete break-up, is really beneficial to Lithuania, it would be helpful to address a wider question – is the US really strategically interested in the break-up of the European Union. In the latter case too there is no more serious basis for a positive answer.

All that was said above leads me to the conclusion that the current foreign policy of Lithuania simply has no sufficient strategic substance. Therefore it is necessary to change Lithuania's foreign policy. Three basic principles could serve as the starting position for such change.

The first principle would require Lithuania starting to respect itself. Once there was well-known soviet diplomat Gromyko, who was called “Mister No” in the world. He answered to all initiatives coming from the West using the standard single word ‘No’. As far as we can judge, the present day Lithuanian politicians and diplomats behave as “Mister Yes” in relations with the US. However, national interests of Lithuania and simple self-respect would require learning to say “Yes, but...”

The second principle calls for respecting Russia. At the present time in Lithuania—an ordinary citizen and a man from elite talk about Russia whatever comes to one's mind. One Lithuanian philosopher even called this situation as the greatest achievement of Lithuanian democracy. However, it seems inconceivable that by behaving like that the same mistake is constantly being repeated – the mistake that made the authors and distributors of Allah cartoons infamous.

And finally, the third principle would require starting to learn how to distinguish strategy and tactics.

REPATRIATION: OUTLINES OF THE RUSSIAN MODEL

Raimundas Lopata*

A concern for compatriots makes the list of the most important national interests in many countries. In many cases, this concern is motivated by the strengthening of the national spirit or the bond to the homeland. True, states often use these motives to conceal somewhat more realistic goals of practical foreign policy: to create conditions for manipulating the so-called national minorities issue by emphasising the need to protect compatriots.

Without recalling the lessons of history about the consequences of this type of manipulation on international relations, we would like to draw attention to the fact that until now the so-called element of compatriots has allowed for the assessments of relations between, for example, Latvia, Estonia and Russia in the Cold War terms. If only for this circumstance, one can wonder at the order signed by the President of the Russian Federation Vladimir Putin on June 22, 2006, which approves the “National Programme for Supporting Voluntary Migration of the Compatriots Residing Abroad to the Russian Federation (2006-2012)” prepared by the government. In other words, this was basically the first time that Moscow officially started considering systematic repatriation.

There are well-known examples of systematic repatriation.

There is perhaps little need to discuss the peculiarity of Israel. The witnesses who are still alive will probably never forget Soviet experiments after the Second World War. It is also clear why the Nazi Germany resorted to this measure after the Ribbentrop-Molotov Pact. However, it is not so easy to give an unambiguous answer to why Putin’s Russia grew interested in this issue. It does not help that the goals of the said programme are officially stated: to compensate population and labour force shortages in the subjects of the Russian Federation where repatriates are going to

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resettle; to ensure state and public control of the resettlement of compatriots and the fulfilment of the obligations assumed by the repatriates.

Without going into a detailed analysis of the Programme, we may distinguish several of its main leitmotifs.

The state will guarantee financial provisions and socio-economic support (compensation of resettlement and documentation expenses, lump-sum settlement payments, monthly unemployment benefits for the duration of six months, and a compensation package that covers state and municipal services). Repatriates will have to make an informed choice of the place of residence and employment with regard to the socio-economic situation of the subjects of the Russian Federation, as well as the state priorities. As a footnote, we may add that the Programme specifically lists and arranges the territorial subjects into three groups by their importance: Krasnoyarsk, Primorsk and Khabarovsk regions, as well as Amur, Irkutsk, Kaliningrad, Kaluga, Lipetsk, Novosibirsk, Tambov, Tver, and Tyumen oblasts. Strategically important border areas, including the neighbouring Königsberg region, are subsumed under the most important category A.

In this context, it is worth recalling one telling detail.

Already in the fall of last year, the governor of the Kaliningrad Oblast Georgy Boos began talking about an unconventional initiative for modernisation of the region – to double its population. A mechanical increase in Kaliningrad's population was planned by introducing all possible facilitated conditions for immigration of able-bodied people from mainland Russia, as well as Russian-speakers from the Baltic States and other countries.

At that time, some mocked this initiative. For example, in Latvia they asked ironically: “What would the Latvian Russian choose – the Kaliningrad Oblast, where the monthly wage would be 300-500 conventional units (US dollars), or Ireland, where they would earn 3,000 euros?” The irony was not without a basis. Despite constant accusations from Moscow about alleged violations of human rights in Latvia, there is a glaring absence of any signs that discriminated Russian-speakers are emigrating from this country; on the contrary, we may even speak about the opposite tendency.

In Lithuania, the plans of the neighbouring region's boss were met with greater reservations.

Some hastened to make frightening prognoses that a mechanical increase in the population of the Kaliningrad Oblast would affect the formation of a peculiar identity of local inhabitants and make this territory demographically larger than Latvia and Estonia, as well as increase the flows of transit across Lithuanian territory.

Others connected the intention to the geopolitical schemes of the Russians. They argued that the very fact of such an initiative indicates that the Russians are determined not only to implement unconventional solutions for modernisation of the Kaliningrad Oblast, but also to move the issue of Russian-speaking compatriots in the Baltic States from the dead point. Although the aspiration to preserve influence in the Baltic countries by playing the Russian-speakers' card remains, this factor is probably starting to be regarded as less important due to the ongoing rapprochement between Russia and the West. Meanwhile, it is considered that the Kaliningrad factor has a chance of becoming a "passed pawn" in the complex geopolitical chess game between the EU and Russia. In the course of natural and open rapprochement there would doubtlessly be increasing tendencies to europeanise the region's population, which could lead to undesirable political consequences for Russia. Therefore, it is the situation that impels the search for ways of how to increase the loyalty of the region's population towards the continental homeland. It is noteworthy that the proponents of this hypothesis also rely on the fact that Boos' initiative was immediately backed by Moscow.

Indeed, Modest Kolerov, the head of the Administration on Interregional and Cultural Relations with Foreign Countries under President Putin's office, promptly commended Boos for the initiative. This high official of the Kremlin is responsible for dealing with the compatriot issue. It seems that he will supervise the implementation of the Programme under discussion. The key question is whether it can be implemented at all.

Many experts do not doubt that the flow of compatriot migration to Russia has stabilised and a radical increase is hardly likely. In an ideal case, about four million people are expected. It is easy to calculate that six years later this number would not help overcome the population decrease tendency (700,000 per year).

The geographic limitedness of the Programme makes it even less attractive, not to mention that the heads of some of the listed regions have already admitted that they don't see any possibilities of implementing the Programme. Even the leadership of the Kaliningrad Oblast was forced to state that, in the best case, it would accept about 450,000 repatriates within five years. But the question remains open as to where such repatriates would come from and what they would be (a qualified labour force is expected). It is already clear that it is unrealistic to invest hopes into the Russian-speakers living in the Baltic States. Only 10 people responded to Boos' invitation in Latvia. Meanwhile, the president of the Estonian Union of Russian Compatriot Associations S. Sergeyev declared that those who wanted it have already left and those who stayed have built independent lives.

It is possible that Moscow expects to receive repatriates from Central Asia, where the standards of living are lower than in Russia and where the rights of Russian-speakers are increasingly restricted in some places. However, it is unlikely that they would be welcomed in Kaliningrad, for example, which has experienced several waves of migrants from Central Asia.

All of this leaves no doubt that the Kremlin is trying to use the compatriot resettlement Programme as a political measure that demonstrates the sufficient strength and capacity of Russia under Putin to protect the interests of compatriots abroad and secure their return to the historical homeland. In this context, it is likely that the propaganda machine will soon be set into action. Taking into account its peculiar features, we may expect information campaigns about allegedly systematic, wide-scale and outrageous violations of the rights of compatriots, rather than the advantages of repatriation to Russia. By the way, it was Putin's idea that a compatriot is not merely a juridical category but a spiritual resolve, which grounds the claim that, in the course of centuries, the "Russian world" has transcended not only the geographical borders of Russia but the Russian ethnos itself.

MAY THE EU BECOME A GLOBAL POWER?

Evaldas Nekrašas*

I intend to briefly examine some preconditions for the EU becoming a global power and present at least one argument why it must seek for such status. The term “global actor” will be used here in roughly the same sense as “global power”. The former term may even look preferable to some, because when speaking about global power it is difficult to avoid military connotations of the word “power”. There are practically no chances that in the foreseeable future the military power of the EU will become equal or near to equal to that of the US. Of course, some military capabilities of the EU may be substantially improved, to a degree even in the area of territorial defence, but likely without bigger increase in defence budgets. They may be much more enhanced in peace-keeping and crisis management.

Of course, the question “Is military dimension a necessary prerequisite of a global actor?” remains open. Japan is an example of a global actor, which lacks more or less developed military capabilities. She has assumed the role of a global actor with very limited military forces, which have not been used outside Japan for quite a long time. Admittedly, recently Japan took a decision to enable deployment of military forces outside Japan’s territory in case of necessity. I do not think that the EU should follow Japan’s example. The EU has greater ambitions to play the role of a global power. In the post-War time Japan did not even have such an ambition. Today the EU does not want to play the role of a younger brother of the US in the World politics that Japan voluntarily accepted and, it seems, still accepts. That means that the EU must develop military capabilities at least in some sectors.

Even if the EU succeeds in this endeavour, the EU military power will remain for decades a kind of supplementary military power to the US. Does it

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mean that the EU must be pleased with being a kind of political supplement to the US according to the old dictum “America leads, Europe follows”? I do not think so.

I do not intend to examine in detail a complicated question of the US-EU relations. I want to make only a few points. First, good or at least normal relations with the US are a precondition for the EU to become a full-fledged global actor. The EU will achieve nothing or almost nothing when acting against the US and vice versa, the US will achieve little when acting against the EU. Hard power and soft power need each other and can not succeed when acting totally separately. It is really difficult today to imagine well orchestrated action of the EU and the US, say in the Middle East. Yet present bad situation in the region speaks for itself – neither the US, nor the EU may achieve long-term solution in the region when acting separately.

In economy the EU is a power with a global status acquired some time ago. The EU's GDP is almost equal to that of the US. Thus, when listening to discussions on the EU as a global power, it's often heard a repetition of well known saying: the EU is an economic giant and a political and military dwarf. It seems that an economic giant must simply develop his political and military muscles, and then it will become a global power without any reservations.

Yet precisely in the field of economy the EU is facing likely the greatest challenge to its supposed global power status. As Europe's population ages and workforce shrinks, its share in the world economy may dwindle from the present 18 percent to 10 percent in the year 2050. The EU's enlargement in the years 2004 and 2007 can not stop this process. We are lagging far behind overambitious Lisbon strategy goals. Booming economies of China and India may reduce the share of the EU in the world economy even more.

Must global actors or even global powers have strong and big economies? My answer is “no”. To deny the claim that only states with very big economies may be global actors, I will show one simple example. In the Cold War time the share of the Soviet Union in the World economy was smaller than that of the EU today. Of course, you may recall that the Soviet Union, at least from the 70's had strategic parity with the US and plenty of nukes and rockets. But that argument is weak. The economy of the United Kingdom became very strong only in the 19th century. Nevertheless, the UK in the 18th century was an

important global actor. Why? Having relatively small share in the world economy it conducted wise and effective foreign policy. An actor becomes a global player if it accumulates political will and abilities to act on a global scale by implementing its clear-cut foreign policy.

Does the EU have a *wise, coherent and effective* foreign policy? Few would say, except the High Commissioner that the EU has shaped such policy.

Before moving ahead, I would like to say a few words about NATO. NATO countries have never claimed that they had created something like Common foreign, security and defence policy. The Suez crisis in 1956 clearly demonstrated that NATO common foreign policy in the precise sense of the word was lacking. But NATO countries were unanimous in their foreign policy towards the Soviet Union and the Warsaw Pact allies. In the Cold War time all countries of the North Atlantic alliance were in agreement that the Soviet Union posed the greatest threat to NATO. The consensus over the Soviet threat was a backbone of foreign policy of NATO allies. On this ground they also shaped their common security and defence policy.

The EU quite frequently uses the term “Common Foreign and Security Policy”, although recently less often than the term “European Security and Defence Policy”. Does the EU have workable *common* foreign and security policy? I have doubts. If there is no such a policy it is difficult to expect the EU to have real European security and defence policy. Why? Because Common foreign and security policy forms the basis for European security and defence policy.

From a political point of view it is much easier to create instruments (e.g. battle-groups) than to establish common EU foreign policy. It would be wiser, however, to proceed further in both directions in parallel. Only if there is a clear-cut notion of the EU foreign policy, its aims, and common EU threats assessment, then the EU may claim that it has functioning Common foreign and security policy and European security and defence policy. Currently there are no such policies. There is something different – committees, staffs, rapid deployment units and so on. The EU has created plenty of structures, but failed to develop a *common policy*.

If the EU wants to become an important global actor in the world, in which the EU’s economic power is relatively diminishing, the EU must more

vigorously seek to establish its common foreign policy. The experience of Lithuania, which, admittedly, never had ambitions to become a global actor, may be instructive. In early 1994 Lithuanian foreign policy concept formulated explicitly three priorities, three foreign policy goals: to become NATO member, to join the EU, and to maintain good relations with neighbours. In spring 2004 Lithuania succeeded in joining both NATO and the EU. We were not so successful in substantially improving our relations with all neighbours, especially with Russia and Belarus, but I do not intend to elaborate more on this issue. Generally Russia and Belarus are hard partners to deal with. The fact that Lithuania fully achieved two of three ambitious foreign policy goals in just ten years is a big success that can not be ignored.

A few years ago one foreign journalist asked me how Lithuanians could contribute to the EU. I mumbled something about our rich cultural heritage and courage Lithuanians showed when independence was regained and statehood restored in March 1990, and that our freedom movement initiated the process of bringing down the second superpower in the world – the Soviet Union.

Today I would say that courage and strong political will or lack of it are the most important factors, because shaping a bold and coherent foreign policy needs a lot of courage and political will. Yet without it, the EU will not succeed on the global scene. An advice might be as follow - the EU without delay should formulate a few main achievable goals of common foreign policy for ten years from now. If the EU fails in formulating those goals and will not be able to implement them later, the EU will not become a strong global actor in the foreseeable future.

A very strong incentive to act more decisively on global scene is energy security problem that Europe is facing. Most politicians and political scientists in Europe understand that Russia is not a reliable supplier of oil and gas. For Russia, it is very comfortable to deal with every single EU member, and thus to use its energy resources and supply as means to exert political pressure on one or another EU member. Russia behaves in full accordance with the old dictum “Divide and Rule”. The EU will be able to withstand Russia’s pressure only if all EU members speak in one voice on energy with Russia. If the EU does not satisfactory solve the problem of its relations with Russia in this vital energy sector, where Russia itself is dependent on the EU, the EU may forever burry its dreams to become a global power.

The US has never taken global ambitions of the EU very seriously. Such emerging great powers as China and India do not care much about the EU either. The EU's capacity to withstand Russia's pressure is absolutely crucial for maintaining EU's credibility in world politics. The EU must show to the world that it is not weaker, at least than Russia. If the EU fails in confrontation with Russia on energy matters, it will largely affect not only the EU's global status, but its very independence. The EU has no choice. The EU simply must become a global actor able to deal with other global actors on an equal basis.

The need for Europe to speak on foreign policy matters with one voice is felt more and more strongly. But who will be pioneers to take *an initiative*, in consultation with all EU members, to formulate the main EU foreign policy goals?

I doubt that at the moment the EU High Representative for the Common Foreign and Security Policy is capable of doing such important and difficult work. For many years, starting from the fifties of the 20th century, Franco-German condominium existed in the European Community and later in the European Union. It is widely recognized that in that arrangement France played a role of political leader, and Germany was leading economic force. Of course, this picture is a little bit oversimplified.

Today another question looms large – can and must united Germany more than sixty years after the end of the World War II remain in this role, keeping low political profile as it did for decades? Of course, there were periods when Germany dared to step up with important political initiatives – Willy Brandt's *Ostpolitik*, for example. More recently Schroeder together with Chirac have put many efforts to stop the second Iraq war, although they were less successful than W. Brandt. But from my point of view, Germany's foreign policy is rather passive, often reactive and not pro-active. And when Germany acts, it takes too much into account the interests and positions of France and Russia. The Nord Stream gas pipeline project is a good example of such a policy.

My conclusion is that Germany must re-examine its role in Europe and Europe's role in the world. Germany's EU Presidency gives a good occasion to do this. Germany has a historical chance to become a unifying and not dividing force in Europe, taking into account interests of all EU members not just its own.

MOTHERLAND IS CALLING YOU! MOTIVES BEHIND AND PROSPECTS FOR THE NEW RUSSIAN POLICY ON COMPATRIOTS ABROAD

Maria Nozhenko*

On June 22, 2006, the President of the Russian Federation V. Putin issued his decree approving the *National Programme for Supporting Voluntary Migration of the Compatriots Residing Abroad to the Russian Federation*. The date of the decree was a symbolic one: the Russian “Motherland” was calling on its “sons” and “daughters” to return home on the 65th anniversary of the beginning of the Great Patriotic War [1]. Nevertheless, the appeal to compatriots to resettle in their “historically native land,” addressing primarily all the inhabitants of the former Union Republics, looks a little bit strange fifteen years after the collapse of the Soviet regime. The present article deals with the issues of whom this appeal to transmigration is addressed to, why it is being made at this time, and what the prospects of the new state program are.

The problem of addressee: who are compatriots abroad?

When in Russia they speak of “compatriots abroad,” primarily they mean the *Russian-speaking population of the former Union Republics*, which after the collapse of the USSR appeared to be beyond the frontiers of their “historically native country.” At the time of the Soviet system’s collapse there were about 27 million such persons, the overwhelming majority of whom were ethnic Russians. Actual Russian citizenship was never a prerequisite to be considered a “*compatriot*,” however. For Russia, which proclaimed itself the successor of the USSR, one’s past status as a Soviet citizen was important.

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1. “Motherland is Calling You” - a slogan from the most popular poster during the Great Patriotic War (1941-1945).

In the view of experts on the matter, the status of this considerable part of the former USSR population in the new sovereign countries depended on both the “legacy of the past” and a range of structural factors. The primary factors include traditionally-established relations between the representatives of the titular and non-titular [2] ethnic groups, the size of the Russian-speaking population in the newly-emerged countries, and of course, the level of proficiency in the language of the main ethnic group. Whereas the secondary factors embrace the legal background of the problem concerning the citizenship, the ethnic and emigrational policy of the former Soviet Republics, including the Russian Federation itself. At the same time, we can note a close link between the “legacy of the past” and the structural factors as the former factor may partially predetermine the latter ones.

Traditionally established relations between the Russian-speaking population and the representatives of the titular ethnic groups were in some cases an obstacle and in others supported the integration of the first one into the new post-Soviet nations. It serves as a facilitator in the territories where in the Soviet era there was no tension between both groups, where neither group presented itself as possessing a higher or principally different culture, and where the interethnic marriages were not rare. Another situation occurred in countries where during the Soviet era the two groups were culturally and socially isolated from one another.

The size of the Russian-speaking population could have either a positive or a negative affect on its political and social integration into a given post-Soviet country. At the same time it should be noted that there is no simple correlation between this factor and the situation of the Russian “compatriots.” In many former Union Republics a large Russian-speaking population was treated as a rival by the titular ethnicity. In this relation, their integration during the first stage of country’s formation (or at the stage of restoration of the nationhood) was extremely complicated. In Estonia and Latvia, for example, legislative mechanisms were established to limit the participation of the Russian-speaking

2. In the Soviet system of ethno-territorial federalism the titular ethnicity (titulnaya nationalnost’) included the ethnic groups that “gave the name” to the ethnic-territorial units, namely the Union and Autonomous Republics, as well as to the Autonomous Oblasts and Okrugs (districts). After the collapse of the USSR titular ethnicity gained the status of key ethnicity in the nation-building process almost in all former Union Republics.

population in the economic, political, and social spheres of public life. On the other hand, in some post-Soviet states the large size of the Russian population had a positive influence on their integration into political space. In Ukraine, for example, victory at elections very often depended on the ballots of Russian-speaking voters [3]. In Lithuania, despite the negative attitude towards the Soviet period both the end of the 1980s and at the beginning of the 1990s, a small size of the Russian population promoted the adoption of a citizenship law favourable to them. Yet in Uzbekistan, the small size of the Russian-speaking population translated into a total absence of legal protection for their rights as an ethnic minority.

The problems of integration faced by the Russian-speaking population caused stormy public and political debates inside Russia. That is why in both the political establishment and society at large the image of “compatriots abroad” being constantly discriminated against as Russian-speaking inhabitants of the former Union Republics became a prevalent one. Here the role of Russia was seen in protecting the rights of these “compatriots,” especially in Latvia and Estonia. It manifested itself especially in the second half of the 1990s as evidenced by annual addresses of the RF President to the Federal Assembly [4]. In his address in 1997 B. Yeltsin stated that, “the key task of the foreign policy of Russia was and would be the protection of the rights of its compatriots living abroad. I am really concerned about the situation of Russian-speaking population in Estonia and Latvia, and in some other countries.”[5] A year later Yeltsin reiterated this point: “The important element of our Baltic policy keeps the legalization of legal rights of our compatriots abroad. Despite the efforts of Russia and the whole range of other European institutions, the problem of our relations with Estonia and Latvia still has not been solved.”[6] In his last address

3. In this particular case, the victory of L. Kuchma during the elections of 1994 is very significant.

4. In 1994, in Russia there was established a practice of annual address of the RF President to the Federal Assembly (Parliament of the country): the Federal Assembly, consisting of two chambers, the State Duma and the Council of Federation. In these speeches the President articulated key points of national policy and gave much attention to major issues. Sometimes these speeches evaluated the decisions of the previous year; sometimes they proposed certain policy measures. But in general, these annual addresses have a character of declarative documents that present the main thrusts of foreign and domestic policy.

5. Annual address of the RF President B. Yeltsin to the Federal Assembly of the Russian Federation „*The Order in the Work of Authorities is the Order in the Country*“, <http://www.intelros.ru/lib/elzin/1997.htm>

6. Annual address of the RF President B. Yeltsin to the Federal Assembly of the Russian Federation “*With Common Efforts to the Restructuring of Russia*”, <http://www.intelros.ru/lib/elzin/1998.htm>

to the Federal Assembly, given in 1999, Yeltsin again pointed out that “the course of Russia concerning the protection the legal rights of its compatriots remained unchangeable. We will not remove from the table the problem of discrimination against the Russian-speaking population in Estonia and Latvia”.[7]

Regardless of the prevailing discourse on the compatriots as Russian-speaking population, whose political rights are infringed primarily in Latvia and Estonia, the concept of “Russian compatriots” or “compatriots abroad” has undergone a number of changes in the post-Soviet Russia. Thus, the first official definition of a compatriot was given in the *Declaration on Support of the Russian Diaspora and Protection of Russian Compatriots*, adopted by the State Duma at the end of 1995 [8]. The document defines Russian “compatriots” as “all the natives of the USSR and Russia and all their descendants regardless of their nationality and ethnicity, language, religion, occupation and the place of living and other circumstances.” The only criterion for being classified as a “compatriot,” according to the Declaration, was the absence of the Russian citizenship and a statement of “a clear spiritual, cultural and ethnic *connection with the Russian Federation or with any of its subjects.*” As a result, at the end of 1995 any non-Russian citizen who was either a former citizen of Russia or the USSR or a direct descendant of one could be classified as a “compatriot” if this preference was clearly expressed. However, the Declaration does not prescribe how “clear connection” with the Russian Federation in general or with any of its subjects should be demonstrated.

Such a definition, being very abstract on the one hand, and on the other one, having not taken into account, for example, citizens of Russia, who are permanently residing abroad, could not get the status of a legal definition. That is why the *Action Program for Protecting the Compatriots Abroad*, approved by the Resolution of the Government of the Russian Federation in May 1996, declared a need to create “a legal definition for the concept ‘compatriot’ and its further use in the legislation.”[9] This definition was given and was approved

7. Annual address of the RF President B. Yeltsin to the Federal Assembly of the Russian Federation “*Russia at the brink of epochs*“, <http://www.intelros.ru/lib/elzin/1999.htm>

8. *Declaration on Support of the Russian Diaspora and Protection of Russian Compatriots*, http://www.igrunov.ru/gdrf/sng/sng-archive/declar_sng.html

9. Resolution of the Government of the Russian Federation from 17 May, 1196 Nr 590, *Concerning the List of Measures to Support of Compatriots Abroad*, <http://npa-gov.garweb.ru:8080/public/default.asp?no=1448735>

in May 1999 in the *Law on the State Policy of the Russian Federation Concerning the Compatriots Abroad* [10] (Art 1, p 2). This law changed the right, which was stipulated in the Declaration, of the descendants of the former Russian or USSR nationals to claim for the status of “compatriot”: now the status may be granted both for the emigrants’ descendants and to the nationals of the former USSR, “except for the descendants of the titular ethnicities of the foreign states” (Art 1, p 2). In other words, the descendants of former citizens of Russia and of the USSR, who were ethnic Russians or ethnic Tatars, were recognized as “compatriots,” whereas the descendants of ethnic Armenians, Germans, or Jews, who were nationals of Russia and of the USSR, were excluded from recognition as compatriots.

In addition, the law stipulates that affiliation with compatriots shall be confirmed either by the passport of the citizen of the Russian Federation or “a special document of a standard established by the Government of the Russian Federation”. According to the Law, the document should be issued upon the free choice of an applicant by the diplomatic and consular departments of Russia or by internal affairs authorities of the Russian Federation. (Art 3, p2, p3). However, this provision has not been applied yet, as no form of a compatriot certificate has been set. Among key reasons is the initial disagreement of the Government of the Russian Federation to the *Law on State Policy of the Russian Federation Concerning the Compatriots Abroad* at large and to the provision on introduction of a special certificate of a compatriot in particular. Thus, in a letter of the Russian Government it was said that “even if a small share of people got the document proving their connection with Russia, on the basis of which they would get privileges on the territory of Russia, we could assume that the level of our security would be undermined, as well as the economy and the budget of our country.”[11] Despite the fact that at that time law making was a prerogative of the Russian parliamentarians, it was the Government which was supposed to approve the compatriot certificate specimen.

10. Federal Law from 24 May, 1999, Nr 93-FZ, *On the State Policy of the Russian Federation Concerning the Compatriots Abroad*, <http://russiane.org/law/45.html>

11. Letter of the Government of Russian Federation dated from 4 April 1998, 4934 p-P2, Concerning a Draft Law on the State Policy On Support of Compatriots Abroad, <http://www.sovetpamfilova.ru/text/1965/?parent>

Perhaps, failure to implement provisions of the law caused another review of the concept of “compatriots abroad”. Thus, in 2001, President signed *Concept of Support to Compatriots Abroad by the Russian Federation in the Current Period*, which defined compatriots as “constantly living abroad, but connected with Russia historically, ethnically, culturally, spiritually and speaking Russian, trying to preserve their Russian affiliation and having a need to maintain contacts and cooperation with Russia.”[12] Meanwhile, the *State Program Concerning the Support...*, which was approved in June 2006, confirmed that compatriots were those who had been brought up in the traditions of the Russian culture, Russian-speaking and did not want to loose the connection with Russia.

In modern Russia, with the existing several legal acts defining the concept of “compatriot abroad”, there is no clear understanding who should be referred to as compatriot and not. Partly, that served as a reason for the Committee of the State Duma on Affairs with the CIS countries and Relations with Compatriots to initiate in spring of 2006 the preparation of amendments and supplements to the law of 1999. Thus, among the assignments of a specially established taskforce was to specify the concept of compatriot [13]. Nevertheless, I hardly imagine that the future amendments will provide for a full clarification of the concept of “compatriot”. It is not only because of the absence of political independence and professionalism of the majority of present Russian parliamentarians, but rather because of regularly emerging necessity to review the concept based on domestic and exterior political situation, list of social groups that might be considered compatriots. For example, if the Russian political actors due to one or other reason see compatriots abroad as some kind of a political, economic or social resource, then, the list of these groups is most likely to be expanded to the maximum. If compatriots abroad at a certain point of time become a kind of burden to the Russian authorities, there are two possible variants: maximum broadening or the maximum shortening of the mentioned list. Thus, having no possibility to tackle the problems of the social groups, considered to be compatriots abroad, the expanding of their list can formally grade the problem, having “dispersed” Russia’s responsibility in respect to a

12. Concept of Support to Compatriots Abroad by the Russian Federation in the Current Period, <http://www.msrs.ru/commandpapers/commandpapersRF/26.html>

13. A. Dokuchaeva, The Law on Compatriots will be Amended, <http://www.materik.ru/index.php?section=analitics&bulid=107&bulsectionid=10147>

significant number of persons. In such a situation there is also a possibility to refuse in recognizing “problem” groups as compatriots.

Consequently, for the time being, it is not fully clear whom the appeal to “return” was addressed to. Nevertheless, Russia has demonstrated its interest in repatriation of compatriots residing abroad to its territory having fundamentally altered its treatment of them. One may realize the causes for this change by analyzing the formulation and transformation of the Russian policy towards compatriots.

Russian policy on compatriots abroad: from the discourse of a burden to the discourse of a resource

The first steps to set a policy on compatriots abroad were made only in 1994. Mainly such inefficacy in the tackling this burning problem was determined by the interior political crisis, which started in 1992 and finished with the White House storm and adoption of the new Constitution at the end of 1993. Although the Supreme Council of the Russian Federation prepared a draft *Law on Compatriots*, however, this document was not adopted, due to, among other things, the confrontation between the legislative and executive branches of power.

The first address of the RF President to the Federal Assembly voiced in February of 1994 may be regarded as an official declaration of the necessity to form a policy on compatriots abroad. The matter of fundamental importance here was that the President in his address to the parliamentarians set the discourse of consideration of the problem of compatriots abroad: Russia should help her compatriots not with coming back to the “historically native land”, but Russia should help them to settle their life far away from Russia. As B. Yeltsin noted in his speech “everywhere, where our compatriots live, they should feel themselves full and equal citizens”, and defined a range of tasks of foreign policy aimed to support the “interests of Russians in the CIS countries and the Baltic states” [14].

14. Address of the President of Russia B. Yeltsin to the Federal Assembly of the Russian Federation „*Consolidation of the Russian State*”, <http://www.intelros.ru/lib/elzin/1994.htm>

In the first half of August 1994 the Russian President signed the first normative document in the field of policy towards compatriots abroad, namely his Decree № 1681. The Decree tasked the Russian Government by the 1st of September “to discuss and endorse *Guidelines of the State Policy On Compatriots Living Abroad*, as well to list immediate measures to support compatriots”[15] living abroad and a list of priority measures to support compatriots in the CIS member-states and in the Baltic countries.”[16]

On the last day of August 1994, the Government of the Russian Federation passed a resolution approving both the *Guidelines* and the *List of Primary Measures to Support Compatriots* [17]. Regardless of the failure to give a clear definition to the term “compatriots”, it maintained that the state policy was planned to be implemented towards two categories: emigrants from Russia and the USSR (including their descendants) and the Russian-speaking population of the former Union Republics. At the same time it anticipated implementation of actually two different policies in respect to these categories: regaining of the Russian citizenship and return to the “historically native land,” of the first category, and “prevention of mass migration” of the second one from the former Union Republics. Partly such a difference in the approach towards the two categories of compatriots had reference to the *Guidelines* and could be explained by the difficulties to receive a great number of immigrants. Thus, the document read that “at the moment all the new independent states, including Russia, faced significant economic difficulties, they were at the stage of establishing their nationhood, when it was not easy to consider specific demands of the emigrants from other states residing on their territory.”[18]

The Russian Government had grounds to believe that the repatriation of the emigrants and their descendants to the “historically native land,” would, first not be massive, and secondly, it would not become an economic burden for

15. It is noticeable that in this Decree the word “compatriots” is always written in inverted commas, which may prove once again that there were no legal definitions of the term “compatriots abroad” at that time.

16. Decree of the Russian President from 11 August 1994, Nr 1681, *The Main Directions of the State Policy On “Compatriots” Living Abroad*, http://www.mosds.ru/Dokum/dokum_rosUZ1681-1994.shtml

17. Resolution of the Russian Government Nr 1064 from 31 August, 1994, *On Measures to Support Compatriots Abroad*, <http://www.russiane.org/law/46.html>

18. Ibid.

the country: the last massive wave of emigration from the USSR took place in the first half of the 1940s [19], and the vast majority of emigrants settled down in the economically developed western countries. Meanwhile, many migrants from the former Union Republics have fallen under the category of socially unprotected stratum. Therefore, the massive return of the Russian-speaking population threatened to become an unbearable state expenditure. In this relation, in 1994 “the priority measures to support compatriots” turned out to be protection of the Russian-speaking population rights in the former Union Republics, as well as to their economic, social and cultural support. However, one should note, that in the Guidelines they provided for particular cases, when Russia would be ready to “arrange the reception of compatriots on its territory”. These cases included conflicts “creating a threat to life and health of compatriots”, as well as failure or impossibility of certain compatriots “to get adjusted to their new situation.”[20].

Thus, from the very beginning the policy towards compatriots abroad resulted, first of all, in the restriction of the mass immigration of the Russianspeaking population from former USSR countries to the territory of Russia by promoting the integration of its representatives to the new political communities. This trend is obvious in the normative documents adopted in the second part of the 1990s and the beginning of the 2000s. Thus, in the abovementioned *Declaration on Support and Protection of the Russian Compatriots* it says that “the Russian Federation should contribute to the effective exercising of their right to participate in decision making process, related to their lives and the life of the regions, where they live.”[21]. Assistance in repatriation of compatriots was supposed to be provided only in cases of their discrimination “in the domain of human rights and freedoms and the rights of minorities”, as well as in the event of military conflicts in places of their residence, which would cause threat to “their rights to personal security.”[22]

19. In this case I will put aside the emigration of ethnic Germans and Jews, which was tackled in the late Soviet period.

20. Resolution of the Russian Government Nr 1064 from 31 August, 1994, *On Measures to Support Compatriots Abroad*, <http://www.russiane.org/law/46.html>

21. *Declaration on Support and Protection of the Russian Compatriots*, http://www.igrunov.ru/gdrf/sng/sngarchive/declar_sng.html

22. Ibid.

In May 1996, the Government passed its Resolution endorsing the *Program of Measures to Support Compatriots Abroad* [23]. Like the previous documents the Program focused on the problem of Russian-speaking population in the former Union Republics. In the first part of the document it was said that “due to the collapse of the USSR and the establishment of the new independent countries millions of the compatriots found themselves to be separated from the Russian Federation by frontiers.”[24] The document also emphasized that compatriots “had to live and determine their own destiny” not only in difficult economic, social and cultural conditions, but also under complicated political conditions. Moreover, the last mentioned difficulties were provoked by the “circumstances, related to the formation of the new independent states as nation-states of the titular ethnicities, which have realized the right to self-determination.”[25] The document differs from the previous ones by having identified Russia not as the key protector of the rights of discriminated compatriots, but as an assisting partner both for the states where they live, and for the civil organizations of compatriots. The Program emphasises that the countries, where compatriots permanently reside, “shall be responsible for safeguarding the full complex of legal, political, economic, social and cultural rights of these persons”. In its turn, Russia, “as the successor of the USSR is responsible to compatriots in moral terms, is ready to assist the governments of the independent states in tackling these tasks.”[26]

Another distinguishing feature of the Program is its declaration of the principle that “support to compatriots abroad in no circumstances shall be a veiled denial of their right to return to Russia”. Moreover, as a “fundamental two-fold objective of the Russian policy towards compatriots” it recognises a “guarantee of both integration into the life of the country of permanent residence while preserving the cultural identity, and return to the historic motherland.”[27] Nevertheless, the Program does not provide for specific mechanisms to contribute to the return of compatriots to Russia and their settlement in historic

23. Resolution of the Russian Government from the 17 May, 1996, Nr 590, *Program of Measures to Support Compatriots Abroad*, <http://www.friends-partners.org/partners/valery/humright/hr960512.html>

24. Ibid.

25. Ibid.

26. Ibid.

27. Ibid.

motherland. Like before, the document keeps focusing on the integration of Russian-speaking population into political and social reality of the former Union Republics. The *Law on State Policy of the RF towards Compatriots Abroad*, which was adopted in 1999, was also aimed rather to assist compatriots in their settlement beyond the borders of Russia than in their return to “historic motherland.”[28]

In August 2001, the new President V. Putin signed the *Concept of Support for the Compatriots Abroad at the Present Stage*. The document actually reiterated the basic provisions of the Program of Measures...of 1996. Thus, the Concept declared, that “the primary responsibility to guarantee individual and collective rights and providing the decent conditions of social life to all its inhabitants was laid on the countries where these people live (stay).”[29] Meanwhile, in respect to compatriots Russia saw its role in assistance in “adjustment and integration into the life of countries of residence while voluntarily preserving the ethnic identity”, and “restriction of uncontrolled migration in Russia.”[30]

However, starting with 2002 the official discourse on compatriots abroad gradually started to change. If almost during the period of eight years political establishment viewed situation with compatriots as a problem, in tackling of which Russia should take an active part, now the Russian-speaking population of the former Union Republics was perceived as a resource. For example, *Basic Guidelines for Support by Support of Compatriots Abroad by the Russian Federation for 2002 – 2005*, which were approved by a Decree of the Government, among other fundamental objectives of the policy declare “promotion of a more active engagement of compatriots and their organizations in the expansion of the equal and mutually beneficial relations between Russia and foreign states and further implementation of democratic reform in the Russian Federation.”[31] Thus, they started gradually perceiving compatriots as “their people” in other states, who contributed to establishing a constructive

28. Federal Law from 24 May, 1999, Nr93-FZ *On the State Policy Towards Compatriots Abroad*, <http://russiane.org/law/45.html>

29. *Concept of Support for the Compatriots Abroad At the Present Stage*, <http://www.msrs.ru/commandpapers/commandpapersRF/26.html>

30. Ibid.

31. *Basic Guidelines for Support by Support of Compatriots Abroad by the Russian Federation for 2002 – 2005*, approved by the Decree of the Government of the Russian Federation from 28 November, 2002, http://www.mosds.ru/Dokum/dokum_rosOsn2005.shtml

dialogue between Russia and neighbouring countries. In addition, political figures of Russia began marking that “emigrants from Russia actively participated in shaping a modern image of our country” as they “were an integral part of the special social community, which was more often referred to as “the Russian world”, adding up a ...wide culturological connotation to this concept [32]. Thus, in 2002-2003, compatriots abroad were regarded as an external political resource of Russia; however a perception of them as an internal political recourse of beneficial migrants for the country was built up gradually.

At the beginning of 2000, Russia was confronted with a need to attract migrants to the country. The need derived from two factors of depopulation and workforce shortage. According to the *Concept of Regulation of Migration Processes in the RF*, the reduction of domestic social and economic migration of Russian population “prevents from supplying workforce to the new and revived enterprises and economic growth.”[33] The Concept mentions yet another problem of population drop in the Northern and Eastern regions of the country and frontier territories. However, Russia could not be satisfied with “any kind” of migrants. For example, this particular document refers to the “mass resettlement of foreign nationals and persons without citizenship in the regions having boundaries with the states of Central and Eastern Asia” as “a threat to the security of the RF.”[34] Consequently, there emerged a need for “their own” migrants, who would not only easily get adjusted to the Russian reality, but would be morally bound with the state. In this connection, key political figures of the country repeatedly reminded of the area of the former USSR as a possible source of new human resources. For example, at the end of the 2002, in a speech on migration policy V. Putin pointed out that “we were in a better situation compared with other countries, as we had an obvious reservoir, from which we could take people for Russia. These people have our mentality, often speak Russian as their mother-tongue; we have common cultural and

32. Shorthand notes of a speech by the Minister of Foreign Affairs of the Russian Federation I. Ivanov during a meeting of the Advisory Council of the subjects of the Russian Federation on international and external economic relations under the Ministry of Foreign Affairs, Moscow, 18 March, 2003,

http://www.mid.ru/brp_4.nsf/0/70dbcc03e7421a4243256ced003f6d70?OpenDocument

33. *Concept of Regulation of Migration Processes in the RF*,

<http://www.antropotok.archipelag.ru/text/a045.htm>

34. Ibid.

confessional routs. Those are the Republics of the former Soviet Union. And we should do everything in order to win them over.”[35]

Regardless of these pompous declarations, it was the time when Russia introduced a paradoxically rigid migration policy. As an example, in May 2002, they passed a new *Law on Citizenship of the RF*, which made the naturalization procedure for the Russian-speaking population of the former Union Republics aspired to move for a permanent residence to Russia more complicated. During the third reading of the draft law the provisions was fiercely discussed by the parliamentarians of the State Duma. However, both the authors of the draft, and President’s Representative in Duma A. Kotenkov grounded the new regulation on the fact, that persons willing to become Russian nationals could do so freely in the period of 10 years, which would be a sufficient period for such a decision to be made [36]. In addition, since June 2003 new migration legislation has been enforced in Russia, which imposed significant difficulties on the legal work of migrant workers. This resulted in a harsh evaluation by experts of the new migration policy of the country. Thus, the Russian migration policy of the last years is called “absurd”[37] and “repressive”, while President of the *International Legal Advocacy Assembly* M. Arutyunov even referred to it as “punitive” [38]. Chairman of the executive committee *Emigrant Organizations Forum* L. Graphova spoke of it as “a war against native migrants.”[39]

In many respects, these paradoxes can be explained by internal political processes of the last six years and by an attempt to erect the new country in particular. Currently, the discourse on national consolidation prevails in the domestic policy of Russia. It should be noted that the idea of national consolidation is not just a project of the ruling elite, but it is highly demanded by the society. For example, it is manifested by the outcome of elections to the State Duma of the fourth convocation. An undisputed leader of the last elections to

35. Dialogue between the President and the People, <http://www.izvestia.ru/politic/article27957/>

36. Shorthand Notes of Plenary Session of the State Duma, 19 April, 2002. Morning session, http://www.akdi.ru/gd/PLEN_Z/2002/04/s19-04_u.htm

37. V. Perevedencev, *Fates and Figures // Novoye vremja* (New time) No. 29 from 20 July, 2003, http://www.newtimes.ru/artical.asp?n=3006&art_id=4137

38. M. Arutyunov, *Punitive Migration Policy*, http://www.hro.org/editions/pg/07_03/18-2_07_03.htm

39. L. Graphova, *Migrants of Russia Call Upon the Authorities to Common Sense*, <http://terraincognita.spb.ru/n8/smisl.htm>

the Duma was the “Yedinaya Rossiya” (*United Russia*) party, the third and the fourth places were taken by the LDPR and the national patriotic block “Rodina” (*Motherland*) [40]. At the same time, the voiced policy and the “idea of the nation” is not the only condition to get modern Russia transformed into a nation-state, as one needs institutional arrangements for the construction of a nation. Theories on nations and nationalism, as a rule, consider three main criteria of a nation-state: (1) external and internal *sovereignty*, supported by the state administration; (2) a territory with fixed exterior borders; (3) the availability of its own political *community* (a nation) [41]. Despite the fact that during the overall post Soviet period there were some problems in Russia related to the territorial arrangement of the country, the central problem for the transformation of Russia into a nation--state is the problem of the community-formation.

In Russia of the last years, the formation of a nation-state implies searching for the ways of fencing in from the exterior world, a kind of “withdrawal” into herself. It is reflected in all the fields of political regulation, including the area of migration policy. At the current moment Russia faces an acute problem of symbolical and ideological definition of who is “hers”. As the Russian citizens have not yet formed up an integral image of their community, the external migration at the moment is rather an obstacle, than a favourable consolidation factor. At the moment migrants, in the view of the project of unification which is implemented by the authorities, are not desirable as they may introduce disintegration elements to a weakly consolidated Russian community. On the other hand, Russia desperately needs a migration flow to alleviate its demographic and economic problems. To resolve the contradiction one may repatriate *Russian-speaking population* from the former Union Republics. Perception of that made the central figures of the RF once again review their attitude towards compatriots and adopt the *National Programme on Support to Voluntary Migration of Compatriots Living Abroad to the Russian Federation* [42].

40. In this particular case I do not exclude an influence of the administrative resource or just election fraud to get the election results. However, even a distorted picture of the elective preferences allows us to make conclusions about the moods of the majority of Russian voters.

41. For example, see J. Habermas *The European Nation-State – Its Achievements and Its Limits. On the Past and Future of Sovereignty and Citizenship*, in G. Balakrishnan (ed.), *Mapping the Nation*, London & New York, 1996.

42. Decree of the President of the RF from 22 June, 2006 No. 637 *On Measures of Support Voluntary Migration of Compatriots Living Abroad to the RF*, <http://www.rg.ru/2006/06/28/ukaz-pereselenie.html>

Among basic objectives of the Program they defined “compensation for the natural population decrease in the country at large and in its individual regions by attracting immigrants for permanent place of residence in the Russian Federation [43]. In this respect, Russia is not interested in an ordinary return of its compatriots, but rather in their resettlement in particular regions of the RF identified in the document as “regions for settlement”. On the whole, they identified three main categories: “A”, “B” and “C”. “Strategically important for Russia frontier regions, with a typical decline in population” were included in the “A” category. “B” category included regions, where they implement significant investment projects, which require a mass attraction of migrants due to the absence of a respective labour force supply on the local labour market.”[44] Finally, the last “C” category united “regions with sustainable social and economic development, where in the course of the last three years and more there was a reduction of population and (or) migration flow-out”. The Program stipulates that all migrants “are entitled to state guarantees and social benefits”. However, the volume of the guarantees and support depends on what category of the regions migrants will go to. Thus, the largest volume is anticipated for the regions of “A” category, and the lowest is for “C” category [45].

At the same time compatriots appear to be “tied up” to the regions of their resettlement by issuing a special “certificate of a participant of the state program” at least for two years [46]. Thus, although Russia has called back its “sons” and “daughters”, the main aim of their repatriation is not the “restoration of the family”. On the contrary, Russia treats the compatriots abroad as the internal political resource and tries to solve its own problems with their help, but not the problems of those who were left abroad after the collapse of the USSR. Essentially, the immigrants are supposed to be exposed to a certain selfhood, as they are forced to live in such places where the Russians themselves do not want to move to.

43. Ibid

44. Ibid

45. Ibid

46. Program maintains that its participant “and (or) member of his/her family having migrated for a permanent place of residence from a unit of the Russian Federation, identified in the Certificate of the State Program Participant, prior than in two years shall reimburse the cost related to their allowance paid (Decree of President of the RF from 22 June 2006 No. 637 On Measures of Support to Voluntary Migration of Compatriots Living Abroad to the RF, <http://www.rg.ru/2006/06/28/ukaz-pereselenie.html>

Instead of conclusion: some thoughts about the prospects of the new State program

Efforts undertaken on the 22nd of June to repatriate the compatriots from abroad to Russia most likely will not be successful. To my mind, there are several reasons for that.

First of all the implementation of measures to repatriate compatriots is too late. These measures would have been timely if they were undertaken in 1990s (especially in the first part of the decade). However, at that time the desire of coming back to Russia of the main part of Russian-speaking population was out of tune with the Russian policy towards compatriots abroad. Currently, on the contrary, the desire of the Russian government to resolve the demographical problem by attracting compatriots does not any more match life strategies of the main part of the Russian-speaking population on the territory of the former Union Republics. Fifteen years after the collapse of the USSR a larger part of those who wanted to come back to their “historically native land” have already moved to Russia for permanent residence. Those who have not moved or deliberately decided to stay in the new countries, during the last years have developed their own strategies of adaptation. In addition, the unveiled motive for the repatriation of compatriots in order to solve domestic problems of Russia rather than the problems of the compatriots will most likely alienate than attract those, who have not put aside their plans to return.

Secondly, the issue of the target group remains open, as the Program, endorsed by the President, has not precisely defined compatriots abroad. Failure to give in the document the precise legal definition for those who are subjected to the supposed measures leads to difficulties of the bureaucratic, cultural and political kind. So, if you rely on the definition for the “compatriots abroad” given in the Federal Law of 1999, hypothetically the implementation of State Program should cover the overwhelming part of population of the former USSR. Nevertheless, the Law provided for a certain mechanism of the precise identification of the target group, namely, by issuing special documents (certificates) of compatriots. Enforcement of this mechanism was supposed to tackle two problems: (1) to define the actual number of people, who are the Russian compatriots abroad, i.e. people who voluntarily identify themselves with

this group.; (2) to create a regulation system to deal with relations “compatriot – the Russian Federation”, in which state certificates of the unified specimen would serve as a ground to grant individual rights to their holders. However, in the course of seven years since the enforcement of the *Law on State Policy of the RF towards Compatriots Abroad*, neither the system of issuing certificated has been created, nor even the specimen has been approved. As it was shown above, the key reason was related to the lack of material resources. In addition, the new Program anticipates issuing a “certificate of specimen approved by the Government of the Russian Federation” to compatriots that in its turn will once again require significant material resources and is time-consuming. Adjustment of the mechanisms of identification of target groups threatens to drag on several years and will become another obstacle for implementation of the Program endorsed by the President.

There is also a doubt if the definition of “compatriots abroad” in the Law of 1999 corresponds with the modern trends of domestic Russian policy. As it was mentioned, currently Russia is not interested in all the nationals of the former USSR. There is little possibility, that the authorities would support massive resettlements of representatives of other than the Russian ethnic group, for example, to Khabarovsk Kraj or Kaliningrad Oblast. Even the migration of representatives of former “brotherly ethnicities” to the Central Russia’s territories will poorly match the idea of state consolidation. Thus, the number of potential program participants most likely will be limited to cultural issues.

HIGH TIME FOR REFLECTION: 15 YEARS OF LITHUANIAN-RUSSIAN RELATIONS

Gediminas Vitkus*

The normalisation of interstate relations between former colonies and metropolitan centres is always a long and painful process. A lot of time has to pass until the economies, politics, cultures and societies finally accustom and adjust to the “separation”. Fifteen years have passed since the “separation” of Lithuania and Russia, but it would be unreasonable to claim that relations between the states have become absolutely normal. This is already a matter of concern. Even more alarming is that today, as never before, it is unclear in which direction relations will develop further – there may be a movement towards normalisation or, conversely, we may have a chance to observe a reverse process.

In such ambiguous situations people usually try to fall back on historical experience and interpret current events or predict the future on its basis. If we look at relations between Lithuania and Russia from a long-term perspective and try generalising the experiences of several hundred years, unfortunately, we will not find anything reassuring here either. This has already been described once by one of the most prominent Lithuanian historians Teodor Narbutt (1784-1864), who noticed that since the twelfth century there has been a pattern of balancing in relations between Russia and Lithuania. When Russia grows weak, Lithuania has a chance to regain strength. And vice versa – when Russia recovers, Lithuania goes down again [1].

Narbutt formulated his “theory of scales” in 1835. However, it is easy to observe that, subsequently, relations between Lithuania and Russia also devel-

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1. See T. Narbutas, *Lietuvių tautos istorija. Trečias tomas* [*History of Lithuanian Nation. The Third Volume*] (Translated from Polish by Ona Slavėnaitė, Vilnius: Mintis, 1994), p. 243.

oped according to the scenario suggested by Narbutt's theory. This theory easily explains what happened in 1940 and 1990. It also explains the current obvious deterioration in relations between Lithuania and Russia. No one doubts any longer that today's Russia is "regaining strength" again. The mere fact that, as a result of a favourable global energy market, Russia succeeded in overcoming its economic crisis and bounced back from being hopelessly immersed in debts in 1998 to becoming one of the largest exporters of energy sources should not be a cause for concern. Unfortunately, however, these positive processes are accompanied by fatal changes in its policies.

Internally, the state power has become and continues to grow increasingly authoritarian. Although some of the democratic freedoms that the Russians enjoyed after the collapse of the USSR have been retained, the authoritative *Freedom House* is already unreservedly assessing Russia as not free country today. Furthermore, there have been clear changes in its foreign policies as well, especially in its relations with neighbouring countries. Russia has openly declared the CIS countries to be the sphere of its strategic interests and unscrupulously uses their energy dependence for political ends. The Baltic States, particularly Lithuania are already experiencing both open energy pressure and antagonistic ideological disagreement over the interpretation of the events of the recent (as well as the distant) past and even intervention into their political processes during election campaigns. There is probably no need to continue. This interpretation of current events leads to one unambiguous prediction. If these tendencies continue to increase, sooner or later and in one way or another, Russia will succeed in gaining control over Lithuania and this will "reclaim" its "lost" territories. Naturally, this would only be possible if it continues to build its power successfully and its economic boom is accompanied by stronghanded domestic and foreign policies of authoritarian rule.

Thus, there is little consolation in the most general finding and prognosis that could be formulated on the basis of Narbutt's "theory of scales", which, rather than being some concoction, is grounded in the historical analysis of relations between Lithuania and Russia throughout the centuries. On the other hand, this finding may sound too fatalistic for an examination of the current history to be accepted without reservations and additional arguments that are more relevant to contemporary political processes. Indeed, if we temporar

ily distanced ourselves from the long-lived experience of relations between Lithuania and Russia and “leave it to the historians” and if we focused exclusively on the last 15 years of relations, we would easily notice that the picture is not so hopelessly gloomy. Historical analysis of recent events indicates that, although relations between Lithuania and Russia have not been too good, they have not always been bad either. The current situation, which is similar to the Cold War, has not been a permanent feature in the relations. Tensions eased on several occasions – a kind of local *détente*, and there were even moments that corresponded to our image of normal relations. When Boris Yeltsin was the president of Russia and its new foreign policy strategy was not fully developed, Lithuania was not always an object of political pressure. In the context of Latvia and Estonia, which had serious problems with non-citizen Russian minorities, Lithuania’s relations with Russia were sometimes even called exemplary. This could perhaps also explain why Lithuania managed to achieve an agreement regarding the withdrawal of the Russian troops before Latvia and Estonia, why agreements on military and civil transit to Kaliningrad were reached and function successfully, and why the Treaty on State Border was signed and at once ratified.

True, all these steps towards normalisation were difficult and took a long time. Therefore, we were fairly self-critical about that as well. When no immediate agreement could be reached, we would not rush to accuse Russia each time, but we would first try to come to an understanding internally and question ourselves whether the Lithuanian diplomacy itself had not made some critical tactical mistakes and thereby damaged something. There were plenty of occasions for internal public debates in Lithuania regarding the country’s tactical and even strategic policies towards Russia. During the relatively short period of relations with Russia, the Lithuanian government seems to have tested different tactical approaches – the categorical (that of Landsbergis), the moderate (Brazauskas), and the “solid” (Adamkus). As could have been expected, each of these tactics had its own advantages and shortcomings, its benefits and cost.

The tougher and more declarative tactic proposed by the right-wing forces was doubtlessly useful because it enabled stating the strategic goals in a principled way and sending a clear message to the negotiation partner about the principled position that would be subject to negotiation. Usually, this is really

important for small states that do not have much opportunity for manoeuvring. Doubtlessly, however, there was also a constant danger of provoking Russia to upset normal economic relations and pragmatic co-operation. Finally, as we know, the hard stance that the Lithuanian government took with regard to Russia did not always have sufficient political backing in Lithuania itself.

On the other hand, the advantage of Lithuania's more adaptive and pragmatic tactic traditionally supported by the left-wing and centre forces was that it was easier to solve a number of practical issues in a less charged political atmosphere, avoiding excessive emphasis on the remaining principled political differences. Perhaps this was also the reason why Lithuania managed to conclude a larger number of pragmatic interstate agreements with Russia than the other two Baltic States. However, the adaptive and moderate tactic also had a price. First, the leftist government had to withstand harsh and ruthless criticisms by the opposing political forces and was under almost constant suspicion of betraying the national interests. Yet, the worst of it was that moderation would also inspire certain hopes or illusions to Moscow that it could succeed in altering the overall course of Lithuania's foreign and security policy, thereby encouraging it to further increase pressure.

Thus, today we may already claim that neither of the two aforementioned tactics proved to be entirely efficacious. From time to time, bilateral relations would still be stranded and occasional battles of words and declarations would flare up among the politicians (usually members of parliaments) and in the media of both countries. Despite everything, Russia continued increasing its economic leverage methodically and consistently and used it both for meddling in domestic political life and for economic and energy blackmailing. At every opportunity and even on the highest level, Russia denied and refused to acknowledge that the Soviet Union had occupied the Baltic States in 1940 and that today Russia carries moral and material responsibility for it as the continuator of the Soviet Union's rights and duties. Moreover, occasional propaganda campaigns would be "randomly" carried out in the Russian media, targeting Lithuania and other Baltic States and accusing them of collaboration with Nazis during the Second World War or support for Chechen terrorists, etc. In other words, Lithuanian efforts to find agreement with Russia – either peacefully or forcefully – did not yield the expected results and normalisation of

relations remained a remote possibility, which could only come about in the distant and indefinite future.

Thus, neither the right or the left-wing, nor, finally, the centre forces, which have been steering the course of foreign policy for the last few years, managed to achieve a major breakthrough in normalisation of the relations with Russia. On the whole, this permits the conclusion that these self-critical debates on the best tactic in bilateral relations between Lithuania and Russia should be viewed as a political show dictated by the needs of internal political struggles, rather than variables that essentially determine the quality of relations. The accumulated practical experience of relations reveals that both in its relations with Lithuania and other Baltic States, not to mention the CIS countries, Yeltsin's and, even more so, Putin's Russia always tried to condescend and was reluctant to acknowledge that these countries can also have legitimate national interests that do not necessarily coincide with the Russian preferences. And, as we can observe today, Russia's stance has not changed a bit. Therefore, an explanation for why Lithuania, which, like everyone else, has not succeeded in achieving final normalisation of bilateral relations, nevertheless managed to sign and ratify important agreements with Russia has to be sought in a wider international context by going beyond the sphere of bilateral relations and the analysis of negotiation tactics applied by the countries.

For example, Russia commenced serious negotiations with the Baltic States over the withdrawal of its army and, subsequently, withdrew it only after experiencing pressure from the G7, the OSCE and the UN while it was still attempting to preserve its reputation as a state that respects international agreements. In contrast, the negotiations between Lithuania and Russia over Kaliningrad transit in 1994 came to a dead end as soon as Lithuania and Russia found themselves *tête-à-tête*. Lithuania did not have any effective leverage to influence Russia and push it towards a compromise, while Russia immediately tied the solution of the transit problem to the enactment of the treaty on the most favourable trading regime, which was important to Lithuania. In this way, Russia did not find it difficult to achieve that military transit across Lithuania's territory is subject to bilateral agreement, rather than Lithuanian rules. And when the time came to resolve the issue of the civil transit of Russian citizens to and from the Kaliningrad Region, Lithuania did not even attempt to "put up

a fight". Thus, as is well known, during the introduction of the visa regime between Russia and Lithuania in 1995, the governments of the countries reached an agreement that visa requirements will not apply to Lithuanian citizens travelling to the Kaliningrad Region and the inhabitants of Kaliningrad travelling to Lithuania, as well as those inhabitants of Russia who transit to Kaliningrad across Lithuania.

The eposée of the enactment of the Treaty on the State Border with Russia is yet another story that ended in a similar manner. The treaty was signed in 1997 during the period of certain *détente* in relations between Lithuania and Russia, when the latter hoped to influence Lithuania and the other Baltic States to forego the NATO membership that they were persistently seeking. The treaty was negotiated and signed; however, when Russia understood that this would not change Lithuania's policy direction, its ratification was suspended and procrastinated until 2003, i.e. until Russia met the European Union's pressure to change the procedure of movement of its citizens across Lithuania to and from Kaliningrad without visas. Only at that time did Russia have to renegotiate the visa-free regime with the European Union and make a commitment to ratify the state border treaty with Lithuania.

Finally, we should not forget the issue of the Baltic States' NATO membership. In 1997, when NATO made the decision to limit the first wave of enlargement to Poland, the Czech Republic and Hungary, Russia made a lot of diplomatic and propaganda efforts to prevent the second enlargement of the bloc and, if it could not be prevented, to exclude the Baltic States from it. And now we can conclude that Russia was very close to its goal, as there were quite a few in Western Europe and even in the United States who were very sceptical about the Baltic States' prospects of membership and put forward various projects for formation of a separate sub-regional security regime, disregarding that Russia could hardly fit into it because of its geopolitical ambitions, the size of its military force, and the problems related to the Kaliningrad enclave. This time, however, the strong position of the US government determined that the outcome of the long process was favourable to the Baltic States. The decision was made to enlarge NATO in spite of Russia's objections.

Thus, if we make a careful analysis of these episodes in relations between Lithuania and Russia and their results, we should not hasten to explain the

decisions and agreements favourable to Lithuania by the successful activities of Lithuanian diplomacy or its special ability to find a “common language” with Russia. It seems that it was actually the opposite because, paradoxically, Lithuanian diplomacy found itself and remained in an oddly “comfortable” position in relations with Russia during this whole time. Although Russia was difficult and complex as a partner of relations and negotiations, it was impossible to make a mistake in its regard. Irrespective of the choice of diplomatic negotiation tactic, the negative result was clear in advance: there would be no agreement. More than one observer has noted that, although Russia is a powerful state, it is also very insecure and perceives every concession to a smaller state and, especially, to a former colony as defeat and humiliation, rather than as an unavoidable outcome of negotiations. Only an equal or a greater power can force Russia into real negotiations, rather than their imitation seeking to impose its will. A more attentive observer making a thorough review of the negotiations that have taken place between Lithuania and Russia during the last 15 years, as well as their results, would easily notice one very significant pattern: Lithuania has achieved favourable outcomes of negotiations only in those cases when it has managed to successfully mobilise international opinion or secure solid political backing and sufficient international pressure towards Russia through international organisations or from Western democratic states.

This situation however, means that the Lithuanian diplomacy had nothing to do at all and was practically useless. On the contrary, the difficult task of mobilising international support fell on its shoulders and, admittedly, was tackled quite successfully. In its own time, the strong “Landsbergis” stance taken by Lithuania on the issue of the Russian army’s withdrawal helped attract the international community’s attention and facilitated rallying public opinion and gathering the support of international organisations. Meanwhile, in the case of NATO expansion, a more moderate tactic proved successful, especially Adamkus’ “solid” version, when attempts were made to emphasise that good relations with Russia and Lithuania’s NATO membership are compatible. This tactic had positive correspondence with the particularly cautious or even favourable attitude of some of the Western European states towards Russia and their unwillingness to damage relations with it, especially over the small Baltic States.

Needless to say, this experience also naturally determines the further strategy towards normalisation of relations between Lithuania and Russia. Metaphorically speaking, even now that Lithuania has gained NATO and EU membership, the key to solving the problem of normalisation of Lithuanian-Russian relations remains where it was before – in the West, rather than in Moscow. If during the last 15 years positive solutions in bilateral relations were achieved only when Lithuania had managed to secure solid international support and avoid dangerous isolation, so far there has been little reason to believe that there will be some essential changes in this regard. Therefore, unfortunately and regrettably, it has to be concluded that the analysis of the recent relations between Lithuania and Russia show that there is no sufficient ground to dismiss Narbutt's "theory of scales". Normalisation of relations between Lithuania and Russia remains unattainable and, as long as it is unattainable, we can merely engage in balancing. Perhaps the only significant difference in the situation of contemporary Lithuania compared to previous times is that now there is a realistic opportunity to place something on our side of the scales. Correspondingly, the main task of Lithuanian diplomacy remains securing international support for our goals and avoiding staying one-to-one with a partner that doesn't hear any arguments and doesn't accept any compromises.

We have already had a chance to realise that this was not an easy task until Lithuania became a member of both NATO and the EU; however, this will not be any easier now. The international environment and its main actors are undergoing constant changes – their governments, structures, priorities, political parties and personalities change, and, therefore, we may not always apply known algorithms to the solution of current issues, but must often search through tests and trials for an innovation compatible with the partners' interests. It is easily noticeable that, although the issue of normalisation of relations is particularly important only for the countries that are closest to us in our region, Russia is important to many other countries in the world as well. However, Russia is just one of the problems and, usually, not the main one for the more distant countries, as well as on the level of the region or the international system. In other words, if we wanted, we could reduce the foreign policy of Lithuania and other countries with similar pasts to striving towards normalisation of relations with Russia at best or seeking to balance it at worst. In contrast, this is obviously

not true for the European Union as a whole or the United States, which often maintains an indefinite and ambiguous position towards Russia.

For example, the European Union, which now includes Lithuania as well, has plenty of internal concerns and problems apart from Russia. In addition to the slowing rates of economic development at the core of the bloc and the stalled constitutional reform, it is experiencing difficulties in defining its role and place in the international arena. The unique international role that the EU could have had due to its attractiveness and ability to expand by simultaneously spreading the area of democracy and economic prosperity is also clearly losing the political support of voters and becoming hardly attainable. In turn, Russia successfully uses the insufficient integrity of the EU and fairly easily establishes close relations with the leaders of the largest EU states, as well as skilfully exploits its position as an energy exporter. Nevertheless, the situation is neither so hopeless, nor predetermined to remain such. European integration has encountered problems in the past as well, but it has always managed to find solutions in time. Furthermore, now that Lithuania has become a member of the EU, it also has many more opportunities to seek greater consolidation of the EU policies in the East, the development of the common EU energy policy and infrastructural investments, as well as many other projects, the implementation of which would perhaps indirectly but nevertheless significantly contribute to normalisation of relations with Russia. However, achieving this requires hard and consistent work, searching for allies, persuading the sceptics, and thereby defeating the opponents.

The same can also be said about the ongoing processes on the international system level and the special role of the US in the world. Today, no one is surprised by the opinion that the unambiguous Lithuanian foreign policy orientation towards the US dominating the international system is no longer promising and even erroneous. However, this conclusion is too hasty and indicates a lack of understanding of the realities of US foreign policy formation, as well as their inability or unwillingness to place the current events in the wider historical context of US foreign policy traditions and its logical developments.

A more thorough examination reveals that, paradoxically, precisely because of its special position in the world, the US is forced to reconcile itself to

the fact that its foreign policy is least protected against mistakes and wrong decisions.

One of the reasons for that is that, being at the centre of the international system and acting as a sort of global point of political reference, the US helps other states to orient and identify their place in the world politics. This poses the question of how the US orients itself. What relations should it seek with other states in planning its foreign policy? Where do its national interests end and the affairs of the global order begin? It is much more difficult to find correct answers to all these questions for its government than for the government of any other state. Therefore, mistakes and failures are unavoidable. On the other hand, surprising as it may be, the US ascended against all odds and became the most powerful state in the world, and it seems that it has no intention to abandon this position in the nearest future. American scholar Walter Russell Mead gave one of the most convincing explanations of this phenomenon in his *Special Providence* (2001), where he argues that, in contrast to Europe, in the US, foreign policy has never been a sphere free from great debates or lasting disagreements. On the contrary, the democratic nature of America itself determines that foreign policy priorities are subject to open and wide debates by interested parties and groups. Suffice it to mention here the current debates over the so-called "empire" and the role of the state military force in the contemporary world engrossing the American academia. Consequently, the decisions made by the government are also subject to public and merciless criticisms by opponents. Therefore, it is not surprising at all that the foreign policy of the current president George W. Bush has nowhere been criticised as harshly as in the US. It is precisely this aptitude of the American society that is the source of the success of its foreign policy: mistakes are made, but there is a mechanism for their identification and ruthless elimination.

Today, the priorities of US foreign and security policy are far from our region for entirely understandable reasons. Americans are more concerned about the Middle East, which generates radical Muslim terrorism, or China, which is building its economic muscles, than the problems of the Kaliningrad transit or Russia's political, economic and propaganda penetration into its former colonies. However, this does not mean that there are no opportunities to attract the attention of the US government to these problems or seek its political backing if necessary. The democratic, open and pluralistic nature of the US society and

the government's dependence on public opinion provide exceptional opportunities for Lithuanian diplomacy, like those of any other country. However, as in the case of the EU, hard and consistent work, seeking allies, persuading the sceptics and attempts to defeat opponents are required as well. Perhaps this could be the true path to the solution of one of Lithuania's main foreign policy problems: normalisation of relations between Lithuania and Russia.

Naturally, the solution to this problem cannot be reached in one step or in one expressive gesture. It can only be reached by means of hard and unremitting work, which was described in the following way by the German sociologist Max Weber in his famous 1918 lecture *Politik als Beruf*: "die Politik bedeutet ein starkes langsames Bohren von harten Brettern mit Leidenschaft und Augenmass zugleich" [2]. It would be naive to hope that ingenious and patient actions of Lithuanian diplomacy would make the EU or the US ensure that relations with Russia are finally normalised. This could not take place without essential changes within Russia itself. However, even if we are forced to live under conditions when we can only dream about normalisation, we should not be naive and believe that the problem has disappeared altogether and that we don't need to work on it anymore.

2. "Politics is a strong and slow boring of hard boards. It takes both passion and perspective." Cited from M. Weber, "Politika kaip pašaukimas" [Politik als Beruf] (Translated from German by Tamara Grinkevičienė and Zenonas Norkus), *Politologija* 2 (1991), p. 60.