



The Rīga Conference Papers 2011

Collection of essays and articles

Rīga, 2011

Financial support:



About Latvian Transatlantic organisation (LATO):

The Latvian Transatlantic Organisation (LATO) is a non-governmental organisation established in March 2000 to promote Latvia's full and active membership in NATO and to work for security and democracy in the NATO and EU Eastern Neighbourhood. It unites members from different social groups in terms of age and professional interests.

LATO was established with the objective to facilitate Latvia's membership in NATO. It has carried out various education and information activities aimed at increasing public support for NATO membership, explaining and building public awareness about principles and values that unite NATO member states. Although Latvia joined NATO in 2004 LATO continues its work in informing society on international defence and security issues as well as Latvia's participation in NATO. LATO has also become an active partner in the promotion of democratic values and strengthening of civil society in the neighbouring countries – Belarus, Russia, Ukraine and Georgia. The scope of LATO's activities is both local and international. Its activities include organisation of conferences, seminars, summer schools, as well as work with partner organisations and mass media.

About the Rīga Conference:

Since the Rīga NATO Summit 2006, The Rīga Conference is annual forum of high level international discussions on foreign and security policy issues.

This year The Rīga Conference 2011 will bring together some of the most respected world thinkers, academics, commentators, journalists, and politicians to discuss the aftermath of global financial crisis on the most important and current security, defence and international affairs challenges: What can we do with less for Economic Growth and Security in the EU and NATO? Where Western commitments in the Middle East and North Africa will lead to? Quo Vadis Belarus? Russian modernisation: is society ready and how will it bring Russia closer to the West? National industry leaders affecting EU gas market liberalization? Power politics in Central Asia and Afghanistan.

These and many other questions will be at the core of the intense debates for two days in September 16-17. For more information on The Rīga Conference please visit: www.rigaconference.lv

*The Rīga Conference is organised by the Latvian Transatlantic Organisation, the Ministry of Defense and the Ministry of Foreign Affairs of the Republic of Latvia.



*Dear readers, partners,
critics and friends,*

Since the last Riga Conference in September 2010, many exciting news have swept across the Europe on how to deal with modern challenges to the security system of the West. Equally challenging is question of how to deal with all the issues rising as an imminent side-effect of world-wide economic crisis. In such context a wider debate is crucial for checks and balances, to acknowledge the mistakes made, re-define the policies, and to reinstate the true meaning of transatlantic values.



The Riga Conference Papers 2011 is our contribution to such debate. The very first collection of essays and articles is addressing the most important headlines of the security policy agenda of 2010/2011 that are of particular concern in this part of the Europe. We have hereby gathered the number of authors, all of which have contributed their time and expertise to the overall aim of this publication – to introduce yet another platform for open and distinguished discussions.

We are particularly thankful to the authors for their support and contribution to our attempt to fill in the current vacuum of extensive analytical publications in Latvia: *Edward Lucas, Uffe Ellemann-Jensen, Klaus Wittmann, Konstantin von Eggert, Pēteris Veits, Balázs Jarábik, Sandis Šrāders, Juris Ozoliņš and Ramūnas Vilpišauskas.*

We are also thankful for our supporters who never doubted the purpose and meaning of this project: The European Commission Representation in Latvia, Konrad Adenauer Stiftung and The Soros Foundation - Latvia.

Articles are also available for download at www.rigaconference.lv. I hope this will be an encouraging start for a new season of debates in Rīga later this year. We are looking forward to seeing you in Rīga Conference 2011, September 16-17.

Best regards,

Toms Baumanis
LATO
Chairman of the Board

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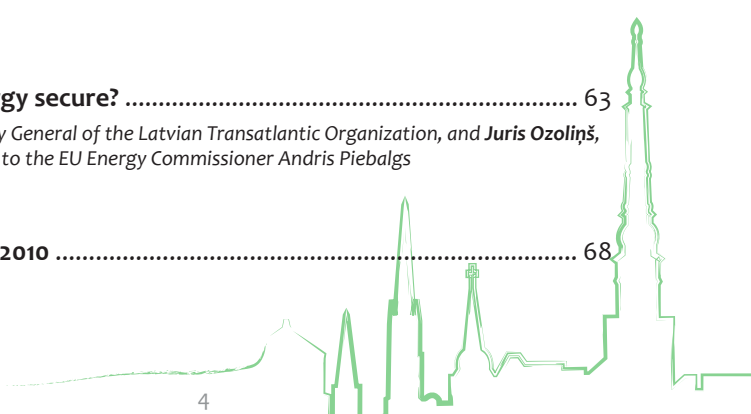
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By **Uffe Ellemann-Jensen**,
fmr. Minister for Foreign Affairs
of Denmark, Chairman of Baltic
Development Forum

THE EU STRATEGY FOR THE BALTIC SEA REGION: HIGH EXPECTATIONS FOR A NEW EUROPEAN MODEL OF REGIONAL CO-OPERATION

Is the EU Strategy for the Baltic Sea region just another piece of paper or a real instrument to achieve positive changes? My answer to this question is clear: I have very *high expectations* of the EU Strategy. The EU Strategy is a new model for regional co-operation that has a very real potential for creating positive change.

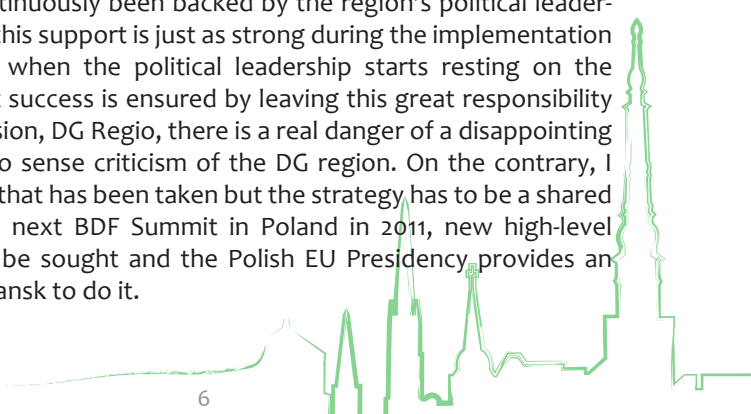
We have a good reason to believe that the Strategy will produce many positive results in terms of further regional integration, which can help solve common problems and improve the economic competitiveness of the region. First of all, it is an impressive Strategy with a very ambitious and comprehensive Action Plan. It touches on relevant problems and challenges that all the countries are faced with. Secondly, we need to have high expectations and ambitions because it contributes to creating real results. Over the past 20 years, one of the successes of the Baltic Sea co-operation has been the continuous high ambitions and the political will to do better. It puts pressure on the process and underlines that we do expect clear visible changes and improvements in different policy areas.

From the very beginning, Baltic Development Forum has been an ardent supporter of both the EU and the Baltic Sea Region. A wider European

integration – in particular the enlargement of the EU – has all along been an integral part of the re-building of the Baltic Sea Region. With the adoption of the EU Strategy for the region, the European and regional integration has explicitly come together in a novel way. As chairman of Baltic Development Forum, it has always been my guiding principle to see the two processes through the same prism. For the same reason, the EU strategy has been a top issue at the BDF summits over the last four years.

Already in 2006 in Helsinki, we did our best to highlight the proposal for an EU macro-regional strategy, following the European Parliament's Baltic Intergroup report on "*A Baltic Sea Strategy for the Northern Dimension*", which was presented in Helsinki by MEP Christopher Beazley. At the BDF Summit in 2007 in Tallinn, Swedish Prime Minister Fredrik Reinfeldt stressed the importance of making the Strategy a reality, advocating the need for the Strategy to be a concrete action-oriented instrument intended to help the EU and its Member States in the BSR. The then EU Commissioner for Regional Policy, Danuta Hübner, attending the 2008 Summit in Copenhagen-Malmö as a part of the Commission's consultation process on the Strategy, emphasized that the BSR states should improve what they are already good at – ideas, innovation, design, research and technology, and should integrate their markets even further. The then President of the European Council, Prime Minister Reinfeldt opened the 11th BDF Summit in 2009 in Stockholm together with his Baltic colleagues Andrus Ansip of Estonia, Andrius Kubilius of Lithuania and Valdis Dombrovskis of Latvia, announcing that the Strategy would be approved by the European Council. And finally, at the 12th BDF Summit held in Vilnius in June 2010, President Barosso was invited – together with the Nordic and Baltic Prime Ministers – to establish a close link between the EU Strategy for the BSR and the Europe 2020 agenda, reiterating that the BSR could become a beacon for the rest of Europe by showing how to implement EU's sustainable growth policies.

The Strategy has continuously been backed by the region's political leadership. It is crucial that this support is just as strong during the implementation phase. The moment when the political leadership starts resting on the laurels, believing that success is ensured by leaving this great responsibility solely to the Commission, DG Regio, there is a real danger of a disappointing outcome. This is in no sense criticism of the DG region. On the contrary, I admire the approach that has been taken but the strategy has to be a shared responsibility. At the next BDF Summit in Poland in 2011, new high-level political support will be sought and the Polish EU Presidency provides an excellent scene in Gdansk to do it.



Besides political leadership, another success story of the Baltic Sea Region is the wide participation of civil society groups. Foreign observers are looking curiously at the Baltic Sea Region precisely because the civil society has been actively involved in cross border cooperation at all levels and has been able to keep up pressure on political leaders. “How have you managed to involve the civil societies?” they are asking with an aim to copy the cooperation structures to their own regions. I am very glad to note that the Commission is conscious of the fact that civil society participation needs to be preserved. Baltic Development Forum will work closely together with the European Commission in organizing the 2nd Annual Forum of the Strategy in 2011. Success requires a good mixture of top-down guidance and bottom-up enthusiasm and input. Experience will show if we have found the right structures and balance between the roles of the Commission, Member States, sub-regions and civil society.

High but realistic expectations

We need high expectations but at the same time we need to be *realistic* about our starting-point. First of all, the EU Strategy represents a unique model for regional cooperation without introducing any new institutions, new financial or legislative instruments (the three noes) as flanking measures. The three noes is an understandable starting point since it was a part of the deal made with the EU Member States outside the region in order to get their acceptance. But the three noes need not be carved in stone. If the experience gained during the implementation tells us that changes need to be introduced, we need to say it loud and clear. It is a part of the responsibility of being a laboratory in Europe for the new concept of macro-regions.

A well-functioning Baltic Sea macro region – comprising some of the most dynamic EU economies – can positively impact on ways the EU should work in a world of globalised competition. Maybe the Baltic Sea Region could inspire the design of policies that allow for certain differences due to the circumstances on the ground without disrespecting the community law. Macro regions have to work *with* the EU in setting the agenda and in no way *against* the EU’s fundamental achievements, such as the Single Market.

Secondly, when talking about taking a realistic view of the Strategy, we should remember that the Strategy was adopted at a time when national

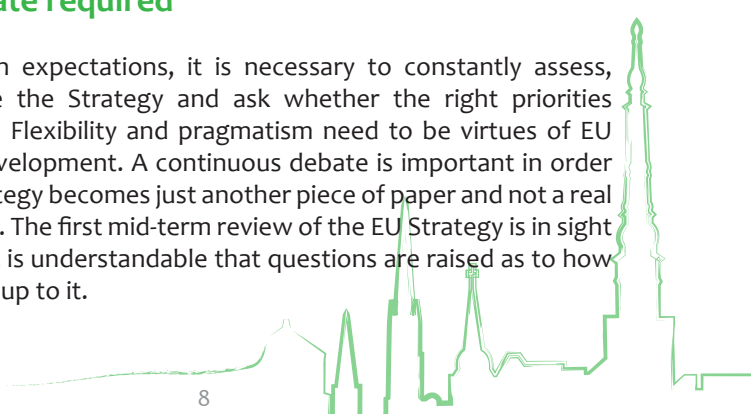
budgets were under severe pressure due to the economic crisis. Funds available for regional cooperation are limited, making EU funds and other multilateral funds the most likely source of project financing. Hopefully, this will change as we leave the recession years behind us. Until then, EU funds need to be flexible and easy-to-use; otherwise rigid rules might hamper their utilization to the detriment of regional cooperation. Already today, some find the structural funds too complicated and bureaucratic to make use of.

Thirdly, the Strategy is a mixture of EU competences, shared competences and Member State competences. The so-called open method of coordination is mainly applied in policy areas of national competence, for example in the field of education. Here we know that progress is slow since it is built on the exchange of best practices. Traditional inter-governmental cooperation is not easy and major achievements are not made over-night. We have become so used to an efficient EU cooperation that it is often forgotten that international cooperation requires steady and hard work.

Let us take the work of the Helsinki Commission (HELCOM) as an example. For many years, HELCOM has done a lot of very useful work in order to improve the marine environment of the Baltic Sea. HELCOM has existed for more than three decades, with its origins dating back to the 1974 Convention, which was signed by the then seven Baltic coastal countries. Without the supranational enforcement competences of the EU, it has been difficult for HELCOM to implement the adopted resolutions. Progress has been very slow. Now the EU Strategy is trying to give new strength to the work of HELCOM by integrating HELCOM action plans into the EU framework and by providing help through EU funds, programmes and projects. This gives higher hopes for real changes. There is still no quick-fix to clean up the Baltic Sea, but I have no doubts that the EU Strategy will help to address this major problem more effectively.

Continuous debate required

Although I have high expectations, it is necessary to constantly assess, debate and evaluate the Strategy and ask whether the right priorities have been identified. Flexibility and pragmatism need to be virtues of EU Strategy's further development. A continuous debate is important in order to avoid that the Strategy becomes just another piece of paper and not a real instrument of change. The first mid-term review of the EU Strategy is in sight (Summer 2011), and it is understandable that questions are raised as to how the Strategy will face up to it.



Baltic Development Forum has contributed to the debate through its publications and at the 2010 Summit relevant questions were raised without casting doubts on the Strategy as such. First of all, the *State of the Region Report* highlighted that any strategy has to be flexible and adjustable to the changing economic environment and the specific conditions that characterize each country. There is no “one-size-fits-all” EU-policy in upgrading micro-economic competitiveness. The Baltic countries should not implement the exact same EU guidelines as the Nordic countries.

Secondly, the report *Going for Green Growth in the Baltic Sea Region* highlighted the need to focus on key areas where cross-border cooperation has the highest likelihood of leaving all the countries better off and improving the countries' competitiveness. Transport, energy, ICT and R&D are obvious areas to address as a priority. Fewer priorities than the existing 80 in the EU strategy might also increase the chances of visible success stories. Furthermore, the report also underlined the need to take on board the perspective of the private sector, which so far has not been sufficiently attracted by the Strategy. This has to change in order to ensure a real change in terms of competitiveness upgrading.

Thirdly, the analysis on *Place Branding and Place Promotion Effort in the Baltic Sea Region* highlighted the economic areas where joint efforts would improve the chances of region's countries of better penetrating on a global level: Green tech/Clean tech, ICT, Life science, Logistics and maritime industry etc. At the Expo 2010 in Shanghai, the pavilions of the Nordic countries cooperated and thereby strengthened the visibility, attractiveness and brand of each of the Nordic countries. We have to recognize that on a global scale – as seen from the Chinese perspective – the Nordic and Baltic countries are each a small player. Jointly, however, the picture is quite the opposite. It demands that we dare share our brands. Items/things pertaining to regional identity and joint investment promotion need to be taken up as an integral part of the EU strategy. Much more could be done in this field.

Finally, the report on *Energy Perspectives for the Kaliningrad Region as an Integrated Part of the Baltic Sea Region* highlighted the need to both strengthen Russia's integration into the regional planning processes, as well as to address real political cleavages.

The nuclear power plant that is planned to be constructed in Kaliningrad has the potential of dividing the Baltic Sea Region in ways similar to the Nord Stream gas project. In my view, it seems rather unlikely that there is room

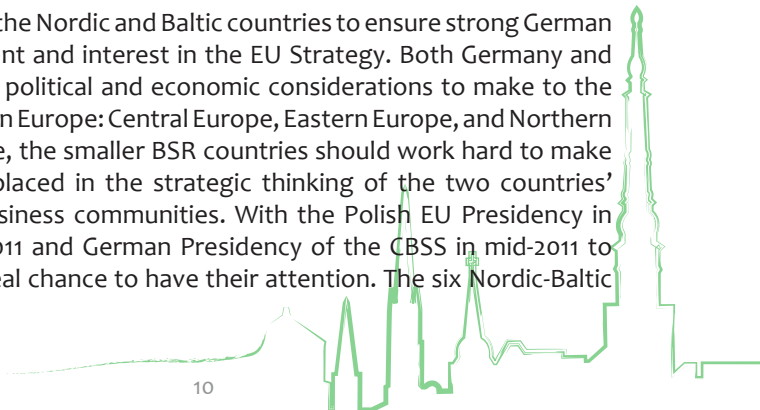
for two big nuclear power plants in Kaliningrad and in Lithuania. Therefore, the issues of energy security could entail competing energy infrastructure investments that are inefficient and very expensive. There is an urgent need to take up such matters with Russia and to have a transparent and open dialogue, which is unfortunately completely missing at the moment. Our Lithuanian (and Baltic) friends should receive our assistance in addressing this issue, because it is not a relationship between equal neighbours and the issue has wider consequences.

Energy co-operation is a litmus test

The overall EU-Russia energy dialogue, based on common and strong EU positions, is very important for the BSR, the EU Strategy (and the Baltic Energy Market Interconnection Plan – BEMIP, which is a part of the Strategy) and for the good neighbourly relations in the region. Energy matters are the most important source of regional conflicts today, and they need to be properly addressed. To my mind, energy is going to be the new major drive for further European integration. In a sense, it is back to basics, since the EU was created on the shared objective of avoiding that energy questions create new conflicts in Europe. The situation is rather similar today. The BSR has a chance to profit greatly from further integration. The narrow national interests have to be turned into greater common policies and advantages.

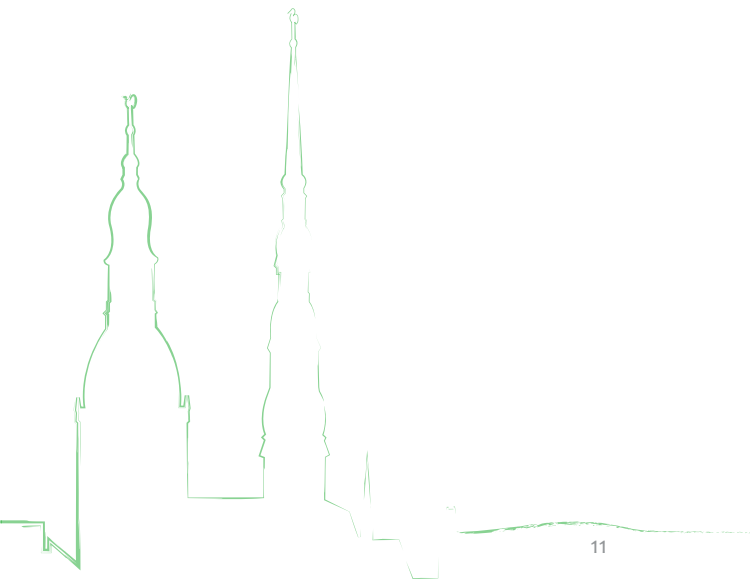
Over the years, the European and regional integration in the field of economics has demonstrated that it is a highly efficient way of avoiding conflict and creating friendly neighbourly relations. We should expect that the EU Strategy continues along this track and addresses energy issues that have a conflict potential. If the EU Strategy does not produce any real and convincing results in this field, we will have missed a great opportunity. It is a litmus test.

Finally, it is crucial for the Nordic and Baltic countries to ensure strong German and Polish engagement and interest in the EU Strategy. Both Germany and Poland have multiple political and economic considerations to make to the different sub-regions in Europe: Central Europe, Eastern Europe, and Northern Europe etc. Therefore, the smaller BSR countries should work hard to make the region strongly placed in the strategic thinking of the two countries' governments and business communities. With the Polish EU Presidency in the second half of 2011 and German Presidency of the CBSS in mid-2011 to mid-2012, there is a real chance to have their attention. The six Nordic-Baltic



EU countries have to work hard to present themselves as attractive partners able to present innovative solutions.

All in all, the chances are there to create a new European model for regional cooperation. Have high expectations, be ambitious but also realistic, and continue the debate on priorities! Carpe Diem!





By **Edward Lucas**,
International Editor,
The Economist

WILL THE EU HAVE A COMMON POLICY TOWARDS RUSSIA?

At first it seems gloomy. Finland's weak point is railways, Slovakia's too. Germany's is gas. With France it is arms sales. With Greece it is religion. With Italy it is the curiously intimate relationship between Vladimir Putin and Silvio Berlusconi. In a Europe of nation-states, Russia is always going to win: find the weak point, apply pressure, and watch the results.

In one sense that is true. The story since 1991 can easily be told as one of Western accommodation to Russian interests. First the grateful Helmut Kohl and the greedy Jacques Chirac, then Tony Blair with his "nights at the opera" with Mr Putin, plus Gerhard Schröder's near-scandalous relationship with the Russian leader. Russia has got the Nord Stream pipeline agreed and half-built, with protests from Sweden, Poland and Finland disappearing into thin air. It has succeeded in having Georgia and Ukraine consigned to the outer darkness. It has bamboozled America under Barack Obama into accepting a "reset" in which the west loses its moral authority for a series of token and partial concessions from the ex-KGB regime in Moscow.

Yet viewed another way the story of the past years does not look nearly so bad. Despite Russia's supposed grip on western policymaking, NATO expansion has proceeded steadily: first Poland and the key central European

countries, then the Baltics and the eastern Balkans, Albania and sooner or later ex-Yugoslav countries such as, even, Serbia.

And NATO membership is not just on paper. The administration of Barack Obama, despite being denounced as lightweight, anti-Atlanticist, neutralist and disengaged has pushed through contingency plans that for the first time actually give military weight to the defence of the alliance's most vulnerable members: the Baltic states. The leaked WikiLeaks cables give a flavour of the discussions surrounding that: nervous Germany, prickly Poland, and exuberant Balts.

Nowadays it looks like a done deal. In 2008 and 2009 it was anything but that. France may sell Russia Mistral-class warships. But they, and other bits of Russia's ragtag navy, will stand little chance against an American carrier battle group.

So the NATO scorecard looks pretty good. Ukraine may seem a lost cause for now, but that is hardly the alliance's fault. NATO membership cannot be rammed down the throat of an unwilling country. Even at the high tide of the "Orange" cause, many Ukrainians were ambivalent about signing up for full membership. The best that we can hope for now is damage limitation, and that the next government will feel differently.

Georgia, by contrast, is far from being a hopeless case. It has bounced back economically from the lost war of 2008, in a way that has confounded naysayers and pessimists. Mikheil Saakashvili, for years a turbulent and troublesome ally, seems to have realised that his one remaining strong card is soft power: heightening the contrast between the peaceful and prosperous conditions in Georgia, with diminishing corruption and steadily improving public services, and the ill-ruled, corrupt and miserable conditions in the Russian-ruled North Caucasus.

So much for NATO. But even inside the EU reasons to be cheerful abound. The Kremlin's greatest asset in dealing with its neighbours used to be energy. Until a few years ago, Europe was, seemingly, gas-dependent on Russia to an irretrievable extent. Yet now diversification is under way. That is partly the result of changes in the international gas market: thanks to its own shale gas, America no longer imports gas from abroad. As a result, billions of cubic metres of LNG (Liquefied Natural Gas) are available on the world market. That has driven the price of gas down on the spot market, creating a deep and liquid market where once there was none.

Russia's attempts to fight back have got nowhere. In 2007 we were worried about the emergence of a gas version of the Organisation of Oil-Exporting Countries (OPEC). But the Gas Exporting Countries Forum is little more than a web site.

Even inside Europe the rules of the game are changing. Under energy commissioner Günther Oettinger, the European Commission is proving more effective than under Andris Piebalgs. Crucially he has pushed for the reversibility of pipelines, breaking Gazprom's grip on the gas pipeline network inside the European Union. He has also promoted the building of gas interconnecting pipelines. Once the EU was a series of energy islands, vulnerable to external manipulation. Now, increasingly, it is interconnected. If Russia applies pressure to one bit, gas can flow from the others.

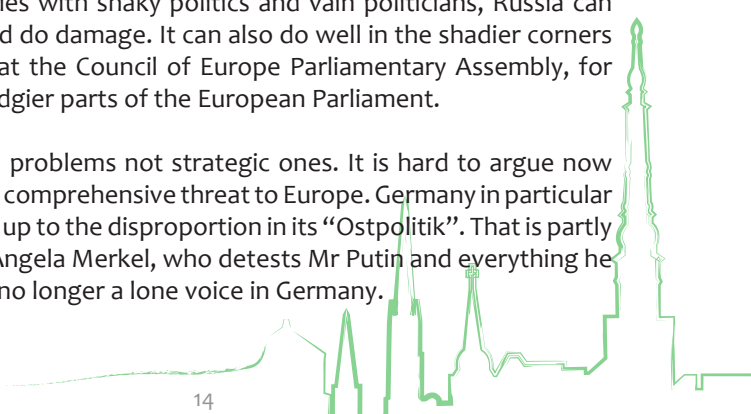
And that is just the start. Poland is set to become a major gas producer, with encouraging prospects in other countries too. Russian gas by contrast looks expensive and unreliable. The real might of the EU is the competition commission: that has seen of Microsoft. Gazprom no longer looks so challenging.

Russia's military might is trumped by NATO; its gas weapon is blunted by technological change and market reality. What is left? Remaining in the Kremlin arsenal is its ability to bribe, flatter, snoop and bluster.

That still counts for something. The scandal in Estonia about financing for Edgar Savisaar's Centre Party is a reminder that even the squeaky-clean Estonians are potentially vulnerable. The Herman Simm affair (he was Estonia's top national security official, but actually a Russian spy) is similarly embarrassing. So is the jinxing of Lithuanian foreign policy, with the erratic Dalia Grybauskaite striking her own wrong-headed course on relations with Russia and Belarus.

In small, poor countries with shaky politics and vain politicians, Russia can still make mischief and do damage. It can also do well in the shadier corners of European politics at the Council of Europe Parliamentary Assembly, for example, or in the dodgier parts of the European Parliament.

But these are tactical problems not strategic ones. It is hard to argue now that Russia presents a comprehensive threat to Europe. Germany in particular seems to have woken up to the disproportion in its "Ostpolitik". That is partly thanks to admirable Angela Merkel, who detests Mr Putin and everything he stands for. But she is no longer a lone voice in Germany.



The new head of the German business committee dealing with the eastern neighbours has noted publicly that Russia is only as important as the Czech Republic. Poland is a trade partner even a more important than Russia. German politicians are scurrying to catch up with this dawning realisation. What is the point of currying favour with the Kremlin for a big potential market which in reality is costly and arduous, when the law-abiding next-door countries of Central Europe and the Baltics offer immediate and richer returns? After 20 years of “Gorbymania” and “Russlandliebe”, Germany is returning to its senses.

That disillusion with the Russian market reflects a deeper truth. Nobody now believes that the ex-KGB regime in Moscow, either under Vladimir Putin or under the phoney modernisation of Dmitri Medvedev, offers a new civilisation. Contrary to the bold boasts of the early years of the regime, this is not a wonderful new system, the European version of China, which combines stable authoritarian political rule with successful economic development.

The bleak truth about Russia under Mr Putin and his pals is that it has been a terrible economic failure. More than a trillion dollars in excess oil and gas revenues have been squandered: where are the new roads, the new railways, the new power stations, the new hospitals, the new universities? Nowhere, is the answer. The money has flowed into offshore bank accounts, into quiet shareholdings in Austrian hotels, into expensive property in London, and into the murky world of oil and gas trading. For the Russian people, the dividend has been pitiful. They have lost democracy and freedom, and gained stagnation not stability. That does not mean that Mr Putin and his pals will leave power soon. They may take a leap towards modernisation, Gorbachev-style. But the hard men in Moscow know from bitter experience that glasnost and perestroika can be destructive forces as well as liberating ones. More likely, I fear, is that they follow the path already plotted in Belarus: rigged elections, crackdowns, squeezing the media, shunning the West. In ten years time, Russia will look more like Zimbabwe, as the crooks in charge fight ever-harder to keep their share of a shrinking cake.

They know in their hearts that in the long run this is a blind alley. Russia has much more to fear from the east (China) and the south (Islam) than it does from the West. Ultimately, Russia’s destiny is to end up like Japan: a part of the West in a geopolitical sense, yet a long way different from it in a cultural and topological way. The problem is what happens in the decades before this happens. It is all too likely that Russia has one final spasm of nationalism,

xenophobia, introversion and authoritarianism before the ultimate logic of history and geography begins to bite.

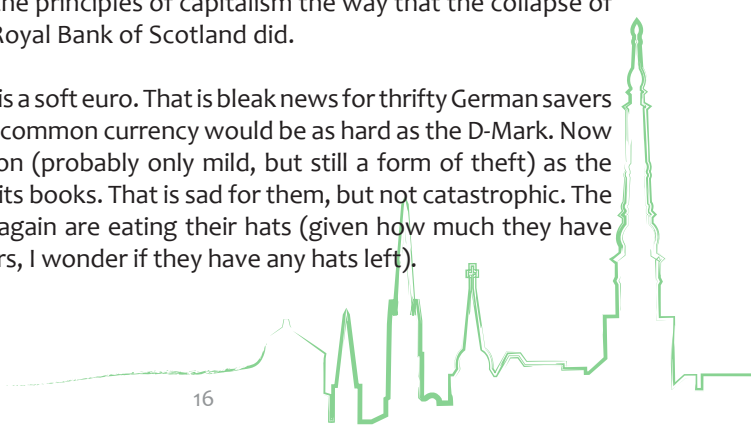
So where does that leave the Baltic states? Life next to an autocratic, neo-imperialist country will never be comfortable. If Mr Putin seeks enemies abroad to distract from his failures at home, Estonia, Latvia and Lithuania are easy targets. Their internal politics are easily manipulated. Highlighting their own goals created by clumsy legislation or ill-considered statements on language, citizenship and history are easy too: “Fascist Latvia discriminates against ethnic Russians, depriving them of the right to vote and to speak their mother tongue” is a misleading but effective line.

Yet propaganda victories are not the same as political ones. Russia may, in the final tantrums of the ex-KGB regime, throw mud at the Baltic states or at Georgia. It may be able to regain some suzerainty over Ukraine, and tighten its grip on Belarus. But I no longer believe that the old imperial dragon has real fire in its breath. Russia is simply too unattractive as a model to exert real pull in the “near abroad”, let alone farther afield.

The only thing that could change this picture is a serious political and economic crisis in the EU. I was deeply worried in late 2008 and 2009 that the Euroatlantic model was taking a serious beating. For those of us who believe that free markets, free speech, free elections and free thinking all go together, the sight of bankers rocking capitalism to its foundations was truly troubling. Reckless financiers had played at the casino with the future of millions of voters. Suddenly the Western model did not look so great.

With a mixture of luck and judgement, we seem to be out of this mess, at least for now. The flexible economies of north-eastern Europe seem to be recovering quite fast. They are the rigid, crony-ridden economies of the southern half that are suffering. That is a challenge to their models: but it does not undermine the principles of capitalism the way that the collapse of Lehman Brothers or Royal Bank of Scotland did.

The cost of the rescue is a soft euro. That is bleak news for thrifty German savers who thought that the common currency would be as hard as the D-Mark. Now they will suffer inflation (probably only mild, but still a form of theft) as the euro zone rebalances its books. That is sad for them, but not catastrophic. The doom-mongers once again are eating their hats (given how much they have got wrong in past years, I wonder if they have any hats left).



So Russia is down, America is still in, and Europe is not out. The “correlation of forces” (to use a phrase from my days as one of the few Westerners who studied dialectical materialism) is in our favour.

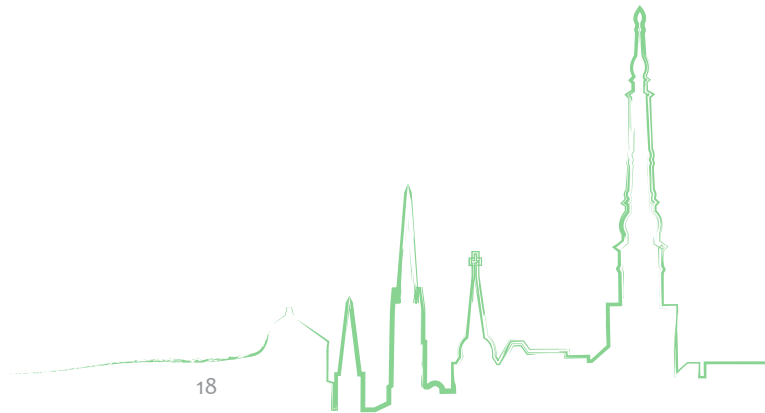
What could still go wrong? The big worry is the long-term weakness of NATO, which creates a small window of opportunity for a regime in Moscow wanting to try a stunt. Just imagine a new regime, or a newly painted one, that stoke while the West is distracted elsewhere. These things can happen rapidly: skinheads can be bussed in, a few outrages perpetrated, and while the outside world is still grappling with the problem, facts on the ground can crystallise. The possibility of a new Transdnistria on Estonian or Latvian soil, or of demands for a “corridor” through Lithuania to Kaliningrad are remote, but cannot be ruled out altogether.

American-backed contingency plans help reduce that risk. But the missing element is help from Sweden and Finland. With those two non-NATO countries involved, the Baltic security problem is definitively dealt with. Relying on faraway America, timid Germany and capricious Poland, things do not look quite so certain. If the big task for big countries in Europe is to restore the moral authority of the western model, then the job for the smaller countries in the Baltic region is to tie up the loose ends on their doorstep.

Vigilance is always necessary. But it should not shade into paranoia. Latvia and its neighbours are not in bad shape. Never in their history have the Baltic states been so secure. They have survived the economic upheavals of the past two years with creditable grit and pluck, which has not gone unnoticed in the rest of Europe. The task for the coming ten years is to improve strengths and reduce vulnerabilities. That means continuing to work on the integration of the non-citizen and Russian-speaking population. It means improving public services (health-care, education, criminal justice, transport and housing) to European standards. It means reversing the tide of emigration. It means accelerating the integration of the physical infrastructure into European transport and energy networks. It means increasing the openness and transparency of politics, ridding it of the scourge of dirty money and oligarch influence. It means spending more on defence.

But all that is doable. Compared with the challenges facing Latvia and its neighbours in the early 1990s, today’s difficulties seem mild. By contrast, Russia then was a land of opportunity, attracting colossal foreign interest, sometimes, it seemed at the expense of its neighbours. Not any more.

That is no reason for gloating. It is in Latvia's long-term interest to have a stable, prosperous and friendly eastern neighbour. But that day has not come yet. In the meantime, to have a neighbouring country that no longer captivates foreigners, and run by a regime that increasingly disillusiones those who deal with it, is reason enough to be cheerful.





By **Konstantin von Eggert**, MBE,
Independent Political Analyst

MEDVEDEV IN LISBON: A PUBLIC RELATIONS EXERCISE OR A NEW BEGINNING?

«Russia has only two friends – its army and its navy,» according to the memoirs of Grand Duke Alexander Mikailovich - he is the author of the phrase that is said to have been repeated by emperor Alexander III when appointing ambassadors or top level generals. In the last ten years, this statement has been frequently reiterated by Russian political leaders. It is supposed to serve as proof that the country needs no partnership with the West, and especially with NATO. Few ever gave a thought to the idea that the emperor's quote is taken out of a vastly different historical context, when foreign policy, at least in Europe, was the preserve of a small pan-European aristocratic class and was conducted in secret without a lot of interference by public opinion, members of parliament, the media or big business – as it is today. Moreover, Alexander III had to abandon this attitude and form an alliance with republican France, which he otherwise hated. Times have changed, but until fairly recently most Russian policymakers still preferred to preserve the thought that Russia was fully capable of conducting what president Putin termed in his 2007 Munich Security Conference speech as an «independent foreign policy».

So, when in November 2010 President Dmitry Medvedev decided to accept the invitation by the North Atlantic alliance's Secretary General Anders Fogh Rasmussen and attend the NATO-Russia Summit in Lisbon, he went against the spirit that still largely prevails in Moscow's corridors of power.

He made this an official line prior to the Lisbon summit when meeting the 46th Munich Security Conference participants in the Russian capital. Mr Medvedev admitted that in Russia “there is the sense that NATO is some kind of an aggressive element.” “This is in many respects a mistake,” he opined. For a Russian leader to utter this was unthinkable even a year ago when relations between Moscow and the alliance were pulled out of the political refrigerator, where they had been locked in since the 2008 Russian-Georgian war.

But Medvedev went even further when meeting the heads of NATO states and governments face to face in the Portuguese capital. “We are prepared to go as far as NATO is prepared to go”, he said, according to officials who have attended the NATO-Russia council meeting and whom I have personally spoken with. If this is indeed so, then Mr Medvedev has embarked on a course that might see Russia’s national interests redefined in a dramatic way.

There seem to be several reasons for this cautious and still by no means definitive change of direction. Is the way Russia deals with the outside world gradually being reassessed? If yes, it is the result of a sober analysis of several factors: the economic crisis, which has demonstrated that country’s economy is inexorably linked to the global markets and is, by some estimates, the weakest of the G20 nations; troubled demographics, directly and indirectly affecting national security issues; and a rather shaky condition of the Russian armed forces, undergoing painful reforms with a still uncertain outcome. The much-ridiculed intention of the Russian navy to acquire “Mistral” ships from the French is nothing but a symptom of a larger malaise – a chronic shortage of modern weaponry, which the nation’s industry is still – or yet - incapable of reducing.

And of course, the rise of China, which has lots of cash, increasingly treats Russia like a junior partner, elbows it out of Central Asia and robustly competes with it in the international arms markets – frequently selling back-engineered and updated versions of Russia’s own military hardware.

All this made lots of influential people in Moscow to re-evaluate country’s potential and the real dangers it faces. Having the world’s largest military force - 3 million Chinese officers and men - placed on its eastern border, and one of the planet’s most unpredictable and treacherous regimes – the Iranian – brandishing threats of nuclear Armageddon on the southern one, creates an uncomfortable geopolitical surrounding.



While notionally Russia has its own “mini-NATO” – the Collective Security Treaty, this organization has proven to be ineffective. Moscow’s allies spectacularly refused even to consider supporting its recognition of Abkhazia and South Ossetia as independent states. They were unwilling to help the government of Kyrgyzstan last summer, when it was pleading for assistance to quell ethnic riots in the southern city of Osh. On top of that, the Russian leadership is locked in an increasingly fierce standoff with Belarusian President Alexander Lukashenka, nominally a key military ally. With such friends, who needs enemies?

Against this backdrop, Russia-NATO relations, with all their ups and downs, look like a stable and at least modestly successful enterprise. When looking back at the thirteen years that have passed since the signing of the NATO-Russia Charter in Paris, we see that there have been thousands of exchanges, seminars, training exercises, which, although never managing to break the mould of mistrust, contributed to Russia and the alliance getting to know each other better. Moscow did not stop providing vital transit for the NATO-led international security force in Afghanistan even at the height of disagreements over Georgia. In short, even if in many respects NATO is the devil in Russia’s eyes, it is a pretty well-known devil by now.

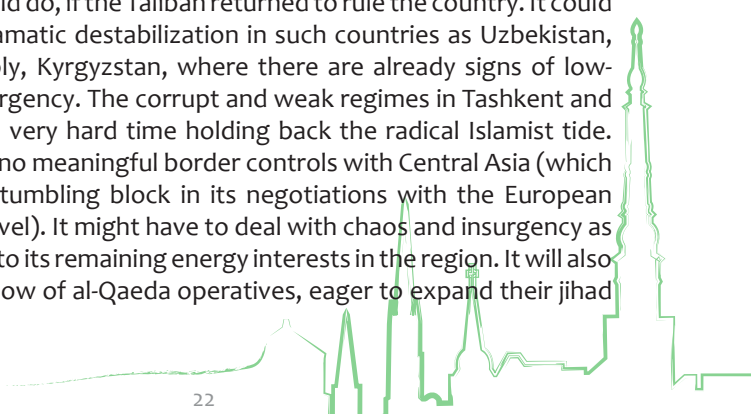
Being present at the summit in the Portuguese capital was a significant moment in the life of someone like the author, who has analyzed the Russia-NATO affairs since the early 1990s. Here the Russian leader ended nearly fifteen years of hostile rhetoric and finally admitted that the alliance was not a threat but rather a preferred partner for his country.

To me there were several important benchmarks in Medvedev’s speech in Lisbon. For example, there was no mention of NATO enlargement as a threat to Russia’s security. This was one of Moscow’s key foreign policy messages ever since the mid-1990s. It can be argued that after the change of administration in Washington in 2009 and in Kiev in 2010, the question of alliance membership for Ukraine and Georgia is not on the agenda, and probably will not be anytime soon. Some analysts argue that Moscow’s decision to recognize South Ossetia and Abkhazia as independent states dealt a nearly mortal blow to Georgia’s plans to join the alliance. Now, with Tbilisi having an unresolved territorial problem on its hands, and President Yanukovich announcing that Ukraine will not seek membership, it looks as if the enlargement issue is off the table. It may be – for now. But leadership change in Kiev, Tbilisi, or in Washington is not inconceivable and the membership subject could return on the agenda, historically speaking, quite soon.

Interestingly, Mr Medvedev has shown previously unknown restraint with regard to Georgia. He called the events of 2008 a “crisis in the Caucasus” – something even the BBC could not have put more neutrally; refrained from any personal attacks on Georgian president Mikheil Saakashvili (who met Barack Obama for the first time in Lisbon); and even linked the possibility of unspecified talks on the aftermath of 2008 events to the perspectives of Russia-NATO cooperation. Moscow faces an unpleasant perspective of having to put up with Mr. Saakashvili’s presence for quite some time (in case he becomes prime-minister after stepping down as president in 2013). Russian leaders may try to continue ignoring Georgia, but it is already proving detrimental to country’s long-term interests. Tbilisi’s objection is one of the very few remaining obstacles on Russia’s path to joining the WTO. The US and the EU are adamant in their branding the results of 2008 war as “illegal occupation”. The Georgian question can indirectly impact on discussions on visa-free regime with the EU, as the opponents of abolishing visas can brandish an additional argument – “Such a measure would in fact commend Russia for its behaviour in the Caucasus!” There are some signs that the Kremlin is at least giving the situation a thought.

From the point of view of the allies, the most important result of the Lisbon summit is Mr Medvedev’s pledge to increase support for ISAF operations in Afghanistan and aid to President Hamid Karzai’s government. The Kremlin promised to expand the nomenclature of NATO equipment transported across the territory of Russia to include “non-lethal military cargo”, train more Afghan policemen and pilots and supply helicopters – free of charge - to Kabul. Karzai’s government is under a growing criticism for inefficiency, cowardice and corruption, so the Kremlin’s attitude can only be seen as a deliberate demonstration of solidarity with the alliance.

This solidarity has a practical dimension for Russia. The thought of coalition forces withdrawing from Afghanistan is Moscow’s foreign policy nightmare. There is nothing it could do, if the Taliban returned to rule the country. It could mean a quick and dramatic destabilization in such countries as Uzbekistan, Tajikistan and, possibly, Kyrgyzstan, where there are already signs of low-intensity Islamist insurgency. The corrupt and weak regimes in Tashkent and Dushanbe will have a very hard time holding back the radical Islamist tide. Russia has practically no meaningful border controls with Central Asia (which is already the main stumbling block in its negotiations with the European Union on visa-free travel). It might have to deal with chaos and insurgency as well as a direct threat to its remaining energy interests in the region. It will also have to tackle the inflow of al-Qaeda operatives, eager to expand their jihad



in the North Caucasus, as well as the rest of Russia. In these circumstances, helping NATO in Afghanistan is a sensible course, especially if one wants the alliance to stay there as long as possible.

In Lisbon, Russia also accepted NATO's invitation to work jointly on creating a common system of ballistic missile defence (BMD). It is the most uncertain result of the summit. No one can predict how the future BMD will operate, what will its command structure be, who will ultimately be responsible for pressing the "Launch" button. There is also the unresolved issue of a common threat assessment. Russia and some NATO allies, like Turkey, are reluctant to point the finger at Iran, still believing it to be susceptible to sanctions and other forms of diplomatic pressure. However, it seems that the BMD project is viewed by NATO in more political and economic terms than the purely military ones. NATO Secretary General Anders Fogh Rasmussen has said that NATO and Russian defence ministers will start discussing the common threats' issue soon and no one will put any pressure on them to produce immediate results, which suits Russia just fine for now. For its part, Moscow must be interested to participate in a US-Europe technological pool that, as NATO leaders hope, will eventually start working on the basics of the BMD system. The Russian military industry is starved for new ideas and technologies and without an external stimulus it does not seem capable of a qualitative change. This is a tricky issue for NATO, where there is a growing suspicion of Russian espionage. There seems to be no agreement inside the Russian political leadership as to what the acceptable terms of BMD cooperation with the alliance will be. Mr Rasmussen's suggestion to proceed with the issue slowly in order to achieve a better understanding is designed to first and foremost engage Moscow in a political dialogue to enhance mutual trust – something that has so demonstrably lacked in NATO-Russia relations.

All in all, there was a not-entirely-unexpected echo of the 1980's era and Mikhail Gorbachev, when the Russian president spoke about the arms race as an unacceptable economic burden for his country. Still there is a difference: Medvedev, quite expectedly, presented his policy as an expression of national interest, rather than ideological choice. Since Gorbachev and Yeltsin's idealism is routinely portrayed in Russia as misguided at best and treacherous at worst, Medvedev's attitude is understandable. If he indeed wants to break the decades-long anti-Western propaganda mould and embark on a new course, it cannot be done overnight. The Russian president is a lawyer who instinctively prefers to proceed rather carefully. But does he have the time? Was the whole Lisbon performance not just a ploy to gain

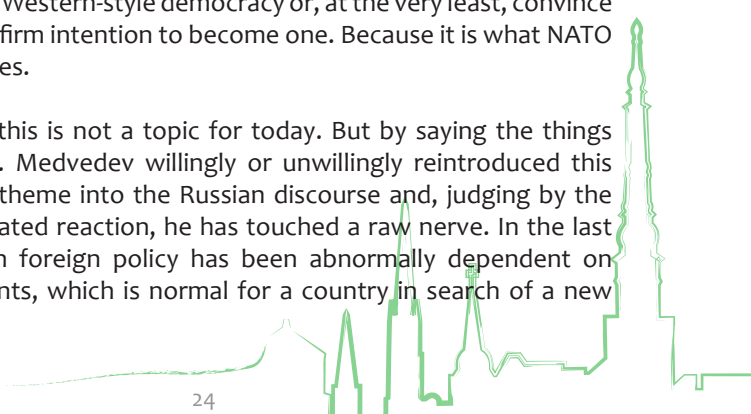
some time as the economic crisis is still not over and the lack of resources to continue the previous policies is so menacing?

The answer to this question is still pending. Having spoken to Russian officials, I get the impression that Medvedev's personal intention is quite sincere. However, it is also clear that relations with NATO are seen in Moscow through the domestic policy prism and the presidential succession of 2012. The alliance is seen by the Russian public as an embodiment of the West as a whole, and there are many people in the top echelons of power, led by prime-minister Putin, who have a high stake in perpetuating a besieged fortress attitude in Russia. A real thaw in relations with NATO will inevitably put in doubt Mr Putin's foreign policy vision, which has remained largely unchanged and uncontested until now.

There are still those who think that Putin and Medvedev are playing the "good cop – bad cop" game with both Russia and the world. Still, disagreements in the so called "tandem", especially over external policy, are perceived as genuine by many in their own country, as well as by a number of analysts and politicians abroad. Currently it looks like President Medvedev regards cooperation with the West if not as an end in itself, then at least as a more efficient way of keeping power within reach of the current ruling class without diverting its fairly limited political and economic resources towards confrontation with the West. A "new Cold War" seems to be off the table as an option – at least for the foreseeable future.

However, there is a circle to be squared by Russia's elite. If cooperation with NATO is to rise to a qualitatively new level, there will be no way of avoiding the perennial question of Russia's relations with the West – is it possible for it to engage deeply with the United States and Europe without broadly sharing their values? If, as Mr Medvedev emphatically said in Portugal, Russia does not exclude eventually raising the prospect of NATO membership for itself, it will have to become a Western-style democracy or, at the very least, convince the allies that it has a firm intention to become one. Because it is what NATO allies are – democracies.

Practically speaking, this is not a topic for today. But by saying the things he did in Lisbon, Mr. Medvedev willingly or unwillingly reintroduced this seemingly forgotten theme into the Russian discourse and, judging by the pro-Putin camp's irritated reaction, he has touched a raw nerve. In the last twenty years Russian foreign policy has been abnormally dependent on domestic developments, which is normal for a country in search of a new



identity and new definition of interests. If Russian leaders are to conclude that more democracy inside Russia will guarantee a better understanding and more support for it abroad, Lisbon may be eventually considered as a moment when Russia's neo-imperial policy started to fade and a more realistic and pragmatic assessment of its national interests and goals began to emerge. But if this time it does not happen this time, the country and its leaders, probably new ones, are destined to repeat the attempt again – until they finally succeed.





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BELARUS AFTER SANCTIONS: THE LOST DICTATOR

By reinventing the policy of sanctions, the relations of the West with Belarus returned to ground zero. Western pundits, rightly so, have mostly been critical of EU's soft measures that are based on economic sanctions. Even though the visa ban increased the number of blacklisted officials, it hardly seems to be a sufficiently tough response to the crackdown of December 19, which resulted in an increased number of political prisoners. Alexander Lukashenka raised the stakes with the brutal crackdown, and the West should equally respond respectively.

In the meantime the West should finally learn how to support the Belarus' beleaguered opposition but also that rely only on them in a country where most people work for the state, won't be enough for democratic change. Moreover, it is still unclear what the exact role/goal of part of the opposition on December 19 was? If the West intends to change Belarus, serious "de-mythization" of it should first take place to choose the right policy, and most importantly to find the right formula of assistance strategy that would promote the European values as the alternative for the current state of Belarus. For that matter, the world should finally recognize that Belarus does not have a problem because it has Lukashenka, but it has Lukashenka because Belarus has a problem.

The new wave of revolutions in North Africa – Tunisia and Egypt – should not only urge the West to consider the need to increase democracy assistance, but also to think of ways of achieving “democratic” change that would lead to reforms. Learning from the post-Orange revolutionary Ukraine Europe should aim at changing Belarus, not only shooting at its leader. Considering the shockwave that swept through the entire society (not only the opposition) after the crackdown alongside the growing feeling of instability caused by inflation, severe budget deficit, and the forthcoming privatization process, the West should isolate or even ignore Lukashenka. Not having oil or gas to bargain with, he is “forced” to sell the only “commodity” he has – the image of the last dictator of Europe. Therefore, unless the West is able to expand its contacts and influence among Belarus’ most influential class, the bureaucrats, it will have little chance to pursue desired change of the system. Proving to the bureaucrats that the leader is no longer in position to deliver concessions from the West (and East) joined with aid programs to the civil society, independent media, and re-building the opposition could spark the needed change in Belarusian leadership and society. Let’s face it, finally, the real long-term challenge in Belarus is social and political change, not only regime change. The former would give us another Poland, the later – Ukraine.

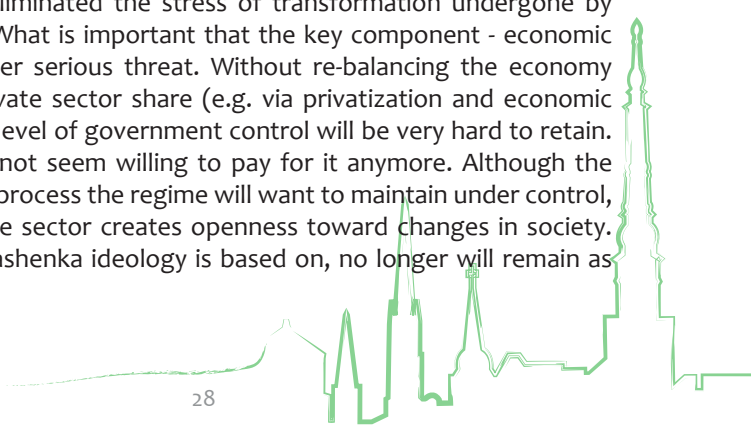
Five myths

The aftermath of December 19, the Western media, and political response have reconfirmed most of the myths and again reinforced Alexander Lukashenka’s image of Europe’s last dictator. Western press is eagerly discussing the lack of the right EU policy toward Belarus. Brussels has tried everything from isolation to engagement by now. With the renewal of sanctions based approach, the EU policy has returned to the same point after a full circle. Moreover the visa-ban itself is a great show case how much the West knows Belarus: dozens are left the positions, another dozen are not responsible for the actual court decisions, there are two heads of presidential administration and even a dead person on that list. Perhaps now it would be worth learning what is really happening in Minsk first of all in order to make the Western policy and assistance a better fit.

Let us start with Russia. The very first myth concerns Russia’s policy and strategic intentions in support of Lukashenka’s geopolitical juggling between the East and the West. Despite the noisy anti-Lukashenka campaign and speculations over possible support to opposition candidates, Russia’s intention has not been regime change. For Moscow any other president would

mean a new large opening to the West. The Russian policy merely intends to guarantee the loyalty of Belarusian leader and to get the most important economic assets of Belarus – energy transit and oil refineries - under control. Russia certainly does not want to weaken Belarus too much and therefore will be ready to support Lukashenka's regime financially (as it has happened before), should it be necessary. Moreover, Belarus makes Russia look more democratic and its leadership - inclusive. It is important to note that the crackdown and the sanctions came at the right time for Moscow as it needs to focus more on its own elections, as well as Ukraine and Georgia as its main foreign policy priorities in the neighborhood. In addition, the Russian ruling elites are looking with an increasing concern at the events in North Africa, as they measure everything by the same yardstick. The activation of various opposition groups in big cities, including nationalists and extreme right-wing parties, is making the power circle tighten controls over the crowd and media. The Kremlin simply cannot let the steam out of the pot now - it is too hot and too unpredictable.

Second myth is that Alexander Lukashenka is a phenomenon himself. His rule is usually characterized as ironfisted. However he would not have been able to rule for 16 years (by now) without public consent as well as without authoritarian conditions created for political opposition. In serious independent research (such as the series of the Belarusian Institute for Strategic Studies on social contracts), he appears much more often as a reflection of the country where an upgraded understanding of the Soviet model of politics is very much alive. His social contract is based on constant economic growth and a more equal level of the distribution of wealth. The building of a strong power vertical, strong control mechanisms, functional (in Soviet manner) state institutions as well as little corruption used to give the Belarusians a better feeling about their leadership. However, the price to pay for this upgraded version of the Soviet Union is a lack of free and fair elections and fewer political freedoms. Nevertheless, for many Belarusians (the older generations) it has eliminated the stress of transformation undergone by other CIS countries. What is important that the key component - economic growth - is now under serious threat. Without re-balancing the economy by increasing the private sector share (e.g. via privatization and economic reforms) the current level of government control will be very hard to retain. At least Russia does not seem willing to pay for it anymore. Although the privatization is also a process the regime will want to maintain under control, larger share of private sector creates openness toward changes in society. State, the entire Lukashenka ideology is based on, no longer will remain as the only option.



Third myth is the democratic opposition. As a matter of fact, democracy within the “democratic forces” in Belarus may be easily questioned. In many cases NGOs and political parties in their struggle for domination mirror the regime by building their own “verticals” to control information and resources. These hermetic and fully-controlled top-down structures have been less capable of reaching out to ordinary citizens, building broader networks and they are in short of doing the fundamental organizing work that underpins democratic culture. It would be a shame to blame them, though: restrictive legal conditions, operating under constant surveillance of secret services and competing for resources from non-transparent donors has left its mark on local non state actors. Last year the democratically oriented presidential candidates all played on a certain set of anti-regime rhetoric, demonstrating courage and determination. But they did not believe or present a vision that incorporated the possibility of their victory. Still, given their (limited) access to state electronic media and the development of independent media voters, for the first time, they had considerable exposure to advocate for the alternatives to Lukashenka. There is a base to use and build a capable pro-reform constituency.

Similar is the fourth myth - the recent crackdown. Even though the number of prisoners is unprecedented showing the intention of the regime to raise the stakes toward the West, the post-election repressions were rather targeted at people related to some of the candidates, especially the campaign of Vladimir Neklaev “Govori Pravdu” (Speak the Truth), the one with flourished with cash from unknown resources. According to statistics of local human rights organizations, thirty-seven people have been accused of mass riots¹; there have been 115 interrogations² and 135 searches³ in activists’ offices and apartments. Regardless of the announcement made by the Ministry of Education that no students will be expelled⁴, regional universities have reportedly done so with 5 students, while 7 people have lost their jobs⁵ on political grounds. At least 15 activists are still abroad in Ukraine, Russia, Lithuania, and Poland.⁶

¹ <http://spring96.org/be/news/40417> Out of them, 28 have been detained, 2 are under guarded house arrest and 7 have been imposed travel restrictions on; the remaining 15 people are in the status of suspects, 4 of them – under guard, 9 under travel restrictions, and 2 have left the country. All of them are waiting for a court decision on the degree of administrative offence. In addition, 2 activists of the Young Front are suspect under criminal offence on hooliganism.

² <http://spring96.org/be/news/40807>

³ <http://spring96.org/be/news/40809>

⁴ http://news.tut.by/society/212386.html?utm_source=news-right-block&utm_medium=other-news&utm_campaign=other-news

⁵ <http://www.svaboda.org/content/article/2289346.html>

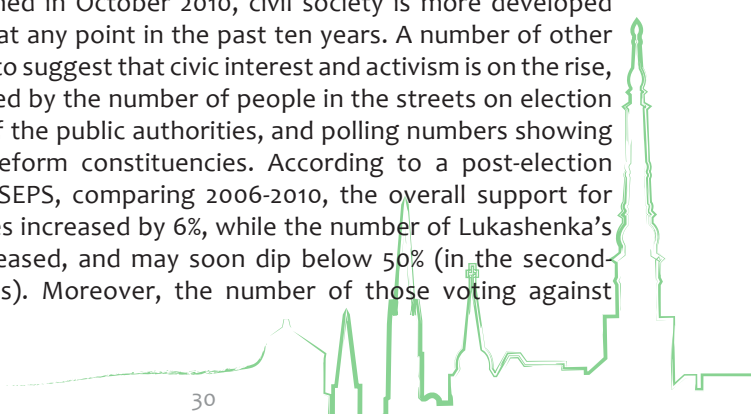
⁶ <http://nn.by/?c=ar&i=49198>

The provided statistics also reflect on the rather thin numbers of the opposition. Still, it seems that instead of trying to wipe the opposition out, the KGB seems looking for information about the sources of funding. Lukashenka's furious reaction could be a revenge, partly in connection with the funding for this part of the opposition. In addition, the post election poll by IISEPS – suggesting 51% of the votes for him – suggests that he did not need to react as the elections results were close to his “regular” support. The very same poll shows that he also was far from the officially announced 79%. Thus, he may have been aiming to create a situation where he was “forced” to react. In other words, the events could be well-prepared trap part for the opposition to march in.

Last but not least of the myths suggests that there are no financial resources in Belarusian politics, e.g. for the opposition. One of the lessons drawn from the campaign is that the strongest opposition candidates were not put forward by the traditional party establishments or in a competitive (thus democratic) process like it happened in 2006. They were selected by their “donors”. The availability of resources suggests there are new inside and outside players who are interested in taking a stake in political outcome in Belarus. While it has often been interpreted as a negative development (“where did the money come from?”), it should be seen as a harbinger of greater interest for the political change.

What kind of civil society?

The good news from the 2010 presidential elections and the post-election situation is that the Belarusian civil society is significantly wider than many had thought. It has grown in the last several years of relative liberalization to penetrate broader society and now involves more than just members or activists of opposition parties and NGOs. According to a Freedom House report published in October 2010, civil society is more developed in Belarus now than at any point in the past ten years. A number of other developments seem to suggest that civic interest and activism is on the rise, which is demonstrated by the number of people in the streets on election night, the reaction of the public authorities, and polling numbers showing an increase in pro-reform constituencies. According to a post-election poll conducted by IISEPS, comparing 2006-2010, the overall support for opposition candidates increased by 6%, while the number of Lukashenka's supporters has decreased, and may soon dip below 50% (in the second round vote scenarios). Moreover, the number of those voting against



have also increased, which is a clear sign of political frustration. These could be indicators for the post-election crackdown as well. Not having the incentives connected to the economic growth, the regime could turn from a (reasonably) popular authoritarian system into a real dictatorship using fear as the most important cement.

The question is what change these newly activated citizens want and can achieve and what the West could or should do to support changes in Belarus. First of all, most local experts believe that a significant number of people on the Ploshcha were not there to support the opposition or any specific candidates, but broader agendas of better opportunities, as well as change and reform. On the other hand, the regime is weakening and increasingly perceived as incapable of providing stability (not to mention more/better jobs and growth). Surrounded by a liberalized environment and information, the Belarusian civil society was increasingly demonstrating itself as a credible agent of new ideas and initiative, and, in some cases, of social and political change. The shock of the crackdown that followed and repressions hopefully won't change it. Even though the law enforcement agencies are acting with no visible cracks, the shock wave raised by brutality has swept through the government as well as through the civil society leaving the same bitter feeling.

However, the civil society and the pro-reform forces need to clearly articulate their reform agenda. People are more willing to mobilize for the change but for this a clear and an achievable vision of future Belarus must be presented. The *Ploshcha* was a protest to reject a falsified election, but is there an alternative plan for the general public? What are common citizens going to do to achieve that change, and will they risk their current jobs or put their future at stake?

The current civil society institutions and the Western community have a limited access to, not even mentioning influence on various governmental institutions of Belarus. Given bureaucracy's strong position in the society, any change is virtually impossible without them. While the Orange Revolution opened the borders of Ukraine and the West, a revolution in Minsk would most likely close Belarus's borders with the West.

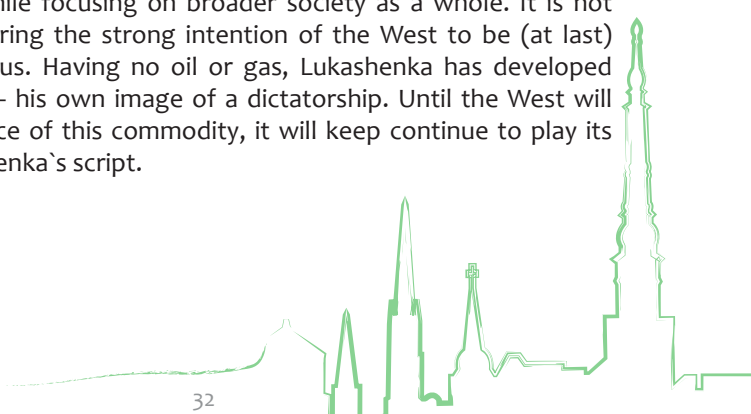
How to get from the last to a lost dictator?

Lukashenka's decision on crackdown could be explained by cracks, clashes amongst different interest groups in the regime, a Russian (or other) plot,

opposition provocation or simply by his own emotional decision to put an end to “this mindless democracy”. Instead of guessing, it is more important to notice that he has weakened his own position before the upcoming privatization process. This has the potential of becoming a game-changer. Obviously the regime will want to control the privatization process and they want to (and actually do) control the opposition. With a smart approach, the West may have a chance to isolate Lukashenka further from his own society and make the bureaucracy to reconsider the risk of having him in power for too long. If he is no longer able to provide concessions to pay for his regime, the door for other alternatives will be more open.

The Western press and policymakers, rightly so, are pushing for a tougher response. Without seriously considering economic sanctions the EU, once again, will remain the hostage of the opposition it supports. A new policy must finally acknowledge that Belarus provides a more complex challenge than it seems. It is not only about Lukashenka but about a society that approves and supports order and stability and does not mind a lack of freedom in return. To make Belarus embrace European values – such as leadership change through free and fair elections - the West needs to engage with all layers of society. Unless the West is able to expand its contacts and influence amongst the bureaucrats it will have a little chance to support a systemic reform and build public support for it.

Think out of the box – consider that nothing can make the EU more attractive in the eyes of Minsk than ignorance. This is exactly what happened with the US before the elections. The American ignorance after the row over the US Embassy in Minsk (when Minsk forced the US to reduce its diplomatic corps from 34 to a mere 5) two years ago prompted Minsk to give up its enriched uranium before the elections. Although the delivery is in question, the path toward a new policy is there. Thus, a new viable mid-term strategy for the West at this moment is not only to isolate but also ignore Alexander Lukashenka, meanwhile focusing on broader society as a whole. It is not an easy task considering the strong intention of the West to be (at last) principled with Belarus. Having no oil or gas, Lukashenka has developed another commodity – his own image of a dictatorship. Until the West will reduce the importance of this commodity, it will keep continue to play its part from the Lukashenka’s script.





By Dr. **Klaus Wittmann**¹,
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AN ALLIANCE FOR THE 21ST CENTURY? REVIEWING NATO'S NEW STRATEGIC CONCEPT

Self-ascertainment of the 60-year-old North Atlantic Alliance, a modern definition of NATO's purpose, character and role in the 21st century, recommitment and reassurance of all Allies, answers to today's and tomorrow's security challenges, concrete goals for a continuous reform, rallying of public support: NATO's new Strategic Concept, agreed at the November 2010 Lisbon Summit, has many functions to fulfil. How well does it succeed?

The need for a new mission statement

The North Atlantic Treaty of 1949, NATO's founding document, finds its concretization in the Alliance's Strategic Concept, constantly reviewed and periodically updated. The Treaty itself remains valid with its commitment to international peace, security and justice, as well as to its peoples' freedom, common heritage and civilization founded on the principles of democracy, individual liberty and the rule of law, to the purposes and principles of the United Nations and to peaceful settlement of disputes. Also, the Washington

¹ Brigadier General (ret.) Dr. Klaus Wittmann in Autumn 2008 ended 42 years of service with the German Bundeswehr. In his last assignment he was Director Academic Planning and Policy of the NATO Defense College, Rome.

Treaty's main provisions endure: consultation (article 4), mutual assistance in the case of an armed attack (art. 5) and openness to new members (art. 10).

The first Strategic Concept was issued in 1991, after the end of the Cold War, and revised in 1999. Even the new document was outdated for some time, since it was agreed *before* the terror attacks of September 2001, NATO's Afghanistan mission, the Iraq war, the Russo-Georgian conflict, as well as prior to the growing awareness of globalised security challenges for which there are no military "solutions". Therefore, the question was posed whether NATO, which had been so successful in protecting Western Europe during the East-West conflict, in helping to stabilize the developing "Europe whole and free" and in pacifying the Western Balkans, would develop into an Alliance for the 21st century, and what that required.

However, for several years there was great reluctance in NATO Headquarters and in member capitals to set about a revision of the 1999 document. A "very divisive process" was feared, while proponents of a new Strategic Concept countered this apprehension with the question whether Allies were not so divided on several central issues that a "uniting effort" was urgently needed.¹ To document its continuing relevance in the diffuse security environment of the 21st century, a convincing new mission statement was indispensable.

A public and participatory process

That is what NATO finally embarked on during its 60th-anniversary Summit meeting at Strasbourg/Kehl in April 2009, when Heads of State and Government commissioned a new Strategic Concept to be developed. The new Secretary General, Anders Fogh Rasmussen, chose a procedure drastically different from the way the last two Strategic Concepts had been developed - namely by year-long negotiations among the member nations over numerous revolving drafts, out of the attention of a broader public, resulting in texts fraught with diplomatic formulae, compromise language and "constructive ambiguities".

This time particular difficulties had to be taken into account: *first*, NATO's engagement in an ever more problematic mission in Afghanistan, where it is left with a bulk of tasks taken on by the International Community; *second*, the unwillingness of "post-heroic" societies, exacerbated by the financial and economic crisis, to sacrifice for security; *third*, a lack of agreement among NATO members on fundamental matters regarding its character, role, tasks

and policy; *fourth*, the impression that solidarity among Allies was weakening; *fifth*, with an Alliance membership much more diverse now, quite divergent threat perceptions among Allies and, *finally*, NATO's image particularly in the Muslim world as an instrument of often problematic US policy, or in the perception of its own populations and media as a relic of the Cold War.

Since the questions of NATO's continued relevance and its public support were so crucial, the preparation of the new Strategic Concept was launched by the Secretary General in an "inclusive and participatory approach" and "interactive dialogue with the broader public". A Group of 12 Experts was formed who, under the chairmanship of former US Secretary of State Madeleine Albright, in mid-May 2010 presented its Report after a dense series of seminars and consultations. The document "NATO 2020. Assured Security, Dynamic Engagement" reflected agreement among the group members. This did not yet mean consensus among 28 NATO governments, and it can be argued that work on a draft cannot *create* consensus on controversial issues, but that rather the Concept should *reflect* the consensus built, or restored, in political consultations.

It must be recognized, however, that the Albright Group did a good job in "loosening the ground" as it were, in preparing consensus, fuelling public debate and interest in NATO, getting the strategic community involved, providing transparency as well as inducing member states to clarify their positions and "show the colour of their cards". And the Secretary General was probably right in keeping control of the draft developed by him and his closest collaborators, while taking on board comments from the nations, consulting discreetly about contentious aspects and avoiding negotiations proper, square brackets, involvement of several layers of the NATO bureaucracy and many iterations of an ever more diluted text.

The new Strategic Concept was agreed at NATO's Lisbon Summit by the Heads of State and Government on 19 November 2010 under the title "Active Engagement, Modern Defence". Even though the 11-page document, half the size of its predecessor, papers over some of the persisting divisions, on the whole it is a credit to the Secretary General's chosen procedure and his political energy. Analysts had always said that the *process* would be as important as the *result*. And as significant as the outcome might be the fact that in the course of this work NATO member nations had to reflect on their own security policy, interests, priorities and the demands of Alliance solidarity. This resulted in many "non-papers" laying out national priorities, many of which were aptly accommodated by the final draft. In sum, the new

Strategic Concept is a good achievement as it rallies Allies behind NATO's purpose, recommitting them to it and to Alliance solidarity. How solid that is will be discussed further down.

Ambitious content

The content of the document revolves around three “core tasks”: *Defence and Deterrence*, *Security through Crisis Management* and *Promoting International Security through Cooperation*. They are introduced by enduring principles: NATO's purpose to safeguard the freedom and security of all its members, its character as a unique community of values, the affirmation of the primary responsibility of the UN Security Council, and the critical importance of the political and military transatlantic link between Europe and North America. All this is to ensure that “the Alliance remains an unparalleled community of freedom, peace, security and shared values”.

With regard to Collective Defence, the central character of article 5 of the Washington Treaty (mutual assistance in the case of an armed attack) is restated unequivocally, a commitment that “remains firm and binding”. This was important in the light of concerns expressed particularly by new Allies who feared that this commitment could be diluted or taken less seriously by NATO members who, “surrounded by friends and Allies”, might put out-of-area operations and harmony with Russia first. In a long discussion process, reassurance of all NATO member states came to be seen as the precondition of everything else NATO does.^b So it is significant that the Strategic Concept pledges to “carry out the necessary training, exercises, contingency planning and information exchange for assuring our defence against the full range of conventional and emerging security challenges, and provide appropriate visible assurance and reinforcement for all Allies”.

Not focusing this task too exclusively on NATO members' territorial defence (“The Euro-Atlantic area is at peace and the threat of a conventional attack against NATO territory is low”), the relevant section unfolds the array of security challenges of the present and the foreseeable future, including proliferation of nuclear and other weapons of mass destruction, ballistic missiles, cyber attacks, international terrorism, threats to critical energy infrastructure, emerging technologies. These are all seen as areas of Alliance solidarity, without implying that they can be countered mainly with military means or necessarily fall under article 5. So the threat assessment is very broad, the security challenges are seen as diffuse,

volatile and unpredictable, and possible NATO action will have to be decided on a case-by-case basis. The reference to climate change, whose long-term consequences can have heavy implications for global security, is remarkably vague, though.

The new Strategic Concept does not prioritize between defence and crisis management tasks. Recognising that crises and conflicts beyond NATO's borders can impact on the Alliance's security, it declares prevention and management of crises as well as stabilization of post-conflict situations and support of reconstruction as necessary NATO engagements. Monitoring and analyzing the international environment, are important contributions to prevention, which calls for broader and more intense political consultations among Allies and with partners, "dealing with all stages of a crisis".

The statement, however, that "NATO will be prepared and capable of managing ongoing hostilities" is a tall order, given the current Afghanistan experience. An explicit lesson drawn from that is the need for a comprehensive political, civilian and military approach. In order to foster it, after controversial debates it was decided that NATO would create "an appropriate but modest civilian management capability" as an "interface" with civilian partners. Rightly, the training of local security forces is highlighted.

Characteristically, the elaboration of the third core task, "Promoting international security through cooperation", starts with arms control, but its commitment to "create the conditions for a world without nuclear weapons" is limited to the goals of the Nuclear Non-Proliferation Treaty. Further reduction of nuclear weapons is linked to concomitant steps by Russia. On conventional arms control, the statement ("to strengthen the conventional arms control regime in Europe") is rather bland and does not present the necessary novel ideas.

Partnerships (including, oddly, also cooperation with other institutions such as the UN and the EU) are emphasized, building on the existing formats (Partnership for Peace, Mediterranean Dialogue, Istanbul Cooperation Initiative, Ukraine, Georgia) and seeking to enhance them.

Regarding other security-relevant institutions, only the United Nations (with the intent to give life to the 2008 UN-NATO Declaration) and the European Union are mentioned. Some space is devoted to the relationship with the latter, but as long as this cooperation is blocked for political reasons, the statements remain largely declaratory.

The Lisbon Summit was widely interpreted as a breakthrough in NATO's cooperation with Russia, as a contribution "to creating a common space of peace, stability and security". NATO, not posing a threat to Russia, is seeking a "strategic partnership" with the expectation of reciprocity from Russia. Convinced that "the security of NATO and Russia is intertwined", NATO proposes enhancing political consultations and practical cooperation in the areas of shared interest, such as missile defence, counter-terrorism, counter-narcotics, counter-piracy, as well as using the full potential of the NATO-Russia Council for dialogue and joint action. A cautious agreement to "exploring" missile defence cooperation by the Russian President, who had come to Lisbon, was seen as an important advance also in this regard. In turn, NATO did not overly emphasise its "open door" policy, limiting itself in the Strategic Concept to the conventional statements of principle.

Finally, on "Reform and Transformation", the Concept states intentions read before: sufficient resources, deployability and sustainability of forces, coherent defence planning, interoperability, commonality of capabilities, standards, structures and funding. A continual reform "to streamline structures, improve working methods and maximise efficiency" is pledged, once again.

A courageous document

The new Strategic Concept is a courageous document, because it contrasts the *Zeitgeist* in several regards: *First*, in spite of the vision of a nuclear-weapon-free world, it emphasizes the need for nuclear deterrence as long as such weapons exist; *second*, although many global security challenges are not of a predominantly military nature, NATO enlarges its ambition as a security provider; *third*, while it remains a regional organization, it avoids an insular, euro-centric perspective but looks towards the global horizon; *fourth*, in spite of recent problems with the enlargement process and Russian indignation about it, the Alliance maintains its "open door" policy for European countries fit for accession and able to make their contribution to European security; and, *finally*, without antagonizing Russia it takes seriously the concerns of Central and Eastern European Allies.

The development of the new Strategic Concept was dissimilar to the general experience in the sense that normally such basic documents are not particularly visionary and forward-looking. They rather tend to be mainly the codification of previous decisions: theory follows events, concepts come after

reality. This was the case with the 1999 Strategic Concept, whilst the 1991 document was an exception because of the revolutionarily novel situation. It is to the credit of the Expert Group and the Secretary General that the Lisbon Strategic Concept is impressively programmatic and future-oriented.

Not all that shines is gold

A number of small, but not unimportant flaws should have been avoided: The extension of the term “partnership” to include cooperation with International Organizations (e.g. the UN and the EU) dilutes and devalues NATO’s successful concept of “Partnership” (with a capital P). Also, at a time when conflict prevention appears ever more important, it is difficult to understand why the Strategic Concept makes no mention of the OSCE, let alone the African Union. Furthermore, although the staunch stand on nuclear weapons is commendable, NATO’s characterization as a “nuclear alliance” goes somewhat over the top and might prove counterproductive. In addition, the document is weak in the reflection of lessons from the Afghanistan mission - lessons pertaining to the broader International Community, who leaves many of the responsibilities to NATO, and internal lessons regarding command and control, coordination, multinationality, national caveats etc. Finally, since NATO’s much broader involvement with global security challenges proclaimed by the Strategic Concept will have to happen through a rigorous activation of article 4 (consultation) of the Washington Treaty, it would have been logical to add “Consultation” as a fourth “essential core task” to the triad proclaimed (collective defence, crisis management, cooperative security).

Moreover, it must be stated that the elegant text conceals that there is not really solid unity on a number of issues, such as the question whether NATO is a regional or a global organization, its political or military character, the balance between collective defence and expeditionary orientation, the assessment of certain security challenges and their emphasis in the view of individual Allies, the NATO-EU relationship and its political “blockage”, the UN mandate issue, the approach to Russia, nuclear weapons policy etc. In some of these areas, the verbal consensus may quickly collapse in light of concrete tasks, requirements and challenges.

On NATO’s reach and character, one can read from the Strategic Concept that NATO continues to regard itself as a regional organization, but one with a global perspective, which brings emphasis to the consultation among Allies,

as envisaged in article 4 of the Washington Treaty. And the perennial debate whether NATO is a military or a political organization should at last be put to rest: It is a political-military security organization that puts its unique capabilities at the service of international security. These are its military forces, the integrated command structure, common defence and force planning, its experience in multinational military cooperation and its expertise in training. But regarding it as the “hub” of the international system would be counter-productive, and its place in that system appears to call for better a explanation.

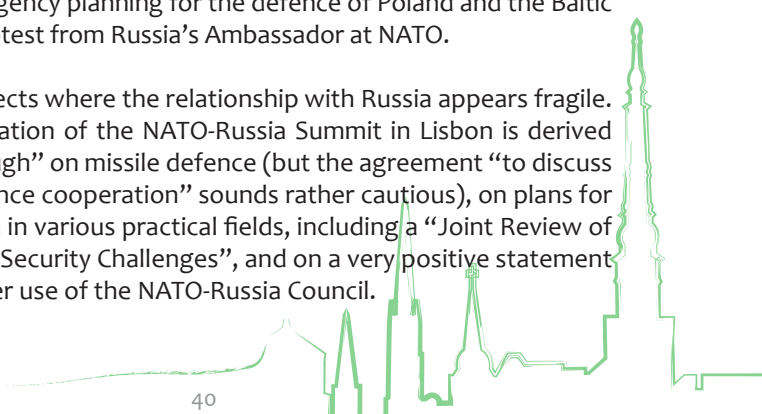
The real task: implementation

The new Strategic Concept will be only as good as its implementation. In the Lisbon Summit Declaration this is recognized with many quite urgent taskings to Foreign and Defence Ministers as well as to the Permanent Council. Therefore, the Strategic Concept must be read alongside the Summit Declaration and, for that matter, the NATO-Russia Council Joint Statement.

Exemplarily, successful implementation of the principles and intentions is crucial in the following fields, and in some respects also requires more conceptual work:

Regarding the first core task, deterrence and defence, a definition of the added value is necessary, which can be offered by NATO in combating “new” security challenges, where it is agreed that military force is not enough: terrorism, cyber threats, energy security, piracy, organized crime, trafficking in human beings. It is no secret that there continues to be great variance among Allies concerning NATO’s role and the function of the military in these fields. With regard to the “assurance of all Allies”, it remains to be seen to what extent preparatory measures and contingency planning will be implemented, and how visible (and thereby effective) they will be. Already Wikileaks’ publication of documents on contingency planning for the defence of Poland and the Baltic countries sparked protest from Russia’s Ambassador at NATO.

This is one of the aspects where the relationship with Russia appears fragile. The upbeat interpretation of the NATO-Russia Summit in Lisbon is derived from the “breakthrough” on missile defence (but the agreement “to discuss pursuing missile defence cooperation” sounds rather cautious), on plans for concrete cooperation in various practical fields, including a “Joint Review of 21st Century Common Security Challenges”, and on a very positive statement of intent about further use of the NATO-Russia Council.



Is that sufficient and sustainable? This author has thought for a long time that “reset” of relations with Russia is a bad metaphor. Not only a new start is needed but an improved “programme”, which on the Alliance’s part would include an explicit acknowledgement of NATO’s share of responsibility for the worsening of the relationship with Russia: It poorly understood Russian political psychology and fear of marginalization, badly orchestrated the last enlargement push, paid no attention to Russian proposals for the adaptation of the CFE Treaty, failed to present the missile defence issue as a truly common cause and has not sufficiently contributed to making an optimal use of the NRC, particularly when it was most needed in the time of the Georgia crisis.

In turn, Russia should cease to see NATO as a “danger” or even “threat”, and not aim to constrain or split it, share the same values, respect the principles of the Charter of Paris, overcome old geopolitical and geostrategic categories, abandon Cold War clichés about NATO, give up the idea of a “special sphere of influence”, not instrumentalise “Russians abroad”, renounce revisionism and fully support sovereignty and independence of its neighbours, contribute itself to their “reassurance”, fully embrace cooperative (as opposed to confrontational) security, follow up the first positive steps in its “history policy” vis-à-vis Poland (and, in future, also others), and realize that Russia can only “isolate” itself. Together NATO and Russia must overcome zero-sum thinking in security policy, where one side can allegedly only gain at the expense of the other. In addition, a substantial NATO response to Medvedev’s proposals is overdue, in the awareness that Russia’s place in the European security order is still insufficiently defined.

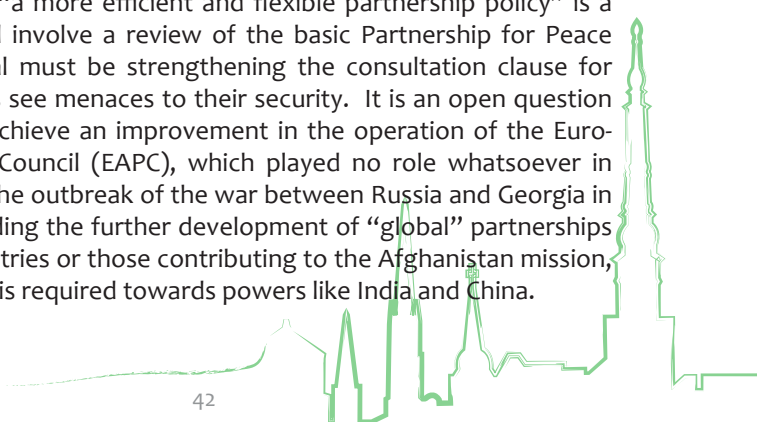
Concerning nuclear weapons policy, it is clear that the remit contained in the Summit Declaration to “review NATO’s overall posture” points to the need for a fundamental debate about the role of nuclear weapons, extended deterrence and forward stationing, the shift from “deterrence by punishment” to “deterrence by denial” (of options), and the future of “nuclear sharing”. The task for NATO and its member governments remains to reconcile public expectations for “global zero” with the explanation of deterrence requirements in the (presumably very long) transition period. Conspicuously, the debate about a nuclear-free world has until now been a Western soliloquy.

Conventional arms control is given importance in the Strategic Concept, and the Summit Declaration envisages a revival of the High Level Task Force (HLTF),

which had accompanied the Conventional Forces in Europe (CFE) negotiations in the 1990s. But there are no new ideas, and to “work to strengthen the conventional arms control regime in Europe” is not enough. The CFE Treaty, suspended by Russia, is all but dead, and its confidence-building instruments of verification and transparency are corroding. Therefore, a new departure in conventional arms control is required, which means broad talks among all European states, most prominently including Russia, on conventional military forces, their potential linkage to tactical nuclear weapons, threat perceptions, doctrines, force levels, weapon holdings - leading to negotiations about numerical limitations, regional constraints and transparency measures. Such a new approach would enhance confidence in the strictly defensive orientation of military postures, advance cooperative security among the nations of Europe, and might even support nuclear disarmament and missile defence cooperation.

As the new security challenges are not amenable to mainly military responses, NATO is not the sole actor, and Alliance solidarity in this field does not automatically invoke article 5, “broadened and intensified” consultation as pledged by the Strategic Concept is of the essence. But has it been realised that this will mean a genuine cultural shift in NATO? Until now, many obvious security issues have never reached the Council table, not least for fear that disagreements would be interpreted as an internal crisis. Also, in order to bring about a qualitative improvement in the consultation, a much improved analysis and assessment capacity is needed at NATO HQ. This appears to have been recognized through the establishment, in the International Staff, of a new “Emerging Security Challenges” Division. However, it remains to be seen to what extent it will produce valid political-military analysis or deal with all relevant issues (including the long-term implications of climate change), and whether it will contribute to substantially broadening the Council agenda.

The task to develop “a more efficient and flexible partnership policy” is a vast one, and should involve a review of the basic Partnership for Peace document. One goal must be strengthening the consultation clause for cases where Partners see menaces to their security. It is an open question whether NATO will achieve an improvement in the operation of the Euro-Atlantic Partnership Council (EAPC), which played no role whatsoever in the months prior to the outbreak of the war between Russia and Georgia in August 2008. Regarding the further development of “global” partnerships with likeminded countries or those contributing to the Afghanistan mission, utmost transparency is required towards powers like India and China.



As noted above, it is striking that at a time when crisis prevention gains ever more significance, the Strategic Concept makes no mention of the OSCE. True, its Astana Summit was no success, but the need remains to strengthen the potential and the instruments of that organization and join forces with the OSCE's emphasis on "soft security" such as human rights, confidence-building and early warning, all Allies being also OSCE members, and to jointly strive for better crisis management and prevention of violent conflict. Also, the African Union, embodiment of the approach by Africa's nations to take ownership of African problems, deserves all possible support by NATO, not only in concrete operations, but also with NATO's rich experience in such fields as consultation, civil-military cooperation, education and training, security sector reform, force planning, arms control and confidence-building.

Much space is, however, devoted to the European Union with its Common Security and Defence Policy (CSDP) as an important complement to NATO, better enabling European countries to take responsibility for security and stability on their continent and at its periphery. Nevertheless, the statements about a strengthened strategic partnership, enhanced practical cooperation, broadened political consultation and fuller cooperation in capability development remain hollow, as long as the cooperation is still blocked by individual Allies. Success of the new effort by the Secretary General and the High Representative, to be reported to Ministers in April, is indeed pivotal for any progress.

Finally, cooperation with the UN, close to satisfactory on the ground in foreign missions, requires enhancing consultation at the political-strategic level. The UN-NATO Declaration, concluded in 2008, needs to be filled with life. Liaison procedures and effective consulting practices are necessary. The UN's Peace-Building Commission should be a venue for institutional cooperation. It remains to be seen how quickly these good intentions will overcome prevailing mistrust at the East River towards NATO.

More than any further conceptualization, the Comprehensive Approach requires convincing persuasion and better implementation. The acknowledgement that missions like the one in Afghanistan cannot reach their goals by a military effort alone, and in addition to their joint, inter-agency and multinational character, require close and synergetic cooperation with International Organizations (IOs) and Non-governmental Organizations (NGOs). This is not about hierarchy; NATO should not aspire to a dominant position or want to coordinate others, but coordinate *with* them. Self-

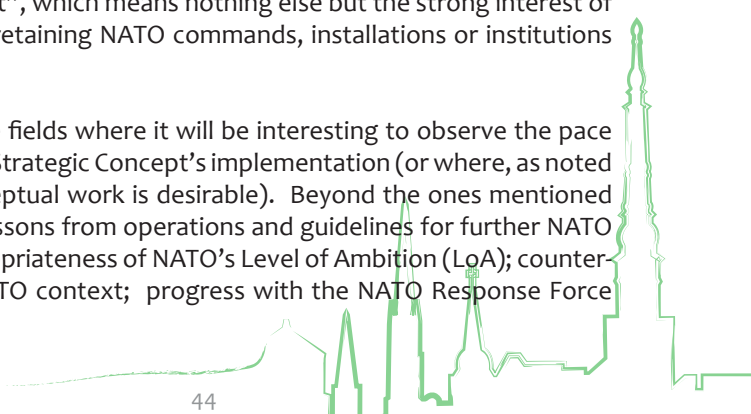
evident as the concept is, greater efforts are needed to make it work as a truly integrated civilian-military effort, over-coming national and institutional interests and bias. It is crucial to improve NATO's interaction with NGOs, but it brings about the meeting of different, often opposing, institutional "cultures", where the military wishes to take control, whilst the NGOs seek to preserve their independence and impartiality as critical for their success. Further efforts are needed towards better mutual understanding through dialogue as well as joint planning and training.

With regard to the development of NATO's military capabilities, the Strategic Concept, the Summit Declaration and the "Lisbon Capability Goals" do not contain more than the obvious goals (usability, deployability, sustainability etc.), well-known from the 1999 Defence Capability Initiative (DCI), the 2002 Prague Capabilities Commitment (PCC) or the Comprehensive Political Guidance (CPG) of 2006. They all yielded very limited results, and with the financial and economic crisis and the resulting drastic cuts in many national defence budgets, it is difficult to see how the gulf between ambitions and means will be bridged better than hitherto. Increased joint development of military capabilities and multinational, cost-effective approaches are needed.

Also in the field of missile defence, apart from the foreseeable resurgence of disagreements among Allies and of Russia's mistrust, the cost may be a factor hampering swift implementation of an important improvement of NATO's defence capability.

For NATO's internal reform, the Strategic Concept and the Summit Declaration give the Secretary General a broad mandate and great authority "to streamline structures, improve working methods and maximise efficiency". Also here, implementation will be the crucial test of NATO's "continual reform", and it is revealing that the Declaration (in the context of Command Structure and Agencies Reform) twice refers to outstanding decisions about the "geographic footprint", which means nothing else but the strong interest of individual nations in retaining NATO commands, installations or institutions on their soil.

There are many more fields where it will be interesting to observe the pace and scale of the new Strategic Concept's implementation (or where, as noted before, further conceptual work is desirable). Beyond the ones mentioned here, they include: lessons from operations and guidelines for further NATO operations; the appropriateness of NATO's Level of Ambition (LoA); counter-insurgency in the NATO context; progress with the NATO Response Force



(NRF); assessment and further development of multinationality; training assistance and NATO's contribution to DDR and SSR; NATO's role in non-proliferation; and public diplomacy.

There are also fields for particular study and formulation of common Alliance positions, such as: developments in international law regarding defence in the light of potentially apocalyptic attacks with no pre-warning; "Responsibility to Protect" in cases of genocide and massive human rights violations; problems of "humanitarian intervention"; implications of "failed states"; and further development of a credible deterrence doctrine in a multi-polar world with a multitude of state and non-state actors.

Conclusion

Notwithstanding this critical look at "What does it mean and imply?", the Alliance's new Strategic Concept makes a good case for NATO's relevance in the 21st century, and after the amazing adaptation this Cold-War alliance underwent after the end of East-West confrontation, it marks another significant transformational step - programmatically. Now Allies must afford demonstrate political will and provide the resources for implementing what they have courageously proclaimed.

After the Summit is before the Summit...

¹ Klaus Wittmann, Ein neues Strategisches Konzept. In: Frankfurter Allgemeine Zeitung, 07.07. 2007, p. 9. Klaus Wittmann, Towards a new Strategic Concept for NATO. NATO Defense College, Rom, September 2009 (Forum Paper 10). Klaus Wittmann, NATO's new Strategic Concept should be more than a "Shopping List". In: The European Security and Defence Union, vol. 4/2009; p. 35-37. See also: Klaus Wittmann, NATO's new Strategic Concept. An Illustrative Draft. Berlin 2010.

² See Ronald Asmus, Stefan Czumur, Chris Donnelly, Avis Ronis, Tomas Valasek, Klaus Wittmann, NATO, new allies and reassurance. Policy Brief. London: Centre for European Reform, May 2010.



By **Pēteris Veits**,
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development assistance

AFGHANISTAN: THE CHALLENGE OF 2014

NATO has finally set a sort of deadline on its combat operations in Afghanistan – year 2014. After that the primary focus of international assistance will be laid on “civilian” engagement in governance capacity building and reconstruction. But there is a question of whether bringing civilians out of the underground will become a magic panacea for all of the ills of today’s Afghanistan? After all - the very same civilian efforts have been present ever since the beginning of the current war. It is just that they have not really been successful. And unless some serious lessons are acknowledged and appropriate changes are pursued, there is very little hope that they will succeed now.

During 20th century, the international forces have repeatedly failed to facilitate the stabilization of Afghanistan when crucial opportunities arise. Having realized that it is impossible to dominate the country, the players involved have never had sufficient interest in stabilizing it. However, this ignorance has repeatedly caused the boomerang effect, making international actors re-engage later in much more costly ways for both - the international forces involved and Afghans as well.

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The US and Britain failed to support reforms of King Amanullah back in 1920s. The US repeated the same mistake same again in 1950s ignoring Prime Minister Daud's cooperation inquiries and his drive for the modernization of Afghanistan. As a result, Afghanistan drifted into Soviet influence. Later on, the international community failed to engage and effectively manage the post Soviet-Afghan war chaos in 1990s.

At the beginning of the current intervention, both Britain and the US pleaded not to leave Afghanistan in havoc again¹. Can the international community afford to do the contrary?

In this essay it will be reflected on what went wrong with the previous civilian assistance attempts; the issues of insufficient strategic commitment, and lack of appropriate implementation structures, which resulted in over-centralization and under-coordination of reforms. Due to this fact and the deteriorating security situation the shift from military-dominated to purely-civilian international engagement bears high risks for the near future and resembles fleeing. The potential outcomes of actual fleeing are discussed in the second part of this essay. Therefore, the acknowledgment of previous mistakes and strategy oriented towards continued engagement in Afghanistan to balance security and governance development may appear to be the least costly way in the long-term perspective.

Governance, reconstruction and development – what went wrong?

It seems that the understanding of what needs to be done to develop well functioning institutions and basic infrastructure for a successful exit strategy in Afghanistan has been in the air since the very beginning of the conflict. The same topics as today were discussed 4 years ago and even earlier. However, these tasks have never been clearly formulated and properly implemented.

If we take a look at the pillars of the ISAF mission statement – *security* has received the most of the attention from allies. But it cannot be sustainable without significant presence of international troops; *reconstruction and development* have brought some progress but at the cost of enormous waste of donors' funds; while strengthening *governance* has failed completely.

¹ Analysis of last paragraph derived from Amin Saikhali „Modern Afghanistan, A History of Struggle and Survival”, I.B. Tauris&Co, 2006.

For various not so good reasons there has been too much focus on quick-fix solutions that have resulted in neglect of governance capacity development in Afghanistan, a weak legal system and almost non-existent rule of law².

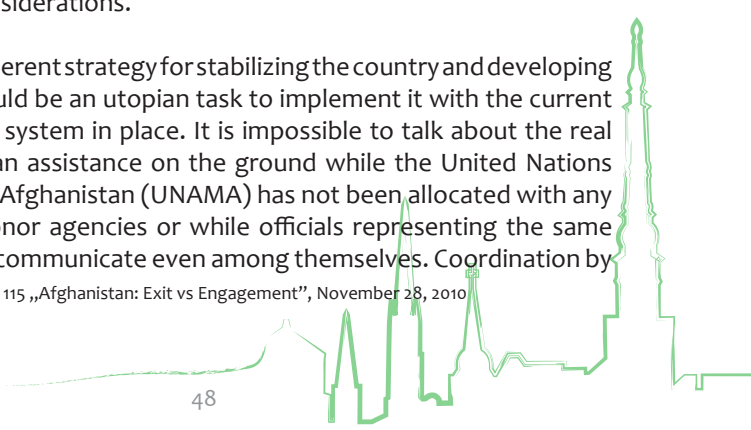
None will argue that the government cannot be based on the army and police alone – even if these forces are functioning well (which is hardly the case of Afghanistan). Government's legitimacy will depend on its ability to provide multiple services where justice and the rule of law are amongst the most urgent ones. And while currently Kabul is not capable of doing it, Taleban has been providing these justice services in its own distorted way long before and is doing so even now.

The inspiring stories and positive results presented to and by international community until now hardly match the reality on the ground. Measuring inputs rather than outputs has created an illusion of success. It provides a distorted picture to the decision makers and disillusion the clients – namely, Afghans, who do not see the promises and well-advertised huge expenditures materializing. Wishful thinking and the strategy of throwing money at the problem as soon as one arises, does not deliver the desired outcome. A more realistic and result-oriented approach is needed.

Failure to engage effectively – especially through civilian assistance projects – cannot be blamed on the corrupt and inefficient Afghan government alone. Understandably, donors and agencies love this excuse as it effectively diverts attention away from their own failures. However, a half or an even bigger part of the blame should be shared by the international community. An extremely complicated and non-transparent decision-making system in assistance projects and funding, where some more active parliamentarians from donor countries even get to chose their “pet” projects – has made a truly strategic approach to country building impossible. The result is an almost annual shift of priorities and dependence of contribution levels on donors' domestic considerations.

Even if there was a coherent strategy for stabilizing the country and developing its governance, it would be an utopian task to implement it with the current chaotic management system in place. It is impossible to talk about the real coordination of civilian assistance on the ground while the United Nations Assistance Mission in Afghanistan (UNAMA) has not been allocated with any real authority and donor agencies or while officials representing the same country often do not communicate even among themselves. Coordination by

² See Crisis Group Asia Report # 115 „Afghanistan: Exit vs Engagement”, November 28, 2010



no means is systemic and more often it rather depends on individual initiative and personal relations. At the end it does not look that much different from Afghan style patronage networks that donors at their capitals like to criticize so much.

Another aspect that hampers the development assistance and governance strengthening efforts is over reliance on centralized Kabul-oriented organizational structures of both – the Afghan government and donor agencies (governmental and non-governmental). Afghanistan, despite its 250-year-old history as a unified state, has never successfully pursued the path of strong and centralized rule. Instead, the most important skill for a successful leader has been the ability to balance various regional and tribal interests. Therefore, eventually, the fate of governments and their legitimacy is decided in regions, not in the capital.

Right now the main failures of governance are most obvious in the provinces and districts where executive branches are underfunded and incapable while the legislative ones are either insignificant or not present at district level at all. As a result, services remain undelivered and population is kept disillusioned about the capability of government in Kabul to make the difference. Nonetheless, many donor agencies and organizations still rely on the expertise of their comparatively populous Kabul headquarters instead of expanding their staff into provinces. Perhaps it is because the architects of such “Kabulized” country management came from the same capitals as most donor agencies.

At the same time, the personnel operating within the “virtual reality” of their Kabul fortresses often have a rather limited understanding of what is really going on in the country and most importantly – what the needs and results of the assistance programs under their administration are. To mask this failure the contributing NATO capitals are provided with meaningless statistics and half-truth about the real situation or progress on the ground. Not only it hampers their ability to develop and pursue a meaningful stabilization strategy, which would be based on both security and institution building; it also creates communication risks between the decision makers and their respective societies. Sooner or later people realize that there is no real progress and – rightfully so – start asking where the results against the huge costs of casualties and money are.

Facing these questions that are hard to answer without having to admit their own failures and acknowledging that the end of mission in Afghanistan, if to

be done properly, is still very far, an increasing number of countries choose another quick-fix solution – to leave.

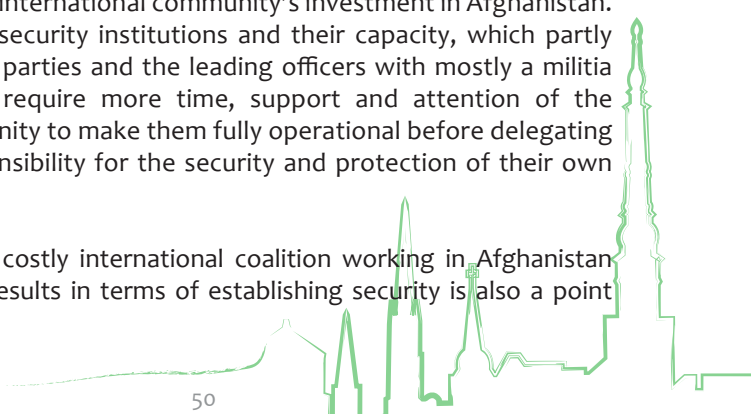
The expenses related to the civilian tasks of governance and development assistance are questioned more often especially by those countries that are struck by the economic crisis. When people are in need back home, it becomes harder to justify throwing money at strengthening abstract ideals in a country that is on the other side of the world. However, there are some much more practical considerations due to which countries often choose to engage in development assistance exercises. Afghanistan, if it reaches administrative and economic self-sustainability, will be a great partner to do business with. It used to be a vital transit crossroads due to its location and has a potential to regain this status – not to mention its enormous mineral wealth. Being there now and establishing contacts will open many business opportunities to any country – be it big or small.

For the time being, the civilian component alone will hardly be able to operate without any proper security provisions or if the country gets drawn into a widespread internal conflict. There are little grounds for hope – as described further in this paper – that this time the security situation will be much different by 2014. At least not before Taleban is truly weakened and ready to re-integrate or before self-sustainable Afghan security forces become operational.

The challenge of the 2014

Given the context of worldwide economic crisis, the transition is indeed an important move, which is advantageous both to Afghans and the international allies, since the costly security forces of the international coalition engaged in Afghanistan are agreed to be reduced. However, as previously discussed, doing so without sufficient preparatory activities would risk the entire international community's investment in Afghanistan. The current Afghan security institutions and their capacity, which partly depends on political parties and the leading officers with mostly a militia background, would require more time, support and attention of the international community to make them fully operational before delegating them with full responsibility for the security and protection of their own nation and borders.

Meanwhile having a costly international coalition working in Afghanistan with no short-term results in terms of establishing security is also a point



of concern for the government of Afghanistan. Therefore, the following three areas need to be considered for the transition strategy, which would each require a different time input before the actual transition could start.

Firstly, it is the capacity building of security institutions (the army, police and secret services), which would include three main elements: skills, system and artillery alongside mobility equipment, including the aerial capacity. With the respect to the major security problems on its borders: drug trafficking, a high criminality rate, involvement of internal militias in political issues, etc., making country's security institutions fully functional will take much more time than the pre-set deadline of 2014. The adverse effects of malfunctioning capacity building process will pose risks to the sustainability and functionality of Afghanistan in long-term.

Secondly, it is important to build the effective mechanism for a step-by-step transfer of security responsibilities to the Afghan forces. Decisions on specific security actions and activities should not be rushed, as inadequate resources and lack of skills may lead to unpleasant consequences that would seriously affect the trust-building efforts within the country. Building nation's trust in the government is a difficult task that is extremely vulnerable - any mistake may be enough to shatter the confidence in the government people have just started to feel. And, again, it will take longer than 2014 before anyone will be able to claim that there is a right balance between the authority in Kabul and authority of Kabul in regions.

Thirdly, it is the dimension of civilian engagement that needs to be embedded into the coherent long-term development plans and programs. However there are issues that can undermine the sustainability and effectiveness of development projects and programs and therefore demand immediate attention of those involved. Currently, the implementation of reconstruction and development programs insufficiently involves government actors – both on central and local level. There is a certain lack of trust among international development agencies and Afghan government that threatens the sustainable development in Afghanistan. Thus, greater involvement of officials from respective Afghan ministries in management or consulting roles for reconstruction and development programs should be practiced. This would not only facilitate information exchange and on the job training for those involved, but above all aim at strengthening mutual trust and common understanding of goals by involved parties.

Lack of longer-term commitment for economic development and expansion is another issue that demands attention. Most of the time development projects are designed to deliver quick or medium term results and often at the cost of the long-term economic effects. And while they serve well as a part of the counterinsurgency strategy that engage locals in activities other than fighting, they neither contribute to the economic expansion nor increase public access to strategically crucial services.

Regional issues – not only source of problems, but also a potential solution

Currently the many insurgency related problems in Afghanistan are interlinked with events in its neighboring countries – and they do not stem only from usual scapegoat Pakistan. The agenda of reconciliation and reintegration has recently been a crucial topic in the context of Afghanistan. However, to succeed with reconciliation a regional approach reaching beyond the borders of Afghanistan is needed. Thus, the transition strategy needs to be built and viewed in the regional context. Countries all around Afghanistan have much to risk if current security project fails and Afghanistan once again becomes safe heaven for insurgent movements.

South of the Afghanistan and West part of Pakistan both are facing serious domestic political and insurgency problems. The “manufacturing” of the insurgents in religious centers functioning under the label of Islam is receiving widespread international support. Besides, there is no proper strategy in place to defeat the militias in Pakistan other than by supporting Pakistani forces by the US in order to fight them. Doubts about the honesty and success of the Pakistani forces are mainly grounded in Pakistan’s fear of India which is gradually building a closer partnership with Afghanistan.

In North, regimes of neighboring Central Asian republics also can not afford separatist or insurgency movements originating from their own territories to flourish in safe heavens beyond control of their national security forces. Namely Islamic Movement of Uzbekistan is already operating in Pakistan and Afghanistan. Allowing similar groups to operate freely from potential safe heavens would create serious risks in Central Asia – especially in the wake of recent exemplary anti-dictatorship, pro-religious movements in Arab world.

In West, Iran is also suffering from consequences of drug trafficking, influx of Afghan refugees and rising criminality in its vast desert border areas with

Afghanistan. Afghanistan plunging again into chaos is certainly not desired prospect for current regime of Iran. It does not want its neighbors to become an organizational platform for criminal activities as well as potential political problems within Iran's territory.

Given these risks and stakes regional players hold to avoid destabilization in Afghanistan, all of them – Iran, Pakistan, Tajikistan, Turkmenistan, Uzbekistan as well as India – should be involved in tailoring successful transition of security from ISAF to Afghans or even interim regional forces. However, the possibility of negotiating and implementing regional solutions with credible chance of success before current 2014 deadline does look overly optimistic.

Conclusion

- Civilian assistance efforts, though desperately needed, have not achieved the desired goals in Afghanistan, especially in the crucially important fields of developing operational governance and justice system. Therefore, for the time being, these efforts may substitute the current military mission;
- Understanding that the eventual solution is based on achieving operational and basic service provision-capable governance in Afghanistan, the previous assistance set-backs must be reviewed and acknowledged. So that mistakes could be corrected and the existing useful practice applied. It would include straight talk to both the Afghan and donor societies in order to counter general skepticism;
- Straightforward and result-oriented strategies for governance and development assistance need to be formulated; the existing and upcoming resources need to be better coordinated; and a region-focused decentralized implementation approach adapted;
- Even after the transition to Afghan institutions, the presence of international forces will be required at a smaller scale to oversee their functioning, as well as the presence and political support of the international community for some more years before Afghanistan can be left standing alone with its own capabilities;
- Regional context of the stability and development of Afghanistan according the plan of 2014 is crucial and yet missing undermining the success of the current strategy.



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WIDER ENERGY PERSPECTIVES FOR BALTIC COUNTRIES

Debates on energy policy in the EU and the Baltic countries in particular have been characterized by at least two important features: first, a gap between the political rhetoric and practical action, which could be called ‘a delivery gap’, and, second, a gap between talking about the need for a common EU energy policy and practical action, which show persistence of national perspectives and the intergovernmental way of acting, or ‘an integration gap’. Most of Baltic States’ energy policy issues are directly linked to the existence of the delivery and integration gaps, therefore better understanding of their origins can help in identifying and resolving the energy issues, that have been at the top of Baltic States’ political agenda since their EU accession.

This article discusses the key energy policy issues faced by the Baltic States since joining the EU by presenting and analyzing them through the lenses of ‘the delivery gap’ and ‘the integration gap’. First, how important is the gap between political rhetoric and actual implementation in the field of energy policy and is it different from other areas of the Baltic States’ and EU public policies? How can the existence of this gap be explained? Second, how much progress has been made in integrating Baltic countries’ energy markets into the EU market and in general, how much progress has there been towards integrating EU energy market? How can we account for the limited integration in this policy field, which has received lots of attention

in the EU and the Baltic States in particular? Finally, what conclusions about the possibilities to narrow ‘the delivery gap’ and ‘the integration gap’ can we draw from this analysis?

The persistence of ‘the delivery gap’ in the Baltic States’ energy policy

The studies of policy process in democratic political systems have concluded a long time ago that every political decision is likely to suffer from implementation problems¹. Institutional structure, interests groups, resources available, external environment and other factors are likely to influence the policy process and complicated the delivery of policy objectives. Imperfect information, changing behavior and shifting preferences can further constrain the implementation of political decisions. Even regimes with a high degree of control and probability of sanctions do not assure perfect implementation.

Therefore, according to examples from other policy areas and strategic projects, energy policy does not seem very different from other policies in this respect. For example, the experience of the EU with the Lisbon Strategy, adopted in 2000, has often been presented as an example of ‘a failure to deliver’². The Single Market of the EU – the Union’s key achievement – has also been recently described as being ‘far from completed’ despite the fact that the end of 1992 has been popularly known as the date of its completion³. In fact, the lack of energy integration can be seen as a part of this diagnosis, and it is the subject of the next section of this paper. Finally, the evidence of non-compliance with the EU’s Stability and Growth Pact, when absolute majority of euro zone members do not observe its rules and have excessive deficit procedures initiated against them, is yet another evidence of the difficulties to implement policies even when they are agreed at the EU level.

Similar evidence can be found in national politics of EU countries. For example, if we look into the public policies of the Baltic States’, we can find

¹ There is a tradition of writings on policy implementation problems that dates back to 1970s and in particular the study of Pressman, J., and A. Wildavsky on Implementation first published in 1973 (see Pressman, J., A. Wildavsky, Implementation, University of California, Berkeley, 2nd edn., 1984). For the review, see Vilpišauskas, R., V. Nakrošis, Politikos įgyvendinimas Lietuvoje ir Europos Sąjungos įtaką [Policy Implementation in Lithuania and the influence of the EU], Eugrimas, Vilnius, 2003.

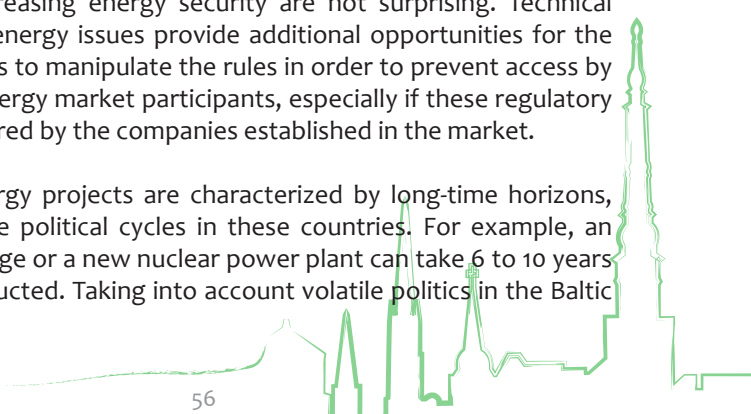
² See, for example, Vilpišauskas, R. Does Europe 2020 represent learning from the Lisbon Strategy, a paper to be presented in the bi-annual EUSA conference, Boston, 3-5 March, 2011.

³ See Monti, M. A New Strategy for the Single Market. At the service of Europe’s economy and society. Report to the President of the European Commission J. M. Barroso, 9 May 2010, p. 10.

ample evidence of non implementation. Structural reforms, or rather a lack of them, in the fields of health care, social support and education, which first come to one's mind. To be sure, in this respect there are differences between Estonia, Latvia and Lithuania, as well as divergences in actual implementation (the higher education reform in Lithuania probably being the most recent example of actual delivery, although with still uncertain results). But the fact is that the difficulties of turning rhetoric into actual decisions, enforced in order to deliver the outcomes set by policy makers, are present in many public policies. Still, it is argued here that the energy policy provides a particular case, which could be characterized by a combination of factors making the delivery of policy objectives (introduction of competition and construction of interconnections, more efficient use of resources, changing the balance of energy consumption) extremely difficult.

The delivery of policy objectives is particularly challenging when policy makers intend to reform the whole system, when there are interest groups and other actors stand to lose from policy change, when the institutional structure of decision-making and implementation is complicated with many veto players present. The energy policy in the Baltic States is characterized by all of these factors, which are usually associated with difficulties in implementation. The goal of integrating Estonia, Latvia and Lithuania into the EU energy markets, first of all into the Nordpool, and later possibly into the UCTE system, as well as the intention to reduce the asymmetries of dependence on a single supplier (in particular, of natural gas) represent a change of systemic nature. The introduction of competition and the choice of supply sources into the energy market can be seen as a transformation of a similar magnitude to the other systemic reforms which the Baltic countries introduced in the early 1990s. Even though consumers would benefit from such a reform, a number of interest groups are likely to lose in the short-term. Therefore, the persistent difficulties in delivering the most important energy projects targeted at increasing the choice of suppliers, introducing competition and increasing energy security are not surprising. Technical complexity of most energy issues provide additional opportunities for the regulatory institutions to manipulate the rules in order to prevent access by new suppliers and energy market participants, especially if these regulatory institutions are captured by the companies established in the market.

Moreover, most energy projects are characterized by long-time horizons, usually exceeding the political cycles in these countries. For example, an electricity power bridge or a new nuclear power plant can take 6 to 10 years or more to be constructed. Taking into account volatile politics in the Baltic



States and shifts in governing coalitions, it is often the case that newly formed governments review the instruments and strategies of implementing previously agreed national energy policy goals. Thus, even though the main energy policy priorities, such as the construction of interconnections and the creation of a regulatory framework for the development of renewable energy sources, are agreed in parliaments by all major parties, once a new government is formed, it is likely to review the previous policy, in such a way delaying the delivery of the policy objectives. For example, a closer look at the National Energy Strategies of Lithuania since 1999 (renewed in 2002, then in 2007 and again in 2010) very visibly shows how the key objectives and strategic priorities (construction of the electricity linkages to Nordic countries (Sweden) and to Poland, construction of the new nuclear power plant, increasing the efficiency of heating systems in the communal houses and others) have been repeated in every new strategy with the deadlines for their implementation being postponed yet again and again. Probably the best illustration of non-implementation is provided by the project of constructing the new nuclear power generating capacities to replace the old Ignalina Nuclear Power Plant, which were discussed in the Strategy of 1999 with a deadline of 2009 foreseen for their construction. However, in 2011 the perspectives for this project are as unclear as a decade ago, with speculations of competing nuclear energy projects in Kaliningrad Region and Belarus creating even more uncertainty about the Visaginas nuclear power plant project.

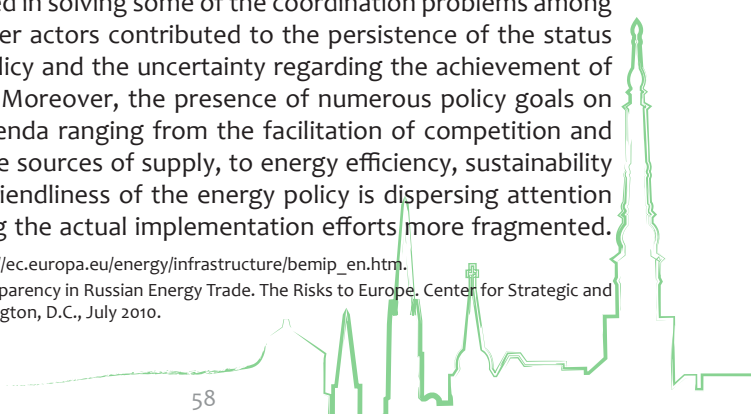
Finally, there is one more factor that makes the practical delivery of the energy policy objectives of the Baltic States particularly complicated, namely, collective action problems when the projects involve a group of countries, increasing the transaction costs of reaching agreements and their actual implementation. Again, the project of Visaginas nuclear power plant, where Estonia, Latvia, Lithuania and Poland are the participating parties and possibly some private investors could also be attracted is an example of such a group. Although politically (and possibly economically) the participation of such a group of countries is justified, this is likely to make the decision-making and administration process very complicated, if the project finally gets off the ground. A dispute, which took place in 2008-2009 between Latvia and Lithuania on the issue of where the electricity power bridge from Sweden to the Baltic States should be constructed to, is also an example of such collective action problems. After having delayed the project for more than a year, it was solved mostly as a result of EU involvement and provision of EU funding for the domestic electricity infrastructure in Latvia.

It should be noted that the role of the EU, namely, the European Commission, can be important in solving such collective action problems. Although usually the input of the EU is associated with funding of the feasibility studies of energy projects and co-financing the implementation of some projects, the adoption of the Baltic Energy Market Interconnection Plan (BEMIP) is a good example of how the EU can contribute to solving collective action problems by facilitating an agreement among the partners in the Baltic regional projects and by monitoring the implementation of the projects⁴. Such monitoring arrangements are also likely to have a positive effect on the continuity of the project implementation amidst the political cycles and changes in the governments of the participating countries. Therefore, it is quite understandable that recently some policy makers in the Baltic States, namely, Lithuania, have underlined the need for strengthening the co-ordinatory work in the area of natural gas interconnections, where the situation may be still characterized by a complete absence of alternative sources of supply. Although the integration of natural gas markets also forms a part of the BEMIP, the progress in this area has been more limited than in the electricity market. Political uncertainty linked to diverging views among the Baltic States as for where the LNG terminals should be built and increasing competition for EU funding to energy projects from other member states (including Visegrad countries) complicates the use of EU resources in advancing interconnections of natural gas.

To sum up, the energy policy in the Baltic countries has been characterized by numerous failures of implementation and large delivery gaps. The need for a systemic reform causing resistance from the interest groups and veto players, technical complexity of the projects and regulatory policies, long time horizons characterizing the projects and frequent political changes resulting in regular reviews of policy instruments, complicated mechanisms of implementation and large groups of participating actors have all contributed to the presence of delivery gaps. While some external actors, mostly the EU, assisted in solving some of the coordination problems among the Baltic States, other actors contributed to the persistence of the status quo in the energy policy and the uncertainty regarding the achievement of energy policy goals⁵. Moreover, the presence of numerous policy goals on the energy policy agenda ranging from the facilitation of competition and opening of alternative sources of supply, to energy efficiency, sustainability and environmental friendliness of the energy policy is dispersing attention and resources making the actual implementation efforts more fragmented.

⁴ For more on BEMIP see http://ec.europa.eu/energy/infrastructure/bemip_en.htm.

⁵ See Smith, K. C. Lack of Transparency in Russian Energy Trade. The Risks to Europe. Center for Strategic and International Studies, Washington, D.C., July 2010.



Clear prioritization of energy policy objectives, for example, by making the introduction of competition by regulatory policy changes and construction of infrastructural links, a clear priority could be an example of concentrating resources and making policy more effective.

Still not-so common EU energy market and the Baltic States

‘The EU needs a fully functioning, interconnected and integrated internal energy market’: this is not some old declaration but a very recent statement of the European Council of February 4th, 2011⁶. It shows both the importance of the common EU energy policy for the Union and the absence of a functioning common energy market. Energy has been the field where the European integration was advanced first more than half a century ago. However, the EU energy market has remained fragmented due to national regulatory differences and a lack of infrastructure links until now. Despite the efforts of the European Commission to advance the integration of national electricity and natural gas markets in the EU, the market is still far from being common with the deadline of 2014 set up for gas and electricity ‘to flow freely’⁷.

Even this new deadline might prove to be too optimistic. Although the energy policy issues have been high on the EU’s agenda since its enlargement in 2004 and 2007, in particular in recent years, the divergent views of its member states towards the common energy policy provide grounds for caution in relation to the prospects of energy integration. It should be remembered from the history of European integration that integration initiatives in the EU have been implemented when Germany and France were among the key drivers of those initiatives. As the debates on ‘the third package of electricity and gas directives’ showed, these two Member States remain quite cautious regarding the integration of the EU energy market, at least on the basis of the regulatory model initially proposed by the European Commission. There is another element missing in the field of energy, namely, the push of the economic interest groups supporting EU-wide energy market integration. The consumers of electricity and natural gas have been quite passive in this respect in most EU Member States. Moreover, companies from the energy sector in some EU countries have been opposed to a common regulatory framework and opening of the national market to competitors from other EU countries. Thus, the absence of economic interest groups lobbying their governments for more integrated energy markets, the presence

⁶ European Council Conclusions, EUCO 2/11, Brussels, 4 February, 2011, paragraph 3.

⁷ European Council Conclusions, EUCO 2/11, Brussels, 4 February, 2011, paragraph 4.

of established energy producers skeptical of market integration and the reluctant attitude of some EU Member States all point to the difficulties of energy market integration in the EU.

At least for some time to come the EU is likely to remain a place with several energy markets separated by differences in regulatory environment and a lack of infrastructural connections. In this context, the Baltic States have been rightly focusing their attention on joining the closest regional electricity market of the Nordic countries (Nordpool). It should be noted that support for an integrated common EU energy policy has been one of the European policy priorities for the Baltic countries since they joined the EU. This policy based on the need to reduce perceived vulnerabilities due to asymmetrical dependence on one source of supply and on the assumption that a common EU energy market is a precondition for a common EU external energy policy has been quite effective in terms of getting the issue acknowledged by EU institutions. This has been evidenced by the inclusion of a provision on energy security into the Lisbon Treaty, the adoption of a number of statements regarding the need to integrate isolated Baltic energy markets and, in particular, the adoption of the BEMIP in 2009. It is mostly a result of these policies that led the EU to claim in February 2011, that ‘no EU Member State should remain isolated from the European gas and electricity networks after 2015 or see its energy security jeopardized by lack of the appropriate connections’⁸.

On the other hand, the actual effects of translating political declarations into EU actions have been quite limited, as illustrated by the continuous closure of Druzba pipeline. Therefore, the focus on the Baltic-Nordic (and Baltic-Polish) regional energy integration seems to be appropriate on both economic and political grounds. The electricity power bridge (Estlink 1 with the capacity of 350MW) functioning since 2007 between Estonia and Finland (with Estlink 2 with a capacity set to be doubled by 2014), is an important first step in this direction. The Lithuanian-Swedish connection of 700 MW, foreseen for 2015, should provide another major step in integrating Baltic-Nordic electricity markets⁹. The gradual opening of the Baltic electricity exchange, which was started in 2010 and is based on the Nordic electricity exchange (Nordpool) model, is yet another important development in this respect. An integrated Nordic-Baltic and later Polish electricity market (LitPollink with first 500 MW electricity link to be completed by 2016, the second one of the same capacity by 2020) with regulatory policies facilitating exchange, trade and entry of

⁸ European Council Conclusions, EUCO 2/11, Brussels, 4 February, 2011, paragraph 5.

⁹These are the deadlines set in the most recent Lithuanian National Energy Strategy, adopted by the Government of Lithuania in October 2010, see http://www.enmin.lt/lt/activity/veiklos_kryptys/strateginis_planavimas_ir_ES/NES_projektas_2010_2050.pdf.



new market participants is a priority for the Baltic States, in particular if integration of the EU energy market continues to be slow and restricted to smaller groups of member states with converging regulatory regimes. Provided that the BEMIP is implemented according to the schedule, the Baltic States might be integrated into the Nordic-Baltic electricity market by 2015.

The situation in the field of natural gas is somewhat more complicated with difficulties extending beyond simply translating policy objectives into concrete actions and projects. Estonia, Latvia, Lithuania and Finland are the only EU Member States that remain isolated from the integrated EU gas transmission system. Despite the discussions on potential sources and routes of supplies of natural gas through pipelines (for example, a connection between Poland and Lithuania and some other projects planned to implement by 2014) as well as possibilities for LNG terminals, the prospects for these plans are still unclear and will depend on the factors mentioned above¹⁰. Although an increasing EU attention to the energy issues is a welcome development for the Baltic States, it also implies more intense competition for EU resources from other infrastructural projects in other EU regions. This might encourage the Baltic States to find a common position on the prioritization of LNG sites and gas interconnections, but so far it remains uncertain.

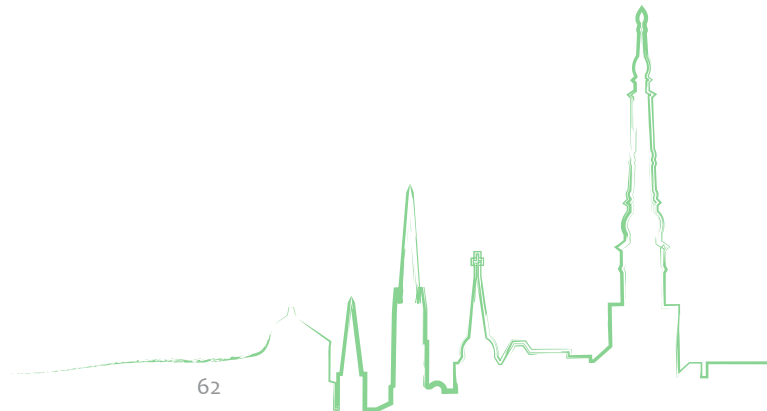
The situation is also complicated by divergent regulatory regimes chosen by the three Baltic States on implementing the provisions of the EU's third package. The presence of other countries' shareholders in the main national Baltic natural gas companies adds to the complexity of opening the Baltic gas market. Although high prices and uncertainty might encourage the development of the new sources of energy to replace natural gas (and oil), it depends on the regulatory environment, which has not facilitated the emergence of competitive new resources of energy so far.

In the place of conclusions

The energy policy in the Baltic States and the EU in general has been characterized by a persistent gap between the official rhetoric and practical actions aimed at achieving policy objectives, as well as a gap between the statements on the need for a common (integrated) EU energy policy and continuation of the diverging national Member States' policies. This article has discussed the possible reasons for these trends and possible ways

¹⁰For the discussion of the natural gas projects in the framework of the BEMIP see Rambol, Future Development of the Energy Gas Market in the Baltic Sea Region, Final Report, June 2009, available at http://ec.europa.eu/energy/infrastructure/doc/2009_bemip_rambol_bemip_final_report.pdf.

of reducing these gaps. Better prioritization of numerous energy policy objectives and strategic projects, consistency between national and EU level policies as well as consistency over time when political cycles result in government change, involvement of the European Commission to assist in coordinating energy projects with regional partners, focus on the Baltic Sea region (first of all, Nordic-Baltic) energy market integration, and, finally, regulatory policies facilitating trade, entry of new market participants and technological innovations are among the key measures allowing to better deliver energy policy objectives and integrate the still isolated Baltic energy markets.





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ARE BALTIC STATES ENERGY SECURE?

To answer this question we need to look at two aspects – the external and internal dimension, and the third one that does not comply with the traditional international relations theories – Russia. The answer on the Baltic States' energy security in fact lies in three questions.

Is the region still sandwiched between Western Europe and Asia in terms of energy security?

At first, we would like to lay emphasis on the NATO and EU membership. The transition period and consequent membership in 2004 implied a lot of homework to promote hard and soft security aspects. To be eligible NATO members, we must be ready to react whenever and wherever necessary in accordance with external challenges. If one day we are short of energy, will we be capable of fulfilling the necessary tasks?

The EU itself embodies principles for secure and sustainable energy market. The new challenges in the EU energy market set as a goal by 2020 to improve energy efficiency by 20%, to reduce greenhouse gas emissions by 20%, and to increase the share of renewable energy sources by 20%. Each member state has its own quantitative measures to reach the common objectives. The EU has the capacity of addressing the balanced interdependence among suppliers and consumers. It has tools to handle relations between market participants. Differently from the Baltic energy market of 7 million people, the EU has suppliers' interest considering its capacity to consume and capability to finance consumption. It is in each member state's interest to be a part of the common energy market.

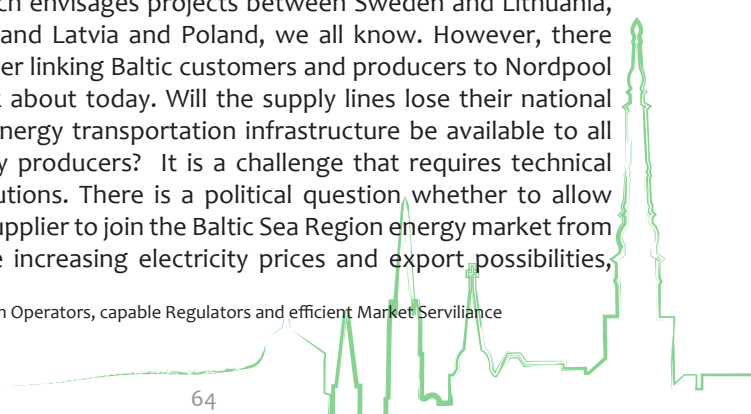
If a market is consolidated, energy loses its purely national aspect. If energy is imported via external supply lines and reaches a closed energy market with limited opportunities to diversify suppliers, there must be a concern about energy security. Electricity and gas are of consideration here as they are linked to transportation routes and the energy source.

With the integration of Baltic and Nordic electricity markets, the problem has been partially solved. Experts should find answers to some challenging questions: Will the supply lines be available to all interested electricity producers, including the ones outside the Baltic – Nordic area, who may be interested in building a nuclear power plant in Kaliningrad?

What concerns gas, there are three options within the EU market: predictable and reliable energy from Norway; energy from Algeria with strong linguistic ties, lots of stabilization projects in the country, and risks of political instability. Russia: business as usual? Let me remind you that the Baltics heavily depends on gas imports from Russia.

Estonia, Latvia, and Lithuania are parties to the Baltic Energy Market Integration Plan, which envisages projects between Sweden and Lithuania, Finland and Estonia, and Latvia and Poland, we all know. However, there are some answers after linking Baltic customers and producers to Nordpool we could try to think about today. Will the supply lines lose their national aspect and will the energy transportation infrastructure be available to all the interested energy producers? It is a challenge that requires technical and institutional¹ solutions. There is a political question whether to allow Russia as an energy supplier to join the Baltic Sea Region energy market from Kaliningrad. With the increasing electricity prices and export possibilities,

¹ Relevant Transmission System Operators, capable Regulators and efficient Market Servilance



the interest to invest grows also on the part of Russian companies and they promise to be much more flexible than the undecided Balts!

Coupling the Baltic and Nordic electricity markets would help to diversify energy resources and suppliers, or in other words: market principles serve as an additional factor for energy security. If Estonians are partial members of the Nordic electricity markets and Latvians and Lithuanians join the club soon with an improved infrastructure, gas and the political aspects it brings to the region should be balanced out with renewable sources and capability to produce more than we actually need, which is a crucial aspect for energy security. In the case of the gas market, the Balts should seriously consider taking a more vigilant and resilient approach in the assessment of their energy risks.

Challenges for national states or energy security is not free and given!

Each country has its own energy structure: the balance between imports and indigenous energy sources, specific sources used for national energy needs and exports, if available. The overall picture should be a subject of risk assessment. Energy experts use the formula $n-1$ (if one kind of energy source or transportation line shuts down, what options there are to substitute the missing energy supply, should it be power line or energy source). Every energy source and transportation line should be a subject of analysis showing the vulnerability and sensitivity of each Baltic country. The 2008 crisis in Ukraine showed how vulnerable and sensitive EU countries were when they stopped receiving the planned gas supplies.

Risk assessment and management certainly requires additional investment. To remind you, neither energy, nor energy security are free or given. National states are the main decision makers for their own economic development and security. Additional investment is the only way to improving country's energy security. It should be seriously considered by the Baltic States that depend on a huge share of one energy resource, such as gas (Estonia 9%, Lithuania 27%, and Latvia 29%). If there are no reasonable options to diversify natural gas imports from other regions, every state should have a plan on what needs to be done if gas supplies are interrupted one day. Taking into account the age of the infrastructure from the Urals to the Baltic States (gas supply line from Russia to the Baltics) technical disruptions may occur. If the infrastructure becomes unusable, who will invest in rebuilding the pipelines

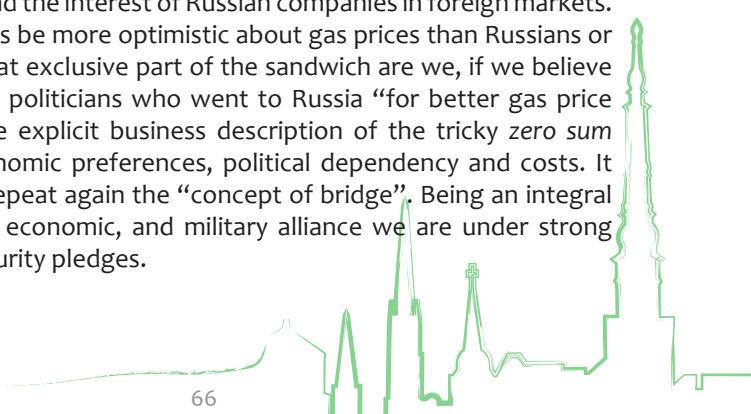
stretching from the Urals down to the Baltic region? The choice between expensive technologies and long-term energy security versus short-term driven interests and decisions is not easy but is crucial for energy security and long-term sustainable development.

The so-called national champions, babies of political establishment, are not always shaped for competitive markets and national energy security priority. It is economic and political convenience and not long-term economic security that plays the main role in decision making. The same outcome are promoted by activities of interest groups and lobbies, which form a natural part of every market: every business has its own interests to defend. In this case, the Baltic States should lay out the rules of engagement with interest groups for politicians to make their activities transparent and accountable to the society.

For the Baltic States to comply with the EU market development principles, to promote energy independence and security, as well as national interests and economic development the key term is “renewable energy resources”: wind, biomass, hydropower, solar energy, heat from the earth, and biogas are all available in the Baltic region. With an increased use of natural gas in the Baltic energy markets, biomass exports have grown, which is a paradox and achievement for the national energy security. This aspect characterizes unused capabilities to utilize indigenous energy sources at the same time promoting national economies and enhancing energy security. With more innovative technologies and market liberalization even a traditional energy consumer can become a part of a supply chain, for instance when solar batteries are placed on the roof of a residential building...

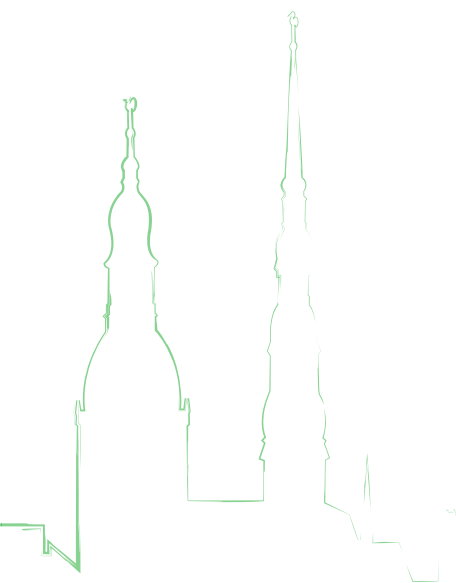
Russia: what is the future of energy business?

First of all, Russia forms a natural part of the energy market with its own economic interests and the interest of Russian companies in foreign markets. Then why should Balts be more optimistic about gas prices than Russians or West Europeans? What exclusive part of the sandwich are we, if we believe the words of Latvian politicians who went to Russia “for better gas price arrangements”. More explicit business description of the tricky *zero sum game*: balancing economic preferences, political dependency and costs. It would be wrong to repeat again the “concept of bridge”. Being an integral part of one political, economic, and military alliance we are under strong commitment and security pledges.

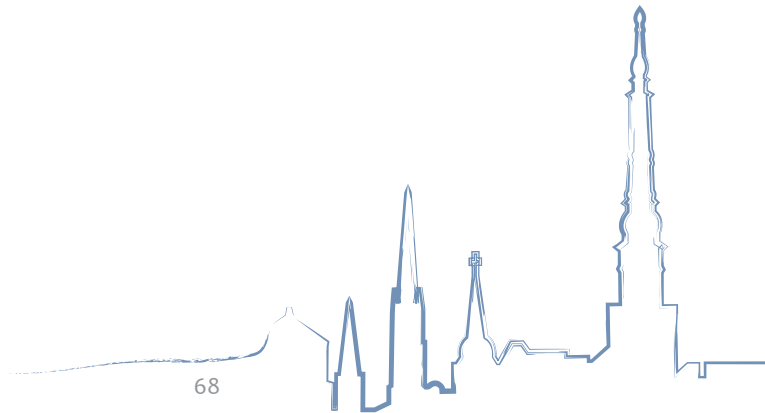


Secondly, Russia has managed to play its cards pressing on the Baltic States' weak point to promote its interests in the region. In that case we should pay a full price for Russian gas. Every household should be informed that the price we are paying today will no longer be the same tomorrow. Lower prices mean changing costs in other fields. Only the decision makers who went to Russia or Russian companies“ for a better deal” know what the real costs are. Russia will always use the sensitivities and vulnerabilities whenever it is convenient: it is natural in doing business or politics.

Estonia, Latvia, and Lithuania should do their homework for the EU and their national interest before even mentioning Russia. The key of energy security is simple: indigenous energy resources and producing more energy in the Baltics than we can consume. So we should not hesitate when it comes to the construction of new energy plants and projects in the Baltics, leaving our traditional power presentations and quarrels behind (which is our common interest). Then Russia will no longer be a subject of a political debate but an economic opportunity. To conclude, an encouraging sentence for doing business with Russia could be mentioned, but not as usual. Move forward through B2B, but with political brightness and consciousness. Business and national security are interlinked and help each other to achieve their goals.



The Rīga Conference 2010



Global crisis: new world and new security challenges



There is a call for more global approach to security issues in the modern globalized world. Though there is no consensus to whether this should include security in general or should we look at new challenges rising through industry-related prism, it is clear that crisis has generated global change of values and new global power distribution that altogether has brought new agenda for the debates be it at regional level, Europe or whole world.

No matter how cautious, positive or pessimistic the forecasts as to whether the worst is already behind or just yet to come are, there is a little doubt that crisis is not just the time of painful budgetary cuts, but also a window of opportunity for better, effective and safer transatlantic area.

„We are going to witness the tectonic shifts that will change the security environment in the West”,
Uffe Ellemann Jensen, *fmr. Minister for Foreign Affairs of Denmark, Chairman of Baltic Development Forum*

The complete crisis of the West

„There is a pattern and temptation to give up common good claiming that world is too hostile, dangerous and demanding to engage in the international issues,”
Simon Serfaty, *Zbigniew Brzezinski Chair in Global Security and Geostrategy, Center for Strategic and International Studies, Senior Adviser, Europe Program*



The West is in the crisis indeed. Economic struggle at national level has challenged the whole notion of collective security. However, while harsh budgetary cuts are faced across the transatlantic area, crisis should encourage thinking „outside the box” and help regrouping the resources

rather than setting limits to the commitments and quality of the reforms which were scheduled to take place long ago.

The nation-state and national interest as the key element of international politics is back and, for understandable reasons, stands higher than common policy and values that are at the heart of EU, NATO, and UN. Values which are crucial for these institutions to work are trapped between growing social unrest, short-term economic benefits as a quick fix for political stability, favored national champions, and as consequence short-term national policies. All - at the cost of long-term stability and security.

There is a rightful concern that crisis can and occasionally is used as an excuse for not keeping up with the international commitments. And in the context of suffering economies these arguments are hard to object. Perhaps the „tectonic shifts” of global power distribution will be the lesson learned and thus will become the basis of new, cooperative, strong and common value based West as the only means of national security.

Contested neighborhood and confused Europe



The big idea behind the Eastern partnership and neighborhood policy seems missing for the part of experts thus creating the question of whether Europe is not too confused with itself and its inner problems leaving neighborhood policy

to be rather instrumental. Consequently, there is also a question of what neighborhood countries are expecting from Europe apart of extensive financial investments? Lack of the comprehensive message behind the existing policies and mechanisms is not encouraging the target countries for reforms that, at the end of the day, are so crucial for safe and stable region which Europe is thriving for and over which it is competing with Russia.

More so the EU neighborhood policy has developed into two policies: the Black Sea Synergy and Eastern partnership. And both

„Europe is making offers that no one can understand while Russia is making offers that no one can refuse,”
Nils Muižnieks, Director of Advanced Social and Political Research Institute, University of Latvia

of them seem to be sending conflicting messages to the partners. While first promotes synergy – the approach based on cooperation, second promotes the integration to the countries that have not explicitly indicated whether this is what they want from the EU at all.

Many point to the slow progress and very little return in the countries where Eastern partnership operates. It is a good forum of a discussion that does not encourage or provide mechanisms for institutional integration. It lacks its “sticks and carrots”. Eastern partnership thus risks of becoming a financial investment that will bring no political dividends to the EU.

Reset policy: modern Russia, hopeful US and Europe in between

There are three main questions on the mind of experts when talking about the reset policy. Has Russia really changed? Are there any costs of the reset policy? And what benefits can this bring to the Europe?

Concept of modern Russia as a nation-state building project that is yet in progress is understandable, but because unlike policies and



rhetoric, memory can not be restarted, Russia will be scrutinized as suspiciously as before Medvedev announced the need for modernization. Russia has not yet succeeded to convince Europe that reforms and modernization will also bring shifts in values and political processes within Russia that are so desired by the West.

„Modernization without the democratization can generate the illusion of growth,” Toomas Hendrik Ilves, President of the Republic of Estonia

The concept of the US to develop a more cooperative relationship with Russia that would increase the interdependency of the economic ties between the two is ought to provide grounds for political bargaining and tactical maneuvers on strategically important issues. However, despite the obvious logics behind the reset and because of absent common policy towards one of the most important powers on the European continent, Europe at large

and immediate neighbors to Russia in particular can not help but feel bitter about the US' newly adopted mode of behavior vis-à-vis Russia.

Part of the European community (notably related to the non-governmental sector) questions the sustainability of the reset policy and see it as temporarily spring breeze in historically cold relationship amongst the US and Russia. Their concern of the potential costs for the sake of the short-term political advantages translates into the call for the conditional dialogue with Russia – the power that does not fit into the EU parameters of democracy. Meanwhile most of the officials have plunged into the optimistic approach to the “window of opportunity” that backwardness of Russia’s economy together with reset policy has brought to the Europe. However the question of how to coordinate, institutionalize and as result benefit from the temporarily improved relations with Russia, can turn out to be another dividing question for the EU.

9 years in Afghanistan: where is the exit, please?



After 9/11 there were little doubts whether there was a need to engage in war in Afghanistan. Terrorism was the root of all evil and as such it was a sufficient argument to justify the costly military operations of NATO troops far beyond the borders of the alliance. However the global financial crisis and shifts in threat

perceptions have changed the discourse radically. It has become increasingly hard to explain the need to spend billions of money out of the much leaner pockets of tax payers to sustain the mission that has delivered questionable results during the last 9 very costly years of war in Afghanistan. The growing pressure to leave Afghanistan, has left many of us wandering whether there is an exit strategy that does not undermine the potential and capacity of NATO to defend its members and at the same time can make the real difference in Afghanistan by the red line of 2014.

Besides the conflict of financial capabilities and commitments the international community is struggling to define what are the minimum required circumstances that would leave a reasonable chance for Afghanistan

to develop as secure and stable state. In this struggle there is an attempt to justify the military withdrawal replacing it with civilian operations whilst experts identify the presence of insurgents and radical Islamists both in economic and political life of the region. In other words well built roads will not stop extremists from blowing up themselves in crowded cities.

„We should not get incompetent because we are exhausted,” J. Lindley-French, Member of the Strategic Advisors Group, Atlantic Council and Professor at the Royal Military Academy of the Netherlands

Equally, the transition of battle operations to National Security forces of Afghanistan will not be sufficient if there is no strong political leadership in place in Afghanistan that will enjoy the support of the most of the conflicting tribes. NATO may succeed to exit the war theater by the 2014, but to reach the stability in region, the engagement of allies will be required for many years ahead and apparently will require financial investments of no lesser amounts.

New security architecture

Although not unanimous, but there is an agreement that the old security architecture of the West has proved dysfunctional against the modern challenges. Equally ambiguous is the vision of how to deal with issues rising. The institutions of the dysfunctional security order like EU, UN, and NATO require reforms. The new global powers will also require new forms of institutionalized cooperation to balance the distribution of power and to be endorsed to take a fair share of responsibility over global and regional security, be it the extremists and drug trafficking in Afghanistan, or nuclear ambitions of North Korea and Iran.

Providing the divergence of political, cultural and overall values between the West and new powers like China, India, Brazil or Turkey, the search for the cooperation and dialogue may prove to become the biggest challenge ahead of global community.

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