

## Baltic-nordic relations: implications for baltic security

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Redaktion: Gerhard Wettig im Zusammenwirken mit Sabine Fischer.

**Wendell H. Kadunce**

## **Baltic-Nordic Relations**

Implications for Baltic Security

**Bericht des BIOst Nr. 9/1995**

### **Kurzfassung**

#### *Vorbemerkung*

Seit dem Ende des Ost-West Konfliktes sehen die baltischen Staaten sich mit einem Sicherheitsdilemma konfrontiert: Einerseits versuchen sie seit Erlangung der Unabhängigkeit 1991, aus ihrer Bindung an Osteuropa auszubrechen und sich enger an den Westen anzulehnen; andererseits steht dieses Streben im Widerspruch zu russischen Interessen und zu den auf Rußland konzentrierten Wünschen des Westens. Im vorliegenden Bericht wird die Ansicht vertreten, daß nationale Sicherheit in zunehmendem Maße von internationalen und transnationalen Umständen abhängt. Vor diesem Hintergrund wird die Sonderrolle der Nordischen Staaten bei der Lösung des baltischen Sicherheitsdilemmas innerhalb Europas analysiert. Die Arbeit wurde vor dem Ende des russischen Truppenrückzugs aus dem Baltikum und vor den Referenden über den EU-Beitritt in Schweden, Finnland und Norwegen abgeschlossen.

#### *Ergebnisse*

1. Mit dem Ende des Ost-West-Konfliktes eröffnen sich neue Möglichkeiten der regionalen Organisation in Nordeuropa. Dabei scheint eine engere Kooperation der baltischen und der nordischen Staaten aus verschiedenen Gründen sinnvoll: Von seiten der nordischen Staaten herrscht ein an der eigenen nationalen Sicherheit orientiertes Interesse an der Stabilität der baltischen Region. Eine wichtige Rolle spielen historische und kulturelle Bindungen, und schließlich die Perspektive künftiger wirtschaftlicher Beziehungen.
2. Die gegenwärtigen Beziehungen der baltischen Staaten zu Nordeuropa unterscheiden sich voneinander. Da die Politiken der drei Länder nicht aufeinander abgestimmt sind, befinden sie sich in einem Konkurrenzverhältnis um nord- bzw. gesamteuropäische Unterstützung. Die Beziehungen zu den nordeuropäischen Staaten traten erstmals besonders hervor, als diese die drei jungen Republiken als souverän anerkannten, während ihnen die Anerkennung international noch versagt blieb.

3. Die ökonomische Unterstützung der baltischen durch die nordischen Staaten setzt sich zusammen aus einem gemeinsamen 5-Punkte-Investitionsprogramm, bilateralen Initiativen, sowie einem Freihandelsabkommen für die beiden Regionen. Besonderes Gewicht wird dabei auf die Schaffung einer marktwirtschaftlichen Infrastruktur als Basis für die Konsolidierung der wirtschaftlichen Reformen gelegt. Mit diesen Unterstützungsmaßnahmen soll den baltischen Republiken der Weg zur EU-Mitgliedschaft geebnet werden.
4. Auf politischem Gebiet fällt den Staaten Nordeuropas die schwierige Rolle des Vermittlers zwischen Rußland und dem Baltikum zu. Die dabei behandelten Fragen berühren auch die Sicherheitsinteressen der nordischen Staaten. Außerdem verhält sich der Westen auf politischem Gebiet sehr zurückhaltend, um nicht mit russischen Interessen zu kollidieren. Das so entstandene Vakuum füllen die nordeuropäischen Länder.
5. Die Staaten Nordeuropas wirken gezielt am Aufbau von Polizei- und Grenztruppen in den baltischen Ländern mit. Diese Bemühungen zielen auf die Eindämmung von transnationalen Problemen wie Schmuggel, Migration oder organisiertes Verbrechen hin, von denen sich Nordeuropa durch die Nachbarschaft zum Baltikum bedroht fühlt.
6. Mit ihrer Strategie zur Verbesserung der ökologischen Situation der Ostsee unter Einbeziehung aller Anrainerstaaten - die baltischen Länder gelten hier als vorrangige Projektländer - möchten die nordischen Staaten ein Modell für die Umweltpolitik der EU schaffen. Eine wichtige Rolle in der angestrebten gemeinsamen Umweltpolitik spielt auch die Bekämpfung nuklearer Gefahren.
7. Im Laufe der Debatte über die sinnvollste Kooperationsform hat sich herauskristallisiert, daß sowohl die baltischen als auch die nordischen Länder einen eigens geschaffenen "Baltischen Rat" favorisieren, der dann mit dem Nordischen Rat in Kooperation treten soll. Auch wenn der anhaltende Transformationsprozeß im Baltikum eine solche Kooperation noch behindert, können die nordisch-baltischen Beziehungen den jungen Republiken auf längere Sicht den Weg nach Europa und somit in eine gesicherte Zukunft ebnen.
8. Der vorliegende Bericht propagiert die Idee einer baltisch-nordischen Kooperation als Basis für die Sicherheit der baltischen Republiken vor den Ansprüchen Rußlands. Ziel dieser Kooperation ist natürliche Integration der Staaten des Baltikums in die europäische Friedens- und Sicherheitspolitik bei gleichzeitiger Anerkennung und Integration Rußlands als europäischer Staat.



## **Introduction**

**For the last five decades the south-eastern and north-western shores of the Baltic Sea were separated by the division of Europe. The language of discourse was that of the Cold War era and its end has been of historic consequence in many ways. It not only helped to end the core aspect of intra-regional conflict between the central authorities in Moscow and the Baltic Republics, namely Baltic independence, but also has contributed to bridging the gap between the East and the West.**

**The changes that have taken place can be articulated in a number of different ways. The region which once formed a physical as well as mental boundary between the East and the West is slowly opening up. This has provided the long-awaited opportunity for regional and multi-lateral political, economic and cultural exchange with "Europe" and with the West as a whole. There has been a shift from bi-polarity to multi-polarity as well as a decrease of polarization.<sup>1</sup>** This may imply the decrease of the intensity of global problems but it has also created new risks for instability that the former bi-polar world had limited.

The geo-political environment in which international relations are taking place is profoundly different from the, in historical terms, "recently expired" Cold War order. Integration, transnationalization, regionalization and a general diffusion of power are the trends of the reigning world system. The entrance of the Baltic states into international society, within these terms, requires that all will have to adapt to these circumstances. Aims and expectations differ because points of departure differ and often dramatically. The concept of independence for the Baltic states was an easy thing for the West to agree upon. Now that the situation in the Baltic states has progressed beyond this point, and we now discuss modern societies in a modern world, or how to fill regained freedom and independence with substance, there is a general hesitancy to provide all the support that is needed.

Many western countries, as well-consolidated and internationally integrated states, have had difficulty understanding the actions and situation of the Baltic states and occasionally, the western community stands far apart in how much they are willing to help. They are critical of the actions taken by the Baltic states concerning questions of citizenship and treatment of minorities and feel that further integration will require adherence to transnational, universal values rather than the exclusivity of the nation-state and its singular interest. It is the common opinion of the European community that developments nationally and the decisions made in this crucial phase of transition, are important for the stability and prosperity of the three

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<sup>1</sup> Polarity is about the number of great powers in the system and should not be confused with polarization which concerns the pattern of fear and hostility among those powers.

countries, but they are also important for the region and for relations with neighbors for years to come.

The Nordic countries have a special interest in the development and integration of the Baltic states. The end of the Cold War and the collapse of communism have provided the chance for the Nordic countries to contribute to Baltic and regional security. The development of the Baltic states on paths towards democracy and market economy is very important for the collective security and stability of the Northern European area. If Sweden and Finland become members in the European Union, of which Denmark is already a member, the Baltic states will, in geographic terms, become a part of Northern Europe's "near abroad". Baltic security will become more important for Europe as a whole.

The Baltic states cannot guarantee their security by their own means. The respective states are not capable of delivering the necessary means to defend individuals, the society and their territories. Therefore, weak powers such as the Baltic states have had to adjust their foreign policies to reflect the realities within the international system of states. The new democracies have been pressured domestically to retain their ethnic and national identities while realizing the necessity to adapt and make concessions to the international community. In addition, the Baltic states are in the process of building and consolidating their new states. The presence of the Russian army (until August 31, 1994 in Estonia and Latvia) and the nationality problems also inhibit and put a strain on the transition process the Baltic states are undergoing. These problems have highlighted the importance of outside forces in contributing to the security situation of the Baltic states.

After more than fifty years of isolation from processes taking place in the West, the Baltic states are attempting to integrate themselves with the West and release themselves from Russian dependence. The Baltic states need national consolidation, they want security guarantees and most importantly they want a bulwark from Russia. The Baltic countries are afraid of the prospect of once again being incorporated within a hegemonic Russian (formerly Soviet) sphere of influence; in part due to a plethora of statements escalating in 1993 and 1994 from Russian officials claiming a special interest in the Baltic states as part of its "near abroad". They have looked to NATO, as the sole capable supplier of security guarantees within Europe, but their requests have been denied. While being sympathetic to Baltic security problems the West is more concerned with the successful development of democracy and its principles in Russia. The West has also been cautious to accept the Baltic states as full members of West European cooperation structures until the transition process has been completed and these states meet the economic and social requirements of the European community. This leaves the Baltic states in a precarious position. Unable to provide their own security and not far enough

along the paths to democracy and stability to qualify for the instruments of "European security" (through NATO and the European Union), where can the Baltic states turn for help and what can they do themselves to provide for their security?

The Baltic states, as small states bordering a great power (Russia), have a limited choice of foreign policy options regarding their security. The most obvious options are some form of neutrality or an alliance with a great power or powers. The lessons learned during the inter-war period and the legacy of Soviet occupation have made the Baltic states wary of their powerful neighbor Russia. These circumstances lead them to disregard the option of neutrality. The Baltic states perceive themselves as a part of Europe and have attempted to integrate themselves with Europe militarily, politically and economically for two reasons:

1. to break the bonds of East European isolation and the old ties which are perceived to limit their sovereignty;
2. to create new and close relations with the West.

The problem is that many in Russia perceive the Baltic states as being in their strategic and vital interest and refer to the Baltic states as "the near abroad". The political instability in Russia and the importance for the world of the successful democratization of Russia has overshadowed Baltic security issues and has made the West cautious in their acceptance of the Baltic states. These circumstances combined with the fact that the Baltic states are at a premature stage to be fully incorporated into western military and political structures leaves them with a security dilemma: How to secure restored independence. Baltic-Nordic relations is one probable remedy. This answer poses a number of questions: Why are the Nordic countries an option? How can the Nordic countries provide the Baltic states with security? What sort of possibilities, regarding the security of the Baltic states, could such a relationship create? What are the implications of Baltic-Nordic relations for Baltic security?

### The End of the "Nordic Balance" and its Meaning for Baltic Security

**From a systemic perspective, let us consider the present situation in the light of trends in the past and of prospects in the future. The organizing principle for security in the Baltic Sea region since the end of World War II and until 1989 had been the notion of a "Nordic Balance". This concept was derived from the bi-polar character of the security arrangement in this area. As a result of the bi-polarized international system of states, all of the countries in this area took on a role within this security arrangement. As a result of the East West confrontation, Sweden was forced into neutrality in order to keep the Soviet Union from occupying Finland. Sweden has often found itself "in the eye of the cyclone", watching the smaller countries to the east and west being drawn into wars or entering into cooperation with different big powers. Denmark and Norway had to become reluctant members of NATO while at the same time refusing to allow the stationing of foreign troops and placement of nuclear launching sites on their territories. Finland had no option but to sign a Pact of Friendship, Cooperation and Mutual Assistance with the Soviet Union. As Iceland lies midway between the United States and Europe, far from the Nordic core area, they were (are) dependent upon U.S. support and the Atlantic Alliance was a natural way to go. Thus, we see that in the Baltic Sea region the highly polarized environment had geopolitical consequences for these Nordic**

**states, dividing them up into half-friends, neutrals and half-foes of the major antagonists. The Nordic countries were positioned between the major antagonists who did not want to disturb the politically favorable but delicate situation which was vital for the control of the North Atlantic.<sup>1</sup>**

The post World War II international order provided predictability in security matters for the Nordic countries. The concept of the "Nordic Balance" was first tested after the Finnish-Soviet "note crisis" in 1961.<sup>2</sup> After the Soviet note requested consultations according to the 1948 treaty, the Norwegian government hinted that if such consultations were to result in a change of Finland's military situation, the Norwegians would have to reappraise their own policy of refusing NATO bases in peacetime. A few days later Khrushchev met with Kekkonen and agreed to postpone the proposed consultation. The joint communique' stated that "Kekkonen has stressed the risk of 'war psychosis' in the Scandinavian countries if consultations were to take place."<sup>3</sup> In a sense, this confirmed the notion that the Soviet-Finnish relationship must be shaped with due regard to repercussions in other parts of the Nordic area. This event provides a good example and an implicit understanding of the balance of power relationship in the Nordic area. Although it is essentially an academic concept and was not officially practiced, it helps us to understand why these countries never made any significant changes in their foreign policy orientations during these years.

As a result of the fall of the Berlin Wall, the velvet revolutions in East and Central Europe and the dissolution of the Soviet Union, the concept of the "Nordic Balance" lost its relevancy. "European security" was given a new meaning for the Nordic states. The new organizing principle of the Baltic Sea region, which has yet to be defined, is characterized by integration, interdependence and regionalization occurring in a considerably less polarized World and European climate. The possibilities for the Nordic countries to contribute to the building of European security is fundamentally different than in the past when the East West conflict divided Europe. "When the Swedish Prime Minister announced in a famous "footnote" to a governmental proposal in October 1990 that Sweden was going to apply for membership in the EC, it was a signal of a complete security policy re-orientation not only for Sweden but also for Finland."<sup>4</sup> This re-orientation has brought the North closer to Europe and vice versa thus making the Baltic states part of Europe's "near abroad".

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<sup>1</sup> Engberg, Jan, "The Security of the Baltic Republics - A Matter of Attractiveness". Draft paper prepared for presentation at the ISA convention in Acapulco, Mexico, on March 23-27, 1993, p.3.

<sup>2</sup> Wahlbäck, Krister, "The Nordic Region in Twentieth Century European Politics", in: Sundelius, Bengt (Hg.), 1982, Foreign Policies of Northern Europe. Westview Press: Boulder, Colorado, p.25.

<sup>3</sup> Ibid., p.25.

<sup>4</sup> Engberg, op. cit.

The Nordic countries have taken upon themselves (in varying degrees) the role of supporting the Baltic states in their transition to market economies and democratic societies. This role was taken on for national security reasons on the part of the Nordic countries as well as for historical reasons, cultural ties, and future economic relations. In a speech to the Institute of Foreign Affairs in Stockholm Sweden on November 17, 1993, Prime Minister Carl Bildt stated, "Today, when we see the Baltic people striving for their existence in free states, it is occurring in a European context which provides the possibility of security for them and which gives us the increased possibility and increased responsibility to contribute to their cause". "The development of the Baltic states is of great importance for the collective security and stability in the Northern European area".<sup>1</sup> The increased opportunities and the mutual interest for relations across the Baltic Sea have provided the initiative for Baltic-Nordic relations.

### Why Baltic-Nordic Relations?

**What are some of the advantages and traits of the evolving Baltic-Nordic region? There are a number of simple reasons why the Baltic-Nordic project has impetus. First, the Baltic-Nordic project is a result of cultural and historical ties as well as one of mutual needs and gains. Concerted work has progressed within the framework of Nordic cooperation to strengthen regional cooperation with the Baltic states.**<sup>2</sup> While the previous rhetoric used to be about exclusion, the current discussions are primarily about inclusion. The new patterns of cooperation are occurring not only across borders but in a new direction, from East to West and vice-versa. The tighter and more entangled network of economic, political, social and cultural relations in a more open and integrated Europe are the foremost instruments for securing peace and stability. The complex economic and political situation in Russia poses the main potential source of threat for the Baltic and Nordic states. The policy of the Nordic states to weave a tighter cloth between themselves and the Baltic states and Russia is therefore an important part of the security policy of the Nordic states.

The second reason is that the future shape and format of Baltic-Nordic cooperation conforms to the changing character of Nordic cooperation. Inter-Nordic cooperation will take a different form in the future stressing integration and regionalization while not necessarily including all of the Nordic countries. Nordic cooperation will be important as a key factor in three arenas: Arctic, European and Baltic.<sup>3</sup> This regional interaction fits the pattern of the "Europe of the regions" which is progressively becoming more common. As a side-effect of EU deepen-

<sup>1</sup> Quote from a speech entitled "Sverige och De Baltiska Länderna" given by Swedish Prime Minister Carl Bildt on November 17, 1993 at the Swedish Institute of International Affairs.

<sup>2</sup> Excerpt from the speech made by Prime Minister of Iceland David Oddsson at the 44th session of the Nordic Council of Ministers in Stockholm on March 7, 1994, p.2.

ing, patterns of sub-regionalization are occurring. The beginnings of these patterns are developing between the Baltic and Nordic peoples due to their historical and cultural links and shared ecological interests. These sub-regional identities are not in opposition to either the state or the European level but stress cross-national affinities.

## Current Relations

**The foreign policy options of the Baltic states are to a large extent determined by historical factors as much as by their geographical location. Their political roles as nations have been "labeled" by the thought of them acting as a bridge between the former Soviet Union and the West.**<sup>1</sup> At the same time, the three Baltic states have chosen different strategies in which to build this bridge, resulting in different basic foreign policy orientations. Einars Semanis, an employee of the Ministry of Foreign Affairs in Latvia states, "Latvia can act as an economic bridge but strategically this is a naive conception. It will result in restricted development and provides restricted possibilities. Latvia could act as a political or economic bridge in some circumstances and could profit from it, but Latvia's place is in Western Europe".<sup>2</sup> It is apparent that Nordic-Baltic relations differ in importance for the three Baltic states due to geography, culture and history. Estonia being the most "Nordic" and orienting itself completely towards the West after the dissolution of the Soviet Union, Latvia being particularly oriented towards Germany but with ever-increasing ties to Northern Europe, and Lithuania being the country most strongly oriented towards East-Central Europe and the Baltic state most favorable of acting as a bridge between the West and the East in the future. Estonia, Latvia and Lithuania continue to strive for independence, sovereignty, economic prosperity and stability but have not agreed between themselves on the best way to achieve them. Acting independently, the Baltic states would be competing for economic and political help from the West as well as security guarantees to counter-balance the influence from their Russian neighbor. However, the Baltic states' expectations of security guarantees from the West are in contrast with the ideals of a normalized relationship with Russia. This inconsistency with Russian foreign policy in the foreign policies of the Baltic states is made evident by Russian claims of having 'vital security interests' in the Baltic states. As the Baltic states came to realize in 1993 and moreso in 1994, mutual cooperation may once again be profitable and necessary.

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<sup>3</sup> Jervell, Sverre, "Organizing Europe's Northern Periphery: The Nordic Countries Facing The New Europe". Paper submitted to the conference: The Baltic Sea Region: Conflict or Cooperation. Kiel, December 6-8, 1991, p.8.

<sup>1</sup> Hansen, Tina Friis, & Jørgensen, Finn Østergaard, "De Baltiske Lande: På Vej Mod Europa?", in: *Politica* 25, årg No.4, 1993, pp.431-441.

<sup>2</sup> Interview with Einars Semanis on February 18, 1994 at the Ministry of Foreign Affairs, Riga Latvia.

”In their attempt to escape Russian hegemony the Baltic states have turned to the West, to the United States, Germany and the Nordic countries as well as to Western international institutions, primarily the EC and NATO.”<sup>1</sup> Baltic-Nordic relations take on a special character due to the fact that the Nordic countries themselves have taken much of the initiative in their relations with the Baltic states as they also have their interests at stake when attempting to increase the security of the Baltic states and the Baltic Sea region. These relations also comply with the implicit ”division of labor” program within the European Union and Europe as a whole.<sup>2</sup> Developing links with the Nordic countries has been important for the Baltic states, primarily during the transition period, when their independence was not internationally recognized. Also after independence, Baltic-Nordic relations have been important and cover a wide range of issues. Yet, there is a limit to what Nordic-Baltic cooperation can achieve, particularly in the field of security. The Nordic countries are neither willing nor able to undertake general or specific security guarantees towards the Baltic states. On the other hand, the Nordic countries have provided the Baltic states with practical support that addresses their most urgent security needs.

### Provisions and Organization of Nordic Assistance to the Baltic states

**The geographical proximity and cultural similarities of the Baltic states and the Nordic countries make cooperation possible and advantageous in a number of areas. Since these states achieved their independence during the fall of 1991, contact between the Nordic countries and the Baltic states has increased to include cooperation among a variety of authorities, businesses and organizations. The three Baltic states are in the process of creating revitalized national structures and increasing their knowledge within the political and economic arenas. Certain initiatives have been coordinated especially for the Baltic states. For example, ”sovereignty support” has been allocated to assist the Baltic states in consolidating and retaining their national sovereignty.**<sup>3</sup> Another example are scholarships for Baltic students which are distributed by the Nordic Council of Ministers under the administration of the Swedish Institute. Moreover, the initiatives that are being undertaken for each of the individual Baltic states are being supplemented by initiatives intended for the ”Baltic region” as a whole.<sup>4</sup> These initiatives will be outlined below, followed

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<sup>1</sup> Petersen, Nicolaj (Hg.), *The Baltic states in international politics*, Copenhagen 1993, p.56.

<sup>2</sup> Western European countries are sharing the task of helping their Eastern European neighbors in their attempts to form democratically functioning institutions.

<sup>3</sup> Utrikesdepartementet, 1993, ”Sveriges samarbete med Central- och Östeuropa”. ”Sovereignty support” is the title of the program referring to the political and practical support provided to the Baltic states.

<sup>4</sup> *Ibid.*, p.50.

by bi-lateral cooperation between the Baltic states and the Nordic countries.

In this segment of the essay, public economic, political, military and environmental assistance from the Nordic countries to the Baltic states will be addressed within the context of its relevance for influencing the stability, development and security of the individual Baltic states. The programs chosen are those which most directly affect the political, economic, military and environmental security and stability of the Baltic states.

### Economic Assistance

**On November 11, 1991 a ministerial meeting in the G 24 was held in Brussels. At that meeting the three Baltic countries were accepted as recipient countries under the G 24 scheme. This meeting was followed by a more technical meeting on December 11, 1991 dealing with the Baltic countries in particular. The Center for Cooperation with the European Economies in Transition under the auspices of the Organization for Economic Cooperation and Development (OECD) convened a special meeting on November 18, 1991 concerning the situation in the three Baltic countries and the identification of the specific needs of these countries. At these meetings, international organizations such as the IMF, IBRD, EBRD, BIS and NIB were also invited and reported on their analyses and possible areas of assistance. The knowledge of the economic situations of Estonia, Latvia and Lithuania increased considerably on the government level of the industrialized countries during the Spring of 1992. Moreover, it has become possible to learn about the priorities of the Baltic states regarding their needs for assistance. "During the various meetings, the Nordic countries have demonstrated a very active profile concerning the Baltic states and it is generally recognized, and even expected, by the international community that the Nordic countries should play an active role in helping the Baltic countries in the transition towards a market economy."**<sup>1</sup>

Thus, the all-European distribution of labor policy favored by the European Union is relative in the case of the Nordic and the Baltic states.

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<sup>1</sup> The Nordic Council of Ministers, Ministers of Finance and Economics. Quoted from the report, Baltic Investment Program, Nordic Baltic Investment Committee, March 3, 1992. Nordic assistance to promote investments in small and medium-sized enterprises in the Baltic countries, agenda 6 "International cooperation on assistance to the Baltic countries", p.20.

## The Baltic Investment Program

### Contribution Agreement

*Whereas:*

*The governments of the Kingdom of Denmark, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway and the Kingdom of Sweden (the Nordic countries) want to contribute to the development of a market economic system in Estonia, Latvia and Lithuania (the Baltic countries). In this respect the Nordic countries agree with the Baltic countries that the development of small and medium-sized enterprises in the private sector is an important factor in the transformation process, and for economic growth and prosperity.*

*The European Bank for Reconstruction and Development (EBRD) has been established by agreement among its members (the EBRD agreement) to foster the transition of Central and Eastern European countries towards open-market oriented economies and the promotion of private and entrepreneurial initiative.*

*In order to assist the Baltic countries, the Nordic countries have adopted a five-point Baltic Investment Program to be operative during the period 1992-1 July 1995 to encourage investment in small and medium-sized enterprises in the private sector. The Program consists of three Funds for technical assistance and two Funds for investment.<sup>1</sup>*

The **Baltic Investment Program** consists of the five following elements:

1. Full-scale technical assistance to the three national Baltic investment banks. A 5 million Ecu Fund is established. The purpose being that these banks should play a central role as financial intermediaries in matters relating to investments in the three countries.
2. Technical assistance for pre-feasibility and feasibility studies of investment projects. A 5 million Ecu Fund is established. The purpose being to make Nordic enterprises interested in investing or entering into joint ventures in the Baltic countries.
3. Technical assistance for the identification and preparation of investment and privatization. A 5 million Ecu Fund is established. The purpose being to attract Nordic as well as international capital to investment projects in the Baltic countries.
4. Project Investment Fund with the Nordic Investment Bank. A 30 million Ecu Fund is established. The purpose being for the Baltic countries to benefit from the Nordic Investment Bank's (NIB) close contact to Nordic enterprises which are able to carry out invest-

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<sup>1</sup> Ibid., pp.21-55.

ment projects which are particularly interesting to the Baltic countries.

5. Fund for risk capital, loans and guarantees attached to the European Bank for Reconstruction and Development for the purpose of supplementing the operations through co-financing, lending and investment operations undertaken by the EBRD and other international sources. A 30 million Ecu Fund is established, making another approximately 30 million Ecu available through co-financing. The purpose being to make international capital available to the Baltic countries.<sup>1</sup>

”Nordic” support to the Baltic states is also supplemented with bi-lateral efforts from the individual Nordic countries. The extent and form of aid varies with the respective Nordic country but in all cases the goal is to implement market economic reforms. Iceland provides monetary support to the Baltic states distributed for a large part by the Nordic Investment Bank. Danish aid plans allocate two billion DKK per year for both bilateral and multilateral activities. Aid to the Baltic area and the St.Petersburg region amount to 550 million DKK and focus primarily on industrial investments and export credits.<sup>2</sup> During 1990-1993, Finland has provided economic assistance valued at 818 million FIM directed mainly towards agriculture, infrastructure, technical assistance and financial support in its neighboring areas of Estonia, Kola and Karelia.<sup>3</sup> Norway’s economic aid to East and Central Europe is directed mainly to Northwest Russia, the Baltic states and Poland totalling 337 million NEK in 1992. Sweden has been the major contributor of the Nordic countries to the Baltic states and Eastern Europe. In 1990, the Swedish government approved an aid budget until the fiscal year 1993 of one billion SEK to be distributed in a number of forms: economic, environmental and political.<sup>4</sup> The success of these programs will ultimately depend upon their effective distribution and applicability to future needs.

Transforming the command economy into a market-oriented system requires a determined effort on the part of the Baltic countries as well as extensive assistance from the industrialized countries. A sound macro-economic policy and an appropriate legislative framework are a precondition for attracting capital to the investments needed for the required and desired change in the structure of the economy to be implemented.<sup>5</sup> Establishing a sound legislative framework is just the beginning. Underlying every market economy are three basic points

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<sup>1</sup> Ibid., pp.21-55.

<sup>2</sup> Dellenbrant, Jan Åke, 'The Baltic Connection: Nordic Relations with the Eastern Baltic Sea Region in an EC Perspective', in Cerum, Umeå University, 1992, p.31.

<sup>3</sup> *Ministry of Foreign Affairs of Finland, 'Action Plan for the Government of Finland for the Baltic countries', 1993, p.1.*

<sup>4</sup> Dellenbrant, op. cit., p.32.

<sup>5</sup> Nordic Council of Ministers, op. cit., p.21.

which lie at the core of any viable Legal and Regulatory Infrastructure (LRI): security of private property; enforcement of contracts; and assignment of liability for wrongful damage. To achieve sustained economic development, governments must be sufficiently powerful to implement legal and regulatory infrastructures but must also be limited and restrained by the judiciary so that individual rights are not abrogated. It remains to be seen if the governments of Estonia, Latvia and Lithuania will be able to effectively establish and enforce an infrastructure which will serve the collective interest. This is not only their goal but the goal of the Nordic countries and will serve as a catalyst for more encompassing integration in the future.

Closer economic relations, which the free-trade agreements between the Baltic states and the Nordic countries are the foremost symbol for, will be developed further by increasingly integrated political relations. The cooperation between the Nordic countries and the Baltic states could be compared to those between the EU and the Central European states. In both cases, the aim is to lead and help the Central European and Baltic states in reaching their pronounced goal of EU-membership.

### Political and limited Military Assistance

**It has been approximately two and one half years since the Baltic states achieved their independence (fall of 1991). During this short period of time, the general atmosphere in the Baltic states has changed from one of exultation and hope to worry and insecurity. This change in attitude is mainly the result of two external factors. The first being the success of the Liberal Democratic Party and the Russian nationalists which supported this party in the Russian parliamentary elections on December 12, 1993. The second being the lack of interest that the West has shown to provide security guarantees to the Baltic states.**

**The election results and various statements from the Russian government have justified worries of Russian imperialism in the Baltic states. The Latvian government and members of the Saeima stated in a proposal to the Baltic Assembly on January 31, 1994 that "these statements indicate a profound shift in Russia's policy toward the Baltic states, ominous to their future independence". The proposal called for an international**

**high-level conference to bring "the threatening situation to the attention of the world".<sup>1</sup>** Fear in the Baltic states has caused them to press the West even harder for security guarantees. The Baltic states had hoped, as did the Visegrad nations, that they would be given the chance to become full members in NATO after the NATO summit which was held in Brussels on January 12, 1994. Instead, they were offered a somewhat weaker agreement with NATO, entitled the "Partnership for Peace (PFP)", which is intended to strengthen ties between the Atlantic alliance and former Warsaw Pact members without extending NATO security guarantees. The PFP is based upon cooperation through which the forces of the Baltic states have the opportunity to conduct training exercises and take part in peace-keeping operations with NATO's military forces. Although the PFP implies the possibility for the Baltic states to increase its activities with NATO and build competence within the individual Baltic states ranks, it does not provide the badly needed practical aid, such as uniforms and equipment, which are needed to perform such training exercises. The PFP also lacks a political dimension that the Nordic countries provide through mediating between the Baltic states and Russia concerning Russian troop withdrawal, helping to prevent territorial violations and the nationality problems within each Baltic state. These are the goals of the Nordic countries' initiative to "support the sovereignty" of the Baltic states.

### The "Support of Sovereignty"

**The Nordic countries as well as various West-European countries have committed their support to assist the Baltic states in consolidating and retaining their respective national independence. The Nordic countries have provided the Baltic states with energetic support both during their strive for international recognition as independent states and in their efforts to secure an agreement with Russia for the final withdrawal of all Russian troops from their individual territories.<sup>2</sup>** The withdrawal of the Russian troops from Estonia and Latvia was the main topic of discussion along with a discussion of the rights of the Russian minorities within the Baltic states, when the Nordic and Baltic foreign

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<sup>1</sup> Proposal to The Baltic Assembly from the Latvian government and members of the Saeima on January 31, 1994 regarding a conference of the North Atlantic Alliance Baltic Security Seminar. The proposed conference scheduled for September 1994 will not be a government one with official delegations, although governmental representatives will be asked to come as observers. It will have present leading authorities on international security, members of prestigious western research and policy support institutions, and select commentators of the most important publications. The Baltic Assembly would act as one of the sponsors. The other co-sponsor could be the Nordic Council.

<sup>2</sup> The Latvian Foreign Minister Georgs Andrejevs was invited to Stockholm on February 8, 1994 to meet Swedish Prime Minister Carl Bildt and Swedish Foreign Minister Margaretha af Ugglas and discuss the necessity of signing a formal agreement with Russia, one which would receive international recognition, concerning the withdrawal of Russian troops from Latvia. The Swedish government also promised to participate in an eventual international observation group for this purpose.

ministers met for their first formal meeting in September 1993 in Visby, Sweden. "We see the meeting here in Visby as an important step towards increased cooperation with the Nordic countries", said then Foreign Minister of Estonia Trivimi Velliste.<sup>1</sup> These topics were once again given top priority at the Nordic Council of Ministers meeting in Stockholm Sweden on March 7, 1994 at which the Prime Ministers of the three Baltic states were the highest ranked guests.

Bilateral cooperation from the Nordic countries in the form of sovereignty support is in progress but the extent of support varies depending on the government in office in the respective Nordic country as well as the historical foreign/security policy position of each country. Denmark, along with giving political support, has a limited defense agreement with Latvia providing for education of the military, general equipment and advice concerning the preparation of the presentation documents for the Partnership for Peace Program.<sup>2</sup> This agreement is limited but, as Denmark is a member of NATO, this agreement provides Latvia with an implicit link to a NATO country, and therefore has an international significance. Iceland and Finland have maintained a lower profile concerning security related contributions than the other Nordic countries but in meetings of the Nordic Council have supported the policies of the other Nordic countries.<sup>3</sup>

Sweden and Norway are the most active of the Nordic countries regarding their support of the independence of the respective Baltic states. Since the beginning of 1994, Norway has shown greater interest in supporting the sovereignty of Estonia, Latvia and Lithuania. The Norwegian government has granted 40 million Norwegian crowns (approximately 6 million dollars) for the eventual building of housing for the Russian officers leaving Latvia and Estonia. The government also stresses the importance of keeping close contact with the other Nordic countries concerning the troop withdrawal.<sup>4</sup> Sweden's "support of sovereignty" program, which was introduced in December of 1991, has comprised 30 different projects constituting an allocation of eight million dollars and is helping the Baltic states to create a stable environment in which democratic institutions and a functioning market economy can exist.

The Swedish government led by Carl Bildt has been especially active and outspoken in their attempts to make it clear to both the Baltic states and Russia that Sweden, "could reject auto-

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<sup>1</sup> Dagens Nyheter, 'Möte om Rysk reträtt ur Estland', September 10, 1993.

<sup>2</sup> Interview with Guntars Kukuls, International Political Organization Division, Ministry of Foreign Affairs, Republic of Latvia. The format for initiating the Partnership for Peace program consists of 3 stages or documents. Latvia is currently working on the second document which is the proposals for the presentation document to the NACC.

<sup>3</sup> Oddson, op. cit., p.4.

<sup>4</sup> Norwegian Royal Ministry of Foreign Affairs. Comments made by Foreign Minister of Norway Bjørn Tore Godal to a meeting of the parliament(Stortinget) on December 8, 1993.

matic Swedish neutrality if the sovereignty of the Baltic states were threatened". This quote from the speech made by Carl Bildt to the Institute of Foreign Affairs in Stockholm on November 17, 1993 was given much praise by Estonia's Foreign Minister Juri Luik. Minister Luik stated that the Swedish government is a "model leading actor in the mission of the Baltics, which (Sweden) had dared to act where the international community had not".<sup>1</sup> Carl Bildt's recommendation, from this same speech, that Sweden was to act "non-belligerent" in the case that the Baltic states were attacked, is clearly a sign of support from the Swedish government. Prime Minister Bildt, in his attempts to internationalize the troop withdrawal issue, has made a number of trips to the United States, the Baltic states and Russia. He has taken on the position as mediator concerning this issue and convinced all of the involved partners of the importance of a timely withdrawal. Sweden has promised to contribute 2 million dollars to facilitate the carry-through of the Latvian-Russian agreement.<sup>2</sup>

The support of sovereignty programs of Norway and Sweden have also addressed the acute needs of the Baltic states in attempting to reduce the internal insecurity of these states. Sweden and Norway, through multi-lateral and bi-lateral cooperation with the Baltic states, have sought to reduce Nordic and Baltic vulnerabilities to threats regarding organized crime. These problems have become transnational affecting the security of all the Baltic Sea states. This in turn has made the Baltic Sea states dependent upon one another. As stated earlier, states can seek to reduce their insecurity either by reducing their vulnerability or by preventing or lessening threats.<sup>3</sup> These alternatives underlie, respectively, the ideas of national and international security.<sup>4</sup> In other words, national security policy can either focus inward, seeking to reduce the vulnerabilities of the state itself (which is the policy of the Baltic states in this case), or outward, seeking to reduce external threat by addressing its sources (the policy of the Nordic countries in this case).

## Baltic Efforts

**The Prime Ministers of the Baltic states, in attempting to establish better cooperation between their states, reached an agreement concerning the objectives of cooperation and concrete measures to be taken. This was accomplished on January 19, 1994 in Jurmala, Latvia. Among the various fields mentioned for cooperation were State Borders and**

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<sup>1</sup> Baltiska stater jagar västs stöd, in: Dagens Nyheter, March 3, 1994.

<sup>2</sup> Rysk truppreträtt ur Lettland, in: Dagens Nyheter, May 2, 1994.

<sup>3</sup> Kjell Goldman, *Det Internationella Systemet*, Stockholm 1978, p.64, quoted in Bengt Sundelius, *Coping with Structural security threats*, in: Otmar Höll (Hg.), *Small States in Europe and Independence*, Vienna 1983, p.298.

<sup>4</sup> *Ibid.*, p.112.

**Customs. The objective was to solve the problems concerned with strengthening control on the Eastern border in order to put a stop to the criminal activities which transpire across the state borders.**<sup>1</sup> Presently, the Baltic states are not able to satisfactorily control their respective borders and, moreover, lack the funds to do so.

The Baltic states have made efforts to build defense structures to combat the threats to their territory and to maintain their physical borders. A conscript system with 18 months of service is to be the basis of the defense forces in all three Baltic countries. The distribution and number of troops is as follows:

Distribution of Defense Forces in the Baltic Republics						
	Estonia		Latvia		Lithuania	
	91/92	goal	91/92	goal	91/92	goal
Regular Army	1.000	3.500	3.000	9.000	8.000	15.000
Border Guards	2.000	7-8.000	2.500	9.000	7.000	15.900
Home Guard	-	-	10-12.000	20.000	12.500	30.000

Source: (Vares 1993), (RFE/RL no 49 1992), (Gricius 1992), (Knudsen 1993)<sup>2</sup>.

These figures reflect a limited capacity, on the part of the Baltic states, to defend their respective countries against foreign aggression. Weak powers such as the Baltic states will not be able to defend themselves against an aggressive Russian attack, at least not for the time being. Therefore, Baltic security strategy should not be based upon defending themselves against a

<sup>1</sup> Birkavs, op. cit.

<sup>2</sup> Engberg, Jan, op.cit., p.6. Most recent figures from Hansen, Tina Friis, & Jørgensen, Finn Østergaard, op. cit., p.437.

Russian attack. What is more important in the case of the Baltic states is to first insure their internal security and only after stability has been achieved, invest their scant resources in a more powerful and all-incompassing defense to defend their territories against external threats. Estonian President Lennart Meri said on February 24, 1994 that it was "a misjudgement" for Estonia to put its scant resources into building the army, while failing to properly develop the border guard.<sup>1</sup> Lithuanian President Algirdas Brazauskas stated his opinion about what he thought was needed in the case of Lithuania. "We are interested in having a structure, modelled after analogous European structures, that would be able to guarantee border security, would be granted broad powers in migration, customs and other areas, and would integrate the several agencies that now function inefficiently and in an uncoordinated manner."<sup>2</sup> This is where the Nordic countries can contribute to the security of the Baltic states.

The Nordic countries through general support and, the more extensive "sovereignty support" in the cases of Sweden and Norway, have directed their support where it is needed most. Sweden has provided the Baltic states with patrol boats, vehicles, general supplies, essential police equipment, and education of their military for border patrolling and toll assignments. More specifically, the Estonian government has received equipment from the Swedish police which make it possible to check the authenticity of passports while Latvian police forces have received metal detectors for security control at the Riga International Airport and at other borders. A new rescue service has been established in Estonia which provides education to its trainees and receives a great deal of material and protection equipment from the Swedish government. Similar projects have also been introduced in Latvia and Lithuania. Norway contributed a patrol boat (Storm-Class) to each Baltic state on February 11, 1994.<sup>3</sup> Aiding the Baltic states in constructing an effectively functioning border and customs control will reduce the vulnerabilities to the Baltic states and prevent these threats from reaching the Nordic countries. The Baltic states have also been given support for the development of competence in: the forming of legislation concerning security matters; the edifying of a civil aircraft warning service, and civil and military defense.<sup>4</sup>

One area in which the Baltic states have been disappointed with the Nordic countries and other states is regarding their denied requests for weapons for their defense. Krister Wahlbäck, a security advisor to Swedish Prime Minister Carl Bildt, states, "Issues of allowing

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<sup>1</sup> Tammerk, Tarmu, "Crime Threatens Estonia with 'Dual Power' Society", *The Baltic Independent*, March 4-10, 1994, vol 4, no 202, p.1.

<sup>2</sup> *Brazauskas*, op. cit.

<sup>3</sup> Norwegian Royal Ministry of Foreign Affairs. Press Release of February 11, 1994, p.35.

<sup>4</sup> Swedish Ministry of Foreign Affairs, 1993, Sweden's cooperation with Central and Eastern Europe.

exports of weapons to other countries are dealt with according to Swedish law, which in this area, is rather complicated. These issues are also politically rather sensitive. The improvement of Baltic-Russian relations is a necessary first requirement.”<sup>1</sup> To quote Einars Semanis again concerning this issue, ”There are a lack of resources and lack of expertise. In this area a lot of help is coming from the Nordic states. Security in my understanding includes also social and economic questions. In economic and social terms, the intention to build the army, border guards, customs, mobile divisions, land guards and strong police is extremely important for developing order in the state.”<sup>2</sup> A properly functioning defense and border guard needs a solid structural base to begin with, which can later be supplemented with weapons.

The security of a state does not depend solely on external factors and the establishment of credible armed forces. It also depends on a number of internal factors not always or explicitly related to the traditional concept of national security. In the case of the Baltic states, who are still in the process of consolidating their regained independent statehood under difficult external as well as internal circumstances, the aforementioned factors may be as important as external aspects.

## Environmental Assistance

**It is both in the interest of the Nordic countries as well as the Baltic states to improve the environmental conditions in the Baltic Sea area. It has been suggested by the Foreign Relations Committee within Riksdagen (the Swedish Parliament) that the Nordic countries agree to assign each country in the Baltic Sea region as a priority project-country.**<sup>3</sup> On September 28, 1993 the Ministers of Environment from the Nordic countries met and discussed a Nordic environmental strategy for the years 1994-95.<sup>4</sup> The strategy contains proposals for certain measures which will be prioritized in the Nordic countries and in their nearby surroundings. With this strategy, the Nordic countries aim to serve as a model for international environmental cooperation for the European Union (EU). This strategy will also serve as a basis for increased Nordic environmental cooperation which is expected to lead to a strengthening of resources for use in the environmental sector. Increased cooperation was in fact a priority of the Nordic Council session held in Mariehamn

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<sup>1</sup> Personal Interview with Krister Wahlbäck at the University of Umeå, Sweden on March 23, 1994. A similar opinion was expressed in an interview with Inger Durant, First Secretary of the Embassy of Denmark in Riga, Latvia on February 16, 1994.

<sup>2</sup> Personal Interview with Einars Semanis at the Ministry of Foreign Affairs, Riga Latvia on February 14, 1994.

<sup>3</sup> *Official foreign policy proposals entitled Utrikesutskottets betänkande, published by the Swedish Parliament for fiscal year 1993-1994, Volume 9, paragraph 6 "Nordisk samarbete".*

<sup>4</sup> *Ibid.*, p.10.

in November 1993.

The environmental conditions in the Baltic Sea area require an enormous financial investment. The Nordic countries contribute 900 million Swedish crowns (approximately 115 million U.S. dollars) yearly with technical and economic cooperation through a number of sources. The Helsinki Commission (HELCOM) established in 1990, whose purpose is to retain the economic balance in the Baltic Sea, is an action group comprising representatives from all of the Baltic Sea states as well as Norway, at that time Czechoslovakia and the EU. The group mapped out forty acute "hot spots" to be taken care of within the Baltic Sea region during the first five years. The total cost for the program which will extend over many decades and sixty more projects is approximately twenty billion dollars.<sup>1</sup> A second source for financial environmental aid is the Preparation for International Technical-Economic Cooperation (BITS) which is a Swedish governmental organization, intended to complement the work of HELCOM, that receives money for technical assistance. The largest initiatives by BITS and its related institutions have been intended for research and project development of purifying plants as well as specific environmental problems, the enforcement of new legislation in this area, education, etc. Another source of Nordic investment is the Nordic Environment Finance Corporation (NEFCO) whose goal is to promote investments which are of Nordic environmental interest by financing companies in Central and Eastern Europe. NEFCO can increase the possibilities for the East and Central European countries to build up their own production capacity of environmental equipment through loans and guarantees financed by joint ventures.

Problems with nuclear security and radiation protection in the Baltic states are not only dangerous for the respective populations of the Baltic states but are security risks for all of the states within their vicinity. Ever since the Chernobyl accident, international awareness has increased and the security level of such nuclear reactors has been questioned. At the request of Estonia's environmental authorities, international deliberations took place in Stockholm at the radiation protection institute (SSI) on January 25, 1994. In Paldiski Estonia there are two nuclear reactors which have not been used for twenty years and which contain highly radioactive fuel. Experts from Sweden, Finland, Estonia, the United States, Russia, the European Union and the International Atomic Energy Agency (IAEA) have met to discuss how the radioactive waste in Paldiski is to be disposed of. The Paldiski project is just one of the many radiation protection programs which Sweden in cooperation with Finland and Norway, among others, have worked together on with Estonia.

The Nordic countries also act individually on environmental issues in the Baltic Sea area

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<sup>1</sup> Swedish Ministry of Foreign Affairs, *op. cit.*, p.32.

through bilateral initiatives and a division of projects. These various projects have been divided according to national interest and the merit of each project. Geographical proximity plays a large role as well as cultural and historical ties for deciding which issues and areas to prioritize. Sweden, for example, has taken a special interest in two reactors (Chernobyl type) which are situated closest to Sweden in Ignalina, Lithuania. These two reactors play a vital role in the region by supplying energy to Lithuania, Belorussia and Latvia and are forecasted to be necessary for the survival of this area in the foreseeable future. Thus, Swedish contributions to nuclear security in Central and Eastern Europe, made through SKI and SSI, have mainly gone towards security improvements at Ignalina.<sup>1</sup> Finnish initiatives, on the other hand, have mainly been concentrated in Estonia. Two of the current projects which are only a part of the former Soviet Union's nuclear legacy are a gigantic dam with radioactive waste in Sillamäe and cement cassings filled with 100 tons of concentrated radioactive waste in Saku, south of Tallinn.<sup>2</sup> The Russian military had stated at an earlier date that they would take care of the dismantling of the nuclear reactors. "It is now evident that the Russians cannot take care of the dismantling and waste management in Estonia without support from other countries. They need economic help and aid from radiation specialists", said SSI's deputy chief Jan Olof Snih.<sup>3</sup>

Environmental security problems of this sort are a good example of one of the areas in which interdependence clearly is present between the Nordic countries and the Baltic states. Nuclear security issues clearly have no borders and it is in the national interest of all of the states within this region to solve such potentially harmful problems. The Barents Region initiative, introduced officially in January of 1993, is another example of formal international cooperation aiming to work out many security problems that, although having their origin in one country, directly influence the security of other nations. Other issues, such as those concerning the minority rights of the Sami in Norway, Sweden, Finland and Russia and the Russian-speaking minority in the Baltic states, are transnational. Although each state has its own national policy concerning the minority question, the issue becomes one of international focus due to its character. Such issues also often require outside input in order to provide an objective viewpoint for solutions. This has been the primary goal of the CSCE missions in the Baltic states. The long-term Mission of the Conference on Security and Cooperation in Europe (CSCE) was opened in Riga on November 19, 1993 with the purpose to confront the difficult challenges the country faces in re-assuming its place in the ranks of free, democratic

<sup>1</sup> Swedish Ministry of Foreign Affairs, op. cit., p.34, 35. SKI when translated to English means The States Nuclear Inspection while SSI stands for The Radiation Protection Institute both of which are Swedish governmental institutions.

<sup>2</sup> Baltikum ska få hjälp sanera strålrisker, in: Dagens Nyheter, January 26, 1994.

<sup>3</sup> Ibid.

and fully sovereign nations.<sup>1</sup> The presence and cooperation of an international organization such as this makes all of the partners in the negotiation process realize that the issue is not just of national importance but is important for the European community as a whole.

## Proposals for Baltic-Nordic Cooperation

**With the realization of independence for Estonia, Latvia and Lithuania, there followed a debate in the Nordic countries concerning the future format for Nordic-Baltic cooperation. As could be expected, the reactions varied from country to country depending on the respective country's cultural, economic, political and security orientations. There have been suggestions by some, such as the foreign minister of Denmark, that the Baltic states be admitted to the Nordic Council. Others have stated quite a different opinion regarding the format of cooperation between the Nordic Council and the Baltic states. Anker Jørgensen, former Danish prime minister and the present chairman of the Nordic Council, took a negative stance toward this proposition. There are three distinctly different suggestions for how to organize the format for Nordic relations with the Baltic states:**

1. Enlarging the Nordic Council to include the three Baltic republics.
2. Cooperation between the Nordic Council and the three republics grouped together in a "Baltic Council", i.e. a "council-to-council" model.
3. wider Baltic council for everyone around the Baltic Sea, from Kiel to St. Petersburg.<sup>2</sup>

Arguments for model 2 and against model 1 have been heard from various members of Nordic governments as well as an argument from the secretariat of the Nordic Council of Ministers. The resistance to enlarging the Nordic Council can be summarized in the following three arguments:

- a) Similar to the case of EC enlargement: widening implies less deepening or even a watering down of existing cooperation. i.e. taking on board new members and thereby increasing differences in the club will mean a less efficient instrument of cooperation for the old members.
- b) The Nordic Council in the coming years will increasingly be about EU integration, about negotiating, adapting to and possibly influencing decisions and integration into the European Union. Differences in distance to the EU core are already substantial within the Nor-

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<sup>1</sup> *CSCE Mission in Latvia*, op. cit.

<sup>2</sup> Waever, Ole, "The Baltic Sea Region - Does it Exist?", in Kukk, Mare & Jervell, Sverre & Joenniemi, Peter (Hg.), *The Baltic Sea Area - A Region in the Making*, Vardings: Sarpsborg, Finland 1992, pp.26-38.

dic group although this distance may become much shorter after the Swedish, Finnish and Norwegian referendums in October and November of 1994. The Baltic republics are even further from membership than Norway and will for a long time have completely different types of problems in relation to the EU than the Nordic countries. Therefore, a Nordic council with the Baltic republics as members will not be in a very good position for fulfilling its main function of the 1990s: EU-relations.<sup>1</sup>

- c) Some Nordic politicians are afraid that if the Baltic republics are not incorporated in a Baltic Council, the Nordic Council will end up as a conflict solver for inter-Baltic conflicts.

The Baltic states themselves have decided that cooperation with the Nordic Council, within the guidelines of a Baltic Council, would be the most effective format. At the 44:th session of the Nordic Council of Ministers on March 7, 1994 in Stockholm Sweden, the leaders of the respective Nordic governments gave their mutual support to the Baltic states. At this session, attended by the Baltic states' three Prime Ministers, Estonia's Mart Laar, Latvia's Valdis Birkavs and Lithuania's Adolfas Slezevicius, Valdis Birkavs stated that, "it seems that currently the necessity to create the institution of cooperation between the executive powers, the Baltic Council of Ministers, is not under doubt. Taking into consideration that the Nordic countries cooperate in the same way and their cooperation has a rich history, we have an opportunity to listen to the thoughts of the representatives from the Nordic countries. I believe that this seminar will provide some contributions when establishing the institution of the Baltic Council of Ministers and further cooperation between the Nordic and the Baltic states".<sup>2</sup> The Baltic Council as a conditional roof structure would insure the continuity of the process of mutual cooperation, basing its activities on the Baltic Assembly and the Baltic Council of Ministers. The meetings of the Presidents, Prime Ministers and Governments would take place within the framework of the Baltic Council. This kind of council-to-council cooperation will then create a kind of loop where the structures of both councils are strengthened by this cooperation instead of being undermined as in the case of a larger Nordic council.<sup>3</sup>

It should be noted that models 2 and 3 actually are compatible: cooperation between the Nordic Council and the Baltic republics can be nested inside a wider Baltic Sea Council.

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<sup>1</sup> Jervell, Sverre, "Elementer i en Ny Nordisk Arkitektur", in Jervell, Sverre (Hg.) Norden i det Nye Europa. Oslo: The Nordic Foreign Policy Institute, 1991, p.185-222.

<sup>2</sup> Birkavs, op. cit., p.7.

<sup>3</sup> Ibid.

The lack of a concrete political strategy for the future within the respective Baltic states, which is necessary to carry out the much needed political and judicial reforms, hinders inter-Baltic cooperation and the three Baltic states both politically and economically. This is a product of the transition process which all three states are still undergoing. More stable societies could create an attractive business environment which in turn would attract foreign business investment. However, Nordic-Baltic relations, if provided with a legally-based structure and a functioning Baltic Council, may provide the route into Europe and the increased political ties for the Baltic states which could lead to a more secure future.

The aforementioned issues highlight the major problems and opportunities of the Baltic states. In summary of the arguments made in this paper, the following model outlines "The Baltic Security Dilemma" and a possible solution:

**"The Baltic Security Dilemma"**

As weak powers undergoing transition, the Baltic states have a limited choice of foreign policy options regarding their security. The most obvious options are some form of neutrality or an alliance with a great power or powers in some form. The option of neutrality has been disregarded due to the lessons learned from the past and the current indecision within Russia concerning its future role in the Baltic states. The Baltic states perceive themselves as a part of the "new Europe". They have attempted to use European integration in various forms, militarily, politically and economically, as a form of security. Europe and the West as a whole have been cautious to extend these instruments of integration while the Baltic states are in a stage of transition. The transition process inherently implies instability due to the fluidity of the situation. It can be positive, by creating the possibility for new arrangements, but also negative in that the direction of change may not be that which is strived after. Some proponents of European integration feel that it can be dangerous to wait, and want to include the Baltic states and other nations as soon as possible, while the majority of countries in the West have adopted the "wait and see" point of view. If the transition process fails, this can imply a whole number of possible outcomes, none of them positive for the Baltic states or the international community. Success on the other hand could lead to achieving economic and political development. The Nordic countries have contributed their support to seeing that the transition process does succeed and lead to these developments. As democratically functioning, stable societies, the Baltic states will have met the requirements for further integration and possible future membership in the two most important instruments for European expansion, the EU and NATO. This is the common goal of Estonia, Latvia and Lithuania, one which would provide the Baltic states with the security they desire in today's Europe.

## Conclusion

**In the old days, weak powers were either occupied, conquered or included in more powerful states' "spheres of interest". The case of the Baltic countries illustrates that national security is more and more dependent upon international and transnational circumstances. The networks of international organizations, regional communities and interstate cooperation have increased tremendously over the past few years. This development may very well become the most important aspect of Baltic security. Both international anarchy and national security are increasingly becoming relative phenomena, thus creating an order where national prosperity and security depend on participation in international cooperation rather than on military arrangements. Estonia, Latvia and Lithuania are already involved in this process of "international net-**

working" but they have not developed the legal and regulatory infrastructure for actors on the state and other levels to participate effectively. As argued in this essay, the Nordic countries can influence the security situation for the Baltic states, by preparing and aiding the Baltic states in taking this process further. The Nordic countries and the EU are the forerunners of various aspects of integration and the changed attitude of "international society" makes international support a realistic option of security for the Baltic states. It remains to be seen however, to what extent Russia, their main antagonist, has fully comprehended this new state of affairs. The central question of security in Europe today is how to make Russia, which is still a large military power, into a partner instead of a risk factor. The security of the Baltic states is ultimately dependent upon this.

### **Nordic Initiatives-Implications for Baltic Security**

*There are two goals which are prioritized from the Baltic security perspective. One of them being to create new and close relationships with the West, especially institutionalized relationships. The other is to break the binds of East-European isolation which are considered to limit Estonian, Latvian and Lithuanian sovereignty. The Nordic initiatives in the Baltic states are satisfying both of these.*

### **Increasing the Ties to the West**

*Orientation to the West must be seen in terms of security. The closer the connections to Western organizations, the more secure the Balts may feel.*

*A first and very important tie to the West is through the Nordic countries themselves. The Baltic countries are working on creating an institution of cooperation between the executive powers, the Baltic Council of Ministers, modeled after the Nordic Council. This will encourage cooperation between the Baltic and Nordic states. As the EU has stressed the need for Baltic cooperation before European integration, it is also a necessary element for further European integration.*

*The Baltic states' participation in international cooperation and international institutions is of great importance for stability on the continent. Estonia and Lithuania are already in the Council of Europe and Latvia may soon be a member. The EU is now negotiating a free-trade agreement with the Baltic states, among other things, because an agreement of this kind is already in force between them and the three Nordic countries that are applying for membership in the EU. The Nordic countries insisted that the agreements with the Baltic states remain valid even after applying for membership in the EU. The EU moreover*

*expects that free-trade agreements with the Baltic states can lead to agreements similar to those that have been made with Poland and Hungary.*<sup>1</sup> At a top ministerial meeting of the EU in February, when referring to these agreements with the Baltic states, the phrase was used, "with a view to future membership".<sup>2</sup> Judging by these events, the Nordic states could be seen as providing links for the Baltic states to the European Union.

All three Baltic states have become members of NATO's Partnership for Peace (PFP) program. The PFP is initiating a process that might significantly intensify the alliance's cooperation with the Baltic states. While the Nordic countries have provided a significant amount of help in integrating the Baltic states with the EU, contributions to the Baltic states aspirations of NATO membership have not been forthcoming. These are, of course, two separate issues which require completely different forms of support. The Nordic NATO countries may change their outlook in the future but for the time being the Baltic states must strengthen this link themselves.

The commitment of the Nordic countries to supporting the Baltic states in their efforts to form a joint Baltic peace-keeping force within the provisions of UN standards can lead to still further ties with Western international political institutions. If the United Nations is to have some use for the Baltic battalion, it must first be equipped and trained. A qualified Baltic peace-keeping force will need military aid and the Nordic countries, due to the lack of resources within Estonia, Latvia and Lithuania, have agreed to supply the basics. This support, however, does not at the present time include weapons.<sup>3</sup> The donation of weapons to the Baltic states would in actuality contradict the goals of Nordic cooperation which are to act as a regional stabilizer and mechanism for reducing friction and eliminating suspicion. Even if the Baltic states never receive weapons from the Nordic countries, they may all three find another source, such as Israel which has already sold weapons to Estonia and has discussed this possibility with Latvia.<sup>4</sup> The Baltic states have not received the military protection that they have requested but the Nordic countries can contribute to other aspects of their security.

### Breaking the Binds of East European Isolation

*The Nordic countries can support the Baltic states in their efforts to play a "normal*

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<sup>1</sup> Oddsson, op. cit. This is an association agreement, the so-called "Europe-Agreement".

<sup>2</sup> Personal interview with Krister Wahlbäck on February 24, 1994. Mr. Wahlbäck stated that this quote was made at a meeting of the European Council of Ministers.

<sup>3</sup> Personal interview with Peteris Vaiivars on February 15, 1994 in Riga, Latvia. The Minister of Defense of Denmark, Hans Hækkerup, stated while in Riga in January 1994 that he would consider the provision of weapons to the Baltic joint peace-keeping force.

<sup>4</sup> *Ibid.*

*European role” in European peace and security policy. From a Nordic perspective, consideration must be taken to the Baltic states legitimate demand of de facto sovereignty and control over their territories, and on the other hand, promote the acceptance and integration of Russia as a European state.*

*The presence of Russian soldiers on the territories of Latvia and Estonia is a threat to all of the countries in the Baltic Sea region. The governments of the Nordic countries have shown their determination in securing agreements for their timely withdrawal. The Nordic countries have also supported the efforts of the Baltic states to be comprehended by Europe as a natural part of the grouping within Western and Central European countries. In this way, Europe would make it clear, for even the most nationalistic Russian government in the possible future, that a violent attack on the Baltic states would lead to such reactions by Europe, including Scandinavia, that it would cost more than it would be worth.*

*The central problem for the Baltic states after winning formal independence in the fall of 1991 was to establish and consolidate sovereign control over their territories. Along with the major threat of the Russian troops, territorial sovereignty has been violated by the smuggling of people, arms, drugs and other goods without sufficient control by the proper authorities. The Nordic countries have been the primary source of financial as well as political help in lessening these threats. It is primarily the instability caused by these threats that have discouraged Western capital and investments in the Baltic states.*

*The Nordic role in the Baltic states is not only about insuring Baltic and Nordic security interests but also to serve as a bridge-builder or negotiator between Russia and the Baltic states. The acceptance and integration of Russia as a European state is in the long-term security interest of the Baltic and Nordic states. Therefore, Baltic security issues must be approached from this standpoint. The Nordic states have an interest in acting as negotiators between the Baltic states and Russia in political relations, including the question of minorities. The nationality issue has a clear international dimension which makes it difficult to separate domestic policy from foreign policy and vice versa. Lithuania has seemed to overcome the worst stages of this problem but the way in which Estonia and Latvia handle the nationality issue is of considerable importance for their security vis-a-vis Russia and the extent to which they can progress in integrating in Western political institutions.*

*Creating stable relations between Russia and the Baltic states and promoting democratic and economic prosperity, is vital to the security of the Baltic and Nordic countries. This policy is not without risks, but the consequences of inaction and/or the failure of democracy in Russia could be so dramatic that the eventual risks of Nordic-Baltic relations are insignificant in comparison.*

*In summary, the Nordic countries cannot provide any security guarantees but they can play a leading role by reminding the larger European countries of the existence of the Baltic states and the responsibility that all of Europe has to them. This is the Nordic countries' most important task regarding Baltic security.*

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Baltic-Nordic Relations

## **Implications for Baltic Security**

Bericht des BIOst Nr. 9/1995

### Summary

#### **Introductory Remarks**

*Since the end of the East/West conflict, the Baltic states have found themselves confronted with a security dilemma: on the one hand they have been endeavouring, since achieving independence in 1991, to sever their bonds to the East and to affiliate themselves more closely with the West; on the other these endeavours run counter to Russian interests and to the wishes of the West, which focus on Russia. The present Report proposes the view that national security is becoming more and more dependent upon international and transnational circumstances. Against this background it analyzes the special role accruing to the Nordic states in the resolution of the Baltic security dilemma within Europe. This study has been completed prior to the Russian troop withdrawal having been finished and the referendums on joining the EU in Sweden, Finland and Norway having been held.*

#### **Findings**

- 1. The end of the East/West conflict has opened up new options for regional organisation in Northern Europe. In this context, closer cooperation between the Baltic and the Nordic states would appear expedient for three reasons: the Nordic states harbour an interest in the stability of the Baltic region, an interest that is orientated towards their own security; historical and cultural ties also have a role to play, as does the prospect of future economic relations.*
- 2. The Baltic states' contemporary relations with Northern Europe differ from country to country. Since the policies of the three Baltic republics are not coordinated, they find themselves vying with each other for Northern European, indeed for pan-European support. The first signs of a special relationship with the countries of Northern Europe became apparent when these recognised the sovereignty of the three young republics while the latter were still denied recognition by the international community.*

3. *Economic support for the Baltic republics by the Nordic states comprises a joint 5-point investment programme, bilateral initiatives, and a free trade agreement encompassing the two regions. Particular emphasis is placed on creating a market-economy infrastructure as the basis for the consolidation of economic reforms. This assistance is intended to smooth the Baltic republics' way to membership of the EU.*
4. *In the political field, the Nordic states are called upon to play the difficult role of mediators between Russia and the Baltic. The issues in question are also of concern to the security interests of the Nordic states themselves. Besides, the West is exhibiting extreme reserve in political matters, in order not to collide with Russian interests. The vacuum that has thus arisen is being filled by the countries of Northern Europe.*
5. *The countries of Northern Europe are playing an active part in the establishment of police and border guard forces in the Baltic states. These endeavours are directed towards stemming trans-national problems such as smuggling, migration and organised crime, which Northern Europe perceives as threats emanating from its Baltic neighbours.*
6. *With their strategy of recruiting the assistance of all the countries bordering on the Baltic Sea to improve the ecological situation of their communal waterbody - a strategy in which the Baltic states are regarded as priority project candidates - the countries of Northern Europe would like to set up a model for an EU-wide environmental policy. Major importance within this envisaged common environmental policy is attached also to combatting nuclear pollution risks.*
7. *In the course of the discussion about the most expedient form of cooperation it has become apparent that both the Baltic and the Nordic states would be in favour of setting up a "Baltic Council" specifically to engage in cooperation with the Nordic Council. Even if the ongoing transformation process in the Baltic is still hampering such cooperation, Nordic-Baltic relations could be effective in smoothing the progress of the young republics towards Europe in the long term, and thus towards a secure future.*
8. *The present Report propounds the idea of Baltic-Nordic cooperation as the basis for the security of the Baltic republics in the face of Russian pretensions. The aim of this cooperation would be the natural integration of the Baltic states into the European peace and security policy framework, accompanied at the same time by the recognition and integration of Russia as a European state.*

