

# LITHUANIAN FOREIGN POLICY REVIEW

**Minister of Foreign Affairs of Lithuania Gabrielius Landsbergis**

we must grasp the magnitude of the demographic explosion taking place close to Europe

**Dr. Konstantinas Andrijauskas**

a values-based foreign policy can be pragmatic

**Dr. Yevgenia Albats**

no authoritarian government provides a welfare state

**Dr. Gražvydas Jasutis**

military cooperation between Russia and Belarus is a security issue for NATO

**Dr. Jana Puglierin**

no radical change in Germany's foreign policy

**Taylor Valley**

Biden's policy approach toward Russia and Belarus is a pragmatic one



**EDITOR-IN-CHIEF:** Linas Kojala

**COVER DESIGN:** Fausta Mikutaitė

**LAYOUT:** Ieva Makarevičė

**PUBLISHER**

Linas Kojala, Director of Eastern Europe Studies Centre (EESC),  
is Editor-in-Chief.

**EDITORIAL STAFF**

Rytis Paulauskas, Ministry of Foreign Affairs of Lithuania  
Margarita Šešelgytė, Vilnius University  
Andžej Pukšto, Vytautas Magnus University

**MAIN PARTNER**

Ministry of Foreign Affairs of Lithuania



**PARTNERS**

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# A NOTE FROM THE EDITOR



It is a privilege to serve as the Editor-in-Chief of the Lithuanian Foreign Policy Review (LFPR) for the fourth year. The aim of the annual journal is to provide insights on the most pressing challenges for Lithuanian foreign and security policy, as well as to discuss global developments.

This year, the LFPR focuses on three main themes. First, the divisions between the West and China have been increasing; it presents both challenges and opportunities for the European Union (EU) and NATO member states. Lithuania has also clearly articulated its position by maintaining that the Western countries must adhere to values and principles, even if this policy draws out a harsh response from authoritarian states. This was reaffirmed in the LFPR's conversation with the Lithuanian Minister of Foreign Affairs Gabrielius Landsbergis.

Second, the Belarusian regime has not only continued a brutal fight against its own civil society, but has also employed the hybrid tool of "weaponized migration" against Western countries, including Lithuania, Latvia and Poland. Furthermore, the links between the Lukashenko regime

and Russia have been expanding, not least in the military domain. Hence, Gražvydas Jasutis looks at the issue from the Russian-Belarusian military integration perspective, while Taylor Valley and Anna Mikulska seek to understand how the Biden administration perceives security and energy developments in Central and Eastern Europe. Meanwhile Yevgenia Albats, a famous Russian journalist, shares her insights on the future of the Kremlin-controlled Russian political system.

Finally, many important political developments took place in Europe itself. Federal parliamentary elections in Germany opened the door to a new era of politics, as Chancellor Angela Merkel leaves office after 16 years in power. Implications for Germany's foreign and security policy are analysed in a conversation with Jana Puglierin. Moreover, the impact of the pandemic on the EU's fiscal and monetary policies is significant. Austėja Makarevičiūtė looks at the most important trends in this field.

This publication would not have been possible without our friends and partners. I am extremely happy that the Ministry of Foreign Affairs of Lithuania remains a key partner, providing support while ensuring

editorial independence. Konrad Adenauer Stiftung and the U.S. Embassy in Lithuania are also partners of the project. All of these contributions have been essential in making this current issue of the LFPR as far-reaching as it is. I am thankful to my colleagues at the Eastern Europe Studies Centre for their help.

Rytis Paulauskas, Lithuania's Permanent Representative to the United Nations, Margarita Šešelgytė, Director at Institute of International Relations and Political Science, Vilnius University, and Andžej Pukšto, an Associate Professor at Vytautas Magnus University, form a fantastic Editorial Board. I extend my warmest thanks to all of them. Finally, we are all grateful for the exceptionally positive response to previous editions of the LFPR we have received both from decision-makers and the expert community

Please do not hesitate to share the journal with your friends, colleagues and partners!

Sincerely,  
Linas Kojala

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## FOREIGN MINISTER OF LITHUANIA GABRIELIUS LANDSBERGIS: THE EU HAS MORE POLITICAL LEVERAGE TO TACKLE THE MIGRATION CRISIS THAN IT CURRENTLY USES



Editor-in-Chief of the Lithuanian Foreign Policy Review, Linas Kojala, sat down with the Minister of Foreign Affairs of Lithuania, Gabrielius Landsbergis, to talk about the most pressing foreign and security policy challenges for Lithuania and beyond. Topics including Belarus, China and the state of the transatlantic relationship were covered, among others.

The conversation took place at the end of 2021.

*– Lithuania has been actively supporting the Belarusian civil society and democratic aspirations. More than a year has passed since the mass protests in Belarus against the illegitimate regime of Lukashenko, yet he remains “de facto” in force. What is your evaluation of the current situation in Belarus? Is there enough effort being made by the Western community to maintain pressure on the regime?*

– I would have to say this change has happened and Belarus now has, in one way or another, a civil society. I remember the pictures from last year's election when, in some cases, even the police

joined in the rallies in support of the elected president Sviatlana Tsikhanouskaya and against the usurper Lukashenko.

The scope of these protests later diminished, but we can be sure that those people knew the reason why they went out to protest in the streets. This is a revolution that's still taking place. It hasn't materialised in an institutional sense, as the power is still in the hands of Lukashenko and his people, but that will obviously be a longer process. The story is not over and this chapter of history has not yet been written. The question remains: who will be writing it?

*– With so many different challenges to address at the same time, do the Western countries – primarily those in the EU – remain committed to the Belarusian cause?*

– Except for the tactics, there is a lack of understanding about what we should do. Of course, we can impose sanctions and we are doing so. Those sanctions are leaving far less operational space for Lukashenko, as he doesn't have any connections left open. Even the countries in the EU that were previously keen on keeping diplomatic channels open now find

it almost impossible to pick up the phone and have a meaningful conversation with an illegitimate leader.

However, we need to discuss strategic steps, what will come after the sanctions and how we see the situation evolving. This is a conversation that still needs to happen in the West. However, we must understand that much of the decision-making remains in the Kremlin. Some in the Western countries might be thinking that we should either leave it to the Kremlin to decide or that we will just sweep up what's left. But I still think that Western society, which has supported the civil movement so strongly from the beginning, has a responsibility to stay in a strategic mode as well.

This was one of the topics that I've been discussing with our partners in Europe and the USA.

*– Lukashenko has been actively seeking help from the only ally he now has – the Kremlin. The recent meetings between Lukashenko and Putin have demonstrated the willingness of both sides to continue the process of integration between the two states. Does the latter tendency, especially*

*as the Belarusian regime has weakened economically and is politically isolated, concern you more than before?*

– We have to distinguish two things.

First of all, the imposed sanctions, especially the latest ones, were mainly targeted at the pockets of Lukashenko and his closest allies. These people are feeling the bite. And Russia will not be able to compensate for this. The main problem is that there's discomfort in the Presidential Palace as they are realising that actually, there's a limit on how much they can take from the state-owned companies and institutional budgets. This option has greatly narrowed and Russia has no way of compensating for it.

The second issue is the possibility of creating a union state. We must be prepared for that, because it remains a possibility. Russia still has a lot of leverage against Belarus and it is obviously using that power. We need to be prepared in the sense that the message sent to Russia must be very clear – an unlawful president cannot sign a treaty that will be accepted by the international community. This would imply that the merger would be an annexation of the Belarusian state and it would not be seen as a legal move.

– *Were there significant steps taken in 2020 toward the creation of a union state?*

– Russia has been making some moves, but we don't have very clear evidence of what is happening behind the scenes. Many experts thought that matters



Russia can cover various losses of Belarusian budget and economy in general; however, it cannot cover the losses of the regime's closest allies.

might progress faster. It's still possible, but we are seeing that the leverage that Russia thought it has probably isn't quite as strong as it expected.

Russia can cover various losses of Belarusian budget and economy in general; however, it cannot cover the losses of the regime's closest allies. Therefore,



**IMAGE:** Gabrielius Landsbergis met with the Secretary of State Antony J. Blinken at the U.S. Department of State in Washington, D.C. on September 15, 2021 (@Flickr, US State Dep)

why should they agree to the "one state" scenario?

Russia has its own oligarchs – it doesn't need any more.

– *The Belarusian regime has also launched a hybrid attack on the European Union by pushing thousands of migrants over the border into the EU. Does the EU have tools to respond to such actions? What could be the framework of a comprehensive EU migration policy reform?*

– It's a difficult situation, but the first steps were quite successful. We were able to stop the flights from Iraq and were also able to stabilise the situation at the border with the help of our friends from Europe.

What will happen next though? There are mixed signals. Everyone agrees this is a big problem that we must solve as a Union, but when Lithuania raises the question of what tools the EU can offer to handle this problem, the debates get more difficult. The EU cannot fund the building of borders, barriers and so forth. The amendments to the Dublin Treaty, the so-called migration pact, are nowhere near adoption, and ad hoc legal amendments are not taken very kindly by the institutional officials.

This leaves countries like Lithuania in a rather difficult situation, as we must depend on our national tools and national funding. It might appear as if the institutions are hoping that if we win some time, the crisis will eventually be over on its own or the country will be able to deal with it. There's a reluctance to reopen the page and look for new solutions and suggestions on how to cope with the matter.

For us, it's not over until it's over – and it is obviously not over because people are still trying to cross the border.

Maybe we're not at the very beginning of the discussion of what to do regarding Belarus, but we're also definitely not at the end yet.

– *Do you have concrete proposals for the EU in terms of its future migration policy?*

– First of all, we need to take into account the fact that what we're seeing is still the beginning. Somehow, we've still not grasped the magnitude of the demographic explosion taking place in Africa. This concerns the whole continent – be it North Africa, the Sahel or the rest of Sub-Saharan Africa. At the expert level, the discussion is still going on, but somehow it's not being debated at the political level.

Secondly, we need concrete proposals that would help deal with the crisis now and help prepare for those that are definitely looming in the future. We need legal tools. We also need to be very clear on how we should receive legal migrants, how we can control the border and what are the countries' obligations – we cannot leave this as a grey zone where countries are left to decide on their own, because it's not an optimal solution.

Thirdly, the EU has political leverage, but it appears to be reluctant to use it. With its enormous economic power comes political power, and this could be used to reach agreements with vulnerable countries. Iraq is a good example – we took a first step, we asked to stop the flights and the institutions joined in. They have the tools and leverage,



With its enormous economic power comes political power, and this could be used to reach agreements with vulnerable countries.

and they have things to offer, so agreements that could be made with the country. I think that's the way it should go, but we didn't go the whole distance.

While Iraq has an agreement with the EU for the non-voluntary return of people, they don't honour this agreement on a bilateral basis. Lithuania, or even Poland, cannot make the Iraq authorities honour it. The EU's help is absolutely necessary. It would send a message to the economic migrants that if you're not an asylum seeker, you will be returned, which will make them think twice about these illegal border crossings.

– *The Eastern Partnership (EaP) policy has been less prominent recently, not least because of some concerning political developments in some of the partner countries. What is the path forward for the EaP in the next two or three years?*

– The Eastern Partnership was and will remain one of the most important strategic policy points for Lithuania, so it is unfortunate that it is becoming increasingly difficult to convince our partners in Europe of the strategic nature of the EaP. We probably see it through the lens of enlargement, which is one of the most difficult questions for the union. But we



IMAGE: Lithuania remains keen on strong transatlantic relationship, not least in NATO (@Flickr, NATO)

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The Eastern Partnership was and will remain one of the most important strategic policy points for Lithuania, so it is unfortunate that it is becoming increasingly difficult to convince our partners in Europe of the strategic nature of the EaP.

lack an understanding that the success of the Eastern Partnership Project is also the success of the European foreign policy. If we want to be seen as an effective union, we should first demonstrate it in terms of the Eastern Partnership.

This is where the work that Europe has done so far has been the most efficient and successful. Forgetting

that will lead us nowhere and will only disappoint the many people in the Eastern Partnership and within the EU who are still hoping to see the geopolitical union in action.

We can see geopolitical Turkey acting in the Eastern Partnership region, also in addition to the very geopolitical Russia and the very geopolitical/geoeconomical China acting there. However, we're not seeing the EU acting as it should. Thus, the goal is there, but we need to talk about the tools we have to offer.

– *What one step would you suggest that the EU should make in 2022 regarding the Eastern Partnership?*

– Since we've been talking so much about state of democracy around the globe, we really need to recognise the countries within the Eastern Partnership programme who are showing a willingness to promote democracy in their societies and who are really standing firm in the defence of

democracy. There are two very clear examples of that in Moldova and Armenia.

Moldova now has a very pro-European government, president and parliament. We have not seen this many pro-European individuals in decision-making positions in that country for a long time. This is particularly relevant now that they are under energy pressure from Russia and Gazprom. This is where the EU should step in and assist, as it is where success stories will be made and lost. When a country raises its flag and says it wants to move closer, if we neglect that plea – we all lose in the end. However, if we make Moldova a success case during this window of opportunity, it will be a success story for the EU.

The case in Armenia is similar, but we have tended to neglect it, in part due to geopolitical and strategic choices. The country is more distant geographically, psychologically, and is also beset by numerous problems. But we

must understand that it is a vibrant democracy, which is essentially defending one of the core principles of the EU in the South Caucasus. They are under enormous pressure from their aforementioned geopolitical neighbours and are in a really tough situation just now. The EU's soft power would be very well received there. We must therefore be smart about how we might add some level of mediation between Azerbaijan and Armenia or Armenia and Turkey.

I visited Yerevan twice in 2021, and both times I was very well received and our in-depth discussions were very interesting. A number of their

representatives have also visited Lithuania. This not only shows the close and warm ties between Lithuania and Armenia, but also their willingness to establish more and stronger ties with the EU.

– *In general terms, how would you explain Lithuania's position regarding China?*

– First of all, it's not really about China, even if the question is often posed regarding what our relationship with it is like. I would say that Lithuania's values-based stance is also a pragmatic choice to have more ties with countries in the Indo-Pacific region.

This is why we opened our embassy in Australia, as well as why we are opening the embassies in South Korea and Singapore. We're expanding our network. Basically, this is where our stance begins.

Another piece of this puzzle is our relationship with Taiwan. We have decided to open our economic representation in Taipei and agreed that the Taiwanese would open their representative office in Vilnius. Unfortunately, China's reaction was a very nervous one. Not only their diplomatic reaction, but also the economic reaction diminished the space for finding any diplomatic solution to this issue.

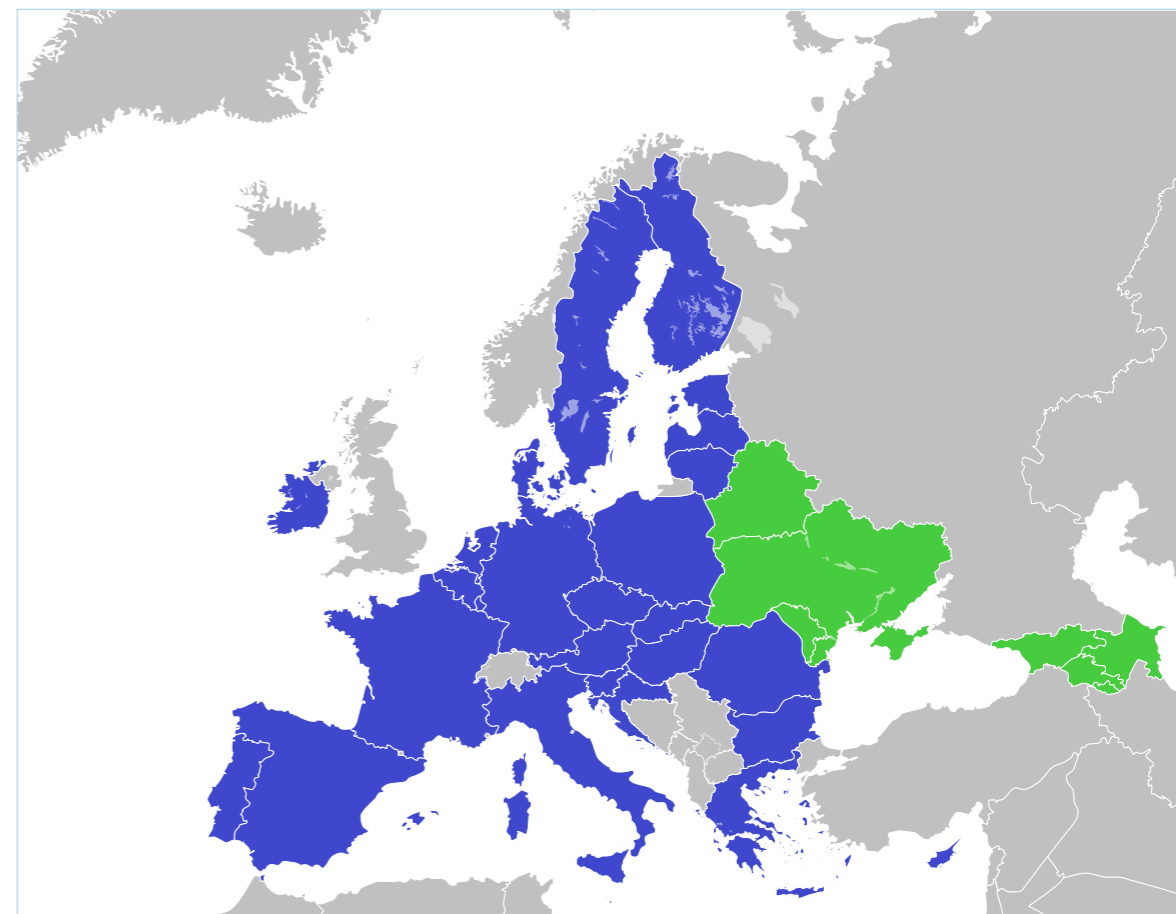


IMAGE: Members of the Eastern Partnership: Armenia, Azerbaijan, Georgia, Moldova and Ukraine. Belarus announced the suspension of the country's participation in both the Eastern Partnership and the Readmission Agreement in 2021 (@Wikipedia, Derivative work by Concus Cretus)



We opened our embassy in Australia, [...] we are opening the embassies in South Korea and Singapore. We are expanding our network.

– *The US withdrawal from Afghanistan, as well as the AUKUS agreement, have been used as examples of the US unwillingness to maintain close cooperation with the European Union. The EU, on the other hand, has been discussing the need to ensure “strategic autonomy”. The US President Biden’s national security advisor Jake Sullivan has also argued that the EU should get more “practical and specific” in its defence policy. Is the US really changing its priorities and what could be the response from the EU that would support Lithuania’s priority of maintaining close transatlantic links?*

– I think that this administration handles the relationship with Europe differently.

We see an honest approach and honest willingness to better this relationship. There are still some worries and the way that the AUKUS deal was handled and the reactions we had in Paris and other capitals were worrisome. This is because we would not like

to see the transatlantic relationship deteriorate in any way, especially with a Washington administration, which is intent on rebuilding it, same applies for the situation involving Afghanistan.

A lot now depends on the honesty of both sides and how willing they are to present their cases, where they are and to discuss difficult subjects as well with as much transparency as possible.

It is clear to me that US security interests lie now not only in the North Atlantic, but also the Indo-Pacific. That is a very important message for us to understand, as the focus is clearly shifting that region. I don’t mean to say that it’s going away from our region, but there are more things for the US to think about. As I mentioned before, we must take this into account as well. Both as Europe and as Lithuania. Our task is not to get mentally stuck only with our immediate neighbourhood, but to see it in the global perspective.

Globally democracy faces very important, if not existential challenges. President Biden shows his preparedness to coordinate with democracies from around the world by organising the upcoming Summit for Democracy, which will take place in December (*the conversation with the Minister took place in late October – ed.*). It is important for us to participate meaningfully in building more global bridges between democracies worldwide and therefore Lithuania, in preparation for the Summit, organises a

high-level Forum on the Future of Democracy in Vilnius on November 19-20.

We expect the Forum to assist in laying, with discussions and documents, the groundwork for the Summit. It will gather high-calibre policy-makers, intellectuals, and freedom fighters to address the principal challenges democracy is facing globally and to look for possible solutions. This event will also help us to put our experience in the global context and to find ways to share it with others while, at the same time, learning from their respective experiences. America appreciates this effort and it is evident from the fact that the American Under Secretary of State, Ms. Uzra Zeya, the main organiser of the December Summit, is coming to Vilnius to participate in our event.

– *In your conversation with Mr Blinken, what did he have to say about the Baltic States?*

– What we are hearing is that we are a valued partner, a trusted partner, and a partner that really understands just how important not only the strategic issues are, but that Western society is built on the same values that granted us our freedom 30 years ago. Therefore, we usually know what is worth defending and why it is necessary. This is because we are living based on the same principles and this is therefore an easy subject to communicate and talk about, making us good partners. ■

## DR. YEVGENIA ALBATS: NO AUTHORITARIAN GOVERNMENT PROVIDES A WELFARE STATE

Famous Russian journalist and political scientist Yevgenia Albats talks with the LFPR’s Anton Achremov about the political future of Russia after the Duma elections.

– *How did the last elections in Russia differ from the previous elections to the Duma, the vote on the Constitution or the presidential elections in 2018?*

– For a long time, elections in the Russian Federation were reduced to a voting procedure, but in the previous elections the opposition at least had the opportunity to campaign at the stage of registration for the elections. This time, the government adopted laws in advance that made it impossible, in principle, for the opposition to participate in the elections.

Laws were passed on the fight against extremism, terrorism and on foreign agents that divided the country’s citizens into friends and foes, depriving passive voting for everyone who has another type of citizenship or residence permit, and for everyone who interacted with any public organisations that the authorities recognised as undesirable. In total, this was 9 million people, or a tenth of all the voters in Russia. On the day of voting, there were also massive

falsifications throughout the country. Thus, the current Duma is completely illegitimate.

– *The new Duma begins its term in a changed context after last year’s amendments to the Constitution, and it is under this Duma that the presidential elections in 2024 are scheduled to take place. How do you think these changes will affect its working agenda and what role will the Duma play in the run-up to 2024? What signal does the vote this autumn send about possible changes in the elite?*

As a parliament, the Duma does not exist and the legislative power in Russia is completely destroyed. As Ludwig von Mises said, a parliament that is subordinated to the executive branch of power is nothing more than a meeting of people who will say “yes”. In this sense, there is no legislative power in Russia, just as there is no judicial power. Therefore, the agenda of the Duma will be simple: it will continue to adopt the repressive laws that are offered to them by the FSB, which really has all the power in Russia.

As for 2024, I do not think there will be elections held that year as I think that the change will take



**DR. YEVGENIA M. ALBATS**

is a Russian investigative journalist, political scientist, author, and radio host. Since 2007 she has been the Political Editor and then Editor-in-Chief and CEO of The New Times, a Moscow-based, Russian language independent political weekly. Since 2004, Albats has hosted Absolute Albats, a talk-show on Echo Moskvy, the only remaining liberal radio station in Russia. Albats was an Alfred Friendly Press Fellow assigned to the Chicago Tribune in 1990, and a Nieman Fellow at Harvard University in 1993. She graduated from Moscow State University in 1980 and received her Ph.D. in Political Science from Harvard University in 2004. She is a member of the International Consortium of Investigative Journalists (ICIJ) since its founding in 1996. Albats taught at Yale in 2003–2004. She was a full-time professor at Moscow’s Higher School of Economics, teaching the institutional theory of the state and bureaucracy, until 2011 when her courses were canceled at the request of top Kremlin officials. In 2017 Albats was chosen as an inaugural fellow at Kelly’s Writers House and Perry House at the University of Pennsylvania. In 2019–2020 she taught authoritarian politics at the University of Michigan in Ann Arbor. Albats is the author of the four independently researched books, including one on the history of the Russian political police, the KGB, whose graduates are running the country today.

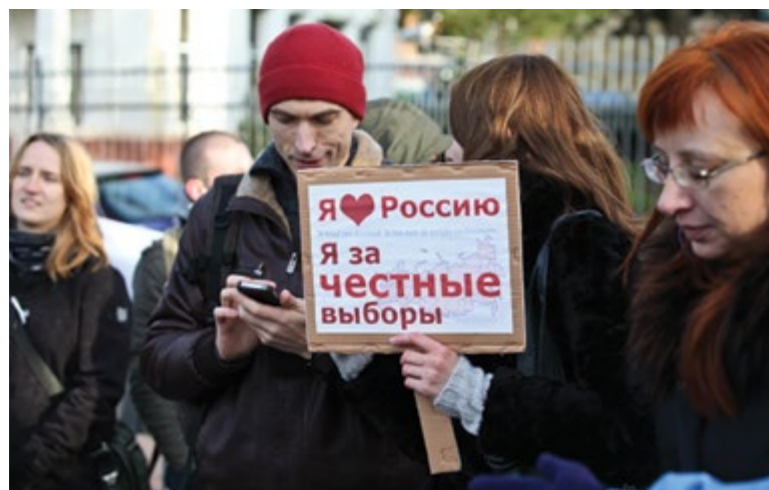


IMAGE: Russian civil society activists (@Flickr)



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place much earlier. Most likely, this will not happen in an elective way. Possibly it may even be a variant of a junta.

– Therefore, do you think that, in principle, Putin will no longer try to legitimise himself through rigged elections but will switch to an openly repressive rule?

– I cannot tell the future, but through watching what is happening, I believe that Putin is nonviable. A group of people has formed around him who fully believe that it is necessary to act much tougher. Such people are represented by those like

Nikolai Patrushev (Secretary of the Russian Federation Security Council - ed.), who writes completely insane political articles and who already lives in a paradigm of war with the West. If you look at Russia's proposed budget for this year, there are sharp spending cuts in all areas of health and education, but on the contrary, there's a sharp increase in spending on state defence and security. They are already in a state of war.

There is also a second group of people around Putin who do not care about democracy, but who

want to live in Europe. These are the billionaires and functionaries, along with their children and grandchildren who graduated from good universities, and they do not want to live in a golden cage. It is this second group that will try to prevent the final crackdown in Russia. We will observe a battle of these interest groups in the near future, but I think that all this will break out much earlier than in 2024, as the system is very unstable.

– A poll conducted by the Levada Center on the eve of the autumn elections revealed, in my opinion, a rather paradoxical thing. A record number of Russians declared that it is more important for them to see Russia not as a geopolitical superpower, but as a country with a high standard of living, even if it is not one of the most powerful countries in the world. At the same time, a record number of positive answers were received to questions about a planned economy and a Soviet model of government as the most suitable for Russia. In your opinion, what kind of Russia do the majority of its people really want now, and to what extent is the current administration able to satisfy this desire?

– It would be a mistake to interpret these results as a nostalgia for the Soviet regime, as they simply show a desire for social security among members of the general public who remember that they had free medicine and education under Soviet rule.

This is especially true after the pandemic, when millions were paid to people under lockdown in the Western world to support them, while in Russia none of this occurred. This is similar to what happened all over Eastern Europe in the 90's, when the people who were left without any social support

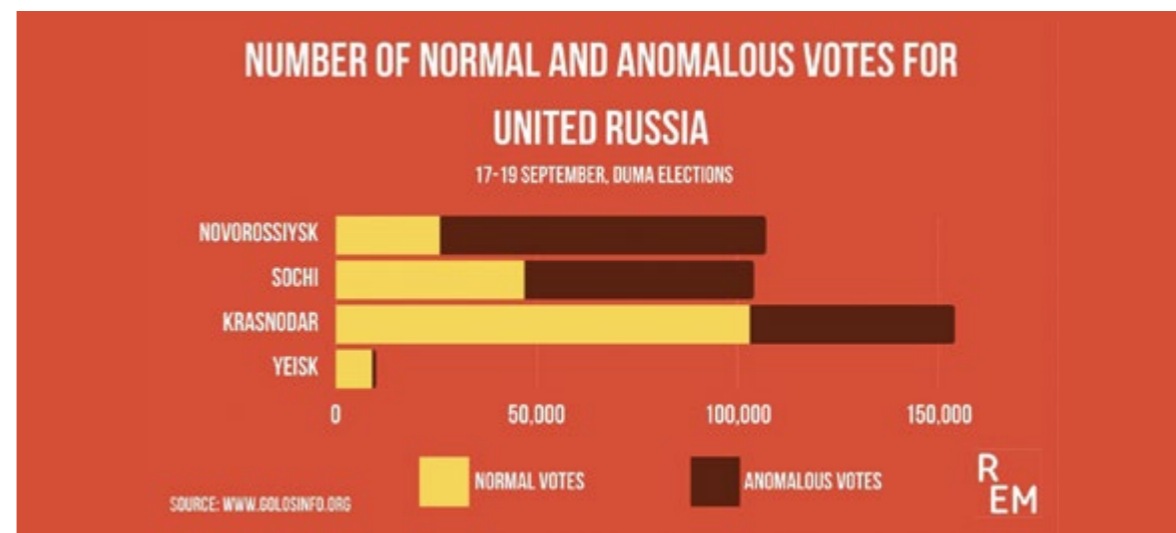


IMAGE: @Russian Election Monitor

due to economic reforms voted again for the communists, who promised them social crutches. It is a request for a social welfare state, but nothing more. The current government, of course, is incapable of satisfying that request. This is a natural consequence of the fact that no authoritarian government provides a welfare state, as it is an absolutely uncontrolled government with wild levels of corruption. Second, most of the ruling elite, as we said,



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are already mentally at war with America, and the military spending is growing accordingly. Since Russia does not produce anything other than oil and gas, as well as trading a little in arms, of course the country has no money for welfare reforms.

– This January marks exactly one year since Alexei Navalny's return to Russia and his subsequent imprisonment. In reflecting on everything that has happened to him, his colleagues and his foundation during this time, how do you see his future significance in the Russian political context?

– It was very revealing when, in the last two weeks before the three-day voting on September 17-19, Alexei Navalny completely dictated the political agenda in the country. Every one of his posts on Instagram and Twitter was read by millions of people, while the videos prepared by his team were watched by millions of people. The Russian government, which supposedly has control over everything in the country, was



Alexei Navalny was and remains, even while in prison, the leader of the Russian opposition. If they don't kill him, he will continue to be its leader.

forced to directly threaten global services such as Google, Apple, YouTube and Telegram with a demand to block the Smart Voting applications of Alexei Navalny. The special services came directly to Google's office in Moscow. The way that the e-voting was rigged also shows that a tough command was put in place, so that no Smart Voting candidate could be elected. All this shows that Alexei Navalny was and remains, even while in prison, the leader of the Russian opposition. If they don't kill him, he will continue to be its leader. ■

# CONTEXT BEHIND LITHUANIA'S REVIEW OF ITS RELATIONSHIP WITH CHINA

## DR. KONSTANTINAS ANDRIJAUSKAS

Since the new Lithuanian government came to power in late 2020, the country has increasingly attracted global attention because of its official commitment to conduct a “values-based foreign policy” in general, and correspondingly to review its bilateral relationship with China in particular. In Spring 2021, Lithuania became the first to leave the China – Central and Eastern European Countries cooperation framework, calling for other EU members to follow suit in order to deal with Beijing together and equally on the basis of the whole EU. Lithuania’s change of heart on China was related to its identity and peculiar characteristics, which include being an open and fairly digitalised economy, a small state with a particular stake in the preservation of international rules and obligations, a faithful member of the Euro-Atlantic alliance system

“Lithuania’s change of heart on China was related to its identity and peculiar characteristics.

### IN SHORT

- In 2019 Lithuanian intelligence agencies explicitly named China as a national security threat. Thus, Lithuania’s subsequent decision to review its relationship with China had a local rationale, although the largely coinciding shift in the Euro-Atlantic political, economic and security community made the review much easier to validate.
- The Lithuanian-Taiwanese mutual plans to exchange representative offices do not themselves signify something extraordinary, as many fellow EU and other Western countries have done essentially the same.
- Lithuania’s decision should be viewed as consistent with the EU’s commitment to “continuing to develop its relations with Taiwan and to supporting the shared values underpinning its [democratic] system of governance,” as well as the earlier actions of its fellow EU members.
- A senior anonymous EU diplomat in Beijing allegedly compared the Chinese response to the well-known local saying about “killing a chicken to scare the monkey”.



### DR. KONSTANTINAS ANDRIJAUSKAS

is an Associate Professor at the Institute of International Relations and Political Science at Vilnius University and Associate Expert at the Eastern Europe Studies Centre, who was formerly a Senior Visiting Scholar at China’s Fudan (Shanghai, 2011) and Zhejiang (Hangzhou, 2013) Universities as well as Columbia University (Fulbright Scholar Program).

and the Western economic and normative community, as well as one of the most pro-European, pro-American and Russia-sceptic countries in the world. Further details were also important.

### THE LITHUANIAN REVIEW BEGAN EARLIER AND WAS REACTIVE

Contrary to a relatively widespread assumption otherwise, the current Lithuanian review is merely representative of a shift that became public in 2019 and has since acquired fairly bilateral characteristics. Indeed, it was during the last pre-pandemic year that Lithuanian intelligence agencies explicitly named China as a national security threat. The latter confirmed such allegations in the eyes of many by employing its “united front work” and “wolf warrior diplomacy”, which together produced the 23 August incident. To remind the reader,



IMAGE: Lithuanian government explores ways to enhance economic ties with Taiwan (@ChenSeed, pxhere.com)

“Lithuania’s review [of the China relationship] was caused by both its own recent negative experience and the larger Western context.

this was the first time that pro-Beijing demonstrators, notably including Chinese diplomats, expressed themselves openly in any of the Baltic States.

Thus, Lithuania’s subsequent decision to review its relationship with China had a local rationale, although the largely coinciding shift in the Euro-Atlantic political, economic and security community made the review much easier to validate. Indeed, it was in 2019 that the EU officially recognised China as an “economic competitor” and a “systemic rival”, while NATO made it clear in its

London Declaration that China would become a new strategic focus for the alliance. In other words, Lithuania’s review was caused by both its own recent negative experience and the larger Western context.

### THE PANDEMIC AND LITHUANIAN-TAIWANESE RELATIONS

Lithuania’s decision to deepen its relationship with Taiwan should also be understood in a larger context. Despite the initial promises of closer Sino-Lithuanian bilateral cooperation resulting from the global health crisis, the pandemic has actually widened the rift that opened in the previous year, as Vilnius advocated for Taiwan to play a larger role in tackling Covid-19, while China’s ambassador began to question the established version of the origins of the virus in the host country’s media. From Lithuania’s perspective, it was worrying and telling that Beijing did not even consider accepting Taiwan’s participation in the 2020 World

Health Assembly, despite its own rhetoric about the need to transcend politics in order to deal with the unprecedented crisis and the remarkable experience of the Taiwanese in actually doing so. China’s later unwillingness to cooperate in the investigation into the original outbreak would only confirm this point.

The Lithuanian-Taiwanese mutual plans to exchange representative offices do not themselves signify something extraordinary, as many fellow EU and other Western countries have done essentially the same. Admittedly, the last time that the island opened such an office in a European capital happened in 2003 in Bratislava, which was a year before Slovakia joined the EU along with Lithuania and many other neighbouring countries, and China might have had good reasons to expect that this would not happen again anytime soon (if ever). From Lithuania’s perspective, however, it has never officially committed itself to an interpretation of “One China” that would exclude



“ [Lithuania] has never officially committed itself to an interpretation of “One China” that would exclude such an initiative.

such an initiative. Indeed, the move would indicate neither the establishment of “official relations” nor “engaging in official contacts” with Taiwan, both of which are explicitly mentioned in the Joint Communiqué on the Establishment of Diplomatic Relations between Vilnius and Beijing that has been defining this relationship since 1991.

Lithuania’s decision should be viewed as consistent with the EU’s commitment to “continuing to develop its relations with Taiwan and to supporting the shared values underpinning its [democratic] system of governance,”<sup>1</sup> as well as the earlier actions of its fellow EU members, notably including neighbouring Latvia and even more significantly France, as the latter opened an extra Taiwanese de facto consulate as recently as the end of 2020, and last but not least, the pressing need to deal with the pandemic in terms of both healthcare and economic recovery. The alleged plans to open a “Taiwanese”

representative office as opposed to a “Chinese Taipei” office can indeed be interpreted as signifying a certain shift in the global approach to the issue, but such an action would not automatically imply Lithuania’s rejection of the “One China” policy, and until (if) that happens, this important detail remains speculative while the country retains the option to back down on it as a handy concession.

### CHINESE RESPONSE IS COUNTERPRODUCTIVE

Nonetheless, such backing down is somewhat harder to expect considering China’s reaction to the abovementioned developments. Although initially taking a cautious approach, by the end of Summer 2021 Beijing resorted to a multi-dimensional campaign against Vilnius that included diplomatic (bilateral recall of ambassadors), economic (freeze on many Lithuanian non-high tech exports, threats to cancel freight trains passing through the country, etc.) and discursive means. In the latter case, the *Global Times*, a particularly jingoistic Chinese tabloid, even suggested that Beijing “should join hands with Russia and Belarus, the two countries that border Lithuania, and punish it.”<sup>2</sup> From the view of Vilnius, one could have hardly said something more counterproductive. Besides an explicit confirmation of Lithuania’s concerns, it also appears to be a tacit recognition of China’s retaliation limits.

“ Beijing resorted to a multi-dimensional campaign against Vilnius that included diplomatic, economic and discursive means.

A senior anonymous EU diplomat in Beijing allegedly compared the Chinese response to the well-known local saying about “killing a chicken to scare the monkey”.<sup>3</sup> The problem with this approach is that not only the “chicken” has proved to be defiant so far, but also that the “monkey’s” attitude has been changing quite remarkably as is being showcased by the EU’s Comprehensive Agreement on Investment with China, which is now effectively frozen because of the mutual sanctions. For Lithuania at least, the ongoing economic pressure campaign has only further confirmed its reservations about deepening trade and investment relationship with China. Neither have the Chinese allegations about the resulting Lithuanian isolation been confirmed, as since mid-2021 the country has secured the privilege to host the 2023 NATO summit and was for the first time elected to the UN Human Rights Council. In the words of the country’s current Minister of Foreign Affairs, a values-based foreign policy can indeed be pragmatic. ■

## CROSSING BEIJING’S “RED LINE”? CHINA’S RESPONSE TO LITHUANIA’S VALUES-BASED FOREIGN POLICY

RAIGIRDAS BORUTA

### INTRODUCTION

Since the 18<sup>th</sup> Cabinet of Lithuania took office on 11 December 2020, its government programme has stood out owing to its determination to follow a values-based foreign policy and the clear intent to develop ties with Taiwan. Soon afterwards, a resolution started to materialise: Lithuania withdrew from China’s “17+1” format and publicly voiced its intention to allow Taiwan to establish a “Taiwanese Representative Office” in Vilnius. China treated this announcement as crossing over its “red line”, and the response was swift and harsh as Sino-Lithuanian diplomatic relations entered into a crisis after China recalled its ambassador to the country. The retaliation soon started with the deterioration of trade ties, which gradually expanded into other spheres. Currently, China does not want any involvement with anything “Lithuanian”, and given the complexity of the Taiwan issue, this diplomatic crisis is far from over.

### CRUMBLING SINO-LITHUANIAN ECONOMIC COOPERATION

The first signs of Chinese retaliatory measures against Lithuania appeared before the recent deterioration of bilateral diplomatic ties. Ever since Lithuania voiced its decision to withdraw from the “17+1” format and publicly announced its plans with Taiwan to establish representative offices in Taipei and Vilnius (in particular, the proposed name for the Vilnius office that included the word “Taiwan” angered Beijing), Lithuanian products have started to come under increased scrutiny. For instance, in May the Lithuanian beer sold in Walmart throughout China came under attention after a so-called customer’s tip-off regarding irregularities in the expiration dates<sup>1</sup>, and the investigation soon led to a termination of the cooperation. From the historical perspective of the Sino-Lithuanian relations, this particular Chinese pressure strategy is not new: as a result



### RAIGIRDAS BORUTA

is an Associate Expert at the Eastern Europe Studies Centre and a PhD student at the Institute of International Relations and Political Science, Vilnius University. Boruta holds a Bachelor’s degree in Asia Pacific Studies (Chinese language programme) from the University of Central Lancashire (UK) and a Master’s degree in International Relations from Sichuan University (China).

### IN SHORT

- Ever since Lithuania voiced its decision to withdraw from the “17+1” format and publicly announced its plans with Taiwan to establish representative offices in Taipei and Vilnius (in particular, the proposed name for the Vilnius office that included the word “Taiwan” angered Beijing), Lithuanian products have started to come under increased scrutiny.
- Among local exporters, the views regarding Vilnius’ new approach towards China are not unanimous.
- The Chinese state-owned *Global Times* has published several editorials intended to warn Lithuania and force it to rethink its position.

<sup>1</sup> European Commission, “Elements for a New Strategy on China”, 22 June 2016, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex:52016JC0030>

<sup>2</sup> *Global Times*, “China, Russia can cooperate to punish Lithuania: Global Times editorial”, 11 August 2021, <https://www.globaltimes.cn/page/202108/1231251.shtml>

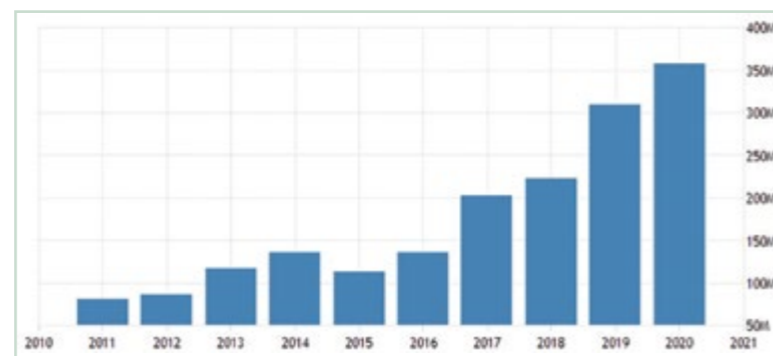
<sup>3</sup> Stuart Lau, “How little Lithuania dragged the EU into its showdown with China”, Politico, 6 October 2021, <https://www.politico.eu/article/lithuania-china-showdown-eu-impact/>

<sup>1</sup> Dong Yi, “Woerma sheshi jinkou pijiu yi quanbu xiajia [Walmart’s case-related imported beer is fully removed from the shelves]”, Renmin Wang, accessed on 2 September 2021, <http://sz.people.com.cn/n2/2021/0522/c202846-34739364.html>

Given the sensitivity of the Taiwan issue in China, it is not surprising that Vilnius' decision to seek closer ties with Taipei has resulted in a swift economic response from Beijing.

of an informal meeting between then President Dalia Grybauskaitė and the Dalai Lama in 2013, all ongoing exporting negotiations froze for a period of more than two years.

Given the sensitivity of the Taiwan issue in China, it is not surprising that Vilnius' decision to seek closer ties with Taipei has resulted in a swift economic response from Beijing. However, Lithuania's relatively low reliance on trade with China is not different from the overall China-CEE (Central and Eastern Europe) trade situation. The dependence on trade with China is minimal: China ranked 13<sup>th</sup> as the country's trade partner in 2020<sup>2</sup>. However, despite China being only the 22<sup>nd</sup> export partner, in terms of Chinese imports to Lithuania, the situation is different as China was the country's 7<sup>th</sup>



**FIGURE:** Lithuanian exports to China accounted for US\$357.76 million in 2020. Source: COMTRADE / Tradingeconomics.com

import partner in 2020. Electronic equipment, machinery and textile articles are mainly imported into Lithuania; therefore, stable imports from China are much more important to the Lithuanian manufacturing sector.

### LITHUANIAN BUSINESSES ARE NOT OVERJOYED

Trading with China is becoming increasingly complicated since China does not want any involvement with anything "Lithuanian". While the Lithuanian government has emphasised that deteriorating Sino-Lithuanian trade relations will not have a significant impact on Lithuanian exporters due to the insignificant export volume, some sectors will be affected more than others (for instance, the Lithuanian timber exporter Medvita's exports to China

Trading with China is becoming increasingly complicated since China does not want any involvement with anything "Lithuanian".

accounted for 98% of its business<sup>3</sup>). As a result, China's pressure is starting to be felt across different sectors. Recently, the Director of Lithuania's State Food and Veterinary Service (SFVS) stated<sup>4</sup> that the process of approving new export permits has frozen. In addition to this, the negotiations with China on animal feed, non-animal products and edible offal have ground to a complete stop since the beginning of 2021.

<sup>2</sup> The Sino-Lithuanian bilateral trade statistics can be found on: Ministry of Foreign Affairs of Lithuania, "Kinija: dvišalė prekyba (2020) [China: bilateral trade (2020).] accessed on 22 August 2021, <https://urm.lt/default/lt/lietuva-kinija>

<sup>3</sup> Ernestas Naprys, "Kinija nebeperka lietuviškų sūrių, javų ar medienos – įmonės kalba apie sunkius sprendimus [China stops buying Lithuanian cheese, cereals and timber – companies talk about difficult decisions]", Delfi, accessed on 23 August 2021, <https://www.delfi.lt/verslas/verslas/kinija-nebeperka-lietuvisku-suriu-javu-ar-medienos-imonės-kalba-apie-sunkius-sprendimus.d?id=87989553>

<sup>4</sup> The Baltic Times, "Beijing stops approving new permits for Lithuanian food exports to China – service", accessed on 1 September 2021, <https://www.baltictimes.com/beijing-stops-approving-new-permits-for-lithuanian-food-exports-to-china-service/>

Even though Lithuanian exporters were not satisfied with the relatively slow progress of bilateral trade, since 2016, the overall mood and outlook for future bilateral trade relations was becoming more positive, especially after a series of successful negotiations allowed Lithuanian companies to export an increasing variety of goods.

Among local exporters, the views regarding Vilnius' new approach towards China are not unanimous. In the last five years, exports to China had been growing steadily (see Figure 1). Even though Lithuanian exporters were not satisfied with the relatively slow progress of bilateral trade, since 2016, the overall mood and outlook for future bilateral trade relations was becoming more

positive, especially after a series of successful negotiations allowed Lithuanian companies to export an increasing variety of goods.

### CULTURAL LINKS ARE NOT SPARED FROM DAMAGE...

The Cultural Cooperation Programme 2017-2021<sup>5</sup>, signed by the Ministries of Culture of the two countries on the 18<sup>th</sup> of November 2016, resulted in intensified Sino-Lithuanian cultural exchanges. Since then, more Lithuanian artists were welcomed to China, while an increasing number of Lithuanian books were translated into Chinese. In 2019, Lithuania's National Drama Theatre toured China with the comedy "Tartuffe" and performed in 5 major Chinese cities, where it was seen as a success<sup>6</sup>.

While the economic pressure was more or less expected, the Sino-

While the economic pressure was more or less expected, the Sino-Lithuanian cultural cooperation has unexpectedly taken a significant hit as well.

Chinese public interest in any news related to Lithuania exploded after Beijing announced its decision to recall the Chinese ambassador to Lithuania.

Lithuanian cultural cooperation has unexpectedly taken a significant hit as well. As reported by Lithuanian National Radio and Television<sup>7</sup>, Lithuania's Cultural Attaché to China and South Korea, Tomas Ivanauskas, noted that since May, any Lithuania-related cultural event has been cancelled due to political reasons. Moreover, the licensing procedures of Lithuanian books have become stuck as well. At the same time, Ivanauskas observed an increase in the Taiwanese interest in developing closer cultural cooperation with Lithuania, but it is still too early to see any tangible progress. Such a decision to get rid of everything viewed as "Lithuanian" is guided by Beijing; however, Chinese public opinion and the call for a harsher response is also a significant factor that is adding to the pressure on the Chinese government to take more drastic actions against Lithuania.

<sup>5</sup> Ministry of Culture of Lithuania, "Cultural Cooperation Programme 2017-2021", accessed on 1 September 2021, <https://lrm.lrv.lt/uploads/lrm/documents/files/LT-CN%20kult%C5%ABrin%C5%B3%20main%C5%B3%20programa%202017-2021%20EN.pdf>

<sup>6</sup> Aušra Pociūtė, "Tartuffo aktorai R. Samuolytė ir G. Savickas: Kinijos publika keičiasi [Tartuffe actors R. Samuolytė and G. Savickas: Chinese public is changing]", Bernardinai.lt, accessed on 11 September 2021, <https://www.bernardinai.lt/2019-08-02-tartuffo-aktorai-r-samuolyte-ir-g-savickas-kinijos-publika-keiciasi/>

<sup>7</sup> Marius Eidukonis, "Atšalusį Lietuvos ir Kinijos politiką kausto ir kultūros ryšius, į jų vietą taikosi Taivano kultūrininkai [Cooling political situation between Lithuania and China is affecting cultural links, Taiwanese cultural circles aim to fill this gap]" accessed on 1 September 2021, <https://www.lrt.lt/naujienos/kultura/12/1481999/atsalusi-lietuvas-ir-kinijos-politika-kausto-ir-kulturos-rysius-i-ju-vieta-taikosi-taivano-kulturininkai>

BAIDU SEARCH ENGINE STATISTICS	
Date	Keyword/ key phrase (highest ranking of the day)
10.08.2021	1) "China recalls its ambassador to Lithuania" (+2 related phrases) (2 <sup>nd</sup> , 3 <sup>rd</sup> , 5 <sup>th</sup> )
11.08.2021	1) "MFA responds to China's decision to recall its ambassador to Lithuania" (3 <sup>rd</sup> ) 2) "Protests erupt in Lithuanian capital" (13 <sup>th</sup> )
12.08.2021	1) "Lithuanian ambassador receives a request to leave the country shortly after her arrival to China" (1 <sup>st</sup> ) 2) "China denounces US support to Lithuania in its plans to develop relations with Taiwan" (1 <sup>st</sup> ) 3) "Lithuania's shadow MFA opposes the current government's rhetoric" (23 <sup>rd</sup> )
13.08.2021	1) "Lithuania" (7 <sup>th</sup> )
17.08.2021	1) "MFA calls Lithuanian president's statement deceitful" (1 <sup>st</sup> )
23.08.2021	1) "Lithuanian exporters complain that China does not buy anymore" (4 <sup>th</sup> ) 2) "China is not buying Lithuanian milk and grain anymore" (9 <sup>th</sup> )
03.09.2021	1) "Lithuania recalls its ambassador to China" (1 <sup>st</sup> )

**TABLE:** Baidu daily search statistics (1<sup>st</sup> = most read news item in China).

Source: Baidu, Ganjiwang<sup>8</sup>

### CHINESE DOMESTIC MEDIA: LITHUANIA IS "A TINY BARKING DOG"

The Chinese domestic media is often seen as a mirror of Beijing's official position. Before the Sino-Lithuanian diplomatic crisis, Lithuania was rarely mentioned in China. However, since the newly-elected government took a different stance that is more critical of Beijing, this situation has changed dramatically. Chinese public interest in any news related to Lithuania exploded after Beijing announced its decision to recall the Chinese ambassador to Lithuania (see Table 1).

The aim of the Chinese official media campaign against Lithuania



**IMAGE:** The aim of the Chinese official media campaign against Lithuania is to pressure Lithuania into rethinking its decision (@tspmi.vu.lt)

<sup>8</sup> Baidu, "Baidu Resou [Baidu hot search statistics]", accessed on 3 September 2021, <https://top.baidu.com/board>

<sup>9</sup> Global Times, "China and Russia can cooperate to punish Lithuania: a Global Times editorial", accessed on 11 August 2021, <https://www.globaltimes.cn/page/202108/1231251.shtml>

EU exports of goods to China, 2020		
	€ million	% of China in extra EU exports
Germany	96 426	16.8
France	17 493	8.8
Netherlands	15 692	7.8
Italy	12 887	6.1
Ireland	9 861	10.6
Belgium	8 541	6.5
Spain	8 167	7.8
Sweden	7 458	11.5
Denmark	5 590	12.2
Austria	4 019	8.7
Finland	3 068	11.6
Poland	2 974	4.8
Czechia	2 260	6.6
Slovakia	2 040	12.8
Hungary	1 518	6.7
Bulgaria	919	9.7
Greece	855	6.5
Romania	646	4.0
Portugal	568	3.7
Slovenia	452	3.5
Lithuania	316	2.5
Estonia	245	5.1
Luxembourg	200	8.4
Latvia	160	3.0
Cyprus	87	4.9
Croatia	86	1.8
Malta	41	3.5

Source: Eurostat (online data code: ext\_st\_eu27\_2020sitc and DS-018995)

eurostat

**IMAGE:** The share of Lithuania's exports to China remain relatively low (@Eurostat)

- is to: 1) pressure Lithuania into rethinking its decision; and 2) highlight Beijing's hard-line response to Vilnius' decision, which is needed for its domestic audience. The coverage by the mainstream media and smaller news outlets shares several common characteristics:
- 1) questioning Lithuania's freedom of choice (where the US influence is emphasised);
  - 2) emphasising that Lithuania's decision is aimed at attracting China's attention to an unsatisfactory trade volume;
  - 3) the use of harsh rhetoric (calling the country "America's barking dog", "a clown", etc.); and
  - 4) the use of "carrot and stick" tactics.

The state-owned Global Times has published several editorials

intended to warn Lithuania and force it to rethink its position. For instance, the article titled "China and Russia can cooperate to punish Lithuania: a Global Times editorial"<sup>9</sup> skilfully uses "scare tactics" by dragging Russia into the Sino-Lithuanian conflict. Apart from other articles that are focused on potentially huge losses to the Lithuanian economy, this article employs the use of the "Russian card": a country that is historically seen as the main threat to Lithuania's security.

### CONCLUSION: THE CRISIS CONTINUES

Sino-Lithuanian relations are undoubtedly at their lowest point in history. It is not surprising that Beijing's response was swift and harsh, as the question of Taiwan is of utmost importance to the

“ Apart from other articles that are focused on potentially huge losses to the Lithuanian economy, this article employs the use of the “Russian card”: a country that is historically seen as the main threat to Lithuania's security.

Chinese Communist Party that cannot abandon its historical promise to the Chinese nation – the liberation of Taiwan. Therefore, the Chinese public expects Beijing to punish Lithuania. Currently, China's pressure is being felt in various ways ranging from economic to cultural spheres. While the bilateral trade volume is not significant, Lithuanian exporters are not very happy with the current situation, while importers and the transportation sector are also noticing signs of deteriorating cooperation with China. Unless some form of consensus is reached between the two countries, Beijing will continue to pressure Lithuania and, at the same time, try to dissuade others from following Lithuania's example. However, the damage to the Lithuanian brand in China has already been done. Even if a rapprochement is reached, the negative perception of Lithuania will continue to be shared among the Chinese public, and this in turn will haunt the bilateral cooperation across different fields. ■

# DEMOCRACY FIRST OR PRAGMATISM? BIDEN'S POLICY FOR RUSSIA AND BELARUS

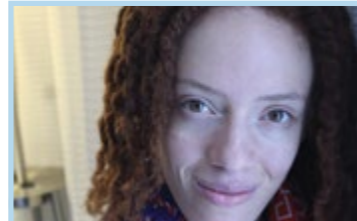
## TAYLOR VALLEY

When Vladimir Putin spoke on the phone with the newly-elected President Joe Biden in January 2021, it became clear that the period of good feelings between the United States and Russia was over. Unlike Trump's approach to dealings with Russia and Belarus, Biden has made it clear that supporting democracy abroad will be a priority.

In his first call with the Russian President, Biden aired a list of grievances that had largely been swept under the rug by the Trump administration. Specifically, in an effort to support the spread of democracy, Biden pressed Putin on the suspected poisoning of the Russian opposition leader Alexei Navalny and the widespread arrests of his supporters. Similarly, when the topic of Ukraine was mentioned, Biden reaffirmed America's commitment to that country's sovereignty, which has been under threat since 2014 when Russian-backed forces allegedly invaded the Ukraine regions of Donetsk and Luhansk.

In the case of Belarus, the White House issued a statement condemning the detention of peaceful protestors in the aftermath of the 2020 Belarusian election, while calling the actions of the Lukashenko regime an "illegitimate effort to hold on to power at any price".<sup>1</sup> In short, the focus of Biden's stated policy toward Russia and Belarus is on supporting democracy and curbing authoritarian aggression.

When the anti-Putin protestor Alexei Navalny returned home in January 2021 after receiving treatment for poisoning, he blamed on the Russian government and was sentenced to prison on politically motivated charges. Although the Navalny situation is a domestic issue, Biden openly denounced Putin's treatment of his political opponents, calling the retaliatory actions "totally unfair" and "totally inappropriate".<sup>2</sup> In August 2021, one year after the poisoning, the Biden administration expressed its censure by imposing economic



### TAYLOR VALLEY

is a PhD student in Political Science at Northeastern University. With a Master's degree in Russian Studies from Harvard University, Valley is focusing her research on regional alliances and authoritarianism.

### IN SHORT

- The focus of Biden's stated policy toward Russia and Belarus is on supporting democracy and curbing authoritarian aggression.
- Under Trump, long-seated leaders like Putin and Lukashenko benefited from the Republican administration's willingness to turn a blind eye to the systemic stripping of civil liberties.
- Under Biden, the US is standing staunchly against growing authoritarianism in Belarus. Yet, despite Biden's strong pro-democracy ideology, the administration has made room for cooperation with Russia on issues of strategic importance.
- Biden's policy approach toward Russia and Belarus is a pragmatic one with its focus on issue management despite the "democracy-first" rhetoric.



IMAGE: Belarus 2020 unity march (@Unsplash)

sanctions against the Russian individuals and entities tied to industries purportedly linked to Navalny's poisoning. This move came on the heels of Biden's warning two months earlier, suggesting there would be "devastating"<sup>3</sup> consequences for Russia if Navalny were to die in prison.

Biden's focus on promoting democracy could have serious implications for US relations with Russia and Belarus. Under Trump, long-seated leaders like Putin and Lukashenko benefited from the Republican administration's

willingness to turn a blind eye to the systemic stripping of civil liberties. For example, when Lukashenko fraudulently prolonged his 26-year rule in office by claiming victory over the popular opposition candidate Sviatlana Tsikhanouskaya in Belarus's 2020 presidential election, Trump offered little in the way of an initial commentary on the situation. However, after protests erupted across the Belarusian capital leading to the detention of thousands of protestors and claims of police brutality, the Trump administration was ultimately persuaded to

support targeted sanctions and an EU-backed declaration calling for new elections. Under Biden, the US is standing staunchly against the growing authoritarianism in Belarus. This past August, the US Department of the Treasury issued targeted sanctions against individuals and entities affiliated with the Lukashenko regime, for the "ongoing assault against the democratic aspirations and human rights of the Belarusian people, transnational repression and abuse, affronts to international norms and corruption."<sup>4</sup> Without ambiguity or hesitation, Biden's sanctions are meant to hold

<sup>1</sup> "Statement by President Joseph R. Biden, Jr. on Belarus", The White House, 9 August 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/09/statement-by-president-joseph-r-biden-jr-on-belarus/>

<sup>2</sup> Ben Leonard, "Totally unfair": Biden denounces Russia over Navalny", Politico, 17 April 2021, <https://www.politico.com/news/2021/04/17/biden-denounces-russia-over-navalny-482670>

<sup>3</sup> Betsy Klein and Maegan Vazquez, "Biden warns of 'devastating' consequences for Russia if Navalny dies in prison", CNN, 17 June 2021, <https://www.cnn.com/2021/06/16/politics/alexey-navalny-biden-putin-geneva/index.html>

<sup>4</sup> Alexis Mrachek, "Joe Biden's Sanctions on Belarus Are the Right Move", The Heritage Foundation, 16 August 2021, <https://www.heritage.org/europe/commentary/joe-bidens-sanctions-belarus-are-the-right-move>



However, after protests erupted across the Belarusian capital leading to the detention of thousands of protestors and claims of police brutality, the Trump administration was ultimately persuaded to support targeted sanctions and an EU-backed declaration calling for new elections.

the Belarusian government accountable for its attack on civil liberties but also to reaffirm the US commitment to democracy.

Despite Biden's strong pro-democracy ideology, the administration has made room for cooperation with Russia on issues of strategic importance. The issue of arms control and the extension of the New START Treaty, a landmark bilateral agreement that restricts the use of nuclear weapons, presented an early challenge for the administration. Set to expire in the weeks after Biden took office, the New START Treaty remained the last nuclear arms agreement between the two countries after the US formally withdrew from the Intermediate-Range Nuclear Forces (INF) Treaty under the Trump administration in 2019.

New START negotiations and the final outcome have further revealed Biden's pragmatic policy approach when it comes to managing the partnership with Russia. A key



IMAGE: "Belarus is ours" (@Unsplash)

term of the New START five-year extension includes verifiable limitations on certain classes of Russian missiles. In a silent nod to the Russian proverb "*doveryai, no proveryai*" ("trust but verify"), which characterised former-President Reagan's engagement



**New START negotiations and the final outcome have further revealed Biden's pragmatic policy approach when it comes to managing the partnership with Russia.**

with the Soviet Union, the Biden administration has chosen to rely on the New START Treaty's verification mechanisms as a means to increase transparency but also ensure Russian compliance. Furthermore, Biden has chosen to make arms control a multilateral issue by recognising China's growing importance for global security. Although the Trump administration was unsuccessful in bringing China onboard the New START Treaty extension talks, Biden has promised to seek out cooperation with China bilaterally, to establish nuclear cooperation outside of its agreement with Russia.

Unlike Russia, Belarus is not a major player in the Eurasian sphere. Consequently, while the Biden administration is working

with Russia in multiple domains including nuclear and regional security, the US–Belarusian relations are less extensive. For Russia, Belarus occupies a position of geopolitical importance, as it sits on NATO's eastern flank. The country hosts Russian military exercises and has become a new home for Russian military hardware, including aircraft and air defence systems. In turn, Belarus is dependent on Russia and its European neighbours, as well as being heavily integrated into the Russian-led economic and military blocs. In short, the Biden administration does not appear to have a concrete policy toward Belarus outside of the promotion of democracy and the safeguarding of civil liberties. Russia's increasingly close relationship,

coupled with Lukashenko's declining international legitimacy, underscores the need to consider the US foreign policy toward Belarus in the greater geopolitical context and most notably vis-à-vis Russia.

Altogether, Biden's policy approach toward Russia and Belarus is a pragmatic one with its focus on issue management despite the "democracy-first" rhetoric. In this way, the US is taking a hard stance against the authoritarian crackdowns in Russia and Belarus but recalibrates to a more cooperative tone when it comes to matters of global security. In terms of both Russia and Belarus, the Biden administration has upheld the international expectation of sovereignty, while still sending



Altogether, Biden's policy approach toward Russia and Belarus is a pragmatic one with its focus on issue management despite the "democracy-first" rhetoric.



IMAGE: Belarus is among the many challenges for the Biden administration (@Wikipedia, photo by Gage Skidmore)

strong messages of disapproval through public statements, economic sanctions and travel restrictions. Overall, for the Biden administration, a commitment from Russia and Belarus to respect democracy, preserve human rights and cooperate on matters of global security is critical, but not a prerequisite, for maintaining a good working relationship. ■

# DYNAMICS OF THE BELARUSIAN-RUSSIAN MILITARY ALLIANCE

DR. GRAŽVYDAS JASUTIS

During the closing ceremony of ZAPAD 2021, a joint military drill conducted by the Russian Federation and Belarus, Russia's Deputy Minister of Defence, Yunus-bek Yevkurov, declared that the exercises demonstrated that it was possible to bring together powerful military groups, which are capable of diverse combat activities. Yevkurov added that these groups could act as a bulwark against aggression and could use their attacking capabilities to bring enemies to their senses. This speech raises questions regarding precisely which enemy and threats the Deputy Minister of Defence was referring to in his statement.

In recent times, the Russian Federation's public narratives have become ever more forceful and harsher, and NATO countries would be well advised to consider the implications of this development. In June 2021, the British Royal Navy destroyer, *HMS Defender*, was sailing close to annexed Crimea, and the Russian navy fired warning shots in response. Russia's Deputy Foreign Minister Ryabkov subsequently justified the action, stating: "the territorial integrity of the Russian Federation is inviolable.

The inviolability of its borders is an absolute imperative, and

## IN SHORT

- During the last presidential elections in Belarus, held in August 2020, there was a rise in political tensions in the country and an increase in military cooperation with Russia, since President Lukashenka believes that he needs the backing of Russia to remain in power.
- The military integration of Russia and Belarus cannot be treated as a *fait accompli*, but significant developments are expected in the short-term period. Such actions are related to the coordination of a joint command and leadership of the military, negotiations on the military doctrine of the Union State and the establishment of new joint military facilities in Belarus.
- The military cooperation between Russia and Belarus, as well as the deployment of forces in the region, rising tide of propaganda and the use of hybrid warfare are all presenting security issues for NATO's eastern flank.
- One short-term aim for NATO should be to focus on military deterrence and transparency mechanisms in the region. In the long-term, the ultimate goal is to shape the Belarusian security perspective, so that it may oppose the inclusion of the state in Russia's orbit and seek for an alternative policy.



DR. GRAŽVYDAS JASUTIS

is a Scholar and conflict management practitioner. Teaches post-soviet security courses in Switzerland, France and Spain. Prior to this, he worked for the EU and OSCE in Georgia, Indonesia, Mali, Burkina Faso, Kosovo and North Macedonia, as well as the Lithuanian Delegation to NATO and the Ministry of Defence. His research interests include human rights, security sector reforms, conflict management, political transformation processes and terrorism in the post-Soviet area.

we will stand guard over all this by diplomatic, political and, if necessary, military means." NATO is now facing a situation where the close relationship between Russia and Belarus, combined with the expansion of Russia's military power and the way in which Russia effectively treats Belarus as part of the Union, have combined to create a security issue in the region.

The military unification of Russia and Belarus began long before August 2020. Over time, the alliance's operational capacity has been honed through ongoing exercises and training, alongside joint exercises designed to introduce standardisation and collaborative operations in conjunction with one another. It is important to point out that there are already two Russian Federation military facilities operating in Belarus; namely, the Russian radar station located near Baranavichy and a Russian



It is important to point out that there are already two Russian Federation military facilities operating in Belarus; namely, the Russian radar station located near Baranavichy and a Russian Atlantic submarine control point that is situated in Vileika District. Russia is not obliged to pay for the maintenance and safeguarding of these two facilities, while in return Belarus is regularly provided with information gathered by Russian satellites.

Atlantic submarine control point that is situated in Vileika District. Russia is not obliged to pay for the maintenance and safeguarding of these two facilities, while in return Belarus is regularly provided with information gathered by Russian satellites. The current agreement on the operation of these military facilities is due to end in 2021.

During the last presidential elections in Belarus, held in August 2020, there was a rise in political tensions in the country and an increase in military cooperation with Russia, since President Lukashenka believes that he needs the backing of Russia to remain in power, at least in the short-term. The Belarusian



IMAGE: The regime of Lukashenko deepens Belarusian integration with Russia (@Flickr, OSCE Parliamentary Assembly)

security service is ideologically and operationally similar to that of the Russian Federation. From the Russian perspective, Belarus not only has established military facilities in the territory, but also is intending to strengthen its capabilities in the areas neighbouring NATO. The Russian-Belarusian cooperation strategy is shaped by the intent to set up a military air base and reinforce the bonds of cooperation between the two states. From September 2020 onwards, the Russian and Belarusian military forces have taken part in exercises and manoeuvres every month; while on 2 March 2021, the respective Defence Ministers signed an agreement on a five-year strategic partnership programme.

This unique document was the first to define the goals of this military integration and highlight the areas of joint activities. In the programme, it is noted that Russian troops can be deployed in Belarus and the conditions under which this deployment can take

place are defined. Two weeks later, on 16 March 2021, the countries agreed to set up three joint Russian-Belarusian military training centres, and it seems that discussions began regarding the deployment of Su-30SM fighters and the training of crews in the territory of Belarus. The military doctrine of the Union State is currently being reviewed, with an eye to updating its provisions to be in line with the current security environment. At the time of writing this article, military forces can only operate under a joint command if a military conflict has broken out, whereas during peace time the two states must have separate headquarters. It seems probable that the Union Doctrine will tackle this issue to establish a common military command structure or set out a process for establishing permanent joint military headquarters.

All of these developments will affect the regional security. In particular, NATO has stated that those in the eastern region must



**IMAGE:** The Official Logo of the Zapad-2021 military exercises (Ministry of Defence of Russia, Creative Commons Attribution 4.0 International license)

be ready to face a range of new challenges with the strengthening of the alliance between Russia and Belarus. In 2021, during his annual address to the nation, President Putin made it clear to the world that he would not permit “red lines” to be crossed, and that it is Russia who will decide if and when this occurs. On 31 May 2021, the Russian Defence Minister, Sergei Shoigu, stressed that the country’s military capabilities were being built up and extended in relation to the West and that 20 new units would be deployed to act as a bulwark against NATO and the West.

While it seems unlikely that a military confrontation will occur on the Belarus-Kaliningrad-Baltic States axis, the mere fact that the Russia-Belarus alliance has now been strengthened, and that military exercises continue to be organised, underscores the fact that Russia views the area as a trouble spot for future conflict. Globally, Russia has the second

largest strategic nuclear forces and the largest tactical nuclear arsenal, as well as having a consolidated air defence system and the transportation capacity to send troops to Belarus in a very short period of time.

The ZAPAD 2021 exercises, which were held between 10-16 September 2021, underlined the aims of the Russian-Belarusian alliance and the sheer breadth and range of these drills was perturbing. These exercises included approximately 200,000 personnel, 80 aircraft and helicopters, 760 units of military equipment and up to 15 ships. In addition, the drills extended across 2,000 kilometres and involved land forces, special forces, electronic warfare, SIGINT, ELINT and the navy – among others. In the meantime, only 500 Russian troops took part in military drills in Central Asia, in a region which has seen major security shifts after the victory of the Taliban.

These ongoing exercises are a means of circumventing the legal restrictions on the permanent deployment of Russian troops and they pose an increasing risk to NATO’s eastern region. During ZAPAD 2021, the Presidents of both countries were in regular contact and discussed the ongoing exercises, while the Ministry of Defence of Russia posted approximately 200 messages on its website, which shows that the event was of major significance. Thus, we must return full circle to the Deputy Minister of Defence’s statement at the closing ceremony of ZAPAD 2021 that the Russian Federation is ready to repel its enemies, with its finger pointed to them during these drills.

The military cooperation between Russia and Belarus, as well as the deployment of forces in the region, rising tide of propaganda and the use of hybrid warfare are all presenting security issues for NATO’s eastern flank. As the union border and territorial bridgehead become a reality, this will enable the Union State to deploy nuclear weapons, create a military organisation, share a military infrastructure and make it unilateral, as well as enabling joint decisions on whether to get ready for military action and harness its civil defence resources across the territory. The present regime and the situation in Belarus do not support productive dialogue, so the best strategy is to choose actions on the basis of the policy of “cooperation without recognition”. One short-term aim should be to focus on military deterrence and transparency mechanisms; while in the long-term, the ultimate goal is to change the Belarusian perspective on security. ■

## THE POLLYANNA STRATEGY: MAKING THE MOST OF THE US–GERMAN AGREEMENT ON NORD STREAM 2

DR. ANNA MIKULSKA

The Nord Stream 2 (NS2) pipeline has been completed. After being delayed by US sanctions for more than a year, it could soon be ready to move up to 55 billion cubic feet of Russian natural gas directly into the EU each year. Any additional delay was averted, as the US abstained from imposing new, harsher measures. This decision was underwritten by a joint statement of the US and Germany, which expressed their commitment to supporting Ukraine, energy security and the climate goals of the region. Though criticised by many in Central and Eastern Europe (CEE), if well put into operation the agreement could have a real potential to support the goals that it stipulates. However, proactive, goal-oriented and well-planned behaviour on the part of the regional players will be essential.

### GOAL 1: SUPPORTING UKRAINE

The joint statement provides a set of alternatives that could address two of the strongest criticisms against the NS2 related to the fate of Ukraine: (1) loss of important budget contributions that the



Though criticised by many in Central and Eastern Europe (CEE), if well put into operation the agreement could have a real potential to support the goals that it stipulates.

country currently accrues from Russian gas transit fees; and (2) an increased likelihood of Russian aggression against Ukraine.

A key commitment is to establish and administer a Green Fund for Ukraine, which would “promote and support an investment of at least \$1 billion [...], including from third parties such as private-sector entities.” As Ukraine has been struggling with attracting a foreign direct investment (FDI),<sup>1</sup> a push by Germany and the US for their companies to enter the Ukrainian market could be a game changer, given the concerns of many foreign investors about issues such as the rule of law, corruption



DR. ANNA MIKULSKA

Non-Resident Fellow,  
Center for Energy Studies

Rice University’s Baker Institute  
for Public Policy

Anna Mikulska’s research is focused on the geopolitics of natural gas within the EU, former Soviet Bloc and Russia. Her current interests include: 1) the potential use of natural gas as a geoeconomic tool; 2) ways in which US LNG exports could bolster European energy security; 3) role of hydrogen in the sustainable energy transition; and 4) issues surrounding the use of coal as energy source. Mikulska has received a Law degree from Adam Mickiewicz University in Poznan, Poland, a Master’s degree in International Relations from the University of Windsor in Canada, and a PhD in Political Science from the University of Houston. She speaks Polish, English, German, Farsi and Russian.

### IN SHORT

- The US–German agreement and the lack of effective US sanctions that effectively allowed the completion of the NS2 pipeline have been received with apprehension in much of the CEE, with many concerned about an increase in the Russian geopolitical influence.
- A deeper look into the provisions reveals there are effective ways to prevent the latter, while encouraging economic security and growth in the region.

<sup>1</sup> US Department of State, 2021 *Investment Climate Statements: Ukraine*. Available at: <https://www.state.gov/reports/2021-investment-climate-statements/ukraine/> (last accessed: 13 October 2021).

and the general political stability of the country, and considering the conflict in Donbass and the presence of Russian troops on the Ukrainian border. The assurance is especially valuable for any investment within the energy sector, where large sunken costs often generate high risk related to potential political upheaval, nationalisation or the seizure of assets.<sup>2</sup>

Additional FDI activity would benefit economic development and bring in new budgetary resources to replace at least some of the lost transit fees, thus leaving the country not only independent of Russian gas but also of Russian monies. In addition, direct support for a Ukraine-bound investment would make foreign governments less tolerant of any losses that their companies may incur there, and hence would provide a de facto pre-emptive measure against Russian aggression or destructive behaviour against the energy infrastructure.

## GOAL 2: SUPPORTING THE ENERGY SECURITY OF UKRAINE AND CENTRAL AND EASTERN EUROPE

Based on the 2019 EU amendment (2019/692) to the Gas Directive (2009/73/EC), even though it has been completed, the NS2 is not allowed to operate until it conforms with the Third Energy Package (TEP), including



IMAGE: Pipes for the Nord Stream 2 (@Gerd Fahrenhorst)

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the principle of unbundling (separation of the transmission and gas ownership) and third-party access.<sup>3</sup> This is currently the largest obstacle to the NS2 beginning its operations. However, an EU court adviser recently

indicated that the company could challenge the amendment. The concern is that the Court of Justice of the European Union (CJEU), which will adjudicate on the matter, has a record of following such expert opinions in 4 out of 5 cases.<sup>4</sup> A commitment by Germany and the US to applying the TEP rules – independent of the amendment – could become an important element of the CEE strategy to prevent anticompetitive behaviour related to the NS2, regardless of what the final ruling is.

In addition, the Green Fund could be used to support an investment in the energy infrastructure to create a better system of interconnections. In particular, enabling the continued use and maintenance of the country's natural gas pipelines and its extensive gas storage system could support the security of the gas supply for Europe,

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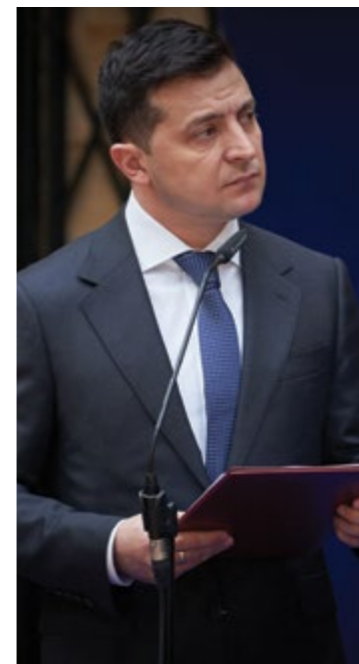


IMAGE: President of Ukraine Volodymyr Zelensky called the Nord Stream 2 'a dangerous geopolitical weapon' (@President.gov.ua)

while providing resources for the Ukrainian budget to replace the Russian transit fees. My colleague, Gabriel Collins, and I have put forward an actionable geoeconomic strategy for the US in this regard.<sup>5</sup> The strategy has also found interest among US policymakers. The 2018 Senate Bill 3585 that evolved into Senate Bill 704 (*European Energy Security and Diversification Act of 2019*) and the House companion bill H.R. 1616 closely track the geoeconomics concepts presented in our work. The US–German joint statement underscoring the issue of energy security is an excellent point of departure from which one could revitalise these efforts.

## GOAL 3: CLIMATE GOALS

Probably some of the most important provisions of the joint statement acknowledge that, as they are both emerging economies, Ukraine and the CEE region face unique challenges and opportunities related to the energy transition. This includes the strong reliance of some countries on coal, an underdeveloped natural gas infrastructure and/or limited budgetary resources that make it difficult to either invest in or subsidize CO2-saving measures, such as renewables, hydrogen, nuclear, carbon capture and storage (CCS), etc. The realisation of those differences that invite innovative strategies and support for an energy investment could become a very important element of an energy transition that supports continuing economic

development, and hence is also more politically and socially acceptable.

## CONCLUSION

The US–German agreement and the lack of effective US sanctions that effectively allowed the completion of the NS2 pipeline have been received with apprehension in much of the CEE, with many concerned about an increase in the Russian geopolitical influence. However, a deeper look into the provisions reveals there are effective ways to prevent the latter, while encouraging economic security and growth in the region.

Importantly, the possibility of sanctions and other measures against Russian aggression or anti-competitive behaviour has not been eliminated or excluded from possible actions. The joint statement also adds to the importance of EU measures to ensure the competitiveness of the market (TEP) and creates the potential for a significant foreign direct investment flowing into Ukraine during the crucial post-Covid-19 period.

While it is true that the joint statement is general and vague in many aspects, this does not necessarily need to be a drawback. In a Pollyanna fashion, the CEE countries could and should seize the moment and take the initiative in adding context to the general statements. By doing so, they will be able to specify the agreement's stipulations and adjust them to reflect their best interests and their needs. ■

<sup>2</sup> On the discussion of the above-ground risk to FDI in the energy sector see, for example: Francisco Monaldi, Igor Hernandez and Jose La Rosa Reyes, "The collapse of the Venezuelan oil industry: the role of above-ground factors in limiting foreign investment", *Resources Policy*, August 2021.

<sup>3</sup> A possibility of exemption from that rule was denied to Gazprom by the German Federal Network Agency (Bundesnetzagentur) in May 2020; the decision was upheld recently by Duesseldorf Higher Regional Court in August 2021. In the meantime, NS2 has challenged the amendment to the Gas Directive itself. While the challenge was rejected in the EU's General Court, Nord Stream 2 AG turned to the CJEU, which will adjudicate on the matter in the coming months.

<sup>4</sup> Maria Sheahan, "Gazprom's NS2 can challenge EU rules, EU court adviser says", *Reuters*. Available at: <https://www.reuters.com/business/energy/eu-court-adviser-says-nord-stream-2-can-challenge-eu-rules-2021-10-06/> (last accessed: 13 October 2021).

<sup>5</sup> Gabe Collins and Anna Mikulska, "Gas Geopolitics in Europe: Using Strategic Investments to Promote Market Liberalization to Counterbalance Russian Revanchism, and Enhance European Energy Security". Baker Institute's Center for Energy Studies, 13 April 2018. Available at: <https://www.bakerinstitute.org/research/egas-geoeconomics-europe/> (last accessed: 13 October 2021).



# GERMANY: NO RADICAL DEPARTURE FROM THE PROVEN FOREIGN POLICY TRADITIONS

## DR. JANA PUGLIERIN

If everything goes according to plan for the so called "traffic light" coalition parties (the article was submitted in late October 2021–ed.), Olaf Scholz will be elected as Germany's next chancellor. The very cooperative, professional and smooth process of the exploratory talks so far suggests that the parties involved have a real interest in governing Germany together for the next four years.

The issue of the country's foreign and security policy has not played a prominent role, either in the election campaign or in the exploratory talks. It is quite obvious that the priorities of the negotiating parties lie in other policy areas. In a joint document ("Sondierungspapier"), the coalition parties have laid down the first key points; however, these are still quite vague and will have to be fleshed out in further negotiations. In particular, the issue of the German foreign and security policy is only dealt with as the very last point in this paper.

Overall, the foreign policy of the "traffic light" coalition will be guided by a great many lines of continuity. In their paper, the SPD, Greens and the liberal FDP all acknowledge Germany's responsibility for Europe and the

### IN SHORT

- it is not yet clear how German relations with the authoritarian powers of China and Russia will develop.
- The SPD and the Greens reject NATO's 2% goal, while the FDP advocates it. It is not mentioned in the consultation paper, where the parties only say that the equipment of the Bundeswehr should be improved.
- it is certain that there will not be a radical departure from the proven German foreign policy traditions.

world. They want to advance the European integration process and to increase Europe's strategic sovereignty. They also emphasise the importance of transatlantic relations, while describing NATO as an indispensable part of European security. Franco-German relations are mentioned, as well as cooperation with Poland in the Weimar Triangle format. There is every indication that a "traffic light" government will continue to support maintenance of the international rule-based order and multilateralism built on international organisations. To this end, the



### DR. JANA PUGLIERIN

has been the head of ECFR's Berlin office and a senior policy fellow at the European Council on Foreign Relations since January 2020. Before joining ECFR, Puglierin headed the Alfred von Oppenheim Center for European Policy Studies at the German Council on Foreign Relations (DGAP). Prior to this, she was an advisor on disarmament, arms control, and non-proliferation in the German Bundestag, where she also worked on matters relating to German and European foreign and security policy. Between 2003 and 2010, she was researcher and lecturer at the University of Bonn. She was also an associate at Berlin's Stiftung Neue Verantwortung in 2010–2011.

In November 2017, Puglierin was a visiting fellow at the American-German Situation Room, a joint initiative of the AICGS and GMF. She is alumna of the Konrad-Adenauer-Foundation's Working Group of Young Foreign Policy Experts (2007–2016), of the ZEIT Foundation Ebelin und Gerd Bucerius (2016), of the Manfred-Wörner-Seminar for German-American Relations (2009), and of the International Visitor Leadership Program (2015). She is a board member of the German Atlantic Society and a member of the extended board of Women in International Security (WIIS.de). Puglierin earned a master's degree and a PhD in political science, international and European law, and sociology from the Friedrich-Wilhelms University of Bonn.

parties would particularly like to cooperate with those countries that share their democratic values. All three parties share an interest in strengthening the United Nations as well as in development cooperation. Israel's security also remains a matter of state concern for the new government.

Beyond the lines of continuity, it is not yet clear how relations with the authoritarian powers of China and Russia will develop. In this regard, the future coalition partners have positioned themselves at somewhat opposite ends of the spectrum. In view of the human rights situations in Russia and China, the Greens and the FDP have advocated for a tougher course towards the regimes in Moscow and Beijing. Both have spoken out against the completion of the Nord Stream 2 pipeline (Greens) or called for a moratorium (FDP) on the project. Regarding the Comprehensive Agreement on Investment with China, both the Greens and the FDP are critical and have signalled that they are prepared to pay an economic price for the protection of human rights.

In contrast, Olaf Scholz and the SPD have so far placed themselves

There is every indication that a "traffic light" government will continue to support maintenance of the international rule-based order and multilateralism built on international organisations.



IMAGE: Olaf Scholz aims to form a ruling coalition (@Flickr, PSA Communications)

very much in the tradition of Merkel's rather conciliatory foreign policy. Despite Moscow's aggressive course externally and its repressive course internally, the Social Democrats have remained committed to maintaining comprehensive economic and political cooperation with Russia. The Nord Stream 2 pipeline is their "brainchild"; therefore, they want to put the pipeline into operation as soon as possible. In their approach towards China, they want to pursue a similarly pragmatic and business-friendly course in the same manner as the previous government.

It remains to be seen to what extent pressure can be expected

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from the two smaller coalition partners to establish a more critical German policy towards Russia and China. However, the broader debate on China in the German public has changed fundamentally in recent years. More and more critical tones are being heard, especially from the ranks of the German business industry, warning

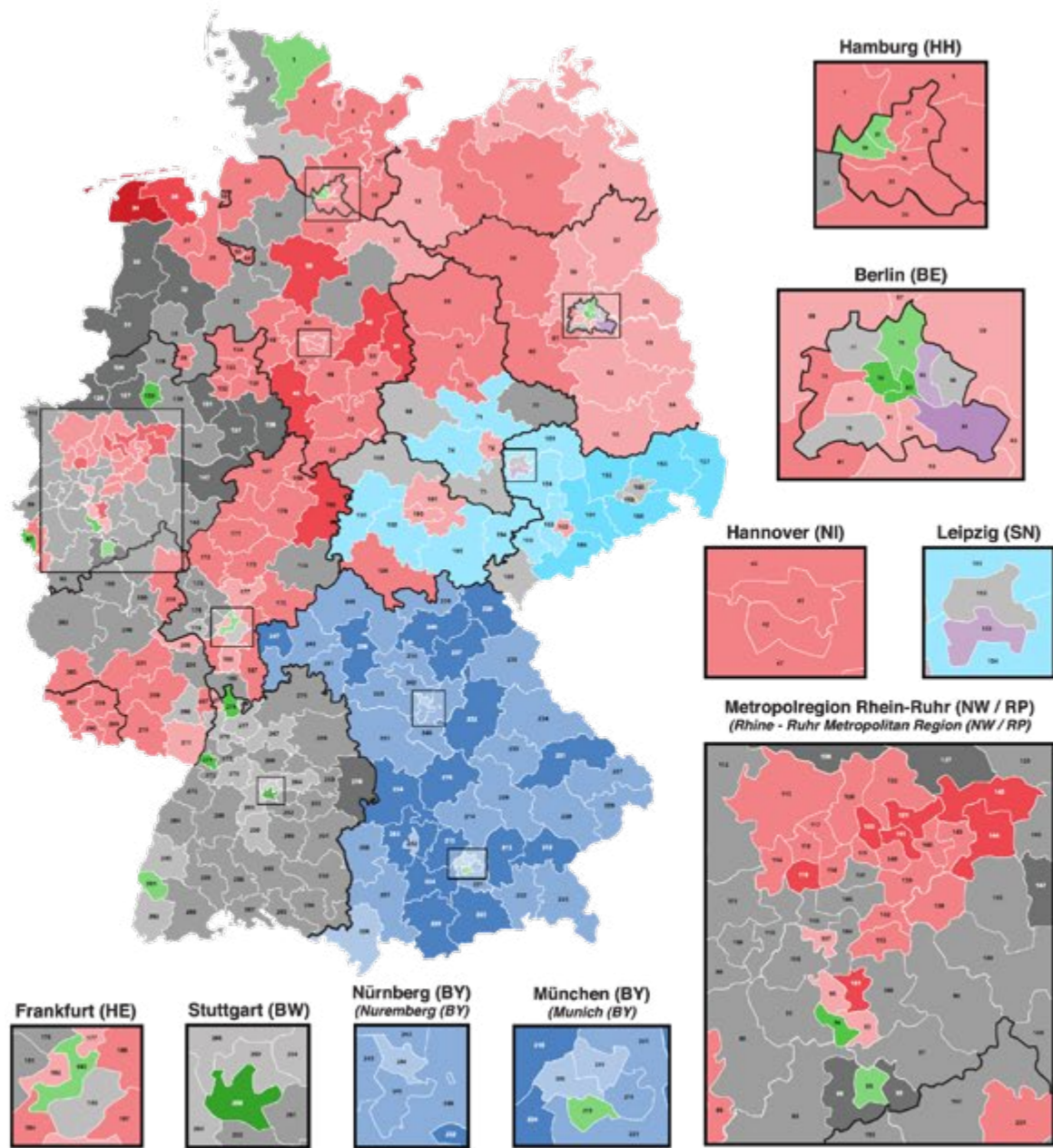


IMAGE: German Parliamentary election results (@wikipedia)

**Deutsche Bundestagswahl, 2021  
(German Federal Election, 2021)**

Partei	Stimmenanteil des Wählerkreises (%) Winning Vote Strength (%)	Direktmandate Constituency Seats		Ausgleichsmandate List Seats		Gesamt Total
		2017	2021	2017	2021	
SPD Christine Lambert	26,40	121	25,70	85	206	
CDU / CSU Union	22,50	98	18,90	53	196	
Die Grünen Annalena Baerbock	14,00	16	14,80	102	118	
FDP Christian Lindner	8,70	-	11,50	92	92	
AfD Alice Weidel / Thomas Weidel	10,10	16	10,30	67	83	
Die Linke Janine Wiese / Christian Seifried	5,00	3	4,90	36	39	
SSW Sören Bartens	0,10	-	0,10	1	1	

against too much economic dependence and urging for more diversification. Overall, there is greater political pressure here to bring about change here than in the Russia policy.

Another issue which is creating tension between the coalition partners is the nation's security and defence policy. The SPD and the Greens reject NATO's 2% goal, while the FDP advocates it. It is not mentioned in the consultation paper, where the parties only say that the equipment of the Bundeswehr should be improved. Nor does the paper include any commitment to nuclear sharing in NATO. The Chairman of the SPD parliamentary group, Rolf Mützenich, had campaigned for ending this in 2020, and the Greens have also wanted to get out of this commitment for a long time. The FDP is clearly committed to maintaining this; however, it is questionable how much the FDP will make these two issues – the 2% target and nuclear sharing – a priority in its negotiations. In the coming months, the coalition must also establish its position on what succession solution it will seek for the ageing Tornado jets. During the last legislative period, the SPD blocked this procurement issue. Now, it is to be feared that a further postponement of the decision will lead to a German withdrawal from nuclear sharing "by default".

It is to be expected that the coalition parties will want to further build up the EU as a security actor and supporter of the defence policy. The election manifestos of the three "traffic light" parties have mentioned that they want to strengthen the role of the High Representative and abolish the principle of unanimity in the



IMAGE: The Era of Angela Merkel has ended (@Flickr)

EU's foreign and security policy. However, the Greens have been highly critical in the past of projects such as the European Defence Fund and European Peace Facility. The SPD and the Greens will seek for a more restrictive arms export policy at the European level, which will raise major questions, especially in Paris. Meanwhile, the Liberals have accused the Greens and Social Democrats, with good reason, of always rhetorically invoking the value of the Franco-German alliance, but then torpedoing any joint arms projects. Even though the parties have committed themselves in the paper to a greater strategic sovereignty for Europe, potential conflicts will arise in the details.

Overall, it remains to be seen how much of a change in German foreign policy can be expected from the new federal government. However, it is certain that there will not be a radical departure from the proven foreign policy traditions. In the area of the China and Russia policy, the forces of inertia will be strong. Nevertheless,

“ The election manifestos of the three "traffic light" parties have mentioned that they want to strengthen the role of the High Representative and abolish the principle of unanimity in the EU's foreign and security policy.

a gradual reorientation and a more critical approach can be expected, especially in terms of the China policy. While many of Germany's allies and partners expect a greater role and a larger investment from Germany in the defence of Europe and in international crisis management, at present it does not look as if the "traffic light" coalition has much of an appetite for this role. ■

## FORGED IN CRISIS ONCE AGAIN: IS POST-COVID EUROPE ON THE VERGE OF A FISCAL UNION?

### AUSTĖJA MAKAREVIČIŪTĖ

The combined economic and health shock caused by COVID-19 quickly revealed the asymmetric abilities of the EU member states to deal with the repercussions. While countries like Lithuania, Ireland and Poland suffered fairly mild contractions, some Southern European countries (Italy, Portugal, Spain and Greece) contracted by around 10% in 2020<sup>1</sup>. A GDP fall of 6.8% in the Eurozone<sup>2</sup> was followed by a volatile stock market and increasing sovereign spreads, with coordinated measures urgently needed to escape the crisis.

In its first response, the Commission proposed suspending the budget debt and deficit limits, known as the Stability and Growth Pact (SGP). By allowing increased public spending, it has been made clear that every Member State has an individual responsibility for dealing with

the pandemic. However, the European Council agreed to assist countries in dealing with the effects of lockdowns as the crisis continued to worsen. An important tool proposed by the Commission was the “European instrument for temporary Support to mitigate Unemployment Risks in an Emergency” (SURE). This EUR 100 billion instrument provided the member states with loans granted on favourable terms, with the aiming of financing national short-time work schemes. As Professor Adam Tooze stated, compared with the United States, this policy prevented Europe from suffering a collapse of the labour market<sup>3</sup>. However, given its limited scope and size, SURE could hardly be viewed as a structural intervention.

After seeing the national governments struggle to establish efficient fiscal policies and with an aim to stabilise the Eurozone,



### AUSTĖJA MAKAREVIČIŪTĖ

is enrolled in the Dual BA programme between Columbia University and Sciences Po. At Sciences Po she studied Political Science with a Central and Eastern Europe specialisation and at Columbia University she is pursuing a degree in Economics. Austėja worked as a Project Assistant at the Eastern Europe Studies Centre.

### IN SHORT

- While countries like Lithuania, Ireland and Poland suffered fairly mild contractions, some Southern European countries (Italy, Portugal, Spain and Greece) contracted by around 10% in 2020.
- It has long been apparent that the lack of enhanced fiscal coordination in the Economic and Monetary Union presents a fatal flaw, but previous efforts to create fiscal integration have failed, largely due to Germany’s rejection of the concept and its support for austerity in times of crises<sup>4</sup>. However, the recent unprecedented times resulted in unprecedented decisions.
- The first common EU debt instrument marks a moment of strengthened solidarity among the member states and puts the Commission on the frontline of the European economy.

<sup>1</sup> “World Economic Outlook”, International Monetary Fund, October 2020, p. 55. <https://www.imf.org/-/media/Files/Publications/WEO/2020/October/English/text.aspx>

<sup>2</sup> “GDP down by 0.7% in the euro area and by 0.5% in the EU”, Eurostat, 2 February 2021, p. 1. [https://ec.europa.eu/eurostat/documents/portlet\\_file\\_entry/2995521/2-02022021-AP-EN.pdf/0e84de9c-0462-6868-df3e-dbacaa9f49f](https://ec.europa.eu/eurostat/documents/portlet_file_entry/2995521/2-02022021-AP-EN.pdf/0e84de9c-0462-6868-df3e-dbacaa9f49f)

<sup>3</sup> Adam Tooze, “Europe’s ‘long-Covid’ economic frailty”, Social Europe, 25 January 2021. <https://socialeurope.eu/europes-long-covid-economic-frailty>

<sup>4</sup> Caroline de la Porte, Mads Dagnis Jensen, “The next generation EU: An analysis of the dimensions of conflict behind the deal”, Social Policy & Administration, 2021, pp. 388-402. <https://doi.org/10.1111/spol.12709>



**IMAGE:** The coronavirus pandemic brought with it new challenges, such as the lack of sufficient availability on the market of personal protective equipment (@Flickr, EU Civil Protection and Humanitarian Aid)

the European Central Bank (ECB) tried to repeat its 2012 “whatever it takes” moment. On 18 March 2020, the President of the ECB announced a new EUR 750 billion quantitative easing programme, called the Pandemic Emergency Purchase Programme (PEPP), which was later increased to EUR 1,850 billion. The result was a great success, as the sovereign spreads for largely indebted countries like Italy or Spain were immediately reduced after the announcement.<sup>5</sup>

Nonetheless, the introduction of such an instrument was not unilaterally welcomed. On 5 May 2020, the German Federal Constitutional Court (GFCC) ruled that the ECB’s Public Sector Purchase Programme (PSPP) may have violated the German constitution and exercised a competence that did not belong to the EU<sup>6</sup>. Although the ECB’s actions to some extent recalled the controversies associated with the purchases of Greek bonds during the Eurozone crisis, the

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The lack of enhanced fiscal coordination in the EMU presents a fatal flaw, but previous efforts to create fiscal integration have failed, largely due to Germany’s rejection of the concept and its support for austerity in times of crises.

<sup>5</sup> Richhild Moessner, Jakob de Haan, “Effects of monetary policy announcements on term premia in the euro area during the COVID-19 pandemic”, Finance Research Letters, 8 April 2021, p. 4. <https://doi.org/10.1016/j.frl.2021.102055>

<sup>6</sup> “ECB decisions on the Public Sector Purchase Programme exceed EU competences”, The Federal Constitutional Court, Press Release No. 32/2020, 5 May 2020. <https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/EN/2020/bvg20-032.html>

economic challenge brought about by the pandemic was unprecedented and warranted the launch of the PEPP. The GFCC's judgment only referred to past ECB's actions, but it nonetheless challenged the efforts of the ECB to deal with the economic consequences of the pandemic and undermined the credibility of the new PEPP instrument. In addition, even if the ECB's monetary policies prevented a sovereign-debt crisis, the central banks are generally less efficient in allocating resources to specific priority sectors<sup>7</sup>. Therefore, the EU had no other option but to seek alternative methods to preserve the stability of the Union – something that is unlikely to be achieved without a fiscal policy action.

It has long been apparent that the lack of enhanced fiscal coordination in the Economic and Monetary Union presents a fatal flaw, but previous efforts to create fiscal integration have failed, largely due to Germany's rejection of the concept and its support for austerity in times of crises<sup>8</sup>. However, the recent unprecedented times resulted in unprecedented decisions. On 18 May 2020, French President Macron and Germany's Chancellor Merkel proposed a large pan-European recovery fund, which would be financed by debts issued by the EU and distributed to the member states in the form of grants rather than loans. In



**IMAGE:** MEPs discussed the planned activities of the Slovenian Presidency of the Council of the EU with Prime Minister Janez Janša and Commission President von der Leyen (@Flickr, the European Parliament)

just nine days, the European Commission had already doubled down on the Franco-German proposal, increasing the fund to 750 billion EUR and naming it "Next Generation EU" (NGEU). For the first time, Germany radically changed its stance by supporting such a large-scale debt-funded common grant instrument.

Nevertheless, every decision must have a justification. Germany has

placed one of its top priorities on strengthening the single market since COVID-19 affected Germany's export-driven model, which depends heavily on trade with the rest of the EU.<sup>9</sup> Furthermore, it was necessary to undermine the nationalist backlash that followed the GFCC ruling. However, the strongest justification may be found in Merkel's speech. During the conference with Macron, the Germany Chancellor

expressed here view that: "The nation-state alone has no future." Therefore, the new reality, with the emergence of global climate and health challenges, requires solidarity more than ever.<sup>10</sup>

During the months after the NGEU was announced, in June and July, the negotiations became heated and the Franco-German call for solidarity appeared to be out of reach. Fiscally conservative countries with low levels of accumulated debt feared that the EU was moving towards a fiscal union. With the leadership of the Netherlands, the countries of Austria, Denmark and Sweden formed the "Frugal Four" that strongly opposed the grants and argued for a distribution of allocations based on strong conditionality and economic reforms. Meanwhile, the atmosphere in the south was the opposite, where countries like Italy and Spain were praising the grants with minimal conditions, as their budget deficits were already high before the pandemic.<sup>11</sup>

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On 21 July 2020, following four days and nights of intense negotiations, the EU Heads of State finally reached a compromise on both the NGEU and the Multiannual Financial Framework (MFF) 2021-2027. The EU budget (EUR 1.074 trillion) was boosted by the NGEU temporary recovery instrument, which will allocate EUR 360 billion as loans and EUR 390 billion as grants and will be financed by issuing a common EU debt. To repay this debt, the EU will have to introduce its own new resources that comply with the Green agenda. To qualify for funding, the member states will have to submit resilience plans that meet the priorities of the Green Deal. Thus, this stimulus package, which is the largest ever financed by the EU, represents not only the willingness to smoothly recover but also bases the EU's future resilience on long-term climate goals and economic transformation.

The first common EU debt instrument marks a moment of strengthened solidarity among the member states and puts the Commission on the frontline of the European economy. For the first time in history, ownership of the debt and the resources collected as well as the financial obligations now belong to the EU. Thus, the conditionality attached to the distribution of these grants and loans might be seen as a new supranational instrument to influence macroeconomic development in the member states, by financing their recovery along with the EU's own priorities. The member states will indeed benefit

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from the possibility to get grants or loans at record-low rates, but it also signifies a substantial move toward fiscal solidarity, which has long been strongly contested.

The COVID-19 pandemic forced Europe into crisis once again, from which it has emerged in a somewhat different form. Even after facing internal tensions, it managed to strengthen cooperation and introduced important institutional changes. However, it would not be accurate to describe the recovery plan as a Hamiltonian moment for the EU, since the NGEU and the Commission's powers both remain limited in time and scope. Moreover, the compromise remains fragile due to differences in expectations about the future direction of the EU. Nonetheless, the EU has made a substantial step towards greater fiscal coordination, and it remains a matter of future consensus whether the NGEU will lay the foundations for a fiscal union. ■

<sup>7</sup> Erik Jones, "Next Generation EU: Solidarity, Opportunity, and Confidence", Swedish Institute for European Policy Studies, June 2021, p.11. <https://www.sieps.se/en/publications/2021/next-generation-eu-solidarity-opportunity-and-confidence/>

<sup>8</sup> Caroline de la Porte, Mads Dagnis Jensen, "The next generation EU: An analysis of the dimensions of conflict behind the deal", Social Policy & Administration, 2021, pp. 388-402. <https://doi.org/10.1111/spol.12709>

<sup>9</sup> Ibid., 7

<sup>10</sup> Adam Tooze, "Shutdown. How Covid Shook The World's Economy", (New York City: Viking, 2021) <https://foreignpolicy.com/2020/08/07/merkel-macron-eu-its-a-new-europe-if-you-can-keep-it/>

<sup>11</sup> Ibid., 7

