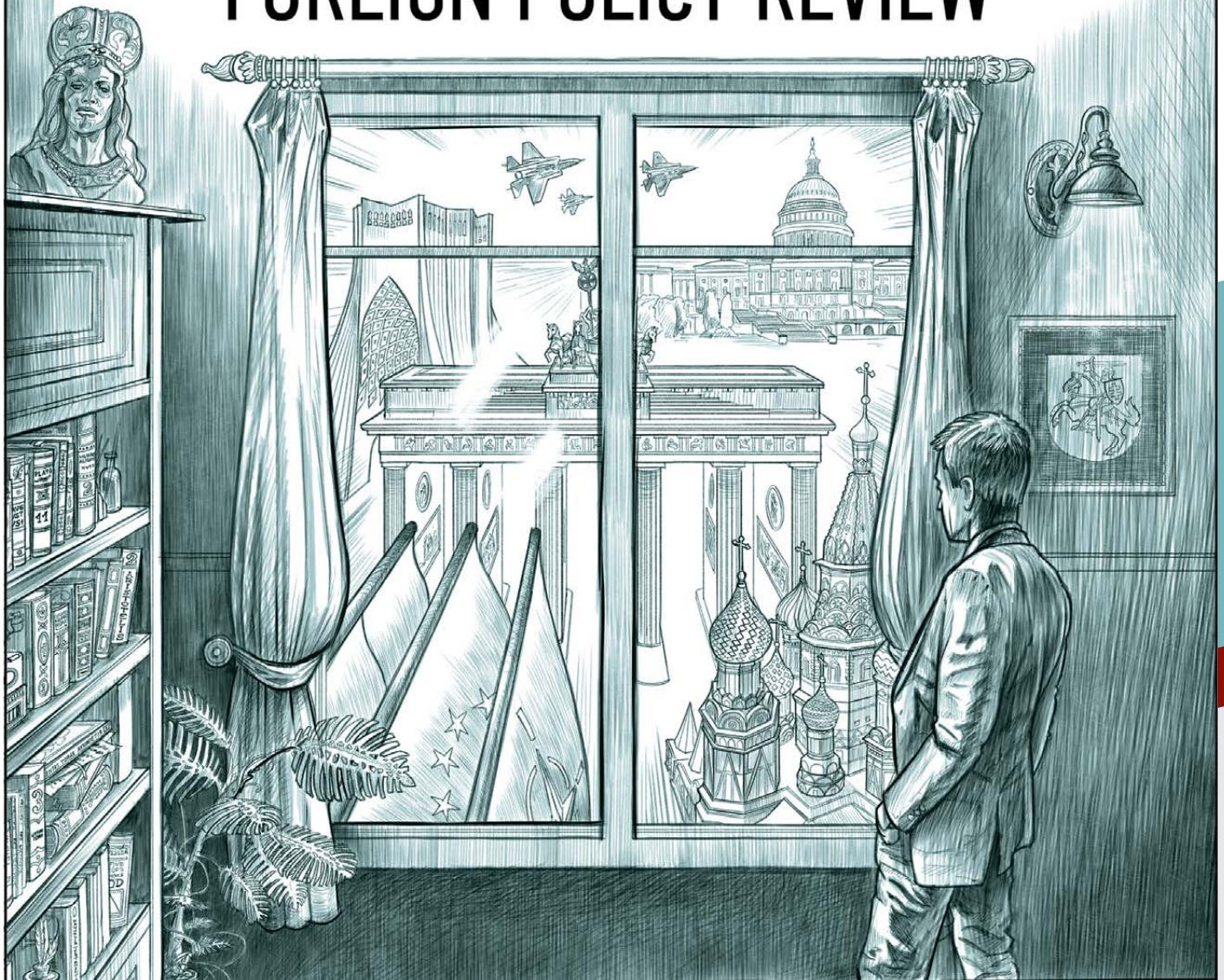


LITHUANIAN

FOREIGN POLICY REVIEW



Alexander Vershbow
on European Defence and NATO
Edward Lucas
on Transatlantic Turbulence
Chris Miller
on Russian Politics in Putin's New Term
Agnia Grigas
on 'Energy Islands'
Linas Kojala
on Eastern Partnership Policy Future

Plus Foreign Policy of Germany vis-a-vis
Central and Eastern Europe, Iran Deal
and its implications for Europe,
Lithuanian - Polish Relationship, OECD

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PRINTING HOUSE: UAB BSPB



PUBLISHER

Linas Kojala, Director of Eastern Europe Studies Centre (EESC), is Editor-in-Chief of this year's magazine. EESC is a nongovernmental, non-profit think-tank, established in Vilnius, Lithuania in 2006. It aims to analyze political and economic processes in Eastern Europe and beyond. EESC partners include European Commission, NATO Science for Peace and Security Programme, National Endowment for Democracy, USAID, CEPA, Foreign Policy Research Institute and others.



MAIN PARTNER

Ministry of Foreign Affairs of Lithuania



PARTNERS

The Konrad-Adenauer-Stiftung (KAS) is a German political foundation, which is in charge of projects in more than 120 countries. KAS is also cooperating in the publication of Lithuanian Foreign Policy Review by supporting articles by German authors, as well as the journal's printing and distribution.



US Embassy in Lithuania

U.S. Embassy in Lithuania supported U.S. experts contributing to this year publication.

ISSN: 1392-5504

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A NOTE FROM THE EDITOR

For a political scientist in Lithuania, there is no bigger privilege than to become a Chief Editor of one of its oldest publications, Lithuanian Foreign Policy Review (LFPR). The academic journal was established twenty years ago, in 1998, to discuss the challenges facing Lithuanian foreign policy. Gradually, it moved towards covering the security and foreign policy issues of the countries in Central and Eastern Europe, before expanding again to address the geopolitical and security problems of the entire region. With almost 40 volumes, it has become a well-known platform for debate on these issues.

Now, LFPR turns a new leaf by becoming an analytical, rather than an academic, annual publication. We expand in scope, discussing issues of global importance; we expand in terms of our contributors, combining Lithuanian expertise with the vast experience and insights of renowned foreign experts; we expand in distribution - this publication will reach new audiences via social media, internet, in addition to print. Finally, we expand in partners; I am extremely happy that the Ministry of Foreign Affairs of Lithuania, which has been one of LFPR's earliest partners, will remain a key partner, providing support while ensuring editorial independence.

However, I am also very happy to announce that LFPR will now be receiving additional support from Konrad Adenauer Stiftung and the U.S. Embassy in Lithuania, whose contributions were essential to make this current issue of LFPR as far-reaching as it is.

I am proud that the publication is full of well-known names and globally recognized experts, whose discernments have allowed LFPR to discuss a broader range of topics. Ambassador Alexander Vershbow provides important insights about the EU and NATO defense cooperation at a time when emotions and speculation, rather than rational arguments, often dominate the conversation. Edward Lucas, a recognized British security expert, discusses the ways for the Baltics to maintain their security throughout this period of transatlantic turbulence. Chris Miller, a rising star within U.S. academia on Russia, offers his thoughts about the fourth term of Vladimir Putin and Russia's economy. Agnia Grigas, a prominent scholar of energy security, evaluates the progress of Lithuania in seeking energy independence. Colleagues from Germany, Jakob Wollenstein and Tobias Ruttershoff, discuss the issues relevant for Central and Eastern Europe with regards to their relationship with Germany,



while Wolfgang von Stetten explains why Germany and Lithuania are currently enjoying bilateral ties that are stronger than ever before. Finally, Andžej Pukšto discusses Polish-Lithuanian relationship and key bilateral security projects.

Lithuanian authors contribute as well. I myself focus on the realities of the Eastern Partnership policy, as well as its challenging future. It is certainly still important, and Lithuania is one of the key players within the EU that can help in making it stronger. Dovilė Jakniūnaitė looks at how the Iranian Nuclear Deal situation has been evolving, and what the current standstill may imply for Europe. Marius Skuodis recalls the story of how Lithuania became the 36th country to join the OECD in 2018.

I am thankful for my colleagues at EESC, as well as all editors and advisors for their help in making this issue of LFPR possible. There is only one more thing – please, do not hesitate in sharing LFPR with your friends, colleagues and partners!

Sincerely,
LINAS KOJALA

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EUROPEAN DEFENSE: TIME FOR A HIGHER LEVEL OF AMBITION

ALEXANDER VERSHBOW

THE CONTEXT

President Donald Trump's address to the UN General Assembly in September 2018 was a fresh reminder of the United States' abdication of leadership and rejection of "globalism." On more and more issues – trade, climate change, the International Criminal Court and, most recently, the Iran nuclear deal – the United States is becoming increasingly estranged from its traditional allies and partners.

So far, NATO and transatlantic security have managed to survive the President's wrath. Despite Trump's complaints that NATO is "obsolete" and that Allies aren't paying enough for US protection, his Administration has actually increased US military presence in Europe and boosted funding for the European Deterrence Initiative. Thanks in large measure to the leadership of Secretary of Defense James Mattis, the Brussels summit in July 2018 adopted a wide range of decisions to bolster deterrence, increase readiness and expand NATO's role in fighting terrorism and instability along Europe's periphery.

But the President's tantrums during the summit, and his recent outbursts during the end-of-World War I commemorations in No-



For the first time, the European Union has agreed to take concrete steps to improve NATO's military readiness by using EU mechanisms to improve military mobility across European borders.

vember, suggest that his commitment to the Alliance is tenuous at best and should not be taken for granted. The European members of NATO (as well as Canada) will need to do more to convince this transactional US President to stay engaged with NATO, above and beyond meeting the 2%-of-GDP benchmark for their defense spending. Business as usual will not suffice.

NATO-EU COOPERATION

Increased cooperation between NATO and the European Union is one way to show Trump that Europe is pulling its weight. It is encouraging that, in the last 4-5 years, the procedural and

AMBASSADOR ALEXANDER VERSHBOW

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IN SHORT

- The European members of NATO (as well as Canada) will need to do more to convince this transactional US President to stay engaged with NATO, above and beyond meeting the 2%-of-GDP benchmark for their defense spending. Business as usual will not suffice.
- A more balanced Alliance would be good for NATO, good for the EU, and good for the transatlantic bond. Europe, the ball is in your court!

theological barriers to interaction between the two organizations have been overcome. Thanks to direct engagement between the NATO Secretary General and top EU leaders, as well as frequent contact between their staffs, NATO and the EU have adopted a joint playbook to counter hybrid threats, coordinated their maritime operations to curb illegal migration, and adopted a comprehensive program for future strategic partnership.

For the first time, the European Union has agreed to take concrete steps to improve NATO's military readiness by using EU mecha-



IMAGE: NATO allies tried to reassure U.S. President Donald Trump about their commitment increase defense spending (HM King Philippe (King of the Belgians), Trump, NATO Secretary General Jens Stoltenberg, Angela Merkel (Federal Chancellor, Germany) and Charles Michel (Prime Minister, Belgium) on May, 2017) (© NATO)

nisms to improve military mobility across European borders. This could include European Commission-funded infrastructure projects to enable the rapid movement of NATO forces to the Eastern flank, as well as political initiatives to overcome legal and procedural bottlenecks that could delay critical reinforcements.

For its part, NATO is taking a supportive stance toward the EU's latest initiatives aimed at boosting European capability development, Permanent Structured Cooperation (PESCO) and the European Defense Fund (EDF). Allies have also been supportive of the French-led European Intervention Initiative, which is outside the EU, but could enhance European capacity for crisis response operations in Europe's neighborhood.

This is all good news and I sincerely hope these efforts yield

concrete results. But the question is whether, in the age of Donald Trump – when US security commitments to Europe are in doubt – these modest steps are going to be enough.

TIME FOR EUROPE TO BE MORE AMBITIOUS

I would submit that Europe – and I mean both EU members and defense minded non-EU Allies like Norway and post-Brexit UK – must think much more ambitiously about European defense. They need to do this not only for Europe's own sake, but to keep the US engaged in transatlantic security for the long haul.

Donald Trump may be more transactional than conventional American leaders, but US complaints about burden-sharing and domestic pressures to pull back from global commitments will not



But the question is whether, in the age of Donald Trump – when US security commitments to Europe are in doubt – these modest steps are going to be enough.

disappear when Trump departs the scene. Both major US political parties are emphasizing “nation building at home” and the need to address long-neglected problems of infrastructure, education and health care. This may become even more pronounced in the wake of Democratic gains in the recent US mid-term elections.

Moreover, the value of Europe as America's chief military partner is no longer self-evident. Even if European Allies meet the 2% and 20% targets under the NATO defense investment pledge¹, and even if they deliver on all 17 PESCO projects, there is a risk that Europe will fall further behind the United States in military capability and technology, creating a two-tiered Alliance that could



The EU could make it a legally binding requirement for member states to meet the NATO 2% and 20% goals.

¹ At the 2014 Wales Summit, Allied leaders pledged to move toward spending 2% of GDP on defense by 2024, and at least 20% of their defense budgets on new equipment and technology.



IMAGE: Signing of the Joint Declaration on cooperation between NATO and the European Union (Donald Tusk (President of the European Council), NATO Secretary General Jens Stoltenberg and Jean-Claude Juncker (President of the European Commission) on July, 2018) (© NATO)

jeopardize the transatlantic bond. This is especially the case when it comes to the high-end capabilities needed to deter and defend against Russia's technologically advanced forces – capabilities which, today, are provided disproportionately by the United States.

STRENGTHENING NATO'S EUROPEAN PILLAR

To reinforce the transatlantic bond, Europe needs to go beyond increasing the EU's capacity for crisis management under the EU Common Security and Defense Policy (CSDP). Allies need to get more serious about boosting Europe's contribution to NATO itself. The goal should be to make NATO a more balanced alliance than has ever been the case in NATO's 70-year history. This is the way to show Donald Trump that NATO is really a "good deal" for the United States.

To this end, European allies need to start talking again about a stronger European pillar within the Alliance as the goal of European defense, rather than placing the accent on "strategic autonomy" for the European Union.

Why broaden the focus of European defense beyond CSDP? The fact of the matter is that, with Brexit, CSDP missions may become less likely, not more. Without UK forces, the military capacity of the EU is going to diminish significantly, by about 20%. Conversely, 80% of NATO's total military capability will be provided by non-EU allies. In addition to a decline in the EU's capacity for CSDP missions, European publics' preoccupation with internal challenges and the growing isolationism of populist leaders could reduce the EU's appetite for expeditionary missions beyond Europe's immediate neighborhood.

While CSDP may still be a viable option for small-scale peacekeeping or training missions in North Africa, most of the current CSDP missions are still dependent on the United States for key enablers like airlift, air-to-air refueling, and intelligence, surveillance and reconnaissance. Without greater European capacity in these areas, talk of "strategic autonomy" is premature, if not disingenuous, and the burden-sharing benefits for the United States are less than meets the eye.

Rather than focusing on strategic autonomy, the EU and all of the European allies should focus on greater self-sufficiency. As emphasized earlier, the focus should go beyond capabilities for crisis response operations to include the more robust, technologically advanced capabilities and enablers required for collective defense and deterrence vis-à-vis Russia. The European Union could take concrete steps to encourage EU Allies (and close partners like Sweden and Finland) to move in this direction, building on the example of the EU project on military mobility.

For example, the EU could make it a legally binding requirement for member states to meet the NATO 2% and 20% goals. A new, more robust series of PESCO projects could be adopted to encourage multinational collaboration on high-end capabilities. The EU could agree to fully align PESCO and EDF-funded projects with the capability priorities set by the NATO Defense Planning Process. This could be accompanied by a commitment to ensure that PESCO and EDF projects are open to participation by non-EU allies (including Turkey).

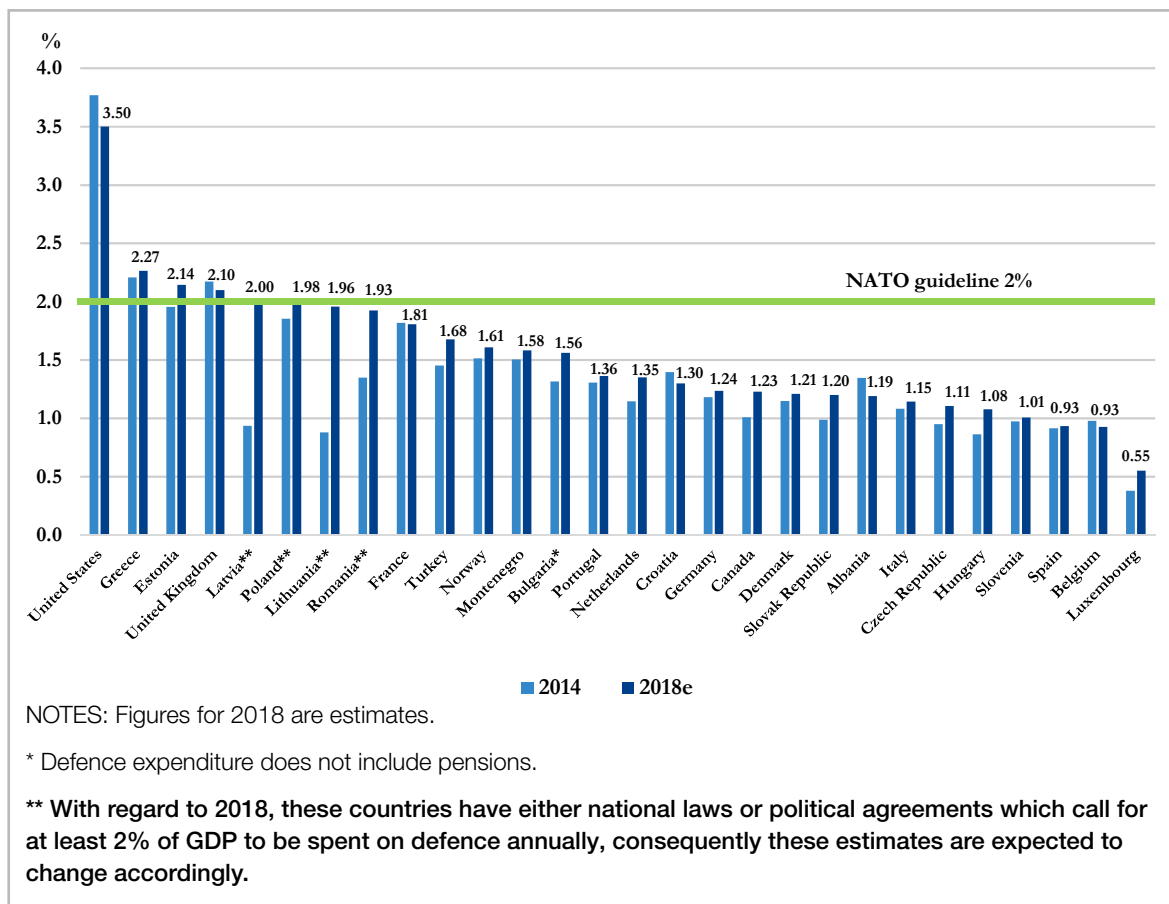


IMAGE: Defence expenditure as a share of GDP (%) (© NATO)

In some areas, the European members of NATO (plus Canada) could commit to provide 50% of NATO's requirements for key capabilities like combat aviation, airlift, aerial refueling, reconnaissance drones, and air and missile defense – areas where the Alliance is now overly dependent on the United States. Right now the “50% rule” is only an aspirational goal within NATO, not a binding requirement.

Reaching 50% might take a decade or more to achieve, and it could require additional resources. A place to start would be the implementation of NATO's new Readiness Initiative – the “four 30s.” Specifically, European Allies could agree to provide half of the 30 ground battalions, air squadrons and naval combatant ships

that must be manned, trained and ready to move in 30 days or less.

Aiming for Europe to provide 50% of key capabilities would be a more equitable and politically sustainable basis for keeping the US engaged over the long term, well after Donald Trump is gone. A stronger European defense pillar within NATO would also give the European allies greater political weight in Alliance decision-making. And it would mean that Europeans would finally have the full range of capabilities that they now lack to make strategic autonomy more than an empty slogan.

Looking beyond the military sphere, the EU and the US also need to forge a more balanced partnership in other domains,

such as: supporting Ukraine's and Georgia's independence and their resilience against Russian hybrid aggression; completing the Euro-Atlantic integration of the Western Balkans; and helping Europe's Middle Eastern and North African neighbors to fight terrorism and curb illegal migration. As would be the case with respect to defense capabilities, a Europe that can truly share political leadership and responsibility with the United States is the best way to convince the US to uphold its traditional role in Euro-Atlantic security.

In short, a more balanced Alliance would be good for NATO, good for the EU, and good for the transatlantic bond. Europe, the ball is in your court! 🇪🇺

THE BALTICS IN AN ERA OF TRANSATLANTIC TURBULENCE

EDWARD LUCAS

Two easy stories – in effect, fairy-tales – commonly define the Baltic states' position in the Euro-Atlantic security architecture. Both are bewitchingly simple. Both are wrong. They go like this.

One fairy-tale depicts the Baltic states as heroic and beleaguered, the frontline states in the new cold war. They live next door to an evil empire which devotes most of its time to subverting them. There is a huge military build-up on their borders. Russian-backed parties are on the rise in their domestic politics. As things stand, the Russian armed forces could be in Tallinn, Riga and Vilnius within hours. There is nowhere to retreat to, and no way of getting reinforcements there in a hurry. The only hope for these countries (often referred to as "tiny") is massive international support. We need permanent military bases, preferably with an armoured brigade (or two) from nuclear-armed NATO countries. Even that won't really be enough. We need to realise that the only real way we have of deterring Russian aggression is a ruthless readiness to use nuclear weapons.

This approach makes Estonia, Latvia and Lithuania into two-dimensional places rather than real countries. It hugely exaggerates

the threat from Russia. In terms of Russian influence operations, the real frontline states are not Estonia, Latvia and Lithuania, but Germany, Italy and the United States. Framing the security question narrowly in the Baltic Sea region also does exactly what the Kremlin wants, by isolating the Baltic states' territorial defence from the broader questions of NATO credibility and security. Topography becomes destiny.

The real point about Baltic security is that it involves NATO territory. Of course Russian troops could, if they really wanted to, launch a surprise attack, invade and occupy the island of Svalbard, the Danish island of Bornholm, or a single, defenceless rocky outcrop in the Aleutian islands off Alaska. We do not respond to these threats by placing armoured divisions on every scrap of land. Instead, we take a strategic view of defence and deterrence. Russia, and any other aggressor, knows that attacking the territory of any NATO member risks a response from the whole alliance, which will be directed not necessarily against the theatre in which the initial aggression has taken place.

That leads on to the second fairy-tale, which is a grim story

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His expertise also includes energy, cyber-security, espionage, information warfare and Russian foreign and security policy. Formerly a senior editor at The Economist, the world's foremost newsweekly, he is now a senior vice-president at the Center for European Policy Analysis (CEPA). He writes a weekly column in the London Times.

IN SHORT

- Framing the security question narrowly in the Baltic Sea region does exactly what the Kremlin wants, by isolating the Baltic states' territorial defence from the broader questions of NATO credibility and security. Topography becomes destiny.
- A particular vulnerability is the land border between Lithuania and Poland, known as the Suwalki corridor or gap. This 65 km stretch of land between Belarus and Russia's Kaliningrad exclave is traversed by just two road links and one railway line.
- Increasing the alliance's air policing presence in the Baltic states, bringing heavy armour from the United States, or holding a live-fire military exercise would be at best a symbolic (and probably belated) answer to such incidents.
- The gap between Russia's ability to attack and the West's ability to defend is growing, not shrinking. And Europe's ramshackle security architecture is facing a wholly new challenge: China.

of betrayal and hopelessness. It goes like this. The Baltic states are doomed without Western support.



Barack Obama provided only symbolic, verbal support after Russia's aggression in Ukraine. Donald Trump has no intention of providing even that. In his transactional view of the world, what matters is "America First", and that does not involve taking risks for small countries.

But division in the EU, and treachery in Washington, DC, means that this support is no longer forthcoming. Germany is doing deals with Russia on energy. Italy, Hungary and Greece are forming an ominous pro-Kremlin alliance within the EU. Federica Mogherini is interested only in keeping Russia onside to save what is left of the Iran nuclear deal. Nothing must be allowed to get in the way of that. Ukraine, in short, has been abandoned by Brussels. The Baltics will be next.

American support, in this account, is a sham too. Barack Obama provided only symbolic, verbal support after Russia's aggression in Ukraine. Donald Trump has no intention of providing even that. In his transactional view of the world, what matters is "America First", and that does not involve taking risks for small countries. Moreover, the president is in thrall to Vladimir Putin for sinister and secret reasons. The price of that relationship is that

he abandons allies and allows the Kremlin to restore its empire.

That makes perfect sense until you look at the facts. It is true that Europe is divided. It has always been divided. But it still manages to maintain a surprisingly coherent foreign policy. The response to the attempted nerve-agent poisoning of Sergei Skripal and his daughter in Salisbury led to a surprisingly coherent and robust response. Russia does have some assets in European politics – but it has liabilities too. Greece, for example, has become exasperated with Kremlin interference in the Macedonian dispute, and with the Moscow Patriarchate's heavy-handed approach to the politics of the Orthodox Church.

It is also true that President Trump has expressed himself with dismayingly crudeness about alliances. He has called the EU an enemy, threatened to withdraw from NATO, decried the idea that the alliance's Article 5 security guarantee applies to its newest member, Montenegro, and conducted highly unusual bilateral personal diplomacy with Vladimir Putin. But these problems need to be seen in perspective. Although the tone of Mr Trump's criticism of NATO is new, the substance is not. European allies have been under-spending on defence for decades. American officials have repeatedly warned of the dangers of this. Mr Trump may express himself with unprecedented acerbity, but nobody can claim to be taken unawares.

Moreover, the presidency is only one part of the American political system. Support in Congress for European security has never been higher. American support for European defence in practical terms is rising not falling. The budget for

the financial year starting in 2019 includes \$6.5bn for the "European Deterrence Initiative" (previously called the European Reassurance Initiative). The Pentagon requested \$4.8bn in the current financial year and received \$3.4bn in the previous one. The U.S. Army presence in Europe, after years of decline, is now growing again. From 200,000 soldiers at the end of the cold war, numbers dropped to around 33,000 in 2015.

Though permanent bases are not yet on the U.S. agenda, in the last few years the army has established unprecedented continuous-presence deployments in the CEE region of:

1. An armoured brigade combat team in Poland, constantly on the move in dispersed or combined formations;
2. A Stryker battalion in north-eastern Poland, leading NATO's Enhanced Forward Presence Battle Group;
3. A divisional C2 element in Poznan, Poland;
4. Army aviation brigade assets dispersed in Germany, Poland, Baltics, and the Black Sea region;
5. A Special Operations element in western Poland and the Baltics; and
6. Increased engagement by National Guard State Partner units.

The army is upgrading its prepositioned stocks of ammunition and equipment and, as mentioned above, building training bases in Romania and Bulgaria. U.S. staff officers, 24 in total, are assigned to the tripwire forces in the Baltic states and Poland, known as NATO Force Integration Units (NFIUs). A further 22 personnel are assigned to the Multinational Corps



IMAGE: The Suwalki Gap is a vulnerable corridor along NATO's eastern flank (© Wiki)

Northeast (MNCNE), a new NATO headquarters in Poland. A new program of exercises envisions a significant Army uptick by 2020. Separately, the U.S. Air Force has increased the activity of its 10-member Aviation Detachment in Poland, with increased rotational deployments including spikes during Russian exercises. The U.S. Navy has increased its Baltic ship visits and exercise activity; it is completing final stages of its Aegis Ashore (Ballistic Missile Defence) site on Poland's northern coast. The U.S. Marine Corps continues significant training engagement in the Black Sea region, while doubling its presence in Norway from an initial 330 to 700. The U.S. defence budget allocates \$15.7m for a special forces training and operations base in Estonia.

There are still some problems. The topography makes conventional military defence difficult. A particular vulnerability is the land border between Lithuania and Poland, known as the Suwalki corridor or gap. This 65 km stretch of land between Belarus and Russia's Kaliningrad exclave is traversed by

just two road links and one railway line. As a recent report by CEPA notes, if free movement of troops and equipment through this corridor were constrained, land reinforcement of Baltics would be exceptionally difficult, and NATO's credibility undermined. Much needs to be done in both planning and infrastructure development to increase the resilience of the Suwalki gap, for example by boosting tripwire forces, increasing military mobility, improving intelligence-sharing and speeding decision-making.²

The other main problem is air defence. NATO can boost its ground presence in the region and harden infrastructure, but the military logic is forbidding. Russian A2/AD (Anti-Access /Area Denial) capabilities greatly exceed those of Estonia, Latvia and Lithuania, and of their NATO allies. A recent report by the Tallinn-based ICDS think tank highlights two big shortcomings:

1. in C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance), including gaps in low-level radar coverage, vulnerabilities in



NATO can boost its ground presence in the region and harden infrastructure, but the military logic is forbidding. Russian A2/AD (Anti-Access /Area Denial) capabilities greatly exceed those of Estonia, Latvia and Lithuania, and of their NATO allies.

the communications network for air command and control, insufficient trained personnel to command and control air defence operations in times of crisis, inadequate interoperability with deployed NATO air defence assets, a lack of situational awareness of Finnish and Swedish airspace, and the lack of a standing NATO Joint Force Air Component for air command and control in times of crisis; and

² Securing the Suwalki Corridor: Strategy, Statecraft, Deterrence, and Defense, by LTG (Ret.) Ben Hodges, Janusz Bugajski, Peter B. Doran, Center for European Policy Analysis, July 2018 <https://www.cepa.org/securing-the-suwalki-corridor>

2. in weapons systems, including the lack of integration of existing Ground-Based Air Defence systems with Baltic air command and control arrangements, limited missile stockpiles, the non-availability (in some cases) of Ground-Based Air Defence from the start of a crisis, and the lack of anything other than short-range Ground-Based Air Defence systems.³

Yet the overall picture more than reassuring. Indeed, far from being on the cusp of disaster, transatlantic security is, by the standards of the past, in something of a golden age.

The panic and pessimism of the two fairy-tales should therefore be put aside. The real story is nuanced and broadly encouraging. Since the alarming years of 2007 (cyber attack on Estonia), 2008 (war in Georgia) and 2009 (aggressive Russian military exercises) the picture has transformed.

In particular, the likelihood of a sudden Russian surprise attack has sharply diminished thanks to the positioning of tripwire forces.

The real question is now not about territorial defence – and the doomsday thinking of the balance of terror which underpins it. Such questions are just one part of 21st-century security, not the whole. No local military solution, in either the Baltic region or for that matter in the Black Sea, will be adequate on its own. Nor are nuclear weapons a complete answer to Russia's capacious and well-stocked hybrid-warfare arsenal. The central components of collective defence are resilience and an effective deterrent that is not tied to any particular geographical theatre.

What would most benefit Baltic security is a robust and innovative transatlantic discussion on these issues. We need to make our states and societies resilient



Russian penetration of some NATO European allies mean that it could be difficult to achieve a rapid consensus at the North Atlantic Council in response to a Russian provocation, in particular one with substantial non-military elements.

against Russian hybrid attacks. And we need to develop next-generation deterrents, such as rapid, punitive financial and visa sanctions, or the use of cyber and information weapons.



IMAGE: President Emmanuel Macron of France and German Chancellor Angela Merkel call for a greater European military and defense cooperation (© NATO)

³ "Air Defence of the Baltic States" by Sir Christopher Harper, Tony Lawrence and Sven Sakkov. International Centre for Defence Studies, Tallinn, Estonia, May 2018 https://uploads.icds.ee/ICDS_Report_Air_Defence_Christopher_Harper_Tony_Lawrence_Sven_Sakkov_May_2018.pdf

Neither of these is yet part of our strategic planning. In response to a Russian non-military provocation, such as an economic blockade, targeted assassinations, cyber-attack, sabotage or subversion, NATO has few means of coordinating a response to minimise the effects, or to provide a deterrent response in the right timeframe. Increasing the alliance's air policing presence in the Baltic states, bringing heavy armour from the United States, or holding a live-fire military exercise would be at best a symbolic (and probably belated) answer to such incidents.

Rebuilding resilience and developing next-generation deterrence requires a transformation in government and society, breaking the silos that contain our counter-intelligence, criminal justice, financial supervision, internet security and media regulation, while refashioning our threadbare security culture. This process will be costly and difficult, with some painful trade-offs. It will be particularly hard to do this at a time of increasing fragmentation and decreasing trust.

A particular problem for the Baltic states is decision-making. Russian penetration of some NATO European allies mean that it could be difficult to achieve a rapid consensus at the North Atlantic Council in response to a Russian provocation, in particular one with substantial non-military elements. That would put a particular emphasis on other countries' abilities to respond independently of NATO, in particular the U.S.

Fragmentation and paralysis are far from inevitable. A costly and risky new era of post-Atlantic defence may not be inevitable, but we must prepare for it. The question is not whether our security environment is changing, but how Europe



The leadership vacuum created in Europe by the Trump presidency is already being filled. Old dividing lines are blurring. An Anglo-French expeditionary force aims to be operational by 2020. Mr Macron, who says that Europe can no longer rely on the U.S. in security matters, has launched a French-led, nine-country European Intervention Initiative, which is independent of both NATO and the EU.

manages that change.

Brexit both complicates and simplifies matters. It acts as a severe distraction in the short term, consuming scarce time and energy. But it also precipitates new thinking. In the past, Britain, along with Turkey, has acted as a brake on EU defence cooperation, now labelled PESCO (Permanent Structured Cooperation). It saw such efforts as a French-led attempt to undermine the Atlantic alliance, dangerous if it worked, and a distraction if it did not. Britain's looming departure from the EU means that policy-makers in London can no longer hold back PESCO. Yet at the same time, Britain is aware that its clout in military, security and intelligence

matters offers the best chance of keeping a role in post-Brexit European decision-making. Meanwhile, Turkey's autocratic leadership has marooned that country on the diplomatic margins.

But Britain is now no longer blocking European defence cooperation. Instead, it hopes to shape it, along with France and in cooperation with Germany. EU-NATO ties, long blocked by Turkey, are flourishing too.

A particular priority here is promoting military mobility – a capability which has withered since the end of the cold war. Bureaucratic procedures for crossing borders, access to scarce rail-freight capacity and other infrastructure bottlenecks, strengthened bridges, and speedy permission for the transport of live ammunition are all inadequate, startlingly so in many respects. EU-NATO cooperation offers an ideal framework for dealing with these problems.

In short, the leadership vacuum created in Europe by the Trump presidency is already being filled. Old dividing lines are blurring. An Anglo-French expeditionary force aims to be operational by 2020. Mr Macron, who says that Europe can no longer rely on the U.S. in security matters, has launched a French-led, nine-country European Intervention Initiative, which is independent of both NATO and the EU. The main aim is to keep post-Brexit Britain involved in European collective security. Another, British-led, joint expeditionary force includes non-NATO Sweden and Finland, plus Norway (not an EU member), as well as Denmark, which opts out of EU defence policy.

Other bilateral and multilateral ties are strengthening too. Sweden and Finland have started unprec-



IMAGE: Trident Juncture 2018 was NATO's largest exercise in many years, bringing together around 50,000 personnel from all 29 Allies, plus partners Finland and Sweden (© NATO)

edented bilateral intelligence-sharing and military cooperation. The Northern Group, a twelve-country defence forum, comprises Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, the Netherlands, Norway, Poland, Sweden and the UK. Nordefco brings the five Nordic countries together. The Bucharest-9 convenes the countries of the alliance's eastern flank: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. The Three Seas Initiative brings together twelve EU member countries along a north-south axis from the Baltic Sea to the Adriatic Sea and the Black

Sea: Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. All, except Austria, experienced some form of communist rule and have joined the EU since 1986. Though the initial focus was on infrastructure, the Three Seas Warsaw summit in 2017 was attended by President Trump.

These new groupings are overlapping and untried. They cannot on their own substitute for the clout and credibility of structures with tried and tested formal decision-making, such as the EU and NATO. But in some circumstances

they may offer greater speed and flexibility. Instead of the lumbering 29-country NATO bureaucracy, with its vulnerability to vetoes and delays, the new coalitions can bring together countries that are likely to share similar perceptions of the threat, and to trust each other to contribute speedily and effectively in dealing with it.

Many more such security arrangements are needed. Sometimes the US will be a conditional partner, other times it will be absent. Some of these groupings will be loose; others such as those dealing with counter-terrorism, will be tightly knit.

The trajectory of these efforts is encouraging. But so far the pace is too slow and the costs high. The gap between Russia's ability to attack and the West's ability to defend is growing, not shrinking. And Europe's ramshackle security architecture is facing a wholly new challenge: China.

The notable paradox here, though, is that Russia's persistent sabre-rattling and mischief-making in the Baltic region have achieved little and cost much. Non-NATO Sweden and Finland are closer to the alliance than ever before. NATO has accepted, reluctantly, that the territorial defence of the Baltic states cannot be taken for granted. It developed reinforcement and (later) contingency plans. Military exercises in the region are unprecedented in frequency, scale and scope. NATO allies' presence in the region is growing. From these results it is clear that Russia's policy in the Baltic-Nordic region since the 1990s has been almost wholly counter-productive. For that, at least, we can be grateful to Mr Putin. ■

RUSSIAN POLITICS IN PUTIN'S NEW TERM

CHRIS MILLER

Russian President Vladimir Putin is the great survivor of European politics. Western leaders come and go, but Putin has persisted. He has managed to hold on to power for nearly two decades, through three foreign wars, two economic crises, multiple presidential and parliamentary elections (of varying degrees of fairness), a series of leadership reshuffles, the rise and fall of oil prices, and successive waves of economic sanctions. Among European leaders, he has been in power longer than anyone except Belarus' dictator Alexander Lukashenko. Among world leaders, he is rivalled only by the presidents of Kazakhstan, Tajikistan, Cambodia, Samoa, and a bevy of African strongmen.⁴ One might think that, having survived for so long at the top of Russian politics, and having recently won a new term in office, giving him six more years as Russia's president, Vladimir Putin might feel secure.

Yet there is reason to think that the next several years will present new challenges to the Kremlin – and that President Putin realizes at least some of the risks ahead. On the foreign policy front, Rus-

sia's confrontation with the West looks unlikely to end soon. Russians' hope that the election of Donald Trump as U.S. president would herald a major change in American policy toward Russia was mistaken. Nor does Europe's approach toward Russia look likely to change soon. If anything, Russia looks likely to devote more attention and more resources on foreign policy over the next five years than during its recent past. Amid this backdrop of foreign policy confrontation, the aftershocks of the 2014 crisis – when Russia was confronted both with an oil price crash and Western sanctions – are still being reverberating around Russian society at home.

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If anything, Russia looks likely to devote more attention and more resources on foreign policy over the next five years than during its recent past.

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IN SHORT

- The U.S. has given Russia no concessions on Ukraine or on sanctions, and its policies toward Syria look little different from those of the Obama Administration. There is no reason to expect that this will change.
- In Russia, the economic effects of the 2014 crisis, while they were felt immediately, some of the economic pain has been building up, and will only be felt in coming years.
- The Kremlin has been trying to develop a new cadre of younger, more technocratic officials to serve in the presidential administration, and as regional governors. But the most powerful people in Russia were also the most powerful people a decade ago. The president's closest advisers, so far as outside observers can tell, all have a similar worldview, and are all similarly cut off from broader trends in Russian society.
- The combination of these three factors – ongoing foreign policy confrontation, aftershocks of the economic crisis, and increasingly volatile domestic political management – suggest that Vladimir Putin's current term in office will be more complicated than his last one.

⁴ And, depending on how you count the status of Iranian Supreme Leader Ali Khamenei, Iran.



IMAGE: President of Russia arrives to the BRICS Leaders' Summit, with economy at home facing struggles (© GCIS)

CONFRONTATION WITH THE WEST

Donald Trump's election as U.S. president surprised most analysts in Moscow but also created a sense of optimism that world events were moving Russia's way. True, some Russian analysts pointed to what they described as longstanding Russophobia in American politics as constraining Washington's willingness to compromise. Others noted that U.S. policy toward Russia is not only decided by the President, but also shaped by congress and by public opinion. But most Russian analysts believed that Trump's election made far more likely U.S.-Russian deals on issues such as Ukraine, Syria, and sanctions – deals that

would be made possible by U.S. concessions to Russia. None of this has materialized. In contrast to the president's statements, his administration's policies on Russia have been comparatively tough. The U.S. has given Russia no concessions on Ukraine or on sanctions, and its policies toward Syria look little different from those of the Obama Administration. There is no reason to expect that this will change. The U.S.-Russia confrontation is likely to persist, unless the Kremlin begins making unexpected concessions.

Russia's relationship with Europe looks little better. After Trump's election, many in Moscow staked bets on Marine Le Pen. The



Sanctions on Russia are more likely to be intensified than weakened. In the United States, Congress is set on punishing Russia for a range of sins.

Kremlin feted her in Moscow before the first-round vote in the French presidential election.⁵ Though Le Pen made it into the run-off, she was roundly defeated by Emmanuel Macron, who has adopted a relatively tough policy toward Russia, driven in part by allegations that Russians hacked Macron's campaign. Meanwhile, Angela Merkel, who devised Europe's policy of sanctioning Russia and supporting Ukraine, has survived as German Chancellor. The attempted assassination of Sergei Skripal in the U.K. and ongoing revelations of Russian spying and hacking across Europe mean that EU sanctions on Russia are unlikely to be lifted soon.⁶

Sanctions on Russia are more likely to be intensified than weakened. In the United States, Congress is set on punishing Russia for a range of sins. The perception that President Trump does not take seriously Russian meddling in U.S. elections has encouraged Congress to pass legislation obligating the administration to sanction Russia. Next up could be restrictions on Russia's ability to issue sovereign debt. Thus far, only

⁵ <https://www.nytimes.com/2017/03/24/world/europe/marine-le-pen-of-france-meets-with-putin-in-moscow.html>

⁶ <https://www.nytimes.com/2018/09/14/world/europe/russians-salisbury-swiss-lab-sabotage.html#click=https://t.co/nqf85g90xM>

Russian corporations have faced restrictions on their ability to issue debt in U.S. and EU markets. Because the U.S. and the EU have the world's deepest capital markets, this has all but prevented sanctioned Russian firms from issuing debt abroad.

Russia's government, however, has not yet been touched directly – yet. The U.S. Congress is considering legislation that would change this. If passed, the legislation would make it extraordinarily difficult for Russia's government to borrow abroad, forcing up the borrowing costs of Russia's government and, by extension, Russian corporations, too. The Russian government has a low government debt level compared with most other countries, but Russian firms – including state-owned corporations such as Gazprom – have borrowed heavily abroad. They will face higher costs when they seek to borrow in the future. Yet borrow they must. Russian firms currently have over \$300 billion in loans from abroad, which they must either regularly refinance or repay. If they were unable to refinance their loans, Russia's economy would face a severe shock. Such a scenario, however, is unlikely. More likely is that Russian firms will have to pay more to borrow in the future, reducing their profits and their ability to invest. Estimates of the aggregate economic impact of restrictions on Russian sovereign debt issuance – including the secondary effects on corporate borrowing costs – vary, but there is little doubt that they would have a meaningful effect on Russian GDP growth and would probably force Russia's government to increase taxes or reduce government spending.

THE LEGACY OF 2014

Increasing foreign policy tension comes as Russia is still dealing with the effects of the 2014-2015 economic crisis. When oil prices crashed and the West imposed the first round of financial sanctions in 2014, Russia's economy fell into recession; the ruble fell by 50% against the dollar; and Russian's inflation-adjusted wages fell by around 10%. Since then, however, Russia's economy has returned to growth, and inflation has fallen from double-digit rates to around 3%, among the lowest levels recorded in modern Russian history.

Yet it would be wrong to conclude that Russia has fully recovered from the 2014 crash. In fact, the economic and political costs of the crisis are only now becoming clear. In the West, the knock-on effects of the 2008-2009 financial crisis are still being felt a decade later. Consider the Greek debt crisis, which was sparked by the



Yet there are two reasons to think the Kremlin's political skill might be declining. One reason is that, after 20 years in power, Russian leaders are increasingly out of touch with how average Russians think.

global financial crash, but which did not itself peak until several years after the global crisis had subsided. In political terms, the aftershocks of the 2008 crash are still being felt, with many analysts attributing the success of populist political movements in the U.S. and Europe to the effects of the economic crisis.



IMAGE: Economic situation led to protests in Russia (St. Petersburg, 2017)
© Alexei Koupryanov

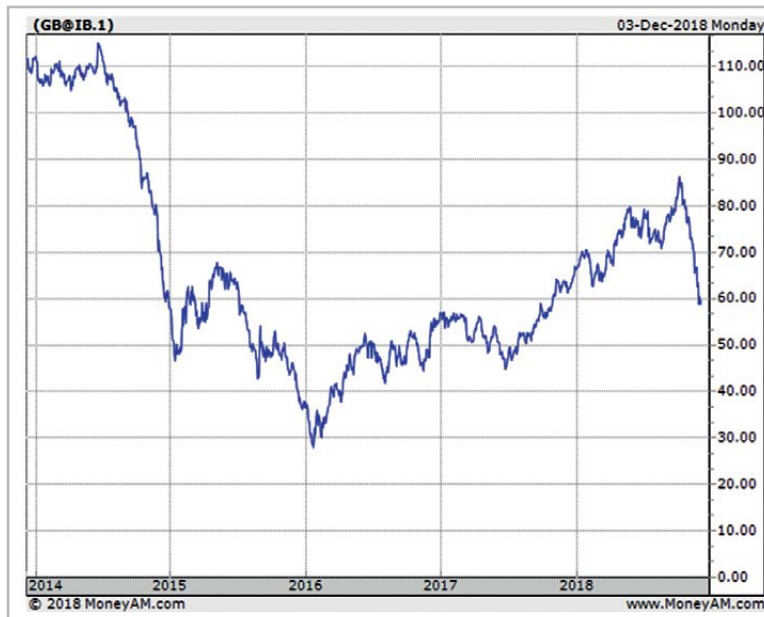


IMAGE: Brent crude oil price (USD) fluctuations over the last five years
(© moneyweek.com)

In Russia, the economic effects of the 2014 crisis, while they were felt immediately, some of the economic pain has been building up, and will only be felt in coming years. One mechanism for this was via Russia's financial system. After 2014, when Russia's largest banks were placed under Western financial sanctions, Moscow let several smaller banks, including Otkritie and B&N Bank grow rapidly as part of an implicit strategy to ensure that credit kept flowing even amid the economic shock. Yet these banks had little effective oversight and lent and invested poorly. Since the beginning of the year, these two banks and others like them have collapsed, necessitating a government bailout, the costs of which will reach in the tens of billions of dollars, adding to the government's debt. A second mechanism by which

crisis-era pain was stored up for the future was via regional governments. They, too, borrowed heavily in recent years, and many are highly indebted. They will either need vast tax increases, spending cuts, or bailouts by the central government to stay solvent.

Ultimately, however, the costs of bailing out Russia's banks - and potentially its regional governments as well - will be manageable for the Kremlin. More worrisome are the political aftershocks of the 2014 crisis. Putin's popularity rating was sky-high throughout 2015 and 2016, even as Russia's inflation rate spiked and inflation-adjusted wages collapsed. The Russian President sailed through reelection in the March vote, accumulating 76% of the vote - in large part by ensuring he faced no serious opposition candidates.

Yet polls suggest Russians want change, even if they cannot define what type of change they want.⁷ Recent elections have not gone the Kremlin's way. In September, races for regional governorships were unexpectedly forced into runoffs. And Putin's own popularity rating has sunk to around 70%, the lowest level since Crimea was annexed, according to the independent pollsters at Levada Center.⁸ The West has suffered political aftershocks stemming from the 2008 crash more than a decade after the economic low point. The political aftershocks of 2014 in Russia may be just beginning.

IS THE KREMLIN LOSING ITS TOUCH?

The risk of aftershocks from the 2014 crash comes amid increasing speculation that the Kremlin is losing its domestic political touch. Since the annexation of Crimea, the Kremlin has benefited from a skillfully executed domestic campaign to paint Putin as a tsar who has restored Russian greatness, and to paint his opponents as fifth-columnists seeking to undermine Russia. All of Russia's problems, it was argued, were caused by Russia's opponents in the West, or by a tiny minority of oppositionist Russians who collaborated with Russia's enemies. This rhetoric proved powerful in Russian domestic politics, undergirding Putin's popularity during a challenging time.

Yet there are two reasons to think the Kremlin's political skill might be declining. One reason is that, after 20 years in power, Russian leaders are increasingly out of touch with how average Russians think. Given

⁷ <http://carnegie.ru/2018/02/06/perils-of-change-russians-mixed-attitudes-toward-reform-pub-75436>; <https://carnegie.ru/commentary/75261>

⁸ <https://www.levada.ru/en/ratings/>

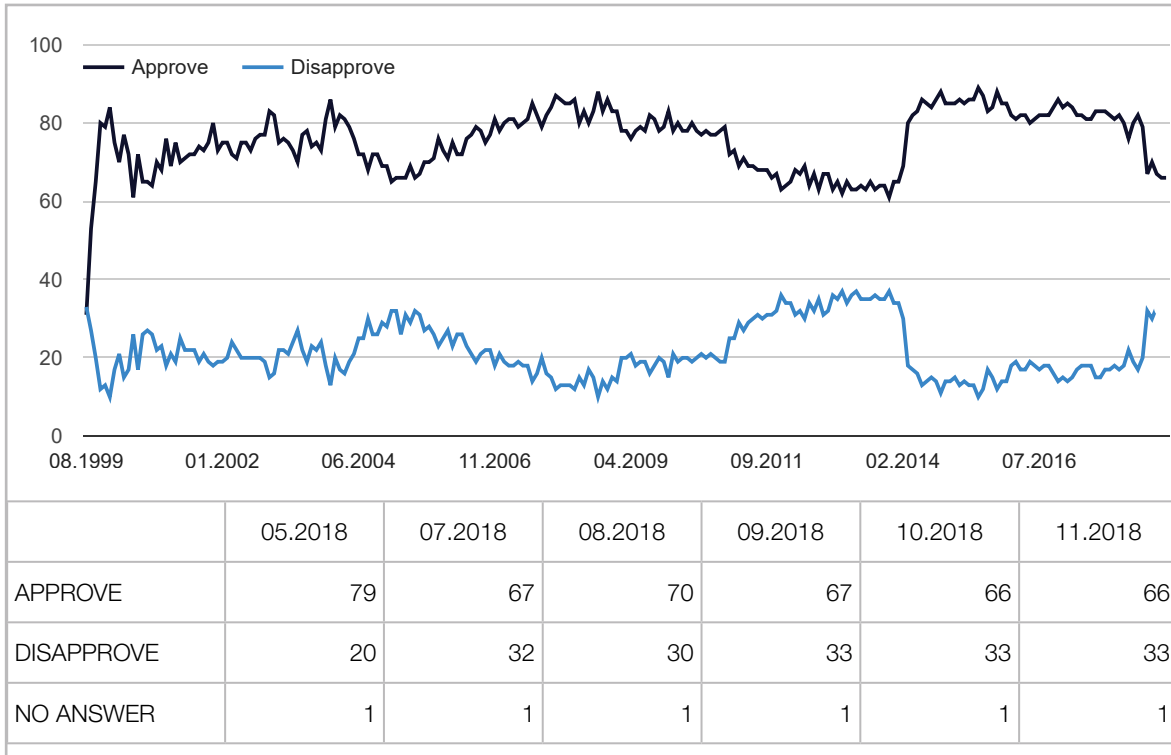


IMAGE: Putin's approval rating (© Levada)

that they have few interactions with typical Russians and few occasions on which they must consider the views of average Russians, this is perhaps not surprising. True, the Kremlin has been trying to develop a new cadre of younger, more technocratic officials to serve in the presidential administration, and as regional governors. But the most powerful people in Russia were also the most powerful people a decade ago. The president's closest advisers, so far as outside observers can tell, all have a similar worldview, and are all similarly cut off from broader trends in Russian society.

This isolation from Russian society may explain the second reason to think that the Russian government's talent for domestic politics is declining: their recent decisions are highly unpopular. Since Putin's reelection, Russia's government

has increased the value-added tax, adding to the price of nearly every good. More controversially, it has announced plans to raise the age at which Russians receive old-age pensions, sparking sizeable protests. These steps toward austerity have occurred despite that Russia's government budget is currently balanced – meaning that there was no obvious need for spending cuts or tax hikes. True, Russia's pension system, which currently has very low retirement ages, will become increasingly costly over the long run. But there was no immediate financial need to hike the pension age. The decision to do so, and to phase in the changes quickly, have sparked popular anger.

CONCLUSIONS

The combination of these three factors – ongoing foreign policy confrontation, aftershocks of the

economic crisis, and increasingly volatile domestic political management – suggest that Vladimir Putin's current term in office will be more complicated than his last one. The Kremlin probably thought that the past several years, which involved the annexation of Crimea, a multifaceted war with Ukraine, and a large-scale military intervention in Syria, were complicated enough. Yet none of these challenges are going away. Russia's leaders will need to continue managing a complicated foreign policy agenda, even as they face more domestic dissent than at any point since the anti-Putin protests of 2011–2012. Vladimir Putin has proven himself skilled at surviving shocks both foreign and domestic. He will need all this skill and more to survive his six years as Russia's president. ■

AGNIA GRIGAS: LITHUANIA IS NOT AN “ENERGY ISLAND” ANYMORE

Lithuanian Foreign Policy Review sat down with Dr. Agnia Grigas, who is a leading international expert on energy security and foreign policy, in order to talk about the future of the Nord Stream 2 pipeline, U.S. efforts to increase its natural gas exports to Europe and to discuss Lithuania’s energy policy achievements.

LFPR: *One of your recent articles states that Nord Stream 2 is a ‘Bad Deal for Europe’, because it undermines Europe’s energy security strategy and creates new security risks. You also note its impact on cyber and the export of corruption. What is your argument?*

Agnia Grigas: Nord Stream runs counter to EU’s official energy strategy because it fails to diversify EU’s gas import sources and routes. Instead, it increases EU’s dependence on Russian gas, and concentrates current gas importation routes through the expanding of existing Nord Stream pipeline. Such a concentration of imports along a single route makes supplies more vulnerable to technical malfunctions, cyber-attacks, and military accidents. Nord Stream 2 can also serve as a means for

Russia to further export corruption and influence on German business and political life.

LFPR: *You also mentioned that there might be some cracks in the implementation of Nord Stream 2. Do you think it is going to be implemented? Is there anything countries like the Baltics or Poland could still do to defend their interests?*

AG: Washington has threatened to pursue sanctions against Nord Stream 2 and against Western companies involved in the project. They appear increasingly serious. The fact that [one of the] Nord Stream 2 participants, the German company Uniper, said that it would pull out of the project if the US implemented sanctions signals that there is a limit to the economic and political risks European companies are willing to bear for this project. Moreover, Nord Stream 2’s decision to take an alternative route via Danish waters because of delayed approval by the Danish government to the initial route also signals potential problems for the project. Nonetheless, without sanctions from the US or a firm decision by the EU, Nord Stream 2 most likely will be implemented.

DR. AGNIA GRIGAS

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Until member states are willing to uphold the interests of the Union over their national interest groups, it will be difficult for Brussels to transform Europe’s energy realities or to have greater leverage vis-à-vis energy suppliers such as Russia.

LFPR: *Europe has stated its goal to have a common energy policy. Do you see any real and tangible developments towards this direction?*

AG: There have been a lot of positive developments over the last

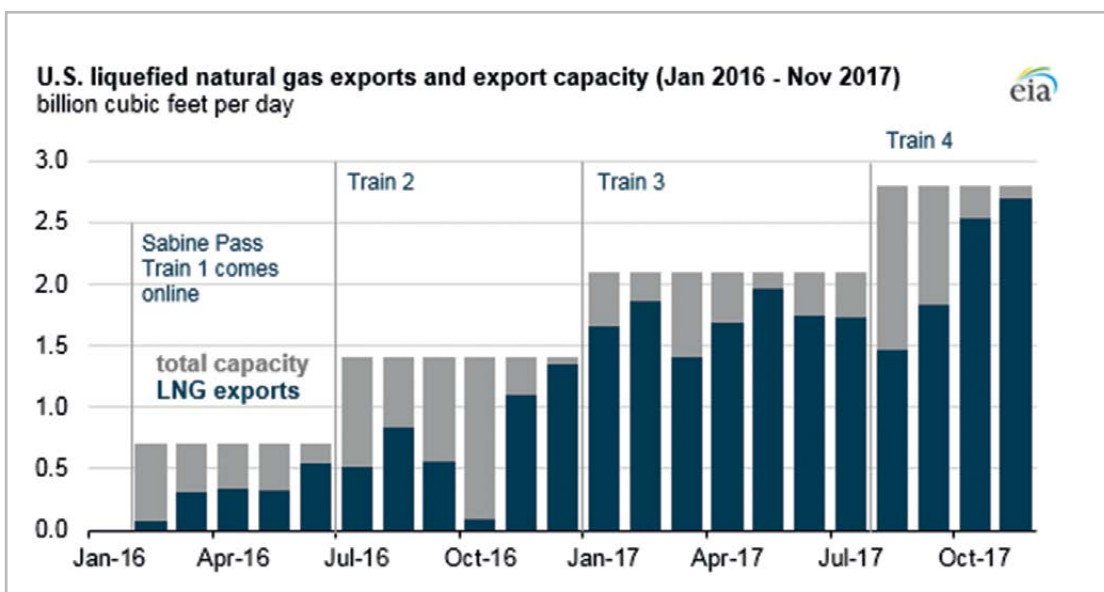


IMAGE: In August 2017, total U.S. natural gas liquefaction capacity in the Lower 48 states increased to 2.8 billion cubic feet per day (Bcf/d) following the completion of the fourth liquefaction unit at the Sabine Pass liquefied natural gas (LNG) terminal in Louisiana (© U.S. Energy Information Administration)



The United States has surpassed Russia as the largest natural gas producer in the world and is expected to become the third largest LNG exporter in a few years time.

two decades such as the Third Energy Package and successful implementation of the Southern Gas Corridor. However, until member states are willing to uphold the interests of the Union over their national interest groups, it will be difficult for Brussels to transform Europe's energy realities or to have greater leverage vis-à-vis energy suppliers such as Russia.

LFPR: *What is the policy of Trump's administration on gas exports? The President argues that he has done more than any of the previous administrations to make it happen.*

AG: The Trump administration has proclaimed America's "energy dominance" and is highly support-

ive of its LNG exports, which are perceived as a means to reduce the country's trade deficits. While Trump's administration has been more vocally supportive of the natural gas industry and outspoken about energy diplomacy, America's LNG exports started in 2016 under the Obama administration while the groundwork for the country's shale revolution was laid decades prior.

LFPR: *Trump expects Europe to become a massive buyer of American gas. However, we also see that European countries are still building pipelines. Do you see Trump's statement as a possibility in the near future?*

AG: The United States has surpassed Russia as the largest natural gas producer in the world and is expected to become the third largest LNG exporter in a few years time. American LNG has made its way to various European markets since 2016, including to Gazprom's commercial backyard of Poland and Lithuania, and it will continue to find demand in Europe. However, in Europe, American LNG will have to compete with Russian piped gas as well as LNG



Lithuania's LNG terminal is not only a commercial project but also a strategic endeavor ensuring national security. It has achieved the aims of diversifying Lithuania's imports, ensuring secure natural gas supplies, reducing Russia's leverage over Lithuania, improving the country's bargaining position vis-à-vis Gazprom, and allowing the country to participate in the growing global LNG trade.

coming from a variety of sources including Norway, Russia, North Africa, Qatar and others. There is also the new Southern Gas Cor-



IMAGE: LNG terminal in Klaipėda (© Ministry of Energy of the Republic of Lithuania)

ridor which would bring Caspian gas to Europe, but volumes will be too limited at the start to make a significant impact. Overall, it is difficult to predict the market share US LNG will gain in Europe because it will depend on a variety of market conditions such as price, liquidity, seasonal demand, as well as on geopolitical conditions.

LFPR: *Lithuania has an LNG terminal. How do you evaluate this project? Is it economically viable? What are its perspectives – taking into account global gas market developments?*

AG: Lithuania's LNG terminal is not only a commercial project but also a strategic endeavor ensuring national security. It has achieved

the aims of diversifying Lithuania's imports, ensuring secure natural gas supplies, reducing Russia's leverage over Lithuania, improving the country's bargaining position vis-à-vis Gazprom, and allowing the country to participate in the growing global LNG trade. Thus, the project has been a success. Economic viability is difficult to assess because all new energy infrastructure is highly costly and needs to be regarded as a long-term investment, especially if comparing it to existing Russian pipeline infrastructure that does not require additional capital spending.

LFPR: *Besides the LNG terminal, Lithuania has recently imple-*

mented other huge projects, such as new electricity connections with Poland and Sweden. It also aims to synchronize power systems with continental Europe. What is your evaluation of Lithuania's energy policy in general? Are we moving into the right direction?

AG: Absolutely. Lithuania's energy security efforts were somewhat delayed until the 2010s as previously the country was focused on other priorities such as EU and NATO membership. However, by today, its efforts have started to bear fruit and the country has escaped its status as an "energy island," and as a country that was previously dependent on Russia for 100% of its gas imports. ■

THE ROLE OF LITHUANIA IN EASTERN PARTNERSHIP POLICY

LINAS KOJALA

The Eastern partnership policy, a cornerstone of the European Union in terms of developing relationships with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, will soon celebrate its first decade of operation. From its inception, it has been based both on values (strengthening democracy at the side of the EU) and pragmatic interests (strategic stability, development of economic relations).

The EU regularly notes that the Eastern partnership was not designed as a tool in order to exert greater influence in the region, a position taken by the Kremlin, who view the policy as an expansion of Western influence into the zone of Russia's "special interests." Despite attempts to slow down the process, results show that integration with the EU is both a strategic goal and has clear practical benefits for the six partners.

Yet, not all of the EU's neighbours are in pursuit of the same goals. During these past nine years of the Eastern Partnership, cooperation has taken place at two different paces. Georgia, Ukraine and Moldova have advanced further, for instance in signing

Association and Comprehensive Free Trade Area agreements with the EU. At the same time, the participation of Azerbaijan and Belarus in the Eastern Partnership policy has narrowed, with these countries not seeking to ratify Association Agreements, and only pursuing limited cooperation initiatives. Armenia is somewhere in the middle. It has taken steps to integrate itself more fully with the EU, such as its 2017 ratification of a stronger, more comprehensive partnership with the EU. Yet, at the same time, Armenia has maintained its membership in the Eurasian Economic Union, an organization initiated by Russia

ON THE EVE OF THE 10TH ANNIVERSARY OF THE EASTERN PARTNERSHIP

In each of these countries, both external factors (continuous Russian interference in the internal policies by various "soft" and "hard" measures) and internal factors (corruption, lack of competence of national authorities) hamper closer cooperation with the EU. Nevertheless, a number of concrete results have been achieved in the past decade. For example, Georgia, Moldova and

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IN SHORT

- The residents of Georgia, Moldova and Ukraine recently, more than ever before, have started appreciating the benefits of convergence with Western organizations. This has led to an increase of support for membership and closer integration with the EU. For example, in 2018, 46% of Moldovans and 76% of Ukrainians expressed their willingness for integration in the EU, rather than the Eurasian Union proposed by Russia, and 60% of Georgia's citizens would support EU membership.
- In many ways, the futures of Ukraine, Moldova and Georgia lie in their own hands. It depends on the willingness of these countries to implement vital reforms to fight corruption, strengthen justice, ensure the supremacy of the rule of law, improve governance, and public administration of state institutions.
- Lithuania directly contributes to the emergence of democratic, open economies in the Eastern Partnership countries. In pursuit of these goals, Lithuania actively utilizes EU institutions and forums that constantly raise the issues of Eastern Partnership policy, and keep these aspirations constantly within the focus of the political agenda.



In exchange for the EU's removal of tariffs and other trade barriers, these countries are transposing to EU standards – by some estimates, up to 80% of EU legal norms will be integrated.

Ukraine have achieved visa-free travel for their citizens to the EU – holders of biometric passports can stay in EU countries for a period of 90 days within a 180-day period. This agreement is actively used: as of 2014, more than 1 million Moldovan citizens have travelled to the EU. In Georgia, where visa regime was liberalised in 2017, a total of 253 thousand people a year have visited; in Ukraine, nearly 10 million border crossings have been recorded over the past year and a half.

However, these Association Agreements do not just concern privileges. All three of the Eastern Partnership countries have committed themselves to implement-

ing the reforms related to the EU *acquis communautaire* and to ensuring significant progress is made in the economic, legal and political spheres. In other words, in exchange for the EU's removal of tariffs and other trade barriers, these countries are transposing to EU standards – by some estimates, up to 80% of EU legal norms will be integrated.

Such a large degree of convergence with the EU *acquis*, as well as the implementation of domestic reforms will not be an easy process. There will be considerable costs, especially with regards to the transition to EU quality standards and other non-tariff barriers – some of the most stringent in the world. This requires not only political will – governments and parliaments must be disposed and able to decide on and implement reforms, – but also the funding to make these investments. Moreover, it will require the willingness of the public to adapt to more complex regulations, in the hope that higher standards will pay off in the future.

So far, enthusiasm remains high. Of course, the EU has contributed to this enthusiasm, providing solid support to the reforming countries. Between 2014–2017, approximately 400 million euros were allocated to Georgia alone;

to Moldova – 310 million; to Ukraine – 12.8 billion euro. In total, support should amount to around 16 billion euros by 2020. It is important to note that the so-called “more for more” principle applies when discussing this support. By contributing more at the domestic level, countries thus secure both greater attention and funding for reforms from the EU. In addition to this support, there is also bilateral assistance from EU member countries. For example, Poland has loaned tens of millions of euros to Ukraine in order to develop border infrastructure that is both stronger and under more favorable terms.

In the long run, the greatest benefit for these countries will come from an increase in their exports. According to 2016 figures, roughly one third of Georgian and Ukrainian exports already go to the EU; in Moldova this figure increases to over half. These figures are expected to keep increasing. Since 2016, the volume of trade from each of the Eastern Partnership countries has been seen to go up – from 6% with Georgia to 24% with Ukraine.

An additional advantage of greater integration with the EU is that trade liberalization will take place asymmetrically; namely, the EU will eliminate and reduce its tariffs faster, allowing partners a longer period for



IMAGE: Eastern Partnership Summit in 2017 (© European Union 2017)

adaptation. For example, Ukraine had to initially liberalize only about 50% of its industrial exports, and presently, volumes are projected to reach 96%. Therefore, because of the relatively small markets of the associated countries (in particular, Georgia and Moldova), the direct economic impacts on the EU will not be significant. On the other hand, significant economic benefits can be expected to be made in the other direction, and may manifest in the further development of energy security and the opening of wider roads to EU-Asia market connections.

EU MEMBERSHIP STILL SEEMS A DISTANT PROSPECT

The residents of Georgia, Moldova and Ukraine recently, more than ever before, have started appreciating the benefits of convergence with Western organizations. This has led to an increase of support for membership and closer integration with the EU. For example, in 2018, 46% of Moldovans and 76% of Ukrainians expressed their willingness for integration in the EU, rather than the Eurasian Union proposed by Russia, and 60% of Georgia's citizens would support EU membership. The President of Ukraine, Petro Poroshenko, even claimed boldly that without Ukraine, the EU will never be a fully completed project, as one of the borders for a modern European civilization lies along the border of north-eastern Ukraine.

Nevertheless, it is difficult to expect that the doors to the EU will remain open, unconditionally, for at least one of the perspective states, in the near future. Such a position is facilitated by the fact that the EU Treaty formally leaves the possibility of acceding open to any European state that meets

its political, economic, and social requirements. Moreover, while it is not yet confirmed officially, the Eastern Partnership Summit, traditionally visited by EU heads of states every two years, will not even take place in 2019. This is due to European Parliament elections to be held in 2019; therefore, attention will be concentrated on other matters. Instead, a high-level congress will be held in which the European countries will be represented by foreign ministers.

One of the proponents of the Eastern Partnership policy, former Polish Minister of Foreign Affairs Radek Sikorski, notes this fading appetite for development. Such a concern was a priority during his service, where he hoped to overcome "fatigue of enlargement" and create conditions that would allow for the acceptance of new members. However, German Chancellor Angela Merkel recently reassured that the Eastern Partnership policy should not be seen as an instrument for preparing and accepting new EU members. Therefore, according to her, partners should not create expectations that cannot be realized in the future. The head of the European Commission, Jean Claude Juncker was of similar opinion by noting that the countries of the Eastern Partnership were not yet ready to accede to the EU, and that offering the prospect of membership is not appropriate. Therefore, the declaration of the recent EU Summit on Eastern Partnership points out abstractly that there is a need for as close cooperation as possible with all countries but does not mention a possibility of future membership.

Such an attitude, while prevalent in Germany, France, the Netherlands and other Western nations, has not been traditionally supported by

Nevertheless, the Baltic States also understand that currently there is not enough political willpower that will allow for a breakthrough. Yet, this does not mean everything related to the process has to stop. On the contrary, the aim should be to promote pragmatic cooperation and embolden the reform process, which in the long run will change the assessment of potential membership.

the Baltic states or Poland. In their view, offering prospective membership to Partnership countries is appropriate in that it will accelerate the process of implementing reforms. In other words, if the partners are promised "the light at the end of the tunnel" – likelihood of EU membership – the chances of them choosing to make more comprehensive and lasting changes will be much higher.

This position is based on both academic research and Lithuanian experience. Prior to the enlargement of the EU in 2004, covering as many as ten countries, Lithuania had also implemented almost analogous requirements of the Association Agreement. Like the countries of the Eastern partnership, it was complicated to do this – European standards were

much higher than the prevalent Soviet-era relics. However, the main driver that did not allow the process to stop was the clear commitment of the EU to take Lithuania into their club in the event of their successful integration of reforms and standards. Many politicians in Lithuania have pointed out that traditional political battles and party disagreements stopped when it was necessary to consider legislation related to the EU. Because there was a national consensus regarding Lithuania's aspiration to join the EU, even political opponents were able to agree on the necessary reforms.

Nevertheless, the Baltic States also understand that currently there is not enough political will-power that will allow for a breakthrough. Yet, this does not mean everything related to the process has to stop. On the contrary, the aim should be to promote pragmatic cooperation and embolden the reform process, which in the long run will change the assessment of potential membership. Moreover, Georgia, Ukraine and Moldova will need to send a clear signal of their desire to work more closely together and to prove that they can be success stories. For example, the parliamentary assembly for these three countries was initiated in 2018. The parliaments' signatories to the agreement have emphasized that such collaboration will contribute to strengthening sovereignty, restoring territorial integrity and deepening integration into Western organizations. It becomes an incentive for the EU itself to bear in mind that there must be more incentives on its part in order to promote the reform processes within these countries, even without the prospect of enlargement.

In many ways, the futures of Ukraine, Moldova and Georgia lie in their own hands. It depends on the willingness of these countries to implement vital reforms to fight corruption, strengthen justice, ensure the supremacy of the rule of law, improve governance, and public administration of state institutions. However, they are not alone; besides financial support, both the EU and Lithuania help contribute through other means, both direct and indirect.

LITHUANIA'S CONTRIBUTION TO THE EASTERN PARTNERSHIP POLICY

Thus, the future of the Eastern Partnership will be determined by specific, diverse initiatives to foster the gradual approach of partner countries towards European standards. This was also discussed at the Summit in 2017, whereupon 20 actions were agreed to be implemented by 2020.

Some of the goals have already been achieved or are currently being successfully implemented. For example, Ukraine, Armenia, Mol-

dova and Georgia have introduced electronic income declaration systems and have made significant progress in the de-politisation of their civil service systems. Huge investment has been allocated to develop 5.5 thousand kilometres of roads and railways in the region within a couple of years, while cooperation between Azerbaijan and Georgia regarding the Southern Gas Corridor project contributes to strengthening the energy security of both of these countries.

Importantly, great attention has been paid to civil society. The European School of Eastern Partnership, which started its activities in Tbilisi, was established recently. In addition, since 2014, 30 thousand young people from within Partnership countries have benefited from the Erasmus+ programme, which provides student exchanges and volunteering initiatives. In addition, consensus has been reached that a roaming pricing agreement can be expected by 2020, which would significantly reduce the communication costs. Finally, over 200 young ambassadors



IMAGE: According to the Minister of Foreign Affairs of Lithuania Linas Linkevičius, Eu strongly supports reform processes in Eastern Partnership countries (© MFA Lithuania)

from Europe have been brought together in order to discuss the merits of implementing European ideas, and have since disseminated such ideas back within their home regions.

Lithuania's role in building the EU's policy towards its eastern neighbours has also been very significant. This is not only due to our proximity with Partnership countries; our country has already successfully integrated into the EU, and so it can share experiences with partners who want to travel the same way. These points translate into practical action. One key contribution has been Lithuania's participation in 35 EU Twinning projects aimed at promoting cooperation between similar public institutions in the EU and Eastern Partnership countries, transferring experience of EU Member State reforms to beneficiary countries, as well as bolstering support for infrastructure and state institutional reform.

Such specific initiatives may not necessarily look revolutionary, but they yield tangible results. For example, in Georgia, several ministries and experts of Lithuania have been working with their local colleagues for more than a year and a half to create a Forest Code that would allow for more transparent and precise regulation of forest management, felling, as well as the creation of competitive conditions for biomass sales. To achieve this goal, the best practices of Lithuania and other EU countries have been used. Today, such a code has been drafted and is awaiting the Georgian Parliament to adopt the relevant legislation. Local officials and entrepreneurs are already satisfied that this will help to address long-standing problems concerning this issue.

Lithuania also successfully cooperated with Poland and Germany to help develop an integrated border management system. This required a detailed analysis over the legislation currently implemented in Ukraine and the preparation of amendments, as well as the introduction of anti-corruption measures. This project is considered one of the success stories which will help stimulate further cooperation between the institutions of Lithuania and Ukraine.

Lithuania also assists its partners at the legal level. For example, since 2014, Lithuanian and Moldovan constitutional actors are actively cooperating, and according to Dainius Žalimas, the chairman of the Constitutional Court of Lithuania, this was inspired by the perception that countries are united when they have a real respect for the rule of law. Therefore, according to him, it is very significant that the jurisprudence of the Constitutional Court of the Republic of Moldova reflects the European geopolitical orientation, meaning that Moldova, in spite of political perturbations, must "not slip away" from the path towards EU integration.

Similar direction is being seen at the constitutional level within Ukraine, which is also pursuing a course similarly based on the experience of Lithuania. The Ukrainian parliament is considering law which clearly states in the preamble of the Ukrainian Constitution that the continuous strategic direction of the country will be focused on European and Euro-Atlantic integration. Moreover, the European aspect of Ukraine's identity would be better defined. Given that Ukraine's post-Soviet history has been the subject of near-constant political and electoral



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debate, a stated definition of such goals, reflected in the constitution, would be of particular importance and would provide greater strategic stability. It is often feared that successful administrative work in developing reform packages and policies can be stopped at the political level, – in particular, when critical decisions are needed. Yet, the evidence above helps prove that the fears of rejection of well-prepared legislation (or fundamental changes) by hesitant politicians do not always prove to be true.

Thus, Lithuania directly contributes to the emergence of democratic, open economies in the Eastern Partnership countries. In pursuit of these goals, Lithuania actively utilizes EU institutions and forums that constantly raise the issues of Eastern Partnership policy, and keep these aspirations constantly within the focus of the political agenda. ■

HOW TO SAVE THE GOLDEN FALL OF LITHUANIA & POLAND?

ANDŽEJ PUKŠTO

Relations between the Lithuanian and Polish states can be said to have been experiencing a warm fall. At the Krynica Economic Forum, Prime Minister Saulius Skvernelis received the “Person of the Year” award from the Prime Minister of Poland, and in mid-September, Vilnius hosted the Polish Foreign Minister, Jacek Czaputowicz. It was the first official visit of Poland’s chief diplomat in seven years, a concerning long break in relations. This ought to have taught the politicians of both countries that regional security and stability are more important than personal ambitions, and that foreign policy priorities should be held higher than emotions or parochial problems. But will such lessons be learned?

From the present vantage point, the situation gives reason for optimism. Both the President’s and the Prime Minister’s teams are working determinedly to bring Lithuania and Poland closer. The reset of relations with Poland, currently presided over by a right-wing government, largely came via the initiative of Lithuania’s Prime Minister.



Relations between the Lithuanian and Polish states can be said to have been experiencing a warm fall.

Mr. Skvernelis does not hide his ambition to get more actively involved in shaping foreign policy, but as of yet, he has few achievements to show for it. Poland appears to be the exception, one that he appears to have been developing even before office. In November 2016, shortly after the Lithuanian elections, yet before his official appointment to Prime Minister, Skvernelis found time to sit down for a glass of beer with Jaroslaw Kasczynski at a Warsaw bar. Another such informal meeting behind closed doors occurred in 2017, again in Poland.

There is no need to repeat what role Mr. Kasczynski plays in Poland’s political system. One should instead focus on what political portfolio Mr. Skvernelis brought to

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IN SHORT

- Relations between the Lithuanian and Polish states can be said to have been experiencing a warm fall.
- The leaders of both states demonstrated that they could both celebrate the Centennial of the Restored State of Lithuania as well as hold talks concerning a long list of questions over bilateral relations.
- Poland’s national security ambitions correspond with Lithuania’s with respect to strengthening energy independence from Russian oil and gas, and in serving as a steady voice supportive of EU solidarity. The Polish-Lithuanian electrical-grid link, particularly concerning the prospect of lower prices, are priorities that may establish long-lasting ties between the states.



IMAGE: Polish President Andrzej Duda and Lithuanian President Dalia Grybauskaitė (© DELFI, Tomas Vinickas)

the Polish political leader. It was not the issue of the Polish minority status in Lithuania, which prompted former Polish Foreign Minister Radosław Sikorski to shut the door on Lithuanian diplomatic relations – promising to not step foot in Vilnius until the demands of Valdemar Tomaševski were met. Rather, Mr. Skvernelis came to discuss “Orlen Lietuva,” concerning its conflict at the time with Lithuanian Railways (LG). Such a meeting can be thought a success, as it enabled progress to occur in resolving one of the largest business conflicts between the two countries in recent years, in turn helping Lithuania save its reputation with the European Commission.

Compared to the Prime Minister, the Lithuanian Presidency searched and found more diplomatic paths to dialogue with the 2015 Polish President, Andrzej Duda. As such, both sides have made it clear that the wall of silence, previously supported by Bronisław Komorowski, no longer has a purpose. Furthermore, Dalia Grybauskaitė clearly intends to finish her presidency having

thoroughly rejected any concept of frozen relations with Poland. Indeed, it can be seen that she has a vision of Lithuanian foreign policy extending beyond the horizons of Šalčininkai and Sejny. This February, Mr. Duda made an official visit to Vilnius, lasting a full four days. Notably, the leaders of both states demonstrated that they could both celebrate the Centennial of the Restored State of Lithuania as well as hold talks concerning a long list of questions over bilateral relations.

Certainly, not everybody appreciates the current coming-together between Lithuania and Poland. Let’s leave the external actors aside – that’s a topic for a separate article. You could hear questions on who needs this thaw, and who’s appeasing who within both countries. In the context of ongoing Russian aggression within Eastern Europe, informational warfare, as well as the multiple challenges facing the European Union, one doubts if the political scales can maintain precision.

In Warsaw, the opponents of “Law and Justice” continuously



The leaders of both states demonstrated that they could both celebrate the Centennial of the Restored State of Lithuania as well as hold talks concerning a long list of questions over bilateral relations.

stress the fallout between Poland and the European Commission over the PiS judicial reforms which Brussels views as threatening Polish rule of law. The consistent demonstrations taking place across Poland’s largest cities serve as a reminder that a significant number of Poles do not support the Fourth Republic (Rzeczpospolita) Mr. Kaszyński is constructing nor the reforms being carried out to its effect. Should the European Council ever have to decide on the matter in this context, Lithuania may be asked to abstain, or even support Poland.

On the other hand, the prognosis that the conservatives would not find allies within international politics and that external economic relations would experience a fiasco – as offered by the Polish left and liberals – has not held up. Poland’s economic indicators have improved, foreign investors are abundant, and the Polish foreign policy elite have found likeminded colleagues in Donald Trump’s administration, and in the governments of some EU member states. Poland has strengthened

its position within NATO, with Warsaw holding steadfast to an anti-Putin stance, and unlikely to appease Moscow any time in the foreseeable future.

Mr. Duda's visit to Washington on September 18 illustrates the intensive bilateral relations with the US well. Further, Poland's projects aimed at gathering post-socialist countries around common initiatives is attracting more sympathizers within the EU. Undoubtedly, this is throwing a shadow over relations with strong EU actors such as Germany and France. The dissonance in Polish-German or Polish-French relations will be a challenge to Lithuania as well, especially within the discussions surrounding deeper integration of the Union, a position largely backed by these EU actors.

On the other hand, strengthening the eastern flank of NATO, greater US military involvement in Central and Eastern Europe, joint procurement of military equipment, and closer cooperation in the informa-

tional space through countering Russian propaganda all serve to bring the two states together, and will continue to do so in the future.

Poland's national security ambitions correspond with Lithuania's with respect to strengthening energy independence from Russian oil and gas, and in serving as a steady voice supportive of EU solidarity. The Polish-Lithuanian electrical-grid link, particularly concerning the prospect of lower prices, are priorities that may establish long-lasting ties between the states. With both countries speaking similarly with regards to the Ostrovet nuclear plant and Nord Stream Pipelines I & II, energy relations between the two countries may bring even greater dividends.

Yet there is an area of concern; one separate from Brussels. As alluded to above, relations between Lithuania and Poland could sour over the question of the Polish minority within Lithuania. The Lithuanian government has still not proposed a long-term action plan,

or a broader vision on this issue. The list of homework necessary to improve the status of Poles in Lithuania should not be formed in Warsaw, and delivered in full form at bilateral meetings. It is naïve to think that Poland's right-wing government would not care about the status of its fellow nationals, their rights, and the conditions of their education and culture in Lithuania.

If the Lithuanian government, particularly the Ministry of Education & Science, does not set a comprehensive agenda concerning the integration of the Polish minority, it may face the possibility of being forced to unexpectedly – at an inconvenient time or within an inappropriate context. Therefore, Lithuania will need to establish or clarify its policy preferences, ensuring that they are considered within the contexts of civic society, national security, and human rights.

It may sound overly allegorical, but the Georgian Ribbon overseer is still walking above Lithuania and Central & Eastern Europe. ■



IMAGE: The Poland – Lithuania power interconnection LitPol Link is a part of a major project to connect power grids across the Baltic region (©litpol-link.com)

LITHUANIA AND GERMANY: A RELATIONSHIP THAT IS BETTER THAN EVER BEFORE

WOLFGANG FREIHERR VON STETTEN

When attempting to interpret a country's foreign policy, especially its policies concerning neighbouring or regional powers, it becomes necessary to examine early relations between both countries, and trace how they have developed over time. Such an approach is no different when examining the modern relations between Germany and Lithuania, whose shared history has been a complex one, defined by both times of strong relations and at others, by violence and military clashes.

Relations between these countries can be traced back approximately 800 years. As one of the final remaining pagan countries within Europe during the High Medieval Period, Lithuania invited attention from Germanic Teutonic Knights, who wished to conquer and Christianise the Lithuanian people. However, Lithuania was able to effectively resist their attempts for several years, and through such efforts, was able to consolidate into a united nation. In 1253, the ruler of Lithuania, Mindaugas, was crowned as the first King of Lithuania, and in what may be seen as compromise towards the Teutonic Knights, converted to Christianity. Roughly a century later, in 1385, the Treaty of Krewo was signed between the current Grand Duke

of Lithuania, Wladyslaw II Jagiello, and the future Queen-to-be Jadwiga of Poland. This established what would become the Polish-Lithuanian Commonwealth, whose early hallmark achievement was the final repulsion of the Teutonic Knights in 1410, when united Polish and Lithuanian forces saw victory at the Battle of Tannenberg (Grunwald).

As a result, a great state spanning as far as the Crimea was established. However, centuries spent fighting against the Russian, Austrian, and Prussian Empires, and exacerbated by internal strife, resulted in the dissolution of the Commonwealth with its third partition in 1795. As a result, Poland and Lithuania lost their sovereignty for over 120 years, and most of Lithuania's territory was incorporated into Russia. The Lithuanian people opposed this by staging a number of uprisings, but they were ruthlessly quenched by the Russians with heavy bloodshed. When Russian rule turned to cultural subversion, such as through the banning of the Lithuanian written language, Lithuanians began to develop stronger relations with Germanic sympathizers, particularly those of neighbouring East Prussia, via several underground movements. In one instance, Lith-

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IN SHORT

- Relations between Germany and Lithuania were strengthened by Germany's strong will to support the Lithuanian freedom movement.
- Today, relations between Germany and Lithuania are better than ever before. Investment and trade between both nations is booming. The regular exchange of visits of high-ranking delegations and presidents is both smooth and regular.
- As I regularly visit Lithuania, it is impossible not to notice the remarkable transformation the country has undergone within the past 25 years.

uanian publications were secretly published in Königsberg, a place inhabited, *inter alia*, by Lithuanians who did their utmost to preserve the Lithuanian culture.

On 16 February 1918, in the concluding months of World War I, and with scarce opposition from the German occupational authorities, Lithuania announced its independence, the centenary of which we celebrated this year.

Lithuania was initially bent on becoming a parliamentary monarchy and so was in search of an eligible duke meeting several specific

requirements; the most important being that they be Catholic, and devoid of close connection to both Prussia and Saxony. Wilhelm of Urach, Duke of Urach and representative of the Württemberg dynasty, was seen as a suitable candidate and was announced to become the next King of Lithuania, Mindaugas II. His coronation, however, never took place as, in context of the withdrawal of the old dynasties from Europe, Lithuania opted to adopt a republican form of government.

Memel – present-day Klaipėda – was inhabited by a mixed population of Germans and Lithuanians, which served to become a bone of contention between Germany and Lithuania. This territory was administered by France per the Treaty of Versailles of 1919. The German Empire, weakened in both eco-

nomically and politically by these terms, grew in animosity towards France, one of the Treaty's primary authors. Therefore, Germany had nothing against Lithuanians entering the Klaipėda region and pushing out the French, who, incidentally, did not present any strong opposition to these actions. As years passed, however, tensions between Germany and Lithuania grew in that Germany remained convinced that Memel was, and would remain, a German city.

Tensions culminated with the Lithuanian arrest of numerous pro-Nazi Party Germans within the Kaunas and Klaipėda regions. Many of those arrested were originally sentenced to capital punishment, but due to political and economic pressure from Germany, these sentences were reduced to first life sentences, and



Germany never recognised the annexation and occupation of the 13th Soviet Republic (Lithuania).

then amnesty in 1937. However, such actions on Lithuania's behalf failed to ease the building tension between the two countries. On 20 March 1939, Germany issued an ultimatum demanding that the Klaipėda region be returned to Germany. Lithuania capitulated, and the resultant treaty authorizing this was signed on 23 March 1939. Standing on a balcony of a theatre in Klaipėda-turned-Memel,



IMAGE: Lithuanian-German relationship historically had its ups and downs (© MFA Lithuania)



IMAGE: The leaders of Germany and Lithuania are now closely cooperating on many issues (© Office of the President Lithuania)

Hitler made a solemn speech to a crowd of elated Germans, to the sheer shock of Lithuanians.

When German forces entered Lithuania in early 1941, they were seen as a liberation force, following the atrocities suffered at the hands of the Soviet Union, which had annexed Lithuania in 1940. However, they soon turned out to be an occupying power, made distinct by their drive to exterminate the local Jewish population. Three years later, in 1944, the German occupation was again replaced by the Soviet Union. Recalling the

persecution which had befallen them only a few years earlier, hundreds of thousands of Lithuanians fled the country, primarily to Western Germany – despite its already overcrowding of Germans, exiles and other refugees. After several months or years spent in Germany, these Lithuanians would leave to settle in America, Canada, Australia and Brazil.

The small village of Hüttenfeld helps to illustrate this point. Located near Lampertheim in Hessen Land, it became a hub for the expat Lithuanian community in

Germany. It served as a place for meetings and gatherings of Lithuanians from all across the globe, with the Lithuanian gymnasium located there playing an important role in fostering the Lithuanian language and culture. In fact, despite several transformations, the gymnasium survives to this day and is visited by many Lithuanians who share in its legacy, adding testament to the positive Lithuanian-German relations which had developed there.

Similarly, Germany never recognised the annexation and occupa-



Initially, German-Baltic relations developed without any red tape: personal contacts and friendships were made, and every effort was offered to help the Baltic States.

tion of the 13th Soviet Republic (Lithuania). Incidentally, Konrad Adenauer – the first Chancellor of the Federal Republic of Germany (West Germany) – played an important role in this respect. Upon resumption of diplomatic relations in 1955 between Germany and the Soviet Union, negotiations quickly broke down. This was due to several outstanding issues between the two countries. Two of the most prominent surrounded the Soviet Union's return of 10.000 German prisoners of war – whom the Soviets had declared as war criminals – and the Soviet Union's need for Germany to recognize several of the USSR's annexations – particularly in the case of the three Baltic states. While such acknowledgment from Germany may be seen as merely symbolic, it meant much more to Lithuanians, especially following the Soviet Union's extermination of Lithuanian resistance fighters in 1953. The refusal to recognize these 'Soviet Republics' was emphasized by Lithuanian diaspora communities across the world, who, like their country-men back in Lithuania, had failed to see any of the support promised them by the West.

Thirty-five years later, relations between Germany and Lithuania were strengthened by Germany's

strong will to support the Lithuanian freedom movement. The Klaipėda Region ceased to be a subject of debate; other, more minor disputes were deemphasized. Above all, existed the desire to bring the fifty years of Lithuania's oppression to an end. The daring act of the Lithuanian Communists separating themselves from the Central Communist Party, the visit of Gorbachev to Vilnius, and the blockade of the Baltic States did not go unnoticed in the West.

On 11 March 1990, the *Act of Independence of Lithuania* was initiated by Vytautas Landsbergis, the leader of *Sąjūdis* (the Lithuanian Reform Movement), who, incidentally, was also the first person to sign the document. Germany did have its own reservations upon learning that a former communist leader, Algirdas Brazauskas, was elected as President of Lithuania after the country became independent. At that time, however, around 500.000 Soviet troops, along with their families and colleagues, were deployed in the former German Democratic Republic. In 1991, two Members of the German Social Democratic Party made a brief stop in Vilnius on their way from Moscow back to Germany. They met with Chairman Landsbergis with complaints that Lithuanians were allegedly terrorising the Russian citizens of Lithuania. What a mockery; after the events of 13 January 1991, which had resulted in numerous deaths and hundreds of people injured, in addition to the barricaded parliament and tanks on the premises of the radio and television tower. Therefore, even after the bloodshed in Lithuania the stance of the Federal Government of Helmut Kohl and Hans-Dietrich Genscher vis-à-vis Lithuania remained restrained. At this point,



When NATO membership was finally achieved, all three Baltic States were overwhelmed with joy and gratitude. Lithuania, in particular, felt safer than ever before, with military transport running smoothly from Moscow through Belarus and Vilnius to Kaliningrad (Königsberg) and back.

the reunification of Germany had already taken place, but Soviet troops were not yet withdrawn from the country.

In early March of 1991, I, barely elected to the Bundestag, rushed to Vilnius. I was the first member of the Christian Democratic Union (CDU) to visit Lithuania. Hosted as if I was on a state visit and accommodated at the hotel reserved for guests of the Government, I had meetings with each of the leaders of the *Sąjūdis* movement, including with Vytautas Landsbergis in person. He also met with Brazauskas and other leaders of the Communist Party, Algirdas Saudargas, representing the Social Democrats, Romualdas Ozolas, the leader of the Liberals, as well as others.

During his visit, I was accompanied by Antanas Račas, a signatory to the 11 March *Act of Independence of Lithuania*. Račas convinced me to take the lead

within the Bundestag in promoting relations between Germany and Lithuania. As Lithuania was still a Soviet Republic at the time, the Bundestag was not in a position to establish a Parliamentary Friendship Group for relations with the Baltic States. A Parliamentary Circle of Friends of the Baltic States was established instead, and 110 parliamentarians from a wide spectrum of political parties joined it within weeks. The Circle was headed by me, with Reinhold Hiller (SPD) and Cornelia von Teichmann (FDP) as my deputies.

The German government was still against any formal and informal relations with Lithuania. For instance, the invitation extended by Rita Süßman, President of the Bundestag, to Vytautas Landsbergis for visiting Germany, had to be cancelled owing to pressure from the German Ministry for Foreign Affairs. In my capacity as an ordinary Member of the Bundestag, I nevertheless subsequently invited Landsbergis to Germany after securing agreement that the costs would be borne by the Konrad Adenauer Foundation.

These contacts resulted in the exchange of almost 1000 trainees. The families of the victims and injured from the events of 1991 were supported in part by German donations. Over DEM (German Deutschmarks) 600.000 was paid in support to the survivors of the Holocaust, even before the German government launched, in 1998, the payment of monthly aid to Lithuania.

Such monthly aid from Germany was partly concerning certain minority German populations living in Lithuania. After 1945, subsequent to the transfer of East Prussia and Königsberg to the Soviet Union, famine broke out in these regions.

This led to the deaths of more than 100.000 out of the 200.000 German inhabitants of these regions. Children and young people aged from 10 to 15 fled to Lithuania for survival and managed to stay alive, unless caught on the way and transported to the Soviet occupation zone in Germany. Several hundred such children remained living in Lithuania. They were obliged to keep silent about their German nationality and were unable to disclose their identity until much later, when the political context changed. The Bundestag's Parliamentary Friendship Group for relations with Lithuania offered them support and continues to provide financial aid to them. At this time, only 48 of these people are still alive, having reached a venerable age. For this German minority originating from Eastern Prussia, and referred to as the *Wolfskinder* (wolf's children), the war ended some 40 or more years later than it did for the rest of the world.

By August 1991, events had succeeded each other at a maddening pace. Seven border guards were brutally killed in Vilnius. I made a brief speech on behalf of the German Bundestag in front of the 50.000 mourners. A *coup d'état* was attempted in Moscow. In Vilnius, fears had abounded that the notorious Special Purpose Police Unit (OMON) force might attack Lithuania again. But things turned out quite differently in the end. On 28 August, clearly following a number of dramatic conversations, as well as in view of a wave of disclosures, Chancellor Kohl and Vice-Chancellor Genscher finally agreed to restore diplomatic relations with the Baltic States. A number of days before, premises were hired out in Bonn to house the Information Office of the Baltic States in Germany, which,

for a number of months, served as residence for the ambassadors of the three Baltic States. At first, I was the only private source of funding for two ambassadors, officially hiring them as his own employees, registering them with all the relevant services in Germany, including the Sickness Insurance Fund, and paying them their salaries (all the expenses were reimbursed at a later date).

Initially, German-Baltic relations developed without any red tape: personal contacts and friendships were made, and every effort was offered to help the Baltic States. Both material and conceptual support was provided at all levels, including support to parties of the same political family and even provision of armoured limousines to the President and the Prime Minister. But soon enough, red tape developed on both sides and strangled relations. Negotiations on contracts became exceedingly lengthy and crucial decision-making was delayed.

Consider this as a telling example: it would have been a piece of cake for the Federal Republic of Germany to introduce a visa-free regime for the three Baltic States within the first months, or at least within the first year after the latter states regained independence. However, interest from the German side was lacking. At the time, the money collected from visa fees was the only source of income for the German embassies. The Parliamentary Circle of Friends of the Baltic States (the then counterpart of the current Parliamentary Friendship Group) fought hard against the totally unjustified reservations raised by the German Ministry of the Interior, but a workable solution would prove to take a rather long time to implement.



IMAGE: NATO graphic showing the composition of the four multinational battlegroups as of October 2017. A battalion in Lithuania is led by framework nation Germany (© NATO)

Another ambition of the Baltic States, apart from the visa-free regime, was to join the European Union, and especially NATO. In fact, the will to attain this aim persisted regardless of changes within the government. The 1992 elections in Lithuania flouted all expectations as Brazauskas, of the newly-established Social Democratic Party (LDDP), won a decided victory over *Sajūdis* leader Landsbergis, and his Conservative Party. Four years later, though, Landsbergis won the elections jointly with Gediminas Vagnorius, Algirdas Saudargas and the conservative Homeland Union and Christian Democrats. The governments went on to alternate every four years. However, all of them firmly stuck to a singular commitment, that of protecting Lithuania from Russia. With this purpose in mind, NATO membership was staunchly pursued.

In Germany, me and my colleagues clashed with the inflexible Minister of Defence, Volker Rühle. Concur-

rently, Reinhold Hiller worked hard to promote the Lithuanian cause in his respective party, which was strongly opposed to offering NATO membership to countries of the former Soviet Union.

When NATO membership was finally achieved, all three Baltic States were overwhelmed with joy and gratitude. Lithuania, in particular, felt safer than ever before, with military transport running smoothly from Moscow through Belarus and Vilnius to Kaliningrad (Königsberg) and back. Germany might find it hard to acknowledge, but it is a fact that, following the recognition of Lithuania's independence, the issue of military transit through its territory never raised any problems. By contrast, the fear of the Russian bear attacking again was entirely justified, as was later evidenced by the events in the Crimea and Eastern Ukraine.

Today, relations between Germany and Lithuania are better than ever before. Investment and trade between both nations is boom-

ing. The regular exchange of visits of high-ranking delegations and presidents is both smooth and regular. Both Chancellor Gerhard Schröder and Chancellor Angela Merkel have visited Lithuania. Tourism also plays an important role, and the mutual exchange of tourists has exceeded the hundreds of thousands.

When I completed my parliamentary service in the Bundestag, I became an Honorary Consul of the Republic of Lithuania in the federal land of Baden-Württemberg. As I regularly visit Lithuania, it is impossible not to notice the remarkable transformation the country has undergone within the past 25 years. A very practical example: it is now difficult to find any parking spaces in the car parks of even the smallest of Lithuanian villages.

Lithuanians are particularly happy to host NATO units within their country, recently welcoming the first German-led NATO battalion onto their soil. What a change over the past 800 years. ■

LITHUANIA'S MEMBERSHIP IN THE OECD: BENEFITS ARE ALREADY HERE

DR MARIUS SKUODIS'

On 5 July 2018, Lithuania officially became the 36th member of the Organisation for Economic Co-operation and Development (OECD). It was symbolic that at the time when Lithuania deposited its instrument of ratification of the accession with the French government, the depository of the OECD Convention, OECD Secretary-General Angel Gurría was on a mission to Vilnius. The official start of Lithuania's membership in the 'house of best practices'¹⁰ deliberately coincided with Secretary-General's meetings with the President of the Republic of Lithuania Dalia Grybauskaitė, Prime Minister Saulius Skvernelis and his Cabinet of Ministers. Symbolically, Mr Gurría was bestowed a state award for his personal support for Lithuania's membership in the OECD. However, the official purpose of the Secretary General's visit was to present the 2018 OECD Economic Survey of Lithuania and the related recommendations.

The Economic Survey was the Organisation's final review of Lithuania's economy approved by the OECD Economic Development and Review Committee. It was the last of 21 OECD committees that separately evaluated Lithuania throughout the entire accession process. Since the opening of the accession negotiations in April 2015 we knew full well that should any of the committees have found our readiness to implement the OECD legal instruments insufficient, the country's goal of joining the Organisation in 2018 would have to be postponed. Some participants have therefore reasonably presented the completion of the accession process 'in record time'¹¹ of three years as an additional achievement. And there were reasons to celebrate. For instance, for the first time in the history of the OECD Investment Committee, its members gave a positive assessment of Lithuania's readiness for OECD membership already during the first airing¹².

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IN SHORT

- As we have already experienced in Lithuania, being part of the OECD allows its members to use the Organisation's vast expertise and advice to support policy-making at home, as well as quickly learn from the relevant experiences of others.
- Given the fact that Lithuania declared its intention to join the Organisation as early as in 2002, it could be argued that had the political consensus emerged earlier, membership could have been achieved much earlier too.
- The fact that in certain policy areas – for instance in regulatory policy – the OECD identified Lithuania's practices as a good example to follow for its existing members, encouraged us to think how Lithuania would enrich the Organisation.

⁹ I would like to thank Milda Kaupeliene and Saulius Kolyta, my colleagues at the Ministry of Economy, for valuable discussions on the topic and advice.

¹⁰ OECD (2018a) OECD members agree to formally invite Lithuania as 36th member. Available from: <http://www.oecd.org/countries/lithuania/oecd-members-agree-to-formally-invite-lithuania-as-36th-member.htm> [Accessed 15 September 2018].

¹¹ OECD (2018b) Remarks by Angel Gurría during the launch of the OECD 2018 Economic Survey of Lithuania, Vilnius, 5 July. Available from: <http://www.oecd.org/about/secretary-general/launch-of-oecd-2018-economic-survey-of-lithuania-july-2018.htm> [Accessed 15 September 2018].

¹² Ministry of Foreign Affairs of the Republic of Lithuania (2018) Lithuania – one more step closer to becoming an OECD member. March 30. Available from: <https://www.urm.lt/default/en/news/lithuaniaone-more-step-closer-to-becoming-an-oecd-member> [Accessed 30 September 2018].



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Despite the fact that Lithuania finished its accession negotiations relatively quickly, our path to full OECD membership was rather long. Its beginning could be traced back even to the early years of Lithuania's restored independence, when in 1996 the three Baltic States – Lithuania, Latvia, and Estonia – signed a joint declaration stating their intention to join the OECD. Lithuania reinstated its intention separately in 2002 and renewed the membership application in 2012. It is symbolic that against the background of celebrating the centennial of Lithuania's restored state in 2018, the country's highest officials have frequently stated that this step 'finalized' Lithuania's accession to important international organizations.

So, why did Lithuania aspire to join the OECD, and what insights can we share regarding the lessons learned from the accession process?



IMAGE: President of Lithuania Dalia Grybauskaitė and Angel Gurría, Secretary-General of the Organization for Economic Co-operation and Development (© Press Service of the President)

WHAT ARE THE BENEFITS?

The OECD defines itself as a 'go to' organisation leading efforts on economic growth, global competitiveness, social well-being and good governance¹³. It is also often seen as the 'house of best practices'¹⁴. Through its unique way of working – encompassing data collection, analysis, discussion, decisions, implementation and, most importantly, peer reviews and multilateral surveillance on member states' performance – it provides a forum for governments to address challenges that are often common to all of them. As we have already experienced in Lithuania, being part of the OECD allows its members to use the Organisation's vast expertise and advice to support policy-making at home, as well as quickly learn from the relevant experiences of others. Membership also brings an opportunity to participate in setting new multilateral standards to be later

adopted by both its members and the wider international community. For example, Lithuania's experience in regulatory enforcement and inspections has been recently used for the creation of a related OECD toolkit for its members.

Besides additional benefits, like the recognition of a country's achievements, bigger visibility in international arena and a certain 'seal of approval' for international investors (as has been seen in the case of Lithuania), one should highlight the benefits brought by the very process of accession. With a view to implementing the OECD legal instruments, Lithuania revised more than 200 legal acts, including amendments to approximately 50 laws. Major legislative reforms, such as overhauling the governance of state-owned enterprises (SOEs), strengthening anti-corruption measures, and improving the investment environment have all been often mentioned by the

¹³ OECD (2016) Q&As – Accession of Latvia to the OECD. Available from: <http://www.oecd.org/latvia/qas-accession-of-latvia-to-the-oecd.htm> [Accessed 15 September 2018].

¹⁴ OECD (2018a).

OECD itself¹⁵. In particular, it could be reasonably argued that the objective of joining the OECD in 2018 was the key factor behind the major reform of the country's corporate governance framework in general and its SOEs, more specifically.

To illustrate the latter fact, numbers speak for themselves. At the end of 2015, Lithuania had 128 SOEs, yet we started 2018 with 66. External observers had been deeply surprised that relatively small Lithuania had 42 state forestry enterprises and 11 road maintenance companies. Even more surprising was the fact that the exact number of forestry SOEs was defined by law. In fact, the resistance to reforming the 'rules of the game' in the latter sector was so intense that the Seimas' (Parliament's) vote on removing the related provisions from the Law on Forests challenged the stability of the Government. Nevertheless, all the forestry (plus the State Forest Management Institute) and road maintenance enterprises have been recently merged into two SOEs.

Similarly, Lithuania implemented significant steps in depoliticising the management of SOEs: while at the end of 2015 we had 63 members of political confidence sitting on their boards, in the beginning of 2018 there were none. In the same period the number of independent board members increased from 44 to 108. Besides further strengthening of the independence of boards, the Government continues to implement an ambitious plan that will further reduce the number of SOEs. This plan will streamline their legal and corporate forms, as well as strengthen the state ownership function, with particular emphasis on formulating objectives for SOEs and monitoring their performance.

LESSONS FROM THE ACCESSION PROCESS

When meeting delegations from OECD aspiring members, Lithuania's officials are often asked for advice on the accession process. I would distinguish three general lessons that may be useful both for future members of the Organisation and Lithuania's Government in implementing further reforms.

First, one of the key factors of Lithuania's success in the accession process and relatively short negotiations was strong political consensus. This meant that all the necessary legislative changes in the Seimas and the Government were prioritised and subordinated to the final goal of joining the OECD.

As a matter of fact, Lithuania's ambition of finishing the accession process already by mid-2018 was met with initial scepticism, including at the Headquarter of the OECD. Some OECD experts also found it hard to believe that our plans of implementing the Organisation's recommendations in a relatively short period of time were real. An illustrative case that has surprised many at the OECD is the Republic of Lithuania's Law on Companies, of which significant amendments were passed in the Seimas in less than three months after receiving additional related OECD recommendations (including drafting amendments, consulting the business community and assessing the amendments by Parliamentary committees).

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been achieved much earlier too. Nevertheless, even against the background of political consensus, one should not underestimate the leadership and personal effort of the highest officials, which in fact were essential for reaching the goal.

Second, our experience demonstrates that it is essential to ensure good coordination between different institutions' work in order to ensure continuity and to speak with one voice. In Lithuania, the main coordinating body of the entire accession process was the Ministry of Foreign Affairs, which created a network of responsible officials in other institutions and regularly updated the Government. The importance of continuity and speaking with one voice could be well illustrated by the fact that during the accession process, the OECD Corporate Governance Committee worked with four different vice-ministers, all responsible for meeting the related OECD

¹⁵ OECD (2018b).

standards. Moreover, frequent political changes at the Government and the Ministry of Economy coincided with unexpected changes of other responsible senior officials. It is therefore reasonable to argue that high turnover of staff at the Ministry of Economy – the main counterpart of the Committee – could have prolonged the Committee's assessment.

Third, a country's path to OECD membership is easier when there is political willingness to use the accession process as an opportunity to undertake important policy reforms. In the case of Lithuania, the necessity of implementing OECD legal instruments were often used as an additional argument to support political decisions.

This latter tendency well resembles Lithuania's accession to the EU in 2004, which helped to imple-

ment significant reforms to the country's policies, legal system and institutions. As a result, even before the start of negotiations with the OECD, Lithuania had already met a big number of membership requirements. Paradoxically, in certain policy areas that do not fall under the remit of the EU, such as the governance of SOEs, Lithuania had to implement significant changes. In this light, both accession processes – to the EU and the OECD – could be seen as complementary.

WHAT IS THE OECD MEMBERSHIP ABOUT?

In the concluding remarks at the final committee-level meeting before the OECD members were to decide on Lithuania's membership, I was privileged to share my personal experience of the changes Lithuania had undergone.



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While at the start of negotiations the objective of achieving OECD membership was often used as the key motivating factor for necessary reforms ('we have to do this because the OECD requires'), at the doorstep of entering the club, one could hear a growing number of deliberations about what OECD practices Lithuania could use to improve our policies. This was experienced both in the Government and in meetings of Parliamentary committees. At the same time the fact that in certain policy areas – for instance in regulatory policy – the OECD identified Lithuania's practices as a good example to follow for its existing members, encouraged us to think how Lithuania would enrich the Organisation. To my understanding, the OECD is well-known notably for all of this: sharing your best practices to help other members improve their policies and learning from the best of others to improve yours. ■



IMAGE: OECD's Economic Assessment of Lithuania (© Ipk.It)

TWO PLUS TWO IS NOT NECESSARILY FOUR: GERMAN POLICY TOWARDS THE VISEGRÁD COUNTRIES

JAKOB WÖLLENSTEIN AND TOBIAS RÜTTERSCHOFF

Until 2015, very few people had heard of the term “Visegrád Group” in Germany, let alone had a sense about its purpose. At that time the group – also called “V4” after its four member states Poland, the Czech Republic, Slovakia and Hungary – saw its main task in the coordination and exchange of information, national positions, as well as cooperation on “soft” projects such as infrastructure. For Germany, the Visegrád countries, with a combined population of around 65 million people, not only constitute important partners on its Eastern border, but together these countries generate a trade volume which is 50% higher than Germany’s largest trading partner, China. Nevertheless, among foreign policy and economic experts it was a common view that the format was outdated, because its original purpose – mutual assistance on the path of post-communist transformation towards EU and NATO membership – had long been fulfilled. Yet, the beginning of the refugee crisis in 2015 reinvigorated the V4, particularly in their tough stance against German chancellor Angela Merkel’s refugee policy.

IN SHORT

- There is a fundamental change in both the tone and the main objectives of European migration policy. The protection of external borders and cooperation with third countries are now at the forefront of efforts.
- in terms of the EU’s neighbourhood policy, Germany and the Visegrád states have a common interest in ensuring that the EU does not forget and lose sight of the countries that lie further East.
- Moscow’s actions in recent years, not least the illegal annexation of Crimea and the occupation of parts of Eastern Ukraine and the continuous support for the separatists involved, have resulted in Germany being one of the strongest advocates of imposing and continuing a strict sanctions regime against Russia.

This took many German decision-makers by surprise. The Central European countries had been among Berlin’s most reliable allies during the preceding Euro crisis and suddenly it seemed as if a group of four had joined forces in order to undermine the chancellor’s efforts for a common European approach to solving the refugee crisis. The notion of Visegrád as

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a coherent “anti-German bloc” has thus been stuck in the mind of many and has been seen to be underscored when, in late 2017, the leading Austrian right-wing populist Heinz-Christian Strache called for his country to join the group for that precise reason. Of course, neither the Visegrád Group nor any of its member states have



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an a priori anti-German orientation. Quite the contrary: The relations between Germany and its Eastern neighbours are deep, multifold and based on shared history, cultural, and social ties as well as economic and security interests. In 2015, all V4 states saw Germany as their single most important partner in the European Union (EU) and felt that the Czech Republic, Hungary, Poland, and Slovakia were key partners for Berlin as well. Even though the sense of shared values – which is the basis and the condition for mutual trust and understanding – was shaken when the governments revealed some considerably different interpretations of these values in the autumn of 2015, steps have been taken to restore the lost trust. In fact, over the course of the last three years, Germany and the EU have certainly moved in the direction of the demands of the V4 countries. There is a fundamental change in both the tone and the main objectives of European migration

policy. The protection of external borders and cooperation with third countries are now at the forefront of efforts. Furthermore, the plan to impose a compulsory resettlement of refugees has pretty much fallen by the wayside.

The question of whether Germany will continue to cooperate with the V4 countries collectively, as well as in what ways, strongly depends on how the format will define its common policies. Shared views and goals exist on a number of issues between Berlin and the V4. First, in terms of Brexit, the question of preserving the unity of the European project in the EU-27 format is one of the most important common interests nowadays. Despite London’s attempts to weaken the common European stance – particularly by approaching the Central European countries which have a considerable number of their citizens living in the United Kingdom (UK) – Germany, the Visegrád countries and the other EU member states have so far resisted British enticements. Second, regarding European monetary policy, Germany can be seen to tentatively accept the French view that there is a need for improving the monetary union and it acknowledges that sometimes a project should be initiated without the consultation of all member states. Still, Berlin is rather reluctant in this respect, a position more in line with the view of the V4, of which only Slovakia is a member of the Euro zone. Third, whilst France has shown increased interest in recent years in the concepts of a “multi-speed Europe,” or other types of “transformation” of the Union in order to promote European integration, Germany prefers the consolidation of the Union as a whole. A good example of this is the Permanent Structured

Cooperation (PESCO) in the area of defence and security. Germany wanted it to be “inclusive” – which is what eventually happened, trumping the French wish for more “effective” defence cooperation (which would have probably meant that less member states participate in it). This aversion to the idea of a multi-speed EU – which could marginalise the member states in Eastern and Central Europe – is shared by both Germany and the V4 countries. There are many other areas of European policies where Germany and its Eastern neighbours share common ground. Although there are some differences of opinion (e.g. on the so-called Posting of Workers Directive), it seems that Germany and the V4 countries have similar approaches for the strengthening of the internal market, due to many shared economic interests. Moreover, in terms of the EU’s neighbourhood policy, Germany and the Visegrád states have a common interest in ensuring that the EU does not forget and lose sight of the countries that lie further East.

These topics help offer scope for the active cooperation and mutual interests between Germany and the V4 – albeit not limited to them alone. Yet, it has to be acknowledged that priorities and interests within the Visegrád Group, beyond these shared interests – and the common rejection of the German handling of the migration crisis – are quite diverse. Indeed, the Visegrád Group is not a monolith; not a unified bloc. Whilst history and geography helped create the strong bonds between these four countries, history and geography can also be seen to separate them. The consequences are changing constellations: There are often not “the” V4, but sometimes V2 plus 2 or V4 minus



IMAGE: German and Hungarian ruling center-right parties work together as part of European People's Party, the largest party in the European Parliament (© TODOS MIOS)

x. The different and changing political colours of the incumbent governments can pose a further obstacle towards the V4's internal coherence. These practical and ideological reasons contribute to the fact that especially the smaller Visegrád countries often prefer bilateral relations with Berlin over a "channelled" common approach on most issues.

This becomes very much apparent in the relations with Russia and the perception of threats originating from Putin's policies towards Eastern Europe and the EU. A prime example of this is with the views on the North Stream 2 gas pipeline project, running through the Baltic

Sea from Russia to Germany. On the one hand, and similar to the Baltic States, Poland and Slovakia are strictly against the project, sometimes even comparing it to the infamous 1939 Nazi-Soviet Molotov-Ribbentrop Pact. The reasons for their rejection are manifold, yet they primarily revolve around the fear of being cut off from the energy supply, a deeply entrenched historic anxiety of being "surrounded" by a German-Russian alliance, as well as the impact this would have on the stability of neighbouring Ukraine. On the other hand, Hungary and the Czech Republic have a more nuanced view on North Stream



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2. While they certainly also hold some reservations, in general they are not in total opposition to the pipeline. Additionally, Hungarian and Polish foreign policy arguments (e.g. the impact on Ukraine) are far less important than as seen, for example, in the case of Poland. This reflects an overall more "pragmatic" course towards Russia – such that the Czech president has even stated admiration for Russia's leadership – a source of harsh criticism from the other V4 governments. In this sense, the V4 indeed do not act as a unified block, but within their individual national interests.

Germany's stance towards Russia can be called "ambiguous" as well. On the one hand, there are long and deep historical, social and economic ties between the two countries. This is why Germany, more than France or other Western European countries, considers itself in a position to stay connected with Russia and maintain dialogue, even in

difficult political times. On the other hand, since the chancellorship of Konrad Adenauer (the first German chancellor after the Second World War), Germany has firmly positioned itself as a Western liberal democracy with a strong respect for democracy, human rights and the rule of law. Thus, Moscow's actions in recent years, not least the illegal annexation of Crimea and the occupation of parts of Eastern Ukraine and the continuous support for the separatists involved, have resulted in Germany being one of the strongest advocates of imposing and continuing a strict sanctions regime against Russia. Looking at North Stream 2, this reflects the ambiguous German policy towards Russia. Legally and financially, this project is a purely private venture. Yet, more recently the German government has openly stated that the reservations of Central and Eastern European countries are listened to and that the continuation of gas transit via Ukraine is a prerequisite for operating North Stream 2.

As a result, V4 cooperation amongst each other and vis-à-vis Germany can be described as quite diverse. Among the four member states, the Visegrád format enables regional integration in fields like infrastructure, cultural exchange, tourism, or mutual assistance with the implementation of EU's environmental goals. This corresponds to the original purpose of the V4 and will be welcomed by Germany for its stabilising effect on the region. The V4 will also play a role where its members see a need to develop some kind of counterweight – be it against a perceived “Western” or “German” dominance. This will mostly be the case regarding energy relations (North Stream 2) and the question how to “share” European solidarity towards (Muslim) refugees. In these fields it will be important for Berlin to continue (and extend) the dialogue with the V4 countries wherever possible. This could include, for example, joint meetings of the Weimar Triangle and the V4 countries, as has been suggested.



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This dialogue will not necessarily dissolve concrete conflicts of interest. But it will certainly help to avoid misunderstandings and to keep in mind that Germany and East-Central Europe have much more in common than what sets them apart. ■



IMAGE: While Nord Stream 2 moves forward, the political debate continues (© Wikimedia commons)

NO GOOD END IN SIGHT: THE CRUMBLING IRAN NUCLEAR DEAL

DOVILĖ JAKNIŪNAITĖ

In May of 2018, United States President Donald Trump unilaterally withdrew from the Joint Comprehensive Plan of Action (JCPOA), colloquially known as the Iran nuclear deal. This deal was one of Barack Obama's biggest achievements in international politics, with many experts and policy actors widely endorsing and backing the agreement. Thus, Trump's decision, although not totally unexpected, was met with disapproval not only in Iran, but also by other parties to the agreement, including Germany, U.K, France, Russia, and China. The U.S. withdrawal raises a lot of questions about the future of Iran, nuclear non-proliferation, as well as regional and international security.

The Iran deal was agreed upon in July of 2015 after several years of intense, demanding, behind-the-door negotiations held between Iran and the group of P5+1 (the five permanent members of the U.N. Security Council, plus Germany). The goal of the deal was to stop Iran from acquiring nuclear weapons and significantly limit its enrichment program. In exchange, Iran got most of its sanctions lifted: oil, gas and arms sales embargos were terminated, Iranian financial assets abroad were unfrozen, and the country

was allowed back into the global financial system. Iran's political re-engagement process has begun.

The deal also established a strict monitoring and verification regime implemented by the International Atomic Energy Agency (IAEA). It was estimated that before the JCPOA, Iran needed two to three months to actually manufacture nuclear weapons; after the agreement Iran would need over a year to restart its program. Now the international community had more time to intervene should Iran decide to abandon its JCPOA promises.

However, it has been the U.S. which has abandoned the JCPOA, not Iran. The American withdrawal took place despite IAEA assurances about the Iranian's compliance and the strong lobby and pressure enacted by the European JCPOA signatories to save the deal.

Even though the JCPOA was considered by many in international community to be a success, it has been criticized heavily in the U.S. since its inception. Some critics did not like its termination clause (the deal has a 15-year limit); some had fears for Israel (Iran is openly hostile towards it); some said that Iran made too few concessions while the U.S. made too many of them.

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IN SHORT

- Trump seems sure that a better deal is possible, with an unlimited term of expiration. Therefore, the U.S. will economically pressure Iran to change its behavior and comply to stricter requirements.
- The JCPOA did not make the parties of the treaty allies or trustful partners; the whole negotiation process was still about containment.
- This uncertainty makes the strategic planning and security policies of Lithuania, a country dependent on the security guarantees of historically strong transatlantic ties, much more troublesome.
- The current deal will be difficult to save, a stricter deal is appearing unlikely, a nuclear Iran is again a real possibility, and the peace, or at least the stability, within the Middle East is still looking to be very far off.

In general, nearly all Republicans consider the deal bad and flawed. Trump, throughout his presidential race promised to get rid of the Iran deal, referring to it as "the worst deal ever." Announcing his decision to withdraw from the JCPOA, the U.S. President talked about "a horrible one-sided deal that should have never, ever been made". Trump criticized the deal



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for not addressing the threat of Iran's ballistic missiles, its behavior in the region, his disagreement with the Plan's expiration dates, as well as his overall thought that the limits put on Iran seemed not to be strict enough. Trump seems sure that a better deal is possible, with an unlimited term of expiration. Therefore, the U.S. will economically pressure Iran to change its behavior and comply to stricter requirements.

Indeed, while the JCPOA reduced the potential threat from Iran's nuclear program, Iran still retained its nuclear infrastructure (and so, its latent capabilities). In addition, the deal did not place any limits on Iran's ballistic missile program, or conventional military programs, and it had nothing to say about Iran's regional influence or its human rights abuses.

The JCPOA was very technically written, and so possibly was limited by this. In actuality, Iran would have never agreed to discuss its regime, or role in the region within any deal. The JCPOA did not make the parties of the treaty allies or trustful partners; the whole negotiation process was still about containment. Such context is important to understand while con-



IMAGE: The ministers of foreign affairs and other officials from the P5+1 countries, the European Union and Iran while announcing the framework of a Comprehensive agreement on the Iranian nuclear programme. Hailong Wu of China, Laurent Fabius of France, Frank-Walter Steinmeier of Germany, Federica Mogherini of the European Union, Javad Zarif of Iran, an unidentified official of Russia, Philip Hammond of the United Kingdom and John Kerry of the United States in Écublens-Lausanne, Switzerland on 2 April 2015. (© State Department photo / Public Domain)

sidering the consequences of the U.S. withdrawal from the JCPOA.

In response to the decision, Iranian President Hassan Rouhani announced that his country would remain committed to the JCPOA while it negotiates with the other parties to the deal. France, Germany and the UK are also eager to keep the deal. Though as we near the end of 2018, it is still unclear how much of the deal is possible to save. The U.S. has started gradually to introduce, or promise to introduce, sanctions on companies doing business in Iran. These efforts to globally stop oil exportation from Iran has led to Trump promising not to trade with anyone who trades with Iran.

The U.S.'s renewed sanctions have already begun to harm Iran's economy as several major companies, including Airbus, Boeing, and Volkswagen, have pulled out of Iran rather than risk being penalized by the United States. Iran's oil exports have decreased, and

its currency has plummeted. It is important to keep in context that it has only been two years since the JCPOA went into effect. Two years have not been enough time for the Iranian economy to have felt the benefits of the JCPOA's lifting of sanctions. Since the U.S. first hinted at pulling out of the JCPOA in early 2018, economic unrests within Iran have been occurring. The European Union (EU), as well as powerful EU member states, are trying to reduce the effects of the U.S.'s actions on Iran's economy. But it is not clear how much they can do, and how much patience Iranian authorities have to remain in the JCPOA.

Destabilization of Iran's regime will not be an immediate or even necessary consequence of the American decision, although regime change seems to be an implicit goal of the current U.S. administration. Iran remains an autocratic country with documented political repressions and human rights



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abuses. Its foreign policy ideology is based on a strong anti-American and anti-Israeli stance, and it is intensely competing with Saudi Arabia for dominance in the region.

Within Iran, there are influential groups which strongly disliked the agreement and were eager to use the U.S.'s withdrawal as proof that the deal should have never happened. In 2013, when more intense negotiations started, Iranian decision makers had been receptive – the newly elected President Rouhani was willing for greater engagement with the West and to make compromises on its nuclear program in order to end sanctions. Now it will be more difficult to persuade even the most pro-Western Iranian leaders to begin a new round of negotiations which may lead to even harsher commitments and tougher restrictions.

So, what could we expect from a more discontent Iran? For one thing, more Iranian foreign policy adventurism. Iran has already been demonstrating its regional ambitions – policies which greatly irritate and anger the U.S. administration. In past years, Iran has been involved in many regional conflicts, backing various armed factions, including: support for the Bashar al-Assad regime in Syria,

Houthi rebels in Yemen, Shia factions in Iraq, and Hezbollah in Lebanon. Most of these regional wars can be seen as proxy wars with Saudi Arabia, and the result of such fighting has led to great destabilization of the region. Though the JCPOA did not address Iran's regional ambitions, it still had the effect of increasing the Iranian people's well-being. At the very least, it garnered more attention towards economic reforms, improving business conditions and in trying to satisfy Western partners. Now the incentives and conditions for such policies have been weakened.

In addition, the U.S. withdrawal further undermines the transatlantic ties it has with its European allies and the EU. The rift was already forming since Trump became President, and it has become more and more visible during NATO and the G7 meetings. The decision about Iran is just another one of the many divides growing between the U.S. and Europe. Without a doubt, Europe is still home to America's closest allies, but as the U.S. becomes more and more unilateral, it grows less considerate about the consequences of its actions, especially in terms of what they may mean for its allies.

With regards to Lithuania, America's growing unilateralism is being felt indirectly. Empirically, there are zero signs about decreasing U.S. security involvement in the Baltic sea region. America still claims its strong support for Ukraine and its territorial integrity. What is undoubtable, however, is the fact that recent U.S. actions in the Greater Middle East create not only uncertainty there, but also globally. This uncertainty makes the strategic planning and security policies of



Now it will be more difficult to persuade even the most pro-Western Iranian leaders to begin a new round of negotiations which may lead to even harsher commitments and tougher restrictions.

Lithuania, a country dependent on the security guarantees of historically strong transatlantic ties, much more troublesome.

Indirectly, this U.S. decision also strengthens the role of other, less friendly, players in the Greater Middle East region. For example, Russia and China are prepared to develop closer ties with Iran, promising favorable trade agreements, as their companies are expected to be less vulnerable to U.S. sanctions. Russia has also expressed greater interest in technological and military cooperation; both states already coordinate their actions in Syria and it seems that they will be increasing coordination within Afghanistan as well. With the U.S. still appearing to be willing to play a significant role in the region, international geopolitical tensions may have another context in which to multiply.

Thus, it is difficult to see a good end in the abrogation of the Iran nuclear deal. The current deal will be difficult to save, a stricter deal is appearing unlikely, a nuclear Iran is again a real possibility, and the peace, or at least the stability, within the Middle East is still looking to be very far off. ■

PUBLISHER

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Eastern Europe Studies Centre
Est. 2006

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