

## PROTOCOL

Welcome

### **Weizsäcker**

I would like first of all to welcome President Koivisto and thank him very much for agreeing to take part in this debate; likewise our welcome and thanks to the Minister of Foreign Affairs, Mr Tuomioja, who will in a moment be giving the introductory talk on the topics before us. I should like once again to thank Minister Jakobson for his after-dinner speech yesterday, which put the fundamental problems in their historical context. Last, but not least, thanks are due to Minister Iloniemi, who has agreed to chair this discussion.

It is always a special pleasure to visit Finland, a country of great hospitality, a country where the air is fresh. And a country whose support and advice are vital to Europe. The CSCE summit conference, which ended in Helsinki with the Final Act in 1975, was not merely a multilateral confirmation of the status quo following the second world war; above all it breathed new life into east-west relations, which was of benefit to all sides.

Since Finland joined the European Union we have seen the entire Baltic region - fuelled by the aspirations of other Baltic Sea States to become members soon - grow into a unique region within the European Union. Some people even go so far as to say it is a model region in the making. In no other part of this big disparate entity we call Europe are nations linked, both by a shared inland sea and by their long history of close cultural, economic and academic relations, as intimately as the Baltic Sea States. We are surely not aiming too high if we include the words "prosperity and stability" in the meeting's title, in the hope of soon being able to exchange the question mark behind it for an exclamation mark.

We are likewise conscious of the fact that in the Baltic Sea region Russia is more closely bound to the west than anywhere else along its European borders. This too is an exceptionally important fact and a topic on the agenda.

Permit me, finally, to make one further remark: this round table was not initiated by a state body but by the entrepreneur and industrialist Kurt A. Körber, a philanthropist, a man with a sense of responsibility, who felt an urgent need to set up an international forum for the frank exchange of ideas and opinions; a forum that has been proving its worth for more than forty years, particularly in the dialogue between East and West. We are delighted to have a further opportunity today for such talks in Helsinki.

## **Iloniemi**

I wish first of all to thank the Körber Foundation for choosing Helsinki to be the venue of this conference. Helsinki is a natural place on the Baltic for discussing affairs that have relevance to Baltic developments.

Our first theme is what potential does the Baltic region have to offer politically and in economic terms in North-Eastern Europe. We are privileged to have two speakers who will enlighten us on the topic. The first speaker will be the foreign minister of Finland, Dr Erkki Tuomioja, followed by former Minister Haarder from Denmark.

But, may I say that the congregation that we have today here is unique in the sense that we have two former heads of states and a wide range of highly relevant careers and experience among the participants so that we have a truly expert group to tackle our topic.

## **Tuomioja**

What potential does the Baltic region have to offer? I will try to answer this from a political rather than an economic point of view. On the economic side I would just remind you of the fact that the Baltic region is one of the most dynamic regions in Europe and in the whole world today. I think we were reminded of that this week when we had the ministerial council meeting of the Baltic Sea states in Hamburg, in the richest region in the European Union. It is an example also for some of those who are still poor around the Baltic Sea, which shows the potential that the Baltic Sea region has to offer, indeed in international trade, it is one of the biggest today's players on the world.

But, as I said, I will focussing more on the politics of the region and concentrating on three closely interconnected aspects of the ongoing transformation process, namely the Northern Dimension of the EU, the enlargement of the EU and the integration of Russia in pan-European cooperation. The Northern Dimension has become an established concept in the Union and among its partner countries. It has also become an integral part of the external policies of the Union. This regional initiative of 1997, has directed the thinking of the northern players. It has given an impetus to new strategic thinking not only among governments but also at regional and subregional levels within non-governmental organizations, private business and, last but not least, networks like this one here today.

The Northern Dimension is a partner-oriented EU policy. The key political objective is to engage Russia in European integration for closer cooperation with the European Union. The only way of doing this is to counteract tendencies towards any new dividing lines along the border between the expanding European Union and the Russian Federation. Russia has to be convinced that the Union will remain its main partner in the future. The candidate countries to the EU in the region, Estonia, Latvia, Lithuania and Poland, and the EEA-countries, Iceland and Norway, as well as Russia, can make their voices heard in the Northern Dimension context and through dialogue influence the Northern Dimension agenda in close cooperation with the Commission.

As not everyone necessarily is entirely familiar with the ND-concept, I will just mention the key sectors in the action plan for 2000 to 2003. They are energy, transport, the information society, the environment, and natural resources, nuclear safety, public health, trade and business cooperation as well as investment promotion, human resources development and research, justice and home affairs, regional and cross-border cooperation and Kaliningrad. The list is quite comprehensive and if anything was left out, it was possibly culture.

The action plan is not a list of priority projects but the basis for the implementation of the Northern Dimension. It is a political recommendation and a reference document to be taken into account in preparing projects and activities initiated by the EU member states and other partners. Joint financing of community programs through international financial institutions, national programs and the private sector is essential. Without considerable funding from national resources and from the international financial institutions the implementation of the action plan will be difficult.

National resources here also mean the partner-countries and funding from the private sector. Obviously those who are willing to contribute the most to projects will stand to gain most. The need for joint action involving such programmes as Tacis, Phare and Interreg is widely recognized. Now we expect the interface between Phare and Tacis to be examined with a view to enhancing cross-border cooperation between the future European Union and Russia.

In the case of the international financial institutions, it goes without saying that they follow their own rules and policies when making decisions. Political recommendations like the Northern Dimension action plan cannot play a decisive role in their actions. The European Bank for Reconstruction and Development (EBRD) recently presented an initiative on a Northern Dimension Environmental Partnership. Moreover, the new possibilities for the European Investment Bank (EIB) to take part in some environmental projects in Russia must be seen as a promising start to its future involvement in the ND region.

As for Northern Dimension financing one could say, in fact, that there is no lack of resources as such but there is a lack of bankable projects and a lack of commitment from the recipients, including Russia. I say this because we have several examples of projects where the financing is, in principle, in place but we still have difficulties in coming to terms over the actual implementation, which means that Russia, for the time being, is left without sorely needed funds, which we have already reserved.

Improvement in the investment climate, including real and effective action against corruption, which unfortunately still exists in countries around the region, is indispensable in paving the way for implementation of Northern Dimension policies.

The Swedish EU presidency has adopted an active role in developing the Northern Dimension and has concentrated especially on four priority areas: the environment, nuclear safety, the fight against organised crime and Kaliningrad. Together with the Commission Sweden will prepare a full report on implementation for the Gothenburg European council next week.

In January this year, the commission presented its policy on the Kaliningrad region. This now forms the basis for discussion of possible steps to further promote cooperation between Russia and the enlarging EU. As a so-called pilot region in the relations between the EU and Russia Kaliningrad has attracted great interest on the part of several players. I think we should note with satisfaction that Russia has included the governor of Kaliningrad as a delegate to a ministerial meeting in Luxembourg on the Northern Dimension and to the recent Baltic Sea states council meeting.

Discussions continue in the Partnership and Cooperation Agreement (PCA) subcommittees. Practical solutions must be found on ways now to deal with the Kaliningrad enclave after the next enlargement stage. The future EU member states should have an opportunity to give their Views how to find workable solutions to potentially difficult questions, for example those concerning visas and transit traffic.

During the past decade the Baltic region showed an enormous potential for cooperation and also an amazing ability to realize this potential into well functioning structures such as the Helsinki Commission, the Council of the Baltic Sea states, the Baltic Sea sub-regional cooperation and the Baltic 21 programme. All of these, and a large number of other regional organizations, have expressed their interest in contributing to the Northern Dimension, thus enhancing coordination and synergy of cooperation in the region. The ND, with its partner-oriented 15 plus 7 format, supports the candidate countries in the access process; this gives Russia a fair opportunity for mutually profitable cooperation with an enlarged Union.

The EU enlargement process launched in Luxembourg in December 1992 is proceeding at a steady pace towards the accession of new members. This text was prepared before the Irish referendum and it remains to be seen whether the latter is just a hiccup in an otherwise smoothly progressing process or whether it will create new additional difficulties. I think we should take it seriously because for EU enlargement to succeed and for the European Union as a whole to be a success we need the full support of its peoples. If the people are not supportive of the European Union and its enlargement, it will face great problems. The Irish referendum could, in the worst case, have repercussions in other countries but I remain confident that we have a good chance of meeting the objectives and timetables agreed at the Helsinki and Nice summits. The European Council's decision in December 2000 in Nice gave a good impetus to the enlargement process. Whatever the merits and demerits of the agreements in Nice and specifically the process that was negotiated, the main result is that it will enable enlargement to go forward.

There is, in principle, a clear strategy, a road map, and we have a defined timetable for negotiations. The European Union should be ready to accept new members as early as 2003, but further progress will depend on how prepared the candidate countries are. Notwithstanding the sort of official optimism which we all share, saying that 2004 will see the entry of the first new member states into the European Union, I think we should be quite frank and open about the problems involved, both on the EU side, where we have not yet touched on agriculture at all in the negotiations, as well as in the candidate countries which still have a lot of progress to make before they are ready to join. This is no

longer primarily a question of adopting the *acquis* into legislation, it is a question of the real ability to implement the *acquis*. Here, as I mentioned, we are confronted with questions of good governance and the problems of corruption where significant progress has to be still made.

It is evident that enlargement will fundamentally change the Union as a whole. But how it will change the Union itself is difficult to say, for example how it will affect existing EU policies, such as the common agriculture policy, Schengen and the Common Foreign and Security Policy (CFSP). The guiding principle from the point of view of the Union is that the *acquis* should be fully implemented before accession and that transition periods should be limited in scope and length. But we all know that some of the Union's own policies will have to adapt to the new situation. This applies particularly to agriculture and structural funds and will effect the EU budget as a whole.

It goes without saying that enlargement should be carried out in a politically and economically sustainable way. But we must not lose sight of the main goal and the tremendous possibilities and potential that enlargement offers. We can very easily become tied up in the problematic details of the enlargement negotiations and treat problems as potential threats. We really should not lose sight of the large picture and what this entails for peace and stability as well as the long-term welfare and prosperity of Europe as a whole. So we must view the whole picture and we must see the future in a much longer perspective than the transition periods we are talking about today.

An enlarged Union will mean a remarkable increase of the present geographical area in shared values of peace and stability and will bring a new political and security aspect. Enlargement will also increase the Global standing of the EU but it will also make coordination and decision making in sensitive fields more complicated than before. Therefore, as in many other policy areas, in the common foreign and security policy too, institutional reforms will be necessary in order to keep the Union functional and effective.

Although this agreement, in principle, covers the enlargement of the Union up to 27 members, and it may take anything up to 15 years or even longer before we achieve that number, I do not think there was anyone around the Nice table who believed that we would not have to return the sum of the items that were decided in the Nice agreements. The common European values: democracy, rule of law, human rights and fundamental freedoms are widely shared by the applicant countries. They have also been eager to participate in those forms of foreign and security policy cooperation which are already open to them. They have also shown considerable interest in the development of a common European security and defence policy.

All applicant countries from the Baltic region have progressed well in their negotiations. Estonia and Poland started their negotiations in the first group, Latvia and Lithuania in the second. But the latter have really managed quite well in catching up with the countries which started their talks earlier. I think this is quite a notable achievement. It shows that the principle of proceeding on the basis of merit as an objective criteria works in practice, followed by catch-up and differentiation. These principles must continue to be applied in further negotiations.

Using the so-called road map designed by the European Commission in autumn 2000, the accession talks have entered a new decisive phase. We now face dealing with difficult and complex issues in the talks, such as the environment and individual freedom of movement. We in Finland are convinced that we can find a flexible and fair solution on the free movement of labour. Indeed, there is already a consensus throughout Union on the Commission's proposals. The only thing that can complicate matters is if these issues continue to be linked to other issues. We should try to resist all such attempts. We hope that the European Union can finalize its position on these questions during the Swedish presidency.

Finally, in this context, I want to emphasize the importance of public opinion both within the present member countries as well as in the applicant countries. I think that we must increase public awareness of the enlargement progress. This is vital to avoid an unexpected backlash in public opinion in the final stages leading to enlargement. We must remember that enlargement and accession will entail referendums in all the candidate countries. But for enlargement to go forward, popular support is also needed in the present member countries.

As a result of the forthcoming enlargement, the Baltic Sea will, in practice, become an inland sea of the Union. Baltic Sea regional cooperation will be a natural part of Union activities. From the point of view of external relations this cooperation will essentially be a cooperation between the EU and Russia on the basis of the PCA and common strategy, with the aim of involving Russia at all levels of European cooperation.

President Putin has summarised his credo by saying, "Russia has to be a strong state or it will cease to exist." As perceived by the Kremlin, this means that the country is weak and will disintegrate if it cannot be run the way Russia has always been run, namely on a short leash. President Putin has created seven super-regions headed by Governors General and they are directly subordinate to the president. There are also 89 sub-regions; their governors have been certain rights and obligations as well as resources. It remains to be seen how this structure will produce coordinated actions.

Last week in St. Petersburg I had the chance of asking the governor of the north-western region how he sees his task. He emphasised that the main aim is to ensure that, from the point of view of outside partners working with Russia and in Russia, transactions such as investment cooperation will be run on agreed, defined and universally applied rules and that local and regional authorities are prohibited from imposing taxes, rules and regulations of their own. This should make it easier for other partners, outside partners, to work with and within Russia. I was happy with this answer because it is the same answer that I have been giving to colleagues who have asked us in Finland, as Russia's neighbours, how we judge the progress of Russian reforms in this respect. What the future will bring, remains to be seen. But I think we can hope that these reforms will produce positive results.

In general, the reform agenda in Russia is blurred. Judicial reform and the rule of law are of central importance. The Duma will be presented the first draft laws before summer. These changes, if passed, will imply in future that it is the court, not the prosecutor, who decides, for example, on imprisonment. Juries will also be introduced in Russian courts of law.

President Putin has stated that the intention to achieve European integration and this will be one of the main aims of Russia's foreign policy. This is based on a realistic assessment as at present the EU accounts for some 35 percent of Russia's foreign trade. With enlargement this figure will grow to 50 percent.

In the EU-Russian summit some weeks ago both sides reaffirmed their intention to strengthen the long-term strategic partnership based on the principles of democracy, respect for human rights, the rule of law and market economy. The best way to foster economic growth and prosperity, social development, a clean environment and strengthened security and stability in Europe is to build our relations on common values.

Russia's effort in the field of market reforms should open new opportunities. Russia wants to integrate into the world economy and gain membership in the WTO. The application of international norms and regulations and the full implementation of the partnership and cooperation agreement are the key elements in bringing the EU's and Russia's economies closer together. As already mentioned, the enlargement will lead to an increase in economic activity between the EU and Russia. Russia has not opposed the enlargement of the EU but is understandably concerned about what effects it will have on Russia as a whole. The EU will continue to inform Russia of the enlargement process. The Union is also willing to discuss the issues that the enlargement will raise for Russia.

In this context I want to refer to Finland's experience. Understandably, one of our concerns in the debate on our accession to the Union was how it would affect our economic and trade relations with Russia. Our analysis at that stage showed that we would benefit from EU membership because the arrangements already existing then between Russia and the European Union would provide better opportunities than the remaining Finnish-Russian bilateral agreements and arrangements could achieve. And this assessment has been proved right. Trade and economic relations with Russia have benefited from membership of the European Union. What is also important is that Russia shares this view too, and this was confirmed explicitly by Foreign Minister Ivanov during his visit to Finland a few weeks ago.

### **Iloniemi**

Thank you Mr Tuomioja for your complex and detailed contribution to our proceedings. The next speaker will be Mr Bertel Haarder, Member of the European Parliament.

### **Haarder**

I come from the political world, I have been in parliament for seven years, 24 years in the Danish parliament and for 10 of those years as Minister of Education and Research I was in the Nordic Council.

Allow me to say a few words about Nordic cooperation in the Nordic Council which involves the Council of Ministers and also Councils of Parliamentarians. It consists of Denmark, Norway, Sweden, Finland and Iceland. Imagine that for 40 years, we met year after year, and could never discuss

foreign policy or defence. So we could not discuss the most important topics. Therefore we concentrated on cultural and economic matters. When the education and culture ministers met, we spent our time distributing money from our very modest funds for all sorts of cultural and scientific purposes. This was how Nordic cooperation was run for 40 years because Europe was split.

When the Cold War was over we suddenly could talk about everything but our minds then went elsewhere, to the dynamics of the EU and its economic attraction. Norway, Sweden and Finland applied for membership. In 1994 we could have made a historic move to unite the five Nordic countries in the EU but then Norway voted no, and Iceland never applied. If Norway had voted in favour EU Iceland would have followed, I think, and under the Nice treaty the five countries with a total of 23 million people would have had 34 votes in the Council of Ministers compared to Germany with almost 80 million people and only 29 votes. This shows the opportunity for smaller countries in the EU and this proves that they say in Ireland and elsewhere that the Nice treaty is not friendly towards the small countries is simply not true in this sense.

We missed the opportunity so now those five Nordic countries are split just as in former times. Finland is the only full member of the European Union. Denmark has three decisive optouts when it comes to the economic and monetary union, defence and justice and home affairs which are the three most interesting areas of cooperation for the time being. Denmark is not part of that. Sweden is not part of the economic and monetary union and Norway has made itself a colony of the EU adopting all its decisions but without being able to exercise any influence on anything. Iceland is in the same situation. I hope that

Ireland is not going to take the same path and I might add that I hope that the 60 percent of the Estonians, that are presently against joining the Union, will rethink their position and not miss the opportunity. The history of the North should not be the history of missed opportunities, we should all follow the Finnish example.

Allow me to give a brief explanation of what the problem is, especially in Norway and Denmark, I think we have wedged ourselves between an inferiority complex and a notion that we are better than all of our neighbouring countries, especially those in the South. Small may be beautiful but we make ourselves smaller than we are hoping to make ourselves more beautiful than we are. Both is not good for international cooperation. It leads to wasted opportunities. One could add: Thank God we can afford it.

Now to compensate for this self-inflicted weakness, the Nordic countries have been quite eager to develop a wider Baltic cooperation with particular attention to the small Baltic states that also have been observers in the Nordic councils. We try to compensate for the sad fact that for 50 years we totally ignored the three Baltic countries and peoples. Now there is a lot of exchange and assistance, including military assistance and also people to people assistance. We insist, at least in Denmark that the small Baltic countries are allowed to enter the EU as well as NATO. This will be a top priority under the Danish chairmanship of the EU which takes place one year from now.

The EU fortunately has gradually developed this Nordic dimension that Mr Tuomioja has explained, and it became an official EU policy as a parallel to the Mediterranean dimension, the Barcelona process. For your information the next week in Strasbourg, the liberal group in the European Parliament, which I represent as Vice President and Foreign Policy Co-ordinator, will adopt a revised version of a Nordic dimension policy. We will push this forward on the agenda. It is one of our high priorities for us and I think for Parliament as a whole and it is not going to be just empty talk, it is going to be about creating realities.

The intention of this Northern Dimension is to reach out to our neighbours, especially to Russia which is the only Baltic country not applying to join EU and NATO. The intention is to signal that the EU is not a closed shop. It is not building barriers against anyone. We want to trade and cooperate and contribute to solving immense environmental problems, problems of crime, problems of energy, problems in the circumpolar region et cetera, et cetera. Mr Tuomioja has mentioned all these subjects. We want to develop parliamentary cooperation and also people to people activities in this whole region. And if Russia will agree to make Kaliningrad the Hong Kong of Russia with the same mutual benefits for Russia as well as the European Union. That really is a visionary approach.

In the Viking age there was free movement and trade across the entire Nordic hemisphere from Greenland to the Volga with the Baltic Sea as the dynamic centre. Unfortunately, there were also some crime involved at the time when the Vikings robbed and raped as they plundered convents and churches. So I am not calling for a repetition. Our aim should be to re-establish the Baltic Sea as the dynamic centre of cooperation in peace and justice in the entire Nordic region. In conclusion, we

should develop the Baltic region by getting all the countries surrounding the Baltic Sea into the EU and into NATO and also into Schengen.

With Russia we should make intense efforts to limit some of the negative effects of this and to develop these challenges into an advantage as Mr Tuomioja said. Let's develop an EU-Nordic dimension in order to attract Russia into intense cooperation, let's create an economic European area that includes also Russia or at least the north-western part of Russia.

As a politician I can testify that there is no way we can stop enlargement of the EU and NATO if countries want to join. There is no way we can prevent those countries also being part of the Schengen agreement, so there is no way we can prevent the strengthening of border controls at the EU's outer borders. And that is reason why the fight against international crime is the top priority among our electorates. And we politicians have to accept that as the top priority. Therefore, we must seek solutions so that we don't cut off Poland from Ukraine and don't cut off all the opportunities that we could have in cooperating across those new borders. So we must cooperate with Russia. This should be made the top priority of an enlarged Union and of an enlarged NATO. The Baltic Sea cooperation could be the driving force for such a development.

### **Iloniemi**

Mr Haarder said in his treatment of the Nordic cooperation that we have lost a good deal of time because we did not touch upon the most important subjects. Well, this perhaps is a matter of opinion - we have also made good use of that time in some respects if for instance, we think about the fact that we have had a common labour market for decades in the region. And the cultural cooperation is not to be belittled. Even if we have excluded some of the areas there are others where results can be shown.

Now we have a good opportunity to discuss the first item on the agenda.

### **Kindsmüller**

Domestic policy cooperation Cultural capital Sustainability Innovation leaders Civil society"; "Mr von Weizsäcker spoke of the Baltic Sea region as a model region in the making. It is true that Europe's regions have gained more room to manoeuvre following the historic caesura in the period 1989/1991, whereas till then they were, by and large, constrained by the corset of the national state. This is a historic chance for the Baltic Sea region, where over the past ten years structures have been created which are no longer confined within national state borders and which have therefore developed their own new dynamics.

It is important to remember that the concept of Baltic Sea cooperation was not invented in foreign ministries but by chambers of commerce, universities and subregions. I regard this as part of the great potential in the Baltic Sea region Therefore we should not think about this region simply in terms of foreign policy categories but in terms of domestic policies, and look into aspects such as a common policy for arts, sciences and culture - all areas in which considerable progress has been achieved in recent years.

What makes the Baltic Sea region different from other European regions? Permit me to name four things. Firstly, this region is characterized by its special cultural richness, which is remarkably varied in nature. In the emerging knowledge society, this represents priceless capital and gives a tremendous boost to innovative talents.

The second specific feature of the Baltic Sea region is sustainability. Deep-rooted traditions exist, particularly in Scandinavian countries, which determine the region's relationship with Nature and also the style of social relationships. Sustainability is set to become an extremely important issue for the future development of Europe.

The third element is comprised of the previously mentioned innovative talents. An American institute has developed an "Information Society Index". The indicators used in the index reveal that the states in this region are among the most innovative in the world. Sweden is now the leading nation in terms of the information society - ahead even of the USA.

The fourth element falls under the heading "Civil Society". In this connection I should like to mention the velvet revolution in the Baltic states, Solidarnosc in Poland and the sense of responsibility and solidarity which is so deeply rooted in Scandinavian countries. Here non-governmental organizations play a much larger role than in other parts of Europe. This too is part of the potential of the region.

With a view to the demands that are today being made of the knowledge society, which go beyond questions of infrastructure or tax regimes, I would dare to assert that this region's potential equips it particularly well to face a globalized future.

### **Lange**

Mr Kindsmüller has quite rightly broached the subject of the pool of innovative talent in the northern regions, which is highly significant both for the countries which join the EU as part of the enlargement process and for their neighbours. The innovative talent in Finland, for example, has directly benefited Estonia, where communication networks have been built very rapidly. Achievements include a cellular phone system which provides coverage across practically the whole country, digitalization of communications and the programme initiated by the Estonian Foreign Minister, Mr Iiv, to put computers into schools. In other words modernization has brought progress which serves as a model for the entire area being considered for enlargement - and beyond. At present this is an urgent policy issue for the European Union as the modernization effort advances towards Kaliningrad and the neighbouring regions of Russia and Belarus.

As Mr Kindsmüller said, Europe's ability to modernize and the place it occupies in a globalized world will depend crucially upon the innovative talents that Europe develops in the northern region, because in this respect, the area is further advanced than the south of Europe. Special attention must be accorded to the regional and global dimension of the modernization process at institutions like the Council of Baltic Sea States and the "Northern Dimension" initiative.

### **Knudsen**

I think this round table gives us an opportunity to look very critically and realistically at what the potential of the Baltic Sea region is. There are some things that we tend to forget when we talk about the potential for cooperation, especially politically, in the Baltic Sea region, is that all the members, all the countries around this region have commitments and interests elsewhere as well. I would suggest that, realistically, their commitment to the Baltic Sea region as such is not the political priority number one for any country in this region. That means that if you were to add up all the commitments and interests that each of the countries have in the region and you think perhaps that this will give you a sort of sum total of the political potential of the region, you will need to subtract from that all the commitments and interests that these states have elsewhere.

Taking into account those other commitments outside the region is necessary in order to be more realistic in our assessment of what the region can become. I would suggest, therefore, that the main potential of the region as a whole is what it has already begun to be during the past ten years, namely a meeting ground and a means of linking up between the interests and commitments of countries and governments which would otherwise not have met, which would otherwise not have entered into cooperative projects. But please, do not refer in general terms about the great potential of the region; we need to be more specific.

### **Iloniemi**

We can certainly add that it is not only of interest for the governments in this region but also for the businesses. We have a range of good examples, of how the business community across the Baltic has coordinated its activities.

### **Hoyer**

Mr Knudsen has warned of the danger of seeing Nordic cooperation in too romantic a light. The countries in the region do indeed each have their own specific interests and their priorities do not always or exclusively relate to closer cooperation in the Baltic Sea region. The 50 or 60 million people in the region, where things are sometimes organized in rather chaotic fashion, are above all pursuing a global vision.

At a time when the European Union sometimes seems in danger of becoming a kind of fortress due to its inability to enact internal reforms and is thus failing to fully utilize the opportunities presented by globalization, the northern region is bringing urgently needed innovative pressure to bear on the European Union. Therefore the enormous diversity we encounter here could be a force for European integration in the context of globalization and thus something to be wholeheartedly welcomed.

### **Stebelski**

Our focus here is on the last ten years only. We should rather take into account even the last 25 years. Many major developments which took place in Europe and which changed Europe dramatically henceforth started in the Baltic region, beginning with the Conference on Security and Cooperation in Europe in Helsinki in 1975. It fuelled opposition movements in Central Europe. In particular the Solidarity movement in Poland appeared after the 1975 Conference and the Final Act of Helsinki.

It was in this region that the first organised opposition movements under communist regimes developed and gained power successfully. Here we witnessed the fall of the Berlin wall and of the Soviet Union. It was also this region which maybe benefited most in Europe from the changes of 1989-90 including reunification of Germany, EU membership of Finland and Sweden, and NATO membership of Poland.

At present the Baltic region faces a formidable challenge of Eastern enlargement of the European Union. Two Nordic presidencies of the Union - Finnish and Swedish - made a major contribution to that end. However, after the negative Irish referendum one may seriously doubt whether the Union itself will be ready to integrate new members by the end of 2003. Such forecasts have its foundation in the past developments after the Maastricht Treaty.

It is striking that for most if not for all countries of the region the Baltic cooperation serves to reinforce their position in other frames. It is not limited to the development of European integration and enlargement of the European Union only. We should look upon the complexity of all processes in Europe and world-wide, including enlargement of NATO and globalization process to put the Baltic cooperation in a proper framework. At the same time we should see the Baltic cooperation as a means of increasing the riparian countries individual potential as well.

It is not only the political context that we should take into account. Already now Poland for example is a fourth market for the European Union, and Russia is the sixth or seventh. Finland, on her part, is very high on the list of the most competitive and most innovative countries, so the potential is really here.

### **Yagya**

It has been pointed out here that the integration under way in the Baltic Sea region is part of the process of globalization in economics and politics. True, we cannot look at these matters without considering global developments. To that extent integration in the Baltic Sea region is part of the integration process happening within the European Union.

The enlargement of the European Union therefore follows not only from the internal European process of unification but also satisfies the desire of the European Union to broaden Europe's economic, political and social potential and thus preserve the existing balance of power between the EU and the USA. Experts have presented a number of studies on these matters. These predict that in twenty years the USA and the European Union will each have a share of roughly 21 percent of the global domestic product. Without enlargement the European Union's share would be less. With enlargement the EU should be able to attain the 21 percent.

The smaller countries seeking entry into the European Union see this as a way to prevent themselves becoming marginalized. In this connection, I should like to remark that in specific cases international organizations, and even regional organizations, can wield greater influence on the world economy and on global politics than the mightiest of world powers.

In this respect the Baltic Sea region is indeed likely to become a kind of model region for the relations between the world's states in general and between those in the Baltic Sea region in particular. I believe that regional integration will generate a momentum that leads finally to world peace.

As far as Russia is concerned, an association with the Baltic Sea region could be a way to play a more active role in pan-European integration. An EU-Russian forum was held this year in Moscow on 15th February, with Javier Solana among the participants; asked about the role Russia wishes to play in Europe and its desired relationship with the countries of the European Union, the First Deputy Foreign Minister of the Russian Federation, Alexander Avdeyev, replied, "we wish to have the same kind of relations with the countries of the European union as these countries have with each other within the framework of the European Union - but we wish to retain our independence." Russia thus reserves the right to continue to take an independent stand towards Europe on economic and political issues. That would make it imperative for the Russian Federation not simply to adopt the previously mentioned programmes - in particular the "Northern Dimension" programme - but to create own initiatives with special reference to the processes taking place in the Baltic Sea region.

In my view, there should be one programme for the north-west part of Russia as part of the general cooperation within the Baltic Sea region and another programme for cooperation with the European Union as a whole.

### **Medalinskas**

When we discuss the Baltic region, I think we have to look at the core of the region as it is today and as I understand it the core of the region is made up of the European Union countries who are in this Baltic Sea region.

Let's start with Sweden, Denmark and Finland. I think it is quite understandable that the European Union is now moving to some kind of regional cooperation. The Mediterranean dimension is established and it is quite possible that there could be a Baltic dimension if you have more countries joining the European Union around the Baltic Sea like Poland and the Baltic states. So we are really talking about quite a strong potential within the European Union.

However, a strong potential can only develop if those countries cooperate among themselves. They have a more or less common agenda, maybe not on all issues but on some issues. I think we should encourage the European Union to concentrate more on issues in this region, but we know there are some conflicting agendas in European Union.

I am quite sure that what Mr Knudsen had in mind was this issue. Because at the moment the EU-countries in the Baltic Sea region - that may be the difference to NATO - do not always have the same agenda. Even the Nordic countries really have doubts about various important policies inside the European Union.

When we look at the cooperation between the EU countries and the candidate countries to the EU and the Baltic Sea region, then I think Prof. Knudsen is not right. As you Mr Iloniemi said, the business community has already made a great leap forward and the politicians now have to catch-up. The Baltic Sea region is becoming Baltic Sea business community. We are witnessing German and Polish investment coming to Lithuania and there is also Estonian investment or Swedish or Finnish investment in Lithuania. The Baltic business community has developed so much that I think the politicians will just have to catch up on the process business community has already started.

When the Baltic states and Poland become members of European Union we can draw on of the existing experience of the Baltic cooperation and here we can draw on the experience of Lithuanian and Polish cooperation which is very close. Maybe that will also help establish common goals for the Baltic countries.

Now the interesting question is whether the Baltic Sea cooperation could bring prosperity and stability not just to the Baltic states which has been achieved not only because of cooperation between the Baltic states but also because of the fast development in the Baltic states and Poland - and whether could it also achieve the same results in relations to Russia? I think this is a very significant question. But when we mention relations to Russia not only includes what the European Union has to do in terms of involving Russia but also what Russia has to do in order to become a partner of Europe.

One example what Mr Yagya mentioned, saying it would be good if the European Union developed projects in cooperation with north-western Russia. This is something that the European Union is trying to do with Kaliningrad. But sometimes Russia says that is their business and it will be run by their government. There are however, not so many European cooperation projects in the north-western part of Russia. I hope that they will come because this is important not just for the Kaliningrad region but also for the north-west of Russia. This is the region which is most pro-European orientated in comparison to the other regions of Russia.

Finally a question which does not directly relate to the Baltic Sea cooperation but is nevertheless important. Russia and other parts of Europe can cooperate in order to bring democracy to the region. Here I would like to mention the issue of Belarus. I see it as a matter of high importance that Europe and Russia cooperate to bring democracy to Belarus because we are all aware of Russia's great influence on politics in Belarus. Those Russian politicians who try to promote pro-European politics, see Russia as a democratic country. I think it would be quite wise to find a common approach on the issue especially now in the period prior to the Belarus presidential election. So after prosperity and stability, fostering democracy might also be an important goal for this cooperation to achieve.

### **Rahr**

The German Society for Foreign Policy (Deutsche Gesellschaft für Auswärtige Politik) has organized several events dealing with the Baltic Sea region during the past two years; the impression I have gained from these events is that the climate in the region has worsened, or is at best very changeable. So far there is no storm warning, but dark clouds have gathered over the region. From time to time a chill wind blows and it is difficult to determine whether it is coming from the east or the west. The Baltic Sea region was obviously regarded as stable up until the time that the west started taking practical steps to increase its influence in the region. I should like to broach three aspects which could complicate the situation here.

The first is EU enlargement to the east. People in the west had obviously not anticipated, for example, that Kaliningrad would be such a difficult issue. Russia obviously is afraid of splitting off its region. I see serious problems here.

The second aspect relates to NATO enlargement to the east. The Americans have suddenly set their sights on the Baltic States, wishing to include, if possible, all three in NATO. This is unacceptable for Moscow as long as Russia itself will not join the NATO.

The third aspect, which is already causing dark clouds to form over the region, is the NMD debate started by the new US president Mr Bush, who is taking an extremely hard line against Russia and indeed against his western allies as well. This could affect the North of Europe, if, for example, NMD equipment were stationed in the polar region.

These three processes have come to the fore during the first half of 2001 - we can be thankful that the EU presidency was in Swedish hands at the time. The situation would have been highly problematic had Germany held the EU presidency then - both on the subject of Kaliningrad and in respect of NATO enlargement, not only in relation to Russia, but also to Poland and the Baltic States. The Swedes were very diplomatic in their treatment of these issues, it would be hard to fault their performance. I hope that the next two presidents, Belgium and Spain, will continue to operate in like manner.

Unlike the Caucasus, the Baltic Sea region has not so far been regarded as a crisis area. We are, however, now obliged to admit that the EU states and Russia have differing interests, just as the interests of the separate members of the European Union vary, which provides much potential for conflict.

Minister Tuomioja has mentioned the "Cologne EU strategy", in which the European Union defined its policy on Russia. In reply to that, a year and a half ago the Russian Prime Minister at that time, Mr Putin, presented Russia's EU strategy here in Helsinki. I believe we should call these proposals to mind again if we wish to understand Putin's current policies.

The issues were, firstly, an energy alliance with Europe; secondly extensions to transportation infrastructure, in order to turn the north of Russia into a bridge between Europe and Asia. Thirdly, cautious allusions were made to the possibility of cooperating with the European Union in the context of European security and defence policy, which is, by contrast with Yeltsin's time in office, now assuming contours under Putin. My impression is that many European state officials are convinced that President Putin is pursuing a much more pragmatic approach towards bringing Europe and Russia closer together. A strategic partnership of this kind is, however, viewed with great reservations by the USA. This also arouses the mistrust of EU-candidates for membership.

I have just returned from a conference in Riga, at which Estonian participants accused me, as the representative from Germany, of presenting them with a re-make of the Molotov-Ribbentrop pact, because I argued that cooperation with Putin is a necessity. Fears and distrust do indeed exist in that country and they should be dispelled as soon as possible. I feel that if it is not possible to forge a partnership between the EU and Russia in the context of the Northern Dimension, there is little chance that similar cooperation in other regions can be introduced successfully.

Two concrete test cases might show how far the west or the European Union could cooperate with Russian in the context of the Northern Dimension. One issue is the matter of energy transportation. Is the west prepared to build an oil and gas pipeline with Russia? Moreover a signal from Russia would be needed to show that the country is interested in working together with the west to solve its environmental problems.

I regard it as an encouraging sign that representatives from Mr Putin's newly established north-west district are attending this Bergedorf round table for the first time, whereas hitherto these affairs were dealt with almost exclusively in Moscow. Here we certainly have an opportunity to speak directly with a new political institution within the framework of the Northern Dimension, which is headed by Mr Cherkessov in St. Petersburg.

## Henningsen

To cut to a point: In 1992, practically overnight, an idea occurred to Ingvar Carlsson, Prime Minister of Sweden, which he immediately announced in public; he thought Sweden ought to join the European Union. He had not mentioned it beforehand to his government, nor to parliament or his own party, nor yet to his Finnish colleague, who was on a trip abroad at the time, which was why - at least that was the excuse - he was unable to contact him. This is basically the reason why Finland is now a member of the European Union. Because it would have made no sense for Sweden to join without Finland.

In Germany and some other countries there are perfectly reasonable people who say that the same thing could happen again on the issue of Finland and the NATO. In other words, despite current official Finnish statements to the contrary, a leading politician might suddenly declare that Finland ought to be a member of NATO. That would then create a domino effect, automatically leading to the membership of the Baltic States in NATO.

This thought has come to me because yesterday I read a lengthy essay in the Huvstads Bladet magazine written by Admiral Kaskeala, who has just been appointed commander-in-chief of Finland's armed forces, in which he indicated that he takes a favourable view of the Baltic States being members of NATO. This is a clear departure from previous official Finnish policy. Could this not be a step away from the chaos in the region deplored by Bertel Haarder towards greater cohesion in the region? In other words, the countries would join NATO in order to strengthen regional cooperation, especially since it is patently easier to become a member of NATO than of the European Union.

My impression is - on this point I disagree with you, Mr Rahr - that thanks in large part to the relatively pragmatic policies pursued by Russia in recent months, we could be seeing a change in Russia's attitude to this issue. Russia has now dropped its opposition to the Baltic States' desire for membership of the European Union. Therefore I would tend to believe that Russia's attitude to NATO membership of the Baltic States is also gradually changing. In that case, however, Finland would have to lead the way, thus opening the door for the Baltic States to join NATO.

If I phrase that as a question to Foreign Minister Tuomioja, I realize that this is something of a provocation, which I hope you will forgive.

## Iloniemi

I take it that this was intended as a friendly provocation. Let's see if anybody feels provoked.

## Tuomioja

I am not provoked. You will perhaps find different answers from Finns around this table too. But there is no hidden Finnish agenda for joining NATO. I want to make this clear because some of my colleagues and some journalists always ask this question in a manner that says "if you read Mr Jakobson's articles which appear twice a year in the Herald Tribune and elsewhere, you may get the impression that he is representing what the Finns think but do not want to say openly". But I want to make it clear that this is not the case. He has his opinions and we have ours.

There are also different opinions in parliament but I would say that during the last five years opinion in Finland, parliamentary opinion, has stabilised. Previous to that there was more speculation and more uncertainty, as to what would be the right policy on NATO but today I don't think you will find that. And I personally don't think that a NATO membership of the Baltic States would change that. Undoubtedly there will be people who would argue that that would be the case and I think Mr Jakobson would be one of those who would argue that. But I don't think this will happen. As for Admiral Kaskeala's remarks, they were not cleared beforehand with either the president, the prime minister or the foreign minister and we were not happy about them. It just shows that it is better to leave politics to politicians and not to generals or radicals.

## Heimsoeth

Mr Knudsen is doubtless right in reminding us to take a realistic view of matters. It is not necessarily a bad thing if not all the states gathered here place the Baltic Sea region at the top of their political agendas. Russia or Germany, for example, do indeed have some other objectives which also require attention. I do not see that as being at variance with the renewed need to pay more attention to the entire region. We are in the midst of a historic process, in which geography is assuming its rightful place and ideology is no longer paramount.

Germany is on the way to becoming a "Baltic Sea state" again. The same is true of Russia, at least to a far greater extent than it ever was during the Soviet era, even if Russia is unlikely to become a north European state in the sense it was up until the middle of the 19th century. As far as Poland is concerned, it would seem to me that Warsaw does not as yet direct much attention towards the Baltic Sea.

To turn to the topics of globalization and regionalization. The report by the USA's National Intelligence Council on global trends up until 2015 creates four models of what further world development might look like. Only one of these models offers positive developments, whereby all nations benefit from globalization. Three models are based on varying "regionalization processes". One such process is occurring, for example, in the context of the European Union. Baltic Sea policy is largely concerned with positioning Russia as close to the EU and the neighbouring states as possible.

If we think of the Baltic as a meta-region, we do not mean that in terms of a regionalized economy alone. We should also be aware of the possibility that the appeal of the region might be enhanced by the use of a good "trademark". Just as Silicon Valley advanced to become a leading economic factor in the USA - and attracted scientists from all over the world - the Baltic Sea region would also have much to offer which would benefit the entire region, if one were to focus on specific areas.

Mr Rahr sees bad weather brewing, others perceive favourable winds in the Baltic Sea region. My impression is that we are dealing in this region with a constellation that is, on the whole, positive, one we should not allow to be harmed by dramatizing the issue of NATO enlargement. Last year, while Germany was president of the Council of Baltic Sea States, it became clear that the political rapprochement in the region is well advanced and that progress is also being made on the subject of cooperation with Russia.

### **Iloniemi**

Mr Heimsoeth, I too read the CIA report you referred to. It is true, that it was so somewhat pessimistic in its tone. But on the other hand what would you expect from an agency whose job is to identify dangerous developments rather than the positive ones?

### **Nyberg**

You get dark clouds and rain even in summer, Mr Rahr. For several years I have taken an interest in issues concerning the Baltic Sea region and am quite sure that this is not a region of crisis. The actual facts paint a different picture, especially if one compares the region with others. It is true that there are some worrying environmental problems and that the rapid rise in the number of people known to be HIV positive is alarming, both in Russia and in Estonia.

There is no denying that there are considerable differences between the countries in the region in terms of living standards and social security and that a large "digital divide" also exists. The Baltic States, for example, are far ahead of Russia when it comes to communications technology.

On the subject of Kaliningrad, this topic is now, for the first time, being spoken of in realistic terms, following the statement made by the then Prime Minister Mr Putin at the EU-Russian summit in Helsinki. Patent solutions to the Kaliningrad problem obviously do not exist and it will take time before any progress can be made, but at least the parties are talking about it. It was one of the most important subjects addressed during the Finnish presidency, a topic which, as Mr Rahr said, Germany had been unable to introduce during the German EU council presidency for understandable reasons.

With regard to the Schengen Agreement, one must note that it also benefits the states which are not participants. The number of tourists and overnight stays rises. Finland expects to issue ten percent more visas to Russian citizens this year than last year, making the country second only to Germany, which tops the list so far with 350,000 visas - Finland has issued 330,000. In 2000 one million Russians visited Finland - many use their visa for several trips. When the economic situation improves in Russia, the numbers will rise further. I personally see no upper limits for tourism. The Poles themselves know better than anyone that Schengen also causes problems, and that the Polish-Ukrainian border will have to be closed when Poland applies the Schengen agreement.

Mr Schlögel and Mr Heimsoeth both mentioned rail services. Trains now run directly from Helsinki to Moscow and for several years to come the North Express from Helsinki to Saint Petersburg will no doubt remain the fastest connection for people wishing to travel from Moscow to Europe.

### **Stürmer**

We have just heard from Mr Nyberg that more than 300,000 Russians are now able to afford a visit to expensive Finland. That is not overwhelming, but it is at least a start.

### **Nyberg**

Just one remark on that Mr Stürmer. The realities of life in Russia are not the same as they were just a few years ago. The borders are open, which is a huge improvement; Russians also have considerable dollar funds. On these points it would be very difficult to turn the clock back if there were a phase of restoration. Today one can indeed speak of mass tourism in Russia and there are enough people with a lot of money, or even a very great deal of money, who can afford to travel abroad.

### **Stürmer**

Foreign Minister Tuomioja has given us something of a puzzle, by assuring us that Finland on the one hand has no hidden agenda for NATO but on the other hand has no objections to the Baltic States joining NATO. I see a problem here. It is right for the west and NATO to feel obliged to worry about the security of those states which have come in from the cold. Up till 1994, however, the prevailing sentiment, including that in America, was that it would be wise even Poland's wish to join NATO should be ignored. In lieu of membership, schemes such as the Partnership for Peace, special agreements, visit from the American President, naval visits and the like were intended to give the Poles a sense of security. At the time, the Partnership for Peace comprised a whole raft of measures which can easily be directed from Brussels and which would have constituted quasi-membership of NATO without officially stating the fact.

Purely for reasons of tactical domestic policy, not out of any strategic considerations, Bill Clinton then changed his mind and Poland, Hungary and the Czech Republic were admitted into NATO. The view taken was that it was not necessary to consider Russia's interests. Partnership for Peace and the NATO-Russian Council were rather neglected. Since the Russians are pragmatic, they have, by and large, resigned themselves to the situation and, whilst voicing their disappointment at the one-sided approach taken by the west, have, in the final analysis, come to terms with the matter.

Now things are different, and if my view is correct, people would much prefer to cancel next year's NATO summit in Prague, which is, however, not possible. At any rate, the Russians have stated that a second NATO enlargement, one which includes the Baltic States, would mean a new cold war era. We only need to cast a look over the map of Europe to see that this move on NATO's part would be difficult for the Russians to swallow. The element lacking in the west - a lack revealed in all NATO documents - is greater regard for Russia's sensitivities.

Here a heavy storm is indeed brewing. The security questions which arise in this context must be taken seriously. No-one will deny that the Baltic States have a right to security and it is also clear that it is in no-one's interests to create greater insecurity and tensions on the European continent through NATO enlargement. Therein lies the dilemma.

We all know that article 5 of the NATO treaty is not in any way a guarantee or promise - although statesmen in eastern and central Europe seem to cling to this idea on this point. The article speaks only of support, and as Senator McCain, an influential politician reiterated not so very long ago, "that may be anything from a nuclear response to a postcard with regrets." In other words, expectations are being harboured which have no realistic basis in fact. What is still lacking is a credible security architecture for Europe.

Added to this is the fact that the USA since several years is increasingly pursuing unilateral world policy, whose focus of interest is no longer Europe, in particular Central Europe, but quite clearly Asia. A further strategic issue is NMD. If the Bush administration succeeds in pushing this policy through Congress, it is more important to the President to gain approval, however grudging, from the Russians than to start a fresh quarrel with them about Central Europe.

The special agreement which the USA had concluded with the Baltic States was not originally intended as preparation for joining NATO but was more or less meant to be a substitute arrangement. Partnership for Peace was thus a perfectly rational step, and the Russians have no great problems with accepting the EU accession of the Baltic States -with the exception of the matter of Kaliningrad.

The European Union's deliberations on the subject of an own security policy, which are nebulously coordinated with NATO, have not progressed very far, especially since the major EU countries have vastly differing views on the issue. There is no dispute that the Baltic states, once members of the EU, must be able to count on the support of the other EU nations if they were threatened by a foreign power. A military attack is less likely than being called upon to counteract a potential destabilization.

Of course it is difficult to reconcile the relationship between NATO and EU membership. But it will take years, if it ever happens, before the Baltic States become part of NATO, entering by the EU-backdoor, so to speak. The EU will at any rate have an enormously important role to play here. And the Union can cope with differentiated structures, as shown by the Euro, which is not being introduced by all EU countries. Schengen is also an agreement with opt-outs, just as Europe's security is not uniform.

All these questions and concepts must be thought through in far greater detail than hitherto. And part of that involves taking a realistic attitude to the difficulties and contradictions. There can be no doubt that the EU must exactly co-ordinate its security policy with NATO to gain credibility, especially as "we cannot take the Americans for granted." America is undergoing radical change and for the Americans, Europe is no longer the centre of the world; as said before, they are focussing greater attention on Asia.

We have enough time before the meeting in Prague next November to thoroughly re-think our strategies and to take our leave of some illusory positions which we have been repeating. Enlarging NATO without first thinking seriously about a new strategy for the organization - obviously this move cannot be undone - was certainly not the wisest step to take. Clinton's advisor at the time, Talbott, said that the problem would be easy to solve by admitting Russia to NATO at some date in the distant future. When colonel-general Ivashov commented on this idea a little while ago in Ebenhausen, he was ready to burst with laughter, saying that the Russians would then finally achieve from the inside their unfulfilled cold war objective - to destroy NATO.

### **Medalinskas**

I will try to concentrate for one minute on the subject which has been brought up, although I did not expect it namely the Baltic states' membership of NATO. It is one of the issues that is still based on stereotypes, such as Lithuania's wanting to be the member of NATO out of fear of Russia. Opinion polls in Lithuania indicated only 30 percent of the Lithuanian population wanted to join NATO because security reasons in view of Russian threat. All others said the main priority was to participate in all organisations which have a say in European politics. So let's regard EU and NATO membership as two sides of one and the same coin.

On the other hand there is no case for keeping old Russian stereotypes alive. Also the Russian view of not only NATO but also Europe as us and them is one of them. So let's make sure that both organisations and their member countries will be able to cooperate with Russia. Lithuania is a very good example. Now we have reached a stage where we cooperate, not just with the Kaliningrad, but also with other regions of Russia. This cooperation can be built on and extended within the membership of the EU and NATO.

Finally, the Baltic states region is of course not a NATO region although NATO has a command control system in place, but the NATO membership already extends to the south of the Baltic Sea, in Germany and Poland. It would be a quite reasonable proposition after so many pledges made not just by the United States but also by the European Union where we agree on three essentials. One of them is that history and geographic does not matter. Secondly, the countries that were punished fifty years ago won't be punished again. And thirdly a country's geographical position isn't that important. So after so many pledges it would be much more reasonable to accept the readiness of the countries to join NATO and become real partners than to perpetrate the old stereotypes in other countries.

I think it would be very good if Poland's membership of NATO created a situation in which President Putin could say: "Well look, now we have much better relations with Poland than we had before. Let's take a realistic stand and include the Baltic dimension in the second wave of NATO enlargement in order to show us, the Poles and the Russians that all those old stereotypes don't belong in the 21st century and that NATO is an organisation that can bring cooperation and not conflict to the region."

### **Lange**

We should not cite the threat of a renewed outbreak of the cold war every time the question of NATO enlargement, especially in reference to the Baltic States, is mentioned. Instead we ought to be asking what objectively legitimate Russian security essentials are affected by such a move and how far Russian thinking is based on stereotypical patterns left over from the Soviet era.

As the situation stands at present we are unable to arrive at the objective, verifiable core of the security problems, as we lack the means which finally helped to overcome the cold war, namely confidence-building measures within the framework of arms control. And since we do not have these

means to distinguish Russia's rational fears from their irrational ones, we find it so difficult to assess and make allowances for the Russians' real fears. We should work very hard at that in Russia.

### **Heimsoeth**

Mr Stürmer, you say that Asia now has greater priority for American foreign policy than Europe. Over the past twenty years we have heard that said frequently. I don't believe that very much has changed. As for NATO enlargement, it is probably only a question of when, not whether, it happens - before or after the enlargement of the EU.

In this connection I consider the concept of "confidence-building" mentioned by Mr Lange to be important. That means that we should do all we can to ensure that, when NATO enlargement takes place, it provokes as little confrontation with Russia as possible. However, the fear of regionalizing security policies serves to block proposed confidence-building measures. Therefore we should give some hard thought to ways in which we might arrive at constructive cooperation with Russia in this field.

The Kiei Initiative was set up by Sweden and Germany. In September this year Ministers of Defence are due to meet in Stockholm, including ministers from outside the region, which I consider a sensible course. This is, in my view, an important "confidence-building measure", which could lead to further steps.

### **Stalvant**

As Mr Heimsoeth pointed out, the Council of Baltic Sea States is the most formalized body, although in a comparative perspective it is not really very formalized having a weak legal underpinning. It was founded a few years after the parliamentarians had come together for the first time and after a first subregional conference. These elements in the cooperative network structure were created independently of one another, and relations between them are still fluid.

If we look at different sorts of macro-level and multilateral sub-regional formations in Europe, there is no ideal model. Take for instance the Nordic Council. It lived for 20 years as a parliamentary assembly, with the governments only taking part as guests during the sessions. Eventually the five governments created a separate co-ordinating structure for themselves - reminiscent of the EU Council of Ministers. The Barents Euro Arctic Council, a second example, was from the beginning created as a two tier structure. On one level one finds the foreign ministers and then on a second level the Regional Council composed of the provinces or counties, that meets separately. The two bodies have institutionalized a reporting procedure.

If Russia, as the next CBSS chair country, is going to appraise the CBSS as a good instrument for voicing concerns in Brussels, and also perhaps for the co-ordination of sub-regional affairs, then it would be logical that we consider the Council's relations to the other institutional elements, both to the sub-regions and to the conference of national parliamentarians. These institutional questions are interesting and important. We should however avoid ending up with a Baltic Sea parallel to how Paul Henri Spaak once characterized the Council of Europe. Spaak claimed there were two structures within the Council: one was the ministerial committee that was against Europe, and the other was the parliamentary assembly that was for Europe. For this reason I also think one should take a broader view on how to craft these interrelations.

Mr Nyberg brought up the question to what an extent there are clouds with silver linings over the horizons. Is the Baltic world a crises community - and if so, then so in relation to what? We should remind ourselves that it was only last autumn that the stability pact for the Balkans met for the first time, and the former Yugoslav republics declared their interest in joining Europe. Then in effect, a new criterion for EU-membership was added to the Copenhagen list. The European Commission and members of the Council told the representatives of these states that they should first start to cooperate among themselves, across the borders via municipalities and local communities et cetera. The immediate response from all representatives was a blank rejection, because they thought a trap was offered in order to delay their presence in Brussels forever. I think that in relation to the Balkan experience, we should be quite happy about the Russian infrastructure for cooperation and also about the permanence of exchanges that are going on in this region.

### **Fagernäs**

Let me remark on the economic potential. As we know in the 90's the growth in the area far exceeded that of the EU so we can talk about a promising area in this respect. The Baltic Sea region absorbs

and takes about between 10 to 15 percent of the world trade depending of course to a certain extent on how Germany is included in this picture.

What is interesting is that far more than half of the shipments of Russian exports go via the Baltic Sea and of that sum about half goes through the Baltic and Finnish harbours. So there is a growing interdependence among the countries in the area and this will increase substantially once we have energy transport over or under the Baltic Sea. Here for many countries in the area a Baltic Sea gas network would for the first time bring a diversified energy supply at competitive conditions. I think this is a particularly important development.

We know the transport connections will have to be improved in the area for many reasons, not only because we want to develop and utilize natural resources in Russia but also to facilitate the accession of the Baltic states and Poland into the EU and to increase the competitiveness of European industry in general. There is a strong interdependence between the EU and Russia and because it is accentuated in the Baltic Sea area and is by far the greatest interface between Russia and EU.

It is important that all the countries in the region see integration and perceive the dynamics of integration in the same way. Integration and enlargement of the EU should not be seen as a zero sum game and one should not concentrate on the eventual negative consequences of the enlargement. This kind of thinking is well known. I think it is important for the countries in the region but also for the region as a whole and for the whole of EU that Russia will not be cut off from the dynamics of the enlarging EU and face what we called a self-inflicted isolation. This could arise out of a situation in which the candidate countries adopt and apply *acquis communautaires* and at the same time the partnership and cooperation agreement between Russia and EU falters.

There is no progress in solving the practical, institutional problems between EU and Russia. Here the PCA, and I am sure the EU-Commission will talk about that at the final stage, has an important role. But also the Baltic Sea cooperation organisations have an important role at the practical level in clearing the obstacles to trade. This is part of the ideology of the Northern Dimension.

Let me make a few observations from the Finnish point of view especially on Finnish business activity, which also has a global dimension. This area is very important for Finnish economy. Two of the most important trading partners are in the area, Germany and Sweden. And the Baltic states together today are a more important trading partner than Russia. But still the share of the region has declined in our trade in the last ten years from 47 to 39 percent. Our total trade has tripled, trade in this area has only doubled. One of the reasons for this is the Russian economic crisis and its repercussions in 1998. And perhaps also overestimated growth expectations. What is interesting and what has been referred to, is the globalization process for business and investments which is the essential key to the internationalisation of big companies.

I would like to come back to the question that was referred to by other speakers already: Can the Baltic Sea region maintain its attractiveness in a global perspective? And if not, why not and what could be done about it? On the investment side there has been spectacular growth of Finnish investments in Estonia, where we have 2000 companies. In Germany we have about 500 companies. As so there is a difference of scale. Five years ago it was estimated that the potential of trade between Finland and Estonia had already been exploited, but it has grown by 200 percents since then. So it shows how difficult it actually is to foresee the activities of the business community.

Happily there is great interest in the business community to clear the stumbling blocks to trade in the area, and there are many. There have been about 80 recommendations on Baltic Sea Business made by the Advisory Council Chamber of Commerce referring to technical, practical obstacles to trade and investments. This is to be seen as part of the recommendations to the Northern Dimension action plan starting from simple border crossing procedures. There is also a business forum which was created by the Northern Dimension initiative which I hope will continue its work. And there is a working group in the Baltic Sea Council. A lot of its activities deal with issues that for us in the Nordic countries and Germany are issues that ought to be settled by the European Community. But at the practical level we have to continue our efforts.

### **Schlögel**

I have every confidence that the Baltic Sea region will in future play a very important role. In a certain sense however, it needs recreating, must be re-invented and anchored in people's minds.

Matti Klinge, a famous Finnish historian and author, has written a book about the Baltic Sea region. It is significant that the book's jacket shows pictures of Lübeck and Saint Petersburg. If you take a look at the whole Baltic panorama, we are undoubtedly still a long way off being able to speak of a unified

region. Saint Petersburg, for example, is barely perceived to be a Baltic city, since all routes to Saint Petersburg still pass through Moscow. The same applies to Kaliningrad. In other words, considerable efforts are still required before we can again speak of a unified Baltic region, such as existed for centuries and which was badly damaged in the 20th century.

One consequence of this is a loss of the former ethnic diversity in a very heterogeneous region, which must now take a fresh look at its own history, in order to gain an impression of the former cultural unity of an area which ranged from Saint Petersburg to Copenhagen, from Lübeck to Helsinki. It is not only a question of the transfer of knowledge, but of intensive communication between various branches of knowledge and between the general public in the countries involved.

My reflections are based above all upon my observations while travelling through these countries. And if it is on the political agenda to start seeing the Baltic Sea region as a unified whole and to provide the cohesion necessary, it would be hugely important to take note of the spontaneous processes happening in the region. My confidence in future developments results from the observation that major, cross-border movements are already taking place, for example in the shape of job migration. In point of fact, people here are in many ways ahead of politics.

My fear in connection with enlargement of the European Union and NATO is that they might upset this spontaneous movement instead of accelerating and intensifying it.

One should therefore think about how the transfer and movement of people can be facilitated. That involves, for example, procedures for issuing visas and making travel and transport less bureaucratic. Much more thought should be given to infrastructure matters. To put it quite clearly; I believe that the renewal of a fast rail connection between Paris and Saint Petersburg, the North Express, can do far more for the future of the region than the enlargement of NATO. In my view these more "pre-political" processes are as important as the political and institutional processes, which always come first in our deliberations.

## **Thönnnes**

Mr Yagya said one of the reasons which make cooperation necessary is the on-going process of globalization, one of the effects of which is to force us to take advantage of internal growth potential. Experts are predicting that trade within the Baltic Sea region could grow by between 100 and 250 percent.

In addition - something I consider more important - one should not underestimate the contribution that cooperation can make to the preservation of a stable peace in the Baltic Sea region. Whereas during the past 50 or 60 years the Baltic Sea was the great divide in the region, today it is the common link and we should conserve this situation at all costs. The cause of peace is also served by social security. For this reason the social dimension of cooperation is especially important, as a means of countering the social disparities which exist.

This region is a patchwork of countries: some - for example Sweden, Denmark or Germany - have very high social standards and some, for example the young democracies, have very liberal economic policies but their social structures are not yet well anchored. The per capita income in the western part of the Baltic Sea region is between five and ten times higher than in the eastern part. Whereas average life expectancy in Russia is 57 or 58, people in Scandinavia can expect to reach 80. Such figures indicate the size of the challenges to be overcome by cooperation and economic competition.

In a European Union which is set to number 25 or 26 members in the foreseeable future, a new urgency attaches to the issue of how important the social dimension in the EU will then be. Who will be responsible in the EU and apply which benchmarks to preserve social peace? One thing is clear, the EU will change far more rapidly and radically in this respect over the next twenty years than it changed in the twenty years before. A process of rapid changes requires a certain minimum of social stability, otherwise people are reluctant to accept new situations.

The Nordic Council has tried to re-position itself in recent years to reflect such changes. The Council of the Baltic Sea States has been in existence for ten years. The question is, who should operate in which fields and how should policies be co-ordinated in the participating countries? Will competition between countries predominate or will cooperation be more important? How should the region make representations before the bodies in Brussels? Are there common interests which one should try to advance jointly or are the countries splitting away from each other, which would then favour other regions in Europe? At any rate the battle for funding from Brussels will become tougher. The Baltic Sea region has without doubt great potential, but it also has considerable infrastructure weaknesses.

And finally, what about democratization in this process? The Conference of Parliamentarians from Baltic Sea States was held in Greifswald last September for the tenth, or perhaps the eleventh, time. What role do the parliamentarians play in this process? Do they gather to exchange opinions and pass resolutions which are then filed away or is the conference developing into a supporting instrument for the Council of Baltic Sea States with a stronger focus on parliamentary and democratic procedures? This would provide greater transparency which would also lead to greater public acceptance for the processes of change. Or do we wish to leave most of the democratization process to the NGOs?

Should, on the other hand, these issues be addressed at government level only, with subsequent referral to the individual parliaments for discussion? If in future Europe is to derive a larger share of its identity from the regions, in order to increase internal stability, the question of regional parliamentary instruments will become more important.

### **Heimsoeth**

A few days ago a large forum was held in Lübeck for non-governmental organizations; among those attending were 25 NGOs from Russia and Russian government representatives. NGOs from all other Baltic Sea states were likewise represented. That shows that the democratization process is making progress in all these states.

Of course there are, as Mr Thönnes pointed out, still deficits. For example, infrastructure is not developing fast enough. In some instances there are even setbacks. The train service, for example, which connected Berlin and Kaliningrad up to 18 months ago, has been cancelled; train services between Berlin and Copenhagen are not developing as had been hoped and there are now fewer ferry services across the Baltic starting from German ports. This is the question to all the states in the region, especially Poland, which has a very important role to play on the southern edge of the Baltic Sea and as the overland link between the Baltic States and Mecklenburg-West Pomerania.

The Conference of Parliamentarians from Baltic Sea States which Mr Thönnes mentioned, has without doubt not found its ideal form as yet. The Council of Baltic Sea States, which is the responsibility of the foreign ministries of the participating nations, stands alone in evincing a relatively clear structure. In general, improvements are necessary to make the Northern Dimension work as well as it could and should. That will require considerable efforts and much better coordination with Brussels.

### **Fursenko**

We are speaking here of the economic and social problems in a global world. I should like to make some remarks about the position of the Baltic region against this background. In other words, what position does this region occupy within the context of the European Union, and what position does it occupy in the world context.

First and foremost I am thinking of the competitive advantages that this region has in certain areas which should be preserved and expanded. I see these competitive advantages most especially in view of two global challenges facing mankind today.

The one challenge is that there are not enough people in the world qualified to meet the current demands of today's economy. One problem which stems from this is what we call the brain drain. In other words, qualified people emigrate to countries which offer them better economic incentives. In the long term this is an untenable state of affairs. A strategic solution must be found through the creation of new systems of education.

A month ago in Berlin the proposal was put forward for the establishment of a European education system which would include central and eastern Europe, the Baltic Sea region and Russia. It could become a new form of trademark, to which society and state together with business circles should commit their efforts. This could be the only way for the European economy to secure its long-term strategic advantages compared with other regions of the world - I'm thinking here of Asia, Africa and Latin America. We need to create the conditions whereby people in European countries can receive a European education. That is a common task we might tackle.

The second challenge consists of making the transition from technocratic to social innovations. That too is a concrete competitive advantage for our region and for Europe to be sure, we already have one competitor in this respect, namely Japan, which has always been oriented towards social innovation and the social market economy. One effect of globalization is that competitors exist all over the world. Nevertheless, we in Europe currently have a head start, which we should build upon. In other words, we should develop jointly as a region and so secure our advantages.

To conclude, I should like to mention a linguistic problem. Many speakers here have talked of Russia and the Baltic Sea region, or of Russia and the EU countries. That tends to set Russia apart from the other European countries. Perhaps that is not always meant, but it does create unnecessary psychological tensions. I believe we should all think about the terminology we choose in order to avoid this isolation.

### **Werz**

I see a discrepancy between the increase in trade and transport on the one hand and identification with the Baltic Sea region as a unit, in the cultural sense as well, on the other. Whereas trade and movements of people are expanding rapidly - albeit unequally - other things are lagging behind. Mr Heimsoeth mentioned that even some of the rail connections are not as good as they used to be. That is something we are experiencing in traffic within Germany too, by the way. We are told it will improve again some time in the future, when the A 20 motorway is finished; that will continue on into Poland and eventually as far as Russia. Then there may be some shifting of traffic from the railways to the roads.

In this connection there is another fact I would like to point out. Initially the new East German states showed comparatively little interest in the Baltic Sea region. That applies to Poland, too, which took little notice of the Baltic Sea area, as we can tell from official Polish documents. That is understandable when we remember that there was no regional orientation during the Cold War. It was not allowed; it was undesirable for political reasons.

In this respect surprising changes really have taken place in the last few years. One indication of them is the increasing number of museums of local history and the number of publications on regional topics and relations. I am thinking of the subject of emigration to America, for instance, or actually to Scandinavia. The Scandinavian countries always had a more international outlook, of course, than especially the GDR; but the new German states and Poland, for example, are now starting to rediscover their ties with the Baltic Sea - to re-invent the Baltic Sea region, as Mr Schlögel said.

This would be a worthwhile activity for the regional sciences, too, which have taken an upturn recently. At least we notice an increasing interest in the region on the part of students at the universities of Rostock and Greifswald, who often want to study in Finland and Sweden. We should take account of this newly awakened interest in our school books, too, to make the Baltic Sea region more real to the people. We are not talking about controversial concepts like "a new Hanseatic League". Certainly we should bear cultural encounters between ordinary people in mind as well as economic issues and trade.

### **Wistinghausen**

In the context of what we are talking about here - the potentials of the Baltic Sea area and its specific character - I was very impressed by what Mr Schlögel said. I would like to emphasize that there is a great deal of ground to be made up in the process of rediscovering this region and its identity, especially with regard to the common culture it once had. Of course the old cultural unity cannot be revived; it will have to be re-shaped.

When I took up my post at the embassy in Helsinki in 1998, the issue of the Northern Dimension was immediately raised at nearly every meeting with Finnish politicians and diplomats; that has subsided a little now. And when I mentioned the region's common culture - instead of environmental problems, cross-border traffic and the like - my partners reacted with a benevolent smile, at best. For we all know we cannot expect quick results in the cultural field; that is a long-term process that will take its time. But important as cooperation in the political and economic field is, we should not lose sight of these aspects, and we should push ahead with them in tangible projects too.

Education and training are doubtless a part of this process, and a revival of the region's special cultural features. The EuroFaculty at Helsinki University is a part of it. There is now a similar faculty in Kaliningrad, and it is to be hoped that numerous other such faculties will be established too, so that at least a small elite can take part in joint curricula and teaching and form a network of persons linking up the Baltic Sea region.

Mr Kindsmüller said that the concept of Baltic Sea cooperation was not invented by the foreign ministers. But the Council of the Baltic Sea States was a German-Danish creation initiated in 1991 by Uffe Ellemann-Jensen and Hans-Dietrich Genscher, who were the foreign ministers at that time. And it is a fact that Russia's official policy never opposed the Baltic States' membership of the EU - in contrast to their membership of NATO.

Of course, Mr Stürmer, we can philosophize as to whether there is any sense in enlarging NATO. But once this process has started - and not only the Germans have warned about allowing "grey areas" to develop - it is impossible to stop it suddenly without being considered unreliable, even if only a minority of the population in Lithuania really feels threatened by Russia, as we have heard.

So if there is no real threat to the Baltic States from Russia, we can turn the question round and ask our Russian colleagues here whether the Baltic States will be a threat to Russia if they become members of NATO, as Mr Lange rightly said. How far would this really affect Russia's security interests?

### **Stebelski**

I think many of the ideas discussed here are apt for cooperation in the Baltic region. When we examine the ideas and priorities of every initiative against the institutional framework of the Baltic cooperation one gets the impression that there is still a great potential to be used in the existing institutional forms to enhance the scope of cooperation.

I very much welcome the positive comments on non-military confidence building in the Baltic region. In the mid-90's Poland submitted several proposals to that end, but it was perhaps too early to start cooperation in that field at that time.

Then there is the question of "us and them", i. e. those within the EU and outside. It is very important to seek for a relevant framework of the Baltic cooperation that will allow us to promote it further. For many countries now it is the European Union that constitutes the primary framework for solving most problems. However, we must remember that not all countries of the region will become members of the unique framework of the European Union at least in a foreseeable future.

Finally, I was much surprised by the comment that the shortest way from Russia to Europe goes through Finland. The concept of integrated Europe must be linked with Poland, the Baltic States and some other countries within the framework of European Union. Hence, a shorter way from Russia to Europe could go through other countries.

### **Haarder**

Regional globalization is the key to the region. Mr Medalinkas said that it seems as if the politicians are dragging behind the private sector. I think this is very true. The private sector is rapidly turning this Baltic region into a dynamic interchange of goods and persons. Remember the one million visitors from Russia to Finland every year and remember the 2000 Finnish companies in Estonia. Mr Schlögel pointed out the immense movements across the borders in this area also across some of those borders that will be Schengen borders in the future. That will necessarily create problems and we have to deal with them.

I would like to add that we have realised to our surprise, that the Nordic area seems to be extremely interesting for mergers of private companies. We have big mergers in beer and in milk; also in banks and many other areas. We politicians are not so involved with the Nordic cooperation any more, we are more obsessed with European cooperation. But the private sector is very involved in this very region. So that's what I would call an aspect of globalization. Therefore we politicians should catch up with it, stimulate it and use it.

I might add that, unfortunately, it also seems as if the criminals are more international than the politicians in this area - so we have to catch up when it comes to fighting criminals.

### **Iloniemi**

It seems to me that people move faster in their capacity as customers than as voters.

### **Tuomioja**

As someone who has wasted a lot of time and tax payer's money sitting on the Nordic Council from the beginning since 1970, I was very glad about Mr Iloniemi's remarks because I too believe that Nordic cooperation has been a real success story. I think we should by no means belittle the achievements we were able to reach during the '60s and '70s, even in the '50s. Within the Nordic area we created the kind of citizen's Europe with free movement of peoples, no passports, shared social security arrangements and voting rights in local elections for our citizens in the whole Nordic area, which was only achieved in the European Union in the '80s. So, we were a forerunner in that respect. And the fact that we had different security arrangements was not a hindrance to this.

Another matter was the fact that we were never successful in creating a Nordic economic union but it was important that we were all a part of the general global integration within the framework of free trade and a multilateral free trade system. This is the kind of future vision I see also for the Baltic region. Whatever the differences of different politics and security arrangements, we must see to it that our frontiers remain open, become more open and that people and business have the possibilities to work on an equal basis in all of our countries. That will create the success. That will create the wealth, that will also create also stability at the end of the day.

At the recent Baltic Sea Council Meeting, EU-Commissioner Christopher Patten warned us not to Balkanise our Baltic cooperation. Speaking after him I went one step further. I said that maybe we should Balticize the Balkans. That could be a great step forward

### **Iloniemi**

We will now go on to the next topic. "How are relations between the European Union and Russia in the Baltic region? Goals and components of a cooperative policy." And the first speaker on this list will be Mr Christoph Zöpel from the German Foreign Ministry.

### **Zöpel**

At the Ministerial Session of the Council of the Baltic Sea States in Hamburg this week there was an exchange of words between EU Commissioner Patten and Foreign Minister Fischer on the "Balkanization" and "Baltization" of Europe. Foreign Minister Tuomioja took up these points at the end of his report today.

Let me put these geopolitical terms this way: Baltization is the positive formation of East-West relations after 1989, whereas Balkanization means formations of these relations which have so far failed. Successful Baltization started with the idea of the Council of the Baltic Sea States in 1991/92. At the European Council in Copenhagen in 1993 the Eastern European countries were invited to join the EU under certain conditions. It looks as if the negotiations with eight of the ten candidates for accession - without Romania and Bulgaria - will be concluded at the end of 2002. They could then become members of the Union from 2004. When this is achieved the process of Baltization will be seen by most of the countries involved as a European success.

An important task remaining to be tackled will then be to regulate the relations between the new, enlarged European Union and Russia. There are ten points I would like to make on this subject:

Point one. The Baltic Sea region and North-Eastern Europe are a particularly favourable area for a joint European perspective for Russia and the European Union. Germanic, Slavic and Finno-Ugric states co-exist much more readily there than in South-Eastern Europe, often unprecisely termed the Balkans. There are a number of reasons for this. One of them is the influence of the Vikings who in the middle ages were pretty harmless compared with the atrocities that have been committed in the world since their day. I should also mention the Hanseatic League, which might be called a forerunner of the Information Society when you consider the networking of activities that was highly sophisticated for that time. Then there is the fact that there was never an occupation by an outside power such as that by the Turks in South-Eastern Europe. And as far as Russia is concerned, the founding of St. Petersburg and the policy of Peter the Great represented a strong orientation towards Europe.

Point two. The most important requirement for a joint European perspective of Russia and the EU, and thus for successful cooperation, is a change in Russia's conception of itself. In other words: Russia must give up its ambition to be a great power in terms of military potential and the ability to make others dependent on it and re-define itself as a great economic power. This is the only way to bridge the prosperity gap that still exists between East and West in the Baltic Sea area. Russia uses too many of its resources for maintaining its traditional view of itself as a major power, and in doing so wastes resources which could secure it both a strong economic status and a better standard of living for the population.

Point three. An important technological requirement for Russia's integration into a common European perspective is its development into an Information Society. At present we measure the degree of integration into the Information Society by the number of Internet connections and the use of mobile phones; whether that will remain the criterion in the long term remains to be seen. In this respect Russia lags behind the Scandinavian countries by a factor of ten. Estonia has quite the same Internet density as Germany. The idea of the European Union to create a Northern e-Dimension is one way in which Russia might be included. A few approaches to information-technology strategies in St. Petersburg give reason for hope.

Point four. The economic dimension of partnership between Russia and the European Union can soonest be implemented in a positive manner in the Baltic Sea region. That applies to speeding up the development of infrastructure under the Tacis programme; it applies to possible cross-border cooperation. Finland is the quickest bridge to Russia at present, since there is already a EU-border between Finland and Russia. The bridging functions of Poland and of the Baltic States will become more visible after their membership.

Point five. The Northern Dimension of the European Union is a forward-looking example of the regionalization of European policy in terms of both internal relations and relations with non-EU countries.

The Northern Dimension signals an interesting political development in relations within the European Union. Smaller member states are cooperating more closely with each other inside the EU than with member states which are more distantly, whereas larger EU states are regionalizing their external interests. In the Northern Dimension there is no doubt that this applies to Germany and Poland. The accusation that these two countries are not as interested in the Baltic Sea region in the long term as Sweden or Estonia is unfounded. The reverse is true. To exaggerate a little: if Munich and Cracow were to take a great interest in the Baltic Sea region that would doubtless be a mistake; they would do better to concentrate on cooperating with the Alpine countries, or with the Czech Republic and Slovakia. To repeat what I said: the interesting thing about the Northern Dimension is that the smaller states are cooperating more closely, while the bigger ones are regionalizing their relations with their regional partners.

As far as the external perspective of the Northern Dimension is concerned, the European Union is making use of the various geopolitical and historical relations between members and non-members to achieve closer cooperation. The Scandinavian and Baltic states, Finland and parts of Poland and Germany are able to collaborate more closely with Russia than Spain or Ireland, for example. So the Northern Dimension can use the historical and geopolitical links with its neighbour Russia in a specific manner to keep the whole process of building stronger links between the EU and Russia moving.

Point six. In relations between the European Union and Russia, Kaliningrad has a pilot function in respect of a common European policy. That is what Foreign Minister Ivanov said literally at the conference of the Council of the Baltic Sea States in Hamburg. This pilot function will take on special significance when Kaliningrad becomes an enclave within the European Union which, as I said, may be the case from 2004, when the candidates for accession from the Baltic Sea region become EU member states. Very important conditions will be joint efforts to encourage economic development and also to achieve humane regimes for the borders, which must be secure and at the same time open.

Point seven. In relations between the European Union and Russia in the context of a common European policy, attitudes to the Russian minorities in some of the future member states of the European Union, and in some of the present member states, will play a special role alongside the border regimes. This is a topic that has been given too little attention so far. Minority problems are easier to solve if the minorities are not isolated in the countries in which they live. The connection between border treaties and humane border regimes with Russia on the one hand and a policy on minorities which is multiethnic on the other is of special significance in the Baltic States.

Point eight. Around the Baltic Sea, Russia and the other coastal states constitute a community in respect of the ecological risks. The wealthier coastal states can only solve the ecological problems of the Baltic Sea - and prevent new ones from emerging - if they include Russia in their activities. In this case joint policy will doubtless mean that the richer countries have to provide financial assistance to Russia, which is poorer at least in per capita terms. That places ecology at the focus of a joint European approach to Russia in the Baltic Sea area. A policy of ecological sustainability is part of the European code of values, Russia should and will adopt the same commitment.

Point nine. Not least, a joint European perspective of the EU and Russia must include security policy. I consider it too limited to restrict the discussion to the NATO membership of some more states. This debate should be combined with two other issues. One is that of confidence-building measures between Russia and those of its EU neighbours that are already members of NATO. The other relates to the discussions on a common European security policy that should include the USA. If these two aspects were to be included from the beginning and we do not reduce the debate to the various arguments for or against NATO membership, then the EU, Russia and the USA may have a chance of finding a way out of some of the current impasses of a security policy that has not totally overcome the cold war.

Point ten. The historically favourable constellation in the relations between the various states around the Baltic Sea, and the fact that the contrast between the Catholic or Protestant West and the Orthodox East is less pronounced than in South-Eastern Europe, are conducive to promoting interlinks between the civil societies. State government politics are superfluous in those areas where civil society solves its problems by itself. In the Baltic Sea region, civil contacts are very highly developed at least among the Nordic states and between them and Germany.

In the former communist states - the Baltic States, Poland and also Russia - there is plainly very great interest in accelerating the development of civil society structures and is linking these of those of their western neighbours. That was apparent at the first conference of the Council of the Baltic Sea States together with NGO's in Lübeck a fortnight ago, to which all member countries had sent civil society representatives. If it should emerge that government policy is less necessary in some fields because cooperation is working well on the level of the civil society, that would represent the real success of Baltic Sea cooperation. It is doubtlessly true of the western part. And if civil-society cooperation with Russia is to be speeded up too, it is more likely to succeed in the area around St. Petersburg, with its more western orientation, than in other parts of Russia that are further removed from historically and geographically European influences.

### **Kuznetsov**

Last September I had a most stimulating discussion with Minister Christoph Zöpel on the situation in and around Kaliningrad. We expressed the conviction that both sides are seeking cooperation and an honest discussion of all the problems.

When we are discussing relations between the European Union and Russia in the Baltic Sea region we also have to think about the area and not least the problems that will arise for us when Kaliningrad after EU enlargement is surrounded by EU member states. Geographically the Kaliningrad oblast would then be inside the European Union, but it would still be Russian territory. There can be no doubt that this represents an unusual geopolitical situation that is developing in Europe, and that explains the tremendous interest in it. I would like to speak about this in particular, but also about some other aspects of the relations between Russia and the EU concerning the Baltic Sea region.

The Russian Foreign Minister Ivanov went into the issue of Kaliningrad in detail in his speech in Hamburg. About a quarter of his contribution was devoted to this topic. That is unusual, and to my knowledge no other high Russian official has spoken in such a way before.

By and large, cooperation between Russia and the EU in the Baltic Sea region is developing favourably. The year 2001 is of special significance for us in that Russia will chair the Council of the Baltic Sea States for the first time and the meeting of the Council of Ministers in 2002 will take place in Kaliningrad. The Baltic Sea Council will hold a summit meeting in St. Petersburg. Nevertheless, I would only describe our cooperation as "satisfactory". The reason is that there are not only some negative aspects of our relations but also things that really hurt us.

The Kaliningrad oblast takes an active part in regional cooperation. For example, the town and district councils of the Kaliningrad area became members of the Euroregion Baltic Sea once Russia had been included too. Cooperation with Lithuania is working very well; this was reflected in the joint Nida initiatives on the Northern Dimension in February of last year. Kaliningrad was even awarded the flag of the European Council for its good cooperation. We want to continue this friendly cooperation, but we hope we will be given material support in exchange. I can't speak for our neighbours, but we need such help urgently.

At present the only EU funds available to us are those from the Tacis programme, but for the Kaliningrad oblast these are less than the average for Russia. To our mind the Tacis programme will be of little benefit to us. The representatives of other Russian regions share this opinion. There has been talk of a Tacis office since 1992, but such an office is not due to open in Kaliningrad until next week. We have no access to more effective programmes like Phare and Interreg, even for joint projects with our neighbours. The joint Nida initiatives that were received with great enthusiasm in Europe last year were ultimately not included in the agenda of the Northern Dimension. In this respect the various indications that the Northern Dimension will not provide funds for cooperation in the future either are rather reassuring. They mean that there will be no money in either case.

What worries us most in Kaliningrad at present is the constantly growing number of people in our neighbouring countries who are sceptical about Europe. As you have already mentioned, Russia does not object to an enlargement of the EU - that is, the accession of Poland and the Baltic States - but it does very much hope that the enlargement will take place gently and step by step without causing

social crises in the acceding states. We in Kaliningrad hope more than anyone else that there will be no upheavals among our neighbours. It is a horrifying vision for us that the opponents of the European Union in our neighbouring countries might behave in the same way as the supporters and opponents of globalization are doing at present - smashing up everything around them.

But there is one matter that is especially painful to us: that is the possible introduction of visas by Lithuania and Poland when they join the European Union. At present we do not need visas, and that is a very satisfactory situation for all concerned. Mr Nyberg mentioned the border between Russia and Finland, which is open to the rich; I am speaking of the borders between Russia and Lithuania and between Russia and Poland, which are open to the poor people of Kaliningrad and enable them to support themselves.

And there is another important aspect too. The enlargement of the EU and the resulting introduction of visas for a million inhabitants of the Kaliningrad oblast and many people in Lithuania and Poland will greatly restrict the freedom of cross-border travel: and that is one of the basic human rights. What is going on here is a curtailment of freedom: not on the basis of a carefully considered legal resolution, but as a result of a political decision and Schengen dogmatism.

When you look at current developments it appears that political decisions directed towards restricting human freedom are of no legal significance. Maybe I am mistaken, but I have the feeling that this is the first time in the history of the European Union that a major deviation has been made from the basic principles of human rights, which in this case are being subordinated to the requirements of police law or frontier protection. I am speaking as someone who lives in Immanuel Kant's home city, where a public plaque states his famous categorical imperative of moral law.

An imbalance is arising with regard to the matter of issuing visas, since Russia is trying to simplify its visa procedure. For example, it was recently announced that tourists on short visits will be allowed to enter three regions of our country without a visa: namely Moscow, St. Petersburg and Kaliningrad. For some reason the Europe of Schengen is moving in the opposite direction.

When the Bergedorf Round Table met in Moscow in 1996, someone used the expression "spaghetti junction". What he meant was a large Europe with the participation of Russia, whose relations are safeguarded by a knot of political and economic institutions interwoven like the lanes of a motorway junction, where motorists can move in different directions without colliding. Most of the participants rejected this idea of a "spaghetti junction". But it seems to me that the analogy is not entirely wrong, especially if one considers the problems surrounding the question of visas.

Another concept is that of "good-neighbourliness". Official documents constantly speak of good-neighbourly relations. That even applies to agreements Russia has concluded with countries that are very distant geographically, like Columbia or Canada. Wherever you go there is talk of such "good-neighbourly relations". For example, in the statement of the European Parliament of 12 December 2000 on "Common Strategies on Russia" it says, "The policy of the EU is to support regional cooperation as an instrument for creating a just international order and good-neighbourly relations based on common principles, standards and values."

For some reason, unfortunately, there is no mention of this term in the documents of the Council of the Baltic Sea States. Still more surprising is that there does not even seem to be an exact definition of what is meant by good-neighbourly relations. That is to say: there is no definition that can be taken as a legal norm. At least I have not been able to find one in Russian dictionaries and reference works. And German colleagues have assured me that they have not found such a definition either. This issue is by no means trivial. For it raises the question of whether the term "good-neighbourly relations" has any justification as standard international relations. How are good-neighbourly relations to be achieved? They cannot be achieved through summit meetings alone, that is certain; they have to do with cooperation on all levels, in regional, local and non-governmental organizations. That is a question of subsidiarity and how it can be achieved through current neighbourly relations. If subsidiarity is to become effective in the neighbourhood, then international laws and administrative regulations will need to be adjusted. All possible forms of cooperation should be invoked for the purpose.

One practical example. Virtually nowhere can the governor of the Kaliningrad oblast, Vladimir Yegorov, meet his direct counterparts - that is the chairmen of the corresponding administrative units in the neighbouring countries such as the Polish województwa, the German Länder or the Lithuanian districts. There are bilateral meetings, but there is no such thing as a council or conference of top regional politicians. The Council of European Municipalities and Regions has 162 member subregions.

With so many participants an organization quickly goes off course. In other words: there is still great potential for further development of cooperation in the Baltic Sea region.

Allow me to draw four brief conclusions:

Firstly, I feel enough has been said about good cooperation in the Baltic Sea region and it is high time we took action.

Secondly - and perhaps this is the most important point: the enlargement of the European Union should not be bound up with the notion of victory gained after heavy fighting. At present I have the impression that a feeling of superiority is spreading among our neighbours in their relations with the Kaliningrad oblast; they are celebrating their accession to the EU as a long-awaited victory. This euphoria is pushing the attainment of the goal into the background. And yet the governments of these countries are trying to bring their people into the European club without asking them what they want in a referendum.

The French philosopher Jean-Paul Sartre once said, "If you examine the details of a victory you find it is difficult to distinguish from a defeat". I would like to reformulate this idea in my own way: in today's information society, with the Internet, all the details are accessible and generally known. "Toda, you can't persuade anyone that you have won a great victory, because everyone knows the price you had to pay."

Thirdly: the population of Kaliningrad is now faced with a situation that does not exist anywhere else in Europe. In this region a process is taking place - quite peacefully - which will restrict the people in a freedom that is literally vital to them. That will be the case if visas are introduced, so that the people of Kaliningrad can no longer cross the border freely. In this case I feel they should be compensated for their loss. Otherwise great damage would be done to the cause of European human rights and the sense of justice. Immanuel Kant would be very annoyed.

Fourthly. Good-neighbourly relations are doubtless an interesting academic topic. I feel it would be worthwhile defining them as a legal norm and possibly drawing up a convention on good-neighbourly relations in the Baltic Sea region.

Finally a suggestion that should not be taken too seriously. Last year a football team from the Kaliningrad oblast played in the Lithuanian league. I believe that good-neighbourly relations in the Baltic Sea region would become even better, if teams from all the countries in the region could play in the championships of their neighbours and so create a football association - a Baltic Football Association as it were. At any rate, that would be easier to implement than the Baltic Energy Association, which we are already working to create.

### **Ignatavicius**

First of all I should to assure Artur Kuznetsov that Euro skeptics do not pose that much of a threat to the Kaliningrad region because there are just over 20 percent of them in Lithuania. There are far more Kaliningrad enthusiasts in this area to oppose any negative phenomena of this kind. Just a comment about the performance of the Kaliningrad team in our football championship. The performance was, maybe, a bit too good and we are now a bit cautious about opening up more widely, because this team almost became Lithuanian champions.

But to form a general conclusion from what has been said, I think that there is a feeling that the Baltic region is both a region of immense growth potential and there is another possibility also of growing disparity and uneven development. In the context of relations with Russia and with Russian regions, with the Kaliningrad region, this is mainly related to the process that Lithuania, other Baltic countries and Poland are already on track to join the EU. Accession negotiations for us are a very powerful engine for transforming our economies and our countries. But for the time being, I do not see that kind of engine in Russia on the whole and in the Russian region of Kaliningrad in particular.

There are a growing number of EU initiatives, strategies, concerning Russia, Russian regions and Kaliningrad; also neighbour countries are trying to create some projects and initiatives. But for the time being, I do not see any kind of decent comprehensive strategy on the Russian side directed at opening up possibilities for Russian north-west regions, to engage into regional cooperations and to benefit from the EU enlargement process. We discussed those issues two or three years ago in small groups, at round tables and we are still saying the same things. Three years have passed since the beginning of our discussions on Kaliningrad-related issues. If the situation is the same after three years a lot of chances and possibilities have been lost. The one and a half years which are left before

finalization of our EU-accession negotiations are also crucial for EU-Russian cooperation, and for the dialogue which has started on the future of the Kaliningrad region.

If there are no new approaches, no new mechanisms found, Russian regions will increasingly lag behind and disparity is going to increase with all negative consequences, such as smuggling and organised crime. It will be much more difficult to open our borders for cross-border cooperation on a people-to-people context. The solutions we are looking for should be very pragmatic. We are still speaking in geopolitical terms or trying to tie very concrete problems to global issues in the context of a global economy.

Russia has to find a comprehensive strategy for relations with the European Union and for regional integration. This especially is true of Kaliningrad. There is an obvious lack of financial instruments which has already been said by Artur I. Kuznetsov and others about the lack of coordination and about the very slow mechanisms of programmes, about the stifling centralisation of procedures as everything is managed in Moscow by the Ministry of the Economy. Now after the administrative reform in Russia, decisions on Kaliningrad move in triangles. The decisions go from Moscow to St. Petersburg and then to Kaliningrad. This makes it very slow and the real needs of this region get lost in the process.

We feel this on a day to day basis. We are investing our money into crossborder projects but there is no money on the Kaliningrad side. Russia is not allocating money from its budget. Russia is not allocating a share from the Tacis programme. There is no decentralized financial mechanism in the region. The recent Danish idea of establishing a fund for regional cooperation will perhaps be a possible solution. Our regions are working hard. They are creating lots and lots of projects, such as Euro Vélo, a bicycle route through Kaliningrad to Poland and Germany. But most of them are only just paper work without any financial backing and therefore without any perspective.

I would say a few words about the dialogue that is going to start between Russia and the European Union on the Kaliningrad perspectives. I am sure that a huge degree of flexibility is needed on both sides in this dialogue as both sides have to change and widen existing legal frameworks for cooperation with Russia's region. I don't think it will be an easy process on either side. Several notions related to the Kaliningrad region have already been mentioned, such as giving it a pilot region or a Hong Kong status. But only Lithuania now adopts a kind of Hong Kong approach to Kaliningrad in terms of visa-free movement. I am not sure that Russia is ready to simplify visa procedures and just going the Hong Kong way. Separate visa systems for the Kaliningrad region and the EU are not a real option.

Confidence-building and security building measures were mentioned as a feasible solution for decreasing tensions in the region. I would like to mention that we have already made some progress with Russia in this respect. Last year we agreed on several regional confidence building measures like additional visits in line with the Vienna document and the exchange of information about our military structures according to the CFE standard. We have proposed several other additional confidence building measures to Russia and Kaliningrad. Military people from the Baltic fleet now participate in environmental training courses in Lithuania. I think that is a good course to follow.

Summing up we have a lot of possibilities but we have a very, very tight timetable with a view to the decisions that have to be made.

### **Moshes**

As far as Russia's relations with the European Union are concerned I would not call myself a Euro-sceptic, although I am not exactly on the side of the Euro-enthusiasts at present. I would call myself a Euro-realist. The relationship between Russia and the enlarging European Union and between Russia and EU as a whole is fraught with numerous problems, not only because of Kaliningrad and not only in respect of the Baltic Sea region. I shall only go into the three most important ones here.

First of all there is an institutional problem. It is not Russia's aim to accede to the European Union. In practice this restricts the dialogue considerably. One example is that the funds from the EU budget for financing projects under the Phare and Tacis programmes cannot be concentrated. This includes the strange situation that money from the Interreg fund cannot be allocated to the neighbouring Russian territories until the Baltic States have become members of the EU. But these funds are needed urgently now, so that the social and economic discrepancies in the region do not become greater still.

The fact that Russia does not wish to become a member of the EU and is not, therefore, adjusting its legislation to the principles of the *acquis communautaire* means that the differences between Russia and the European economic area are increasing. What remains is the proposed energy dialogue, but this continues to restrict Russian exports almost exclusively to the raw materials sector.

Secondly. A further problem is that the dialogue between Russia and the European Union is asymmetrical. This does not only apply to their unequal economic potential. We might also mention that Russia now conducts 40 percent of its trade with the EU, whereas the EU's trade with Russia only accounts for a few percent. And that is not likely to change much in the future. What I am trying to point out in this connection is that Russia has only very limited means of exerting diplomatic pressure. In the event of a dispute, Russia can only state its position and hope that Brussels will show goodwill. Countermeasures are useless, especially in view of the EU enlargement in the Baltic Sea region.

What possibilities are open to Moscow if Kaliningrad is surrounded by an impenetrable border fence? It can deny the citizens of the neighbouring states entry to Kaliningrad, of course. That might cause them some financial losses, but in that case they could re-direct their business activities at any time, a possibility the Russians do not have. That might have long-term consequences, quite apart from the direct effects. If Russia does not manage to persuade the European Union to show more understanding for its attitude, there will be growing disappointment in Russia over dialogue with the EU in general.

The dialogue between Russia and the EU and between Russia and Europe in the broader sense proves to be vulnerable as soon as political factors are involved. I only have to mention December 1999, when the Chechnya conflict was at its peak. At the forum in Helsinki it was not possible to develop the potentials that already existed.

Should the Baltic States become members of NATO, a much more serious crisis could develop in the relations between Russia and the European Union, although I do not wish to dramatize the situation. For one thing there is still enough time to re-consider such a decision, as we have said already. For another, we do not know what will really happen. And I do not think Russia can afford a long-term crisis in its relations with the EU. Even a crisis lasting a few months or a year would be a great setback to these relations. But I think we should not underestimate the possibility of such a crisis if a decision to admit the Baltic States is made at the NATO forum in Prague next year.

Thirdly, I would like to comment on the Northern Dimension as one of the instruments of EU policy towards Russia. It has become something of a habit to describe the benefits of this initiative in fine words. It is indeed a useful political strategy, but in practice it has had little tangible effect so far. The Action Plan adopted in Feira is still no more than a declaration of intent, and it is difficult to say what will become of it. I have considerable doubts in this respect. For instance, I am not convinced that the Commission in Brussels will continue to commit itself in this direction when it is no longer chaired by Finland and Sweden. I don't believe there will still be a special ambassador responsible solely for the Northern Dimension under the Spanish presidency.

The question of funding has already been mentioned. That is a matter for Brussels. In Russia, doubts about the Northern Dimension are growing in at least two directions. Firstly, it is emerging that the focus of trade is on the supply of energy sources, whereas the question of Russia's technological modernization is being neglected. Russia sold energy sources for decades, at a time when there was no question of a Northern Dimension. I do not wish to deny the usefulness and suitability of this idea for the development of Russia's northern regions. But the strategy should be broader and put in more concrete terms in respect of the present dialogue on an energy alliance.

Various comparisons have been drawn between Kaliningrad and Hong Kong. This historical analogy is inappropriate because Hong Kong only became what it is through British colonial administration. Quite apart from that: the main question is how to increase the export orientation of Kaliningrad's economy, but a comparison with Shanghai or any other special economic zone in China is not meaningful since we are faced with a totally different situation here.

## **Olsson**

As to the relations between the EU and Russia in the Baltic region the question is: what does Russia want in this respect? Mr Ignatavicius mentioned the not overwhelming enthusiasm on the part of the relevant Ministry in Moscow in allocating Tacis money for projects in the region. How does Moscow want to see Kaliningrad develop?

I remember we had some consultations with Foreign Ministry people in Moscow before our presidency. We were throwing ideas back and forwards and it was made quite clear to us by Moscow that a favoured treatment of Russian citizens living in Kaliningrad as compared to other Russian citizens would be unacceptable.

On cooperation between EU and Russia in the Baltic region, I think both on the Russian side as well as on the European Union side might see this in a bigger context where different interests are

competing. Of the 15 EU-member states only 4 are represented here. Well, we are the 4 believers, we are already on the band wagon. The problem is, we have 11 more in the Union whose interests in this particular region might be of considerable less importance.

### **Fagernäs**

I would like to make some comments on the interventions Mr Kuznetsov and Mr Moshes made. They were mostly very important but some elements I find personally somewhat disturbing.

Mr Kuznetsov mentioned that he hoped EU-enlargement would not lead to a sense of victory and defeat. What we think and what I think at least is that the enlargement will produce only winners both in terms of economy and economic development but also from the point of view of stability. This depends on integration being perceived in the same way in all participating countries in the region. In the EU integration has been built on the concept of sharing of benefits, and of increasing benefits through more efficient functioning of the economy. We have not thought about this in the geopolitical terms or as a zero sum game and certainly not in the sense of victory and defeat.

Mr Moshes talked about Euro realism and he referred to the institutional problems in the cooperation between Russia and the EU mainly for two reasons. The first one being that Russia will not join the European Union. And second that it will never, if I understood him correctly, adopt the *acquis communautaire*, at least not as a whole. There is however a commitment in the partnership and cooperation arrangement to harmonise a great part of regulations in the economic field. We, of course, very much hope this will take place because it could enormously facilitate business development and would avoid the situation of a normative divide forming between the candidate countries and Russia in the near future.

Mr Moshes also said that Russia is lacking economic levers. I hope he meant elements that are attractive to global economy, incentives for private capital to invest and to establish new business. This I would understand as a lever in the global context. He also said that the Northern Dimension has not in practise led to very much and it certainly has paid little attention to technological development in Russia. I think we agree that Northern Dimension is not a beauty contest. But it will certainly take time to be implemented.

Mr Tuomioja mentioned at the start of this discussion that the problem in the Northern Dimension is not money, it is commitment and it is the lack of bankable projects. Northern Dimension is certainly not only about public projects and certainly not only about grants. It is very much about improving investment conditions in the partner countries. That would make it possible for private capital to come in to sectors that are part of the action plans. Sectors like energy, not only to utilize the national resources but to improve energy efficiency and improve energy saving. New technologies are certainly needed in Russia in these fields, also in forestry, information, technology and in transport.

### **Moshes**

I actually want to clarify one point. I didn't speak about economic averages at all. I was speaking about the asymmetry of the dialogue which is evident in the economic sphere but also true for usual diplomatic tactics. So my basic point was that if the EU does not take into account Russia's concerns on the visa issues for example, there is little what Russia can do to make itself heard. And this impedes the dialogue because it is not a dialogue between equals. That is already leading to signs kind of fatigue or even frustration.

### **Stürmer**

Mr Zöpel has said that a condition for a common European perspective with Russia is a change in Russia's conception of itself with regard to the definition of a great power: "soft economic power" instead of "hard military power" is how you might put it. And concerning Kaliningrad he quoted the Russian foreign minister Ivanov, who spoke of a pilot function for the area. My question is: a pilot function for better or for worse? What we certainly do not want Kaliningrad to be is a springboard to western Europe for Russian criminals. That is one of the reasons why the European Union is so hesitant in the matter of visas. Most people do not put it so plainly. The greater the difference in prosperity between Poland, the Baltic States and Russia becomes, the more Kaliningrad will become a magnet for undesirable elements. And that certainly does not promise good-neighbourly relations.

A further point is that Kaliningrad offers hardly any attractions apart from its geographic position on the Baltic Sea. Like the Soviet government before it, the Russian government has not had much in the way of good ideas in the last ten years, in spite of the many promises that have been made again and

again. And that is not likely to change much in the years to come; for we all know that Moscow has more pressing things to do at present than taking special care of Kaliningrad.

The time up to the eastern enlargement of the EU, which may take place in 2004 or 2005, is extremely short. So I would suggest forming suitable working groups in Brussels - with the participation of industry, the banks and also the media - to draw up suggestions for viable development projects in the region. These might include long-term loan and lease agreements so that the Russians need no longer fear that the West, notably Germany, is merely trying to buy up the old province of East Prussia with legal trick and capitalist wheeling and dealing. To my mind it is important to reconcile the fears and needs of the Russians with the interests and activities of the West. Otherwise the situation in Kaliningrad may well take a turn for the worse.

### **Kindsmüller**

What can Baltic Sea cooperation achieve in respect of Russia? Besides the economic problems and the difficulties with Kaliningrad there is another topic that seems especially important to me: the future of the civil society in Russia. In the long term this issue probably has the greatest significance for the country's ability to reform, and for its economic stability. This is where the real task of Baltic Sea cooperation could lie.

In the meantime a network has formed in the field of personal contacts, and this should be extended to include Russia - especially the north-west of Russia which might constitute a sort of critical mass. In this respect I agree with the criticism of the Northern Dimension action plan, in which there is still too little action.

What might Baltic Sea cooperation really do to help Russia? It is true that we need something like a Baltic Sea programme of the European Union. That need not cost more; it would be enough to make the existing instruments more readily available by removing the bureaucratic obstacles, for example.

To strengthen the civil society it would be useful to have an association of higher education institutions in the Baltic Sea area on the lines of a Baltic Sea University, so that young people can study in Kaliningrad today, in Riga tomorrow and then in Kiel or Greifswald; that would help to form a kind of Baltic Sea identity, which would include the young intellectual elites of Russia.

And here is another point: why is there no Baltic Sea youth foundation as the Council of the Baltic Sea States has so often suggested, for example on the lines of the German-French youth organization? It would enable young people - school classes, for instance - from different countries in the Baltic Sea region to meet, especially with the aim of forming a "critical mass" for a civil society in the north-west of Russia. There is also a need to promote initiatives on a local level; they already exist in many places, but they should be given more encouragement.

### **Heimsoeth**

I am very much in favour of the concrete suggestions Mr Kindsmüller has made - for example the idea of a youth foundation - but of course they immediately raise the question of where the money is to come from. The German side would say there are no funds available for a project like that; if you want to do something on those lines there will have to be cuts in other programmes. We would have to see whether it is possible to acquire more funds from private sources.

The notion of establishing a Baltic Sea University - perhaps in the form of a Baltic Sea Summer University as a first step - is something I would very much welcome as a way of increasing the mobility of the young people in this region. It would also involve the mutual recognition of university degrees. A suggestion of this kind was made at a meeting of experts in Berlin during the German presidency. But it would require a harmonized strategy in respect of both organization and the creation of the necessary financial basis. Someone should have to take the lead quite consciously, others would follow then. In the past, each country has mainly been willing to support its own initiatives. Here we will have to make great efforts to create an awareness of the need to support multilateral projects. But the EuroFaculty in Kaliningrad - that is a good example to create common projects even if it is not easy to realize.

### **Kovalchuk**

There is a man who is terrified of flying. Sitting in a plane for the first time he becomes nervous and says to his neighbour, "Look at the people down there - just like ants." His neighbour looks out of the window and answers, "They are ants. We haven't taken off yet." I am mentioning this story because I

consider it dangerous to forecast the future if we do not understand the processes that are going on in the present.

All over Russia, a number of changes have taken place in the past year that are relevant to our discussion here. A year ago Russia was in danger of losing its territorial unity; it was not certain whether it would continue to exist as a state. That was not only a consequence of the economic crisis, nor was it only a result of the situation in the northern Caucasus.

In the last ten years Russia has undergone constant changes of system without really understanding what was happening. One of the most important effects was that coordination between the regional and federal levels no longer worked. One example: a survey showed that over 50 percent of the laws and ordinances adopted in the subjects of the federation were contrary not only to federal legislation but to the constitution of the Russian Federation as well.

Naturally this led to problems in the economic sector. One investor, for example, found that the laws in one region were totally different from those in force in another region where he wanted to sell his products. This applied especially to taxation.

But there are also political implications when agreements with international partners are concluded according to the regulations of the individual subjects of the federation rather than those of the state as a whole. With this in mind the reform of the administrative system that took place last year was largely directed towards creating uniform laws for the country as a whole. The administrative reform has already been mentioned, also the establishment of larger territorial units which it involves.

The second important element I wish to mention is that Russia had lost the ability for strategic planning. A closer analysis should have been made of how the country had developed over the past ten years. Russian society was not fully aware of what had happened to it. That is why last year's presidential elections were bound up with the hope of restoring clarity about the social order and priorities. That is why planning was directed either towards an industry or a region or a major enterprise.

In this connection I should mention that two Centres for Strategic Research and Analysis were established last year, one in Moscow, the other in St. Petersburg. The latter is the "North-West Centre" that covers a large area consisting of eleven subjects of the federation. They include Murmansk, Vologda, Karelia, the Leningrad oblast and St. Petersburg. In the past the main activities of this centre have been almost exclusively in the regions. First of all, the future priorities in the north-west of Russia as a whole were set down in a basic programme. The executives of the various north-west Russian regions were involved in its preparation. According to the programme the priorities for north-western Russia include closer integration with Europe and cooperation with the European countries.

The changes since last year also include the rise of a new generation in Russia. A danger to Russia's approaches to the European societies could lie in this generation's unrealistic expectations, which are quite inappropriate to the present situation. Besides the development of certain oligarchic structures in business, which are much discussed in the mass media, the last ten years have seen the emergence of a new social class in Russia. This is especially true of the provinces, where these young people have now come to power. The change is already noticeable in the language these young people use, which reflects a totally different attitude and psychology. This has less to do with a change in the system than with a critical mass of people who are able to think along new lines. To my mind such a critical mass really does exist, and up to a point that answers the question as to the possible dangers that might emanate from this and other movements in Russia.

No only do large sections of this young generation express totally different opinions. Unrestricted freedom to travel has enabled a great many of them to visit numerous countries, especially in Europe. And they are not all wealthy people. An analysis of the statistics shows that the mixture of travellers corresponds roughly to the structure of the population as a whole. So it is not only an elite that travels. That is why I dare to assert that the Russia of today, at least the north-west, knows more about Europe than Europe knows about Russia. So I think that one of our tasks is to promote mutual understanding. To use a metaphor: if we want to build a house together we can only do so on one foundation, not on two.

Finally just two remarks. First I would like to make a suggestion. As a representative of the Centre for Strategic Research and Analysis of the North-West Region I would be very pleased if a Bergedorf Round Table could take place at our Centre in St. Petersburg. I think that would be possible in agreement with Moscow. A focus of the meeting should be on how far Russia now has a "critical mass", a system of priorities and strategies.

Secondly: Mr Kindsmüller has already made several concrete suggestions. That means we should try to go beyond a general exchange of information and a discussion of the overall geopolitical situation and be specific. Two focal points have been mentioned. One is innovations on which we can build together. Then we must put our faith in our young people. Most of the people of our age will scarcely be able to create anything new. We represent a time of transition. Nor are these innovations addressed to us, for such processes take many years. So our task is to draw up programmes for the young generation - programmes that will promote innovation and also education and an intensive exchange. For this we need specific activities, so that we can really get things moving and not just describe them in programmes.

### **Iloniemi**

In a congregation of this kind we are perfectly well aware that the old homo sovieticus is still alive and the new young homo europaeus has not exercised any real influence yet.

### **Schlögel**

I have no recipe for telling the Russians what to do. To my mind they must solve their problems for themselves. I would just like to contribute a few observations and suggestions.

I am not concerned with Russia as a Baltic Sea power; I would only like to point out that the country's biggest urban centre on the Baltic Sea, namely St. Petersburg with its great cultural and academic tradition, scarcely exists in our minds. At least that is true of Germany. When we in Germany look towards Russia we focus chiefly on Moscow. And as long as that does not change, hardly anything will be done in respect of the Baltic Sea on the Russian side either.

Nevertheless, I have the feeling that the Baltic Sea region is gradually beginning to develop, and I simply cannot imagine it without the cultural presence of St. Petersburg. Our experience of town-twinning has been good in the past, but we now need a totally different approach to such partnerships. It is not enough for ports to establish contacts with ports and universities with universities; we have to reactivate the specific network of towns and cities in the Baltic Sea region. At an exhibition in Stockholm a year or two ago, Stockholm and St. Petersburg were shown in mirror image as waterside cities. The result was extremely successful because the idea of the "opposite side", the other coast, was included. The Baltic Sea has numerous opposites of this kind, without which no Baltic Sea region will emerge. That is especially true of St. Petersburg.

When I am in Estonia, in Tallinn, it makes me sad to see how Tallinn has turned away from St. Petersburg. I find that difficult to understand, because St. Petersburg is still a great cultural and academic centre, or will quite certainly become one again.

So I am in favour of defining the Baltic Sea region more as a region of cities again. And we should spend less time talking about Russia in general and give greater attention to the weight a city like St. Petersburg can carry in this structure. That would have consequences for Germany, too, where St. Petersburg is still scarcely noticed - quite unjustifiably.

Two more remarks to take some of the drama out of the situation of the Kaliningrad oblast. For one thing, the situation there is not as new as people keep asserting. The Kaliningrad oblast - or East Prussia as it used to be - was always in an eccentric position that brought both fortune and misfortune to the region. Between the wars it was an eccentric region in the truest sense of the word, but it managed somehow nevertheless.

Secondly I am in favour of de-institutionalizing and de-politicizing the discussion of it somewhat. In this connection I am thinking of the "undercurrents" in the region, that run from Helsinki to Tallinn and from Stockholm to St. Petersburg and which we should analyze to see how the people there go about their business and seek their happiness. I suggest creating places where the intelligence of the historic region can meet. There are many conceivable ways of doing it: scientific projects at universities; newspaper projects; publications; creating public attention in general. And I favour moving away from the political aspects and concentrating on civil tasks, on restoring transport connections to open up the towns to tourism. I see this as a tremendous source of financial and cultural capital, since it opens up opportunities of encounter. For this we need places where we can talk, so that we can get closer to the "undercurrents" that already exist.

### **Nyberg**

I very much agree with Mr Schlögel's comments that we do not really devote enough attention to St. Petersburg. It is, of course, a gigantic city and it is a city in great trouble. At the same time it is a city

with an important scientific and a cultural basis that has not disappeared. Its industrial basis is withering away and is not as strong as many Russians would like to believe. The foundation of the city 300 years ago, changed everything. It also changed the reality of the Swedish realm. Part of those changes is of course the emergence of an independent Finland. Most of our troubles but also our chances have developed in that region and in that gigantic city.

One of the problems which has to be faced is that St. Petersburg is not a western European city. It looks very much like a western European city with its architecture and all. The fact is, that St. Petersburg is totally fixated on Moscow. It is not a city that looks towards the European Union, that thinks in European categories. It thinks about the power struggle and its position within the Russian Federation which is understandable. But it is fixated on Moscow and in this sense it is a politically weak city.

It was mentioned, that Tallinn doesn't really have any connections with St. Petersburg. There are many explanations for that. But there is one exception where the connection is very, very strong and that is the criminal links. Well, this is a very serious matter: heroin does not come in to Finland directly, it comes mostly through Tallinn, not across the land border from Russia.

During Soviet times Narva was known as "the hundred and first kilometre". This is a Soviet criminal expression. After serving a sentence you were not allowed to settle anywhere closer than a hundred kilometres from a large city. And Narva was the extra kilometre. This way the St. Petersburg criminal scene discovered Narva.

The assets of St. Petersburg are well-known and the interest for that city should be known. But what we have today is one-sided tourism. The Russians travel to the West, the Westerners don't travel to Russia. This applies to Finland as well and in a wider context to Scandinavia and Europe. We have had a positive travel balance with Russia for several years and the gap is growing. Exactly as Mr Kovalchuk said the whole of north-west of Russia travels and many of these people have been to Finland. There is nothing negative about it but the fact is that we risk to lose the feeling for and the insights into that region and have no updated knowledge in the rapidly changing of St. Petersburg any more.

As to communications with St. Petersburg I would just like to make the point, that there is no regular ship connections from St. Petersburg to any major city in the Baltic or the Gulf of Finland. There are no regular routes from Helsinki to St. Petersburg. I don't know how many ships cross from Helsinki to Tallinn, maybe 30 a day. There is a helicopter, there are airplanes. 7 million people cross the Gulf of Finland every year. There are 5 million people who cross the landborder between Finland and Russia. But what we are witnessing is an unnatural situation in which one of the largest attractions, cultural attractions in Europe is completely forgotten. There are many reasons for this. One explanation is that there are no cheap hotels. Russia is full of five star hotels. It is terrible in Moscow and the same applies for St. Petersburg. What you have is either five stars or nothing.

## Rahr

If I am not mistaken, we largely agree that at least over the mid- and longer term, NATO will expand into the Baltic States. And with regard to Kaliningrad, there seems to be agreement that it will become an enclave - at least that is how the Europeans represent it to the Russians. It is expected of the Russians to come up with suggestions of their own that will then be examined with regard to possible cooperation. But whether or not Russia agrees, it seems that the matter is more or less decided.

It is pretty evident that what is missing on the part of the West is a certain buffer strategy in relation to Russia that I consider to be absolutely indispensable in order to counter the [inherent] risks and challenges.

In order to buffer NATO enlargement to the East, we ought to pursue cooperation within the framework of European Security and Defence policy and including the Northern Dimension. Part of this strategy could be the activation of the NATO-Russia Council, which is more strongly focused on the Baltic region, where the United States are less engaged than in the Caspian region. The Americans consider their critical strategic interests to be much less at stake in the Baltic region than in the region around the Caspian and the Black Sea or even in Ukraine. This could be a chance to carry out joint manoeuvres not only in the Baltic but also in the Barents Sea, among the European NATO members and Russia, for example, within the framework of partnership for peace.

With regard to Kaliningrad, perhaps one could ameliorate the potential isolation of the oblast by granting the people there - we are talking about approximately one million inhabitants - access to the EU without imposing visa requirements. For the past three years, more than six million people from the

Baltic countries have been travelling to Western Europe each year. There are also no visa requirements for Poland, Bulgaria, and Romania. Thus, if it were done for a limited time at first, it would not be a big risk to implement such a trial run. Europe is hardly in danger of being "overrun" by one million people.

A further buffer effect could be achieved by de-politicizing the region, as suggested by Mr Schlögel. This would also mean that the West has to ease up on the value discussion regarding Russia that was started two years ago. The EU's foreign policy with regard to Russia (as with regard to other states that have no intention of become EU members) constantly harps on human rights issues, as well as on the democratic value system and the liberal market economy in an attempt to instil those values.

Perhaps the democratization campaign the EU has been undertaking in Russia for some years now should be pushed more in the direction of modernization. This means that the European Union ought to view itself less as Russia's partner in democratization than a partner in modernization. While this does not mean that we need to close our eyes to authoritarian tendencies in Russia, emphasizing modernization could show that this process can be successful only if Russia also puts more energy into democratization at the same time. [Shifting the emphasis to modernization] would make Russia feel less like it is being patronized by the West. I think one should pay much more attention to these psychological factors, especially in relation to Russia.

The Northern Dimension could play a pioneering role in the EU for this type of a "buffer strategy", as a way of defining the modernization of Northern Russia as a joint European-Russian task. Foreign investments can help Russia solve not only its environmental problems, but can also assist it with opening up the vast natural gas and crude oil reserves in Northern Russia. Putin has signalled his willingness to focus on modernizing this region. One of the oligarchs, Roman Abramovitch, has already committed himself to the Northeast. Other oligarchs are sure to follow his lead. A great deal is going to happen within the next several years, and the Europeans must not miss out on this development.

### Heimsoeth

I very much agree with Mr Schlögel's remarks about St. Petersburg and the cultural and other options for development in this region. But Kaliningrad is a difficult topic because of its geographic location as either an enclave or an exclave and because of the tremendous inequalities in the distribution of wealth in comparison to the surrounding areas. In fact, this region was characterized by a certain "eccentricity" even before 1945, which was not necessarily a good thing. Let me just mention, for example, that East Prussia's support for National Socialism was unusually strong for this very reason. Eccentric locations often lead to problematic developments.

One thing I think is really positive at present is that the topic of Kaliningrad is no longer taboo. As Mr Kuznetsov has correctly pointed out the Russian government in Moscow pays much more attention to Kaliningrad today. It is not yet quite clear what conclusions Moscow has come to. While there are some positive signals that Moscow intends to develop a few specific projects in the region but there is no specific financing concept. There is no discernible strategic dimension to date.

The visa problem ought to be solvable. The EU Commission is making constructive plans on this issue. But here too, we need to know Moscow's position on the subject.

As far as the Northern dimension is concerned, I do not see things quite as pessimistically. Without doubt, not enough is being done by the EU; one need only mention the moneys flowing from the Tacis programs to Kaliningrad and to other Russian regions of the Baltic. I am sure that Mr Summa will be able to comment on this.

### Henningsen

Mr Schlögel pleaded for a certain de-politization and talked about the tributary currents in the region that must be taken into account. Experts on regionalism talk about so-called top-down projects in the formation of regions. This is a project that initially exists only in the heads of intellectuals and of politicians, it is then implemented by the economy and must finally be accepted by the population. If this latter process fails, it is entirely possible for regional formation to fail altogether.

Let me remind you of the experiment with the Oresound region, which initially failed as a top-down project, but was then accepted by the population of the region as a bottom-up-project and was then successfully implemented. In this context, let me just mention the Oresound bridge and the founding of the Oresound University, a consortium of eleven regional universities. These are the type of tributary

currents Mr Schlögel mentioned. Another such project is Soedertoern University in southern Sweden, which is financed by a foundation for research on the Baltic region.

At the same time de-politicization should not progress to the point where politics is completely out of the picture. Some obstacles on the way to forming a region cannot be overcome without political support. For example, obstacles to mobility that are caused by political factors can be removed only by political means. Polish or Estonian scientists who want to come visit us here in Berlin, for example, must pay DM 100 for the stamp on their residence permits, while citizens of EU member states get this stamp for free. Similarly, it takes a very long time to get a visa for travel from non-EU countries. This sort of thing is a serious impediment for academic contacts.

In this context, I have previously suggested the introduction of a kind of White Card in order to avoid this type of impediment. At one point the Bavarian government had intended to introduce something along those lines. German academies going to Sweden, for example, are confronted with unbelievable difficulties because of Swedish tax law. Such obstacles to mobility impede the tributary currents of regional formation, and they can be overcome only by political means.

Since Russia is not a member of the European Union, academic programs there cannot be funded by European monies. Partially, this function is taken over by private foundations. The department of European Studies in Kaliningrad, for example, is funded not only through state funds but also through private foundation moneys.

The formation of a region serves primarily two political objectives: that of ensuring long-term viability and that of building trust. From this point of view, region-building is a peace project Mr Schlögel emphasized the significance of St. Petersburg. It seems to me that in this context questions of aesthetics are significant as well. What commonalities are there in terms of the characteristic features of such cities, for example, as Stockholm, Helsinki, and St. Petersburg? All three cities are situated on the water, a fact that without doubt has had enduring significance for their sense of identity, which in turn is a prerequisite for the formation of a region.

In contrast to the Mediterranean region, the European Union has been relatively uninvolved in the Baltic region, as the Baltic has not featured prominently in EU strategic thinking. Instead, a wide variety of NGOs has thrived here, a category that is relatively underdeveloped in the Mediterranean region, although the latter region is strongly perceived as a region in political terms. There is a strong European interest in the Mediterranean region, which results in a lot of money flowing in that direction. I think it is very important to shed light on such discrepancies.

But as far as the foundation of a Baltic [regional] university is concerned, we will be discussing this topic next week at a conference of presidents of Baltic universities in Tartu. It is my impression that we can make some progress in this matter, while there was still a good deal of protest when we touched upon this topic two years ago.

## Yagya

I must say I am a bit astonished about the negative picture Mr Schlögel and Mr Nyberg have been painting of the current role of St. Petersburg. Evidently, Mr Nyberg does not think of St. Petersburg as a European city, because it looks towards Moscow and because it is, as he sees it, fully absorbed with domestic problems. And yet you said some time ago at the Mariinskij Palace, the place where the legislative assembly of St. Petersburg meets, that contacts between Russia and the European Union would hardly be thinkable without St. Petersburg. This statement is in blatant contradiction to what you have said here.

I hold that no matter how good relations are at the level of nation states, ultimately these relations are realized at the level of the regions, the cities, and even smaller units - and this is particularly true of St. Petersburg. This is why the political problems of the Russian regions are so relevant to the European Union.

I would like to add that there exist interesting agreements between Poland and Russia, for example, regarding cooperation with St. Petersburg and even with the Kaliningrad administrative unit [ablast]. Another pilot project is the agreement between Finland and Russia on cooperation in the border territories. Unfortunately, the status of border territories has not yet been legally determined in Russia. As a result, cooperation between Finland and Russia in the Russian border territories is not yet sufficiently developed.

I see a real necessity for cooperation both on the part of our neighbouring countries and Russia itself in the border territories with Poland, Finland, and Lithuania. At any rate, the analyses we've

undertaken at the St. Petersburg State University show that there is room for improvement in cooperation. I would like to remind those who complain about the lack of cooperation among the cities of the Baltic region that an association of Baltic cities was founded in 1991 in Gdansk with its center located in Kalmar, a Swedish city that actively cultivates relations among cities. This association even participates in the work of the Baltic Parliamentary Conference. This year the 10th meeting of the Parliamentary Conference will be held in Germany - in Mecklenburg, to be specific.

### **Iloniemi**

If I remember correctly it was Martin Luther who said: "Whenever you preach always have the congregation in mind". That is not only for preachers, but even for diplomats.

### **Skalski**

I think there is a reason why we focus so much on the Kaliningrad area. A few years from now, when Poland and Lithuania are members of NATO and the EU, the inequalities in the distribution of wealth between Kaliningrad and its surroundings will be grave indeed, and there really is no telling how this will affect relations among our countries.

Mr Kuznetsov is concerned that Poland and Lithuania might introduce a visa requirement for the citizens of Kaliningrad even before we join the Schengen Agreement. I have no idea what Lithuania intends to do, but it is highly improbable that Poland will act in this manner. While we do want to join the Schengen Agreement as soon as possible, there can be no advantage to erecting an Iron Curtain between Poland and our neighbours to the East. We shall have to come up with an easy way of dealing with the visa issue. I hope we'll manage to do that.

I like Mr Rahr's suggestion to provide for a special regulation for the one million inhabitants of the Kaliningrad region to enable them to enter our nations without a visa. Some European and non-European countries already have this kind of regulation in place. The inhabitants of the border region have the right to cross into the neighbouring country without a visa. This means that in some cases this special regulation does not extend to the entire neighbouring state. In the case of the Kaliningrad region, one possible option would be to allow Kaliningrad citizens to travel to Poland and Lithuania without a visa, but not to Portugal.

Further, we touched upon the difference between Kaliningrad and Hong Kong. The decisive point is not the former British rule over Hong Kong, but the fact that Hong Kong is part of the Chinese mainland. Between Kaliningrad and Russia, on the other hand, there are two or even three other states, if one counts Belarus. That is a completely different situation. I think it makes sense to integrate the Kaliningrad region into an economic and social union with Lithuania and Poland. No one intends to take the Kaliningrad ablast away from Russia, but the region's ties to its neighbours should be strengthened. This is particularly important because Kaliningrad's well-being depends largely on the situation in Poland and Lithuania, and on the relations between Kaliningrad and these countries.

In that sense, the region could have a certain "pilot" function, as Russia's Foreign Minister, Ivanov, has recently put it. If Kaliningrad benefits from this arrangement, Russia might possibly try to join the European countries in a similar manner, without being a NATO member or a European Union member state. I think that would be to the advantage of both Kaliningrad and its neighbours.

### **Kuznetsov**

Without intending to praise our Moscow bureaucrats, I cannot completely agree with Mr Ignatavicius when he names the low effectiveness of the Tacis Program on the Moscow bureaucracy. I met some time ago with representatives of the Tacis Program, the so-called Monitoring Group, who told me about a number of potential projects in Kaliningrad and showed me numerous documents. But when I asked them whether one could consider their work to be a feasibility study for investments, they were quite astonished. "No, that's not what it is. This is not the task we were given," they said. I dared to respond by asking "But then, what is all this good for?" In the end, we just did not click. It was my impression that in the early stages of the Tacis programs, the program objectives were more or less fictitious. Today, the situation has improved a bit, but the participants no longer have their initial dynamism and have become rather skeptical. What I mean to say is that the name Tacis no longer has a lot of credibility around here.

My thanks go to Mr Rahr and Mr Skalski for the suggestion to make it possible for the inhabitants of Kaliningrad to travel into Europe without a visa. You are true friends of Kaliningrad. We can imagine quite well what fundamental problems are tied up with the realization of this ambitious goal. I do want

to remind you in this context just to make sure that we keep the liberties we are already enjoying today, because these liberties are vital for us. But unfortunately, things are moving in the opposite direction. Over the past several years, I have heard again and again about the advantages of EU enlargement to the East. But not once have I been able to discuss it with a competent expert. Discussions have always exhausted themselves in generalities along the lines of "everything will turn out alright in the end".

As far as the winner`s mentality is concerned - well, it is a difficult topic that perhaps I should have left alone. Let me explain this remark a little bit. I don`t mean the victory of those states that will be acceding to the EU over those who won`t. What I was trying to say is something different. I find the self-assurance with which the official representatives speak of the absolute benefit of EU enlargement quite alarming. The candidate countries, moreover, are competing against each other in some kind of "obstacle race" to see who can get through the EU entrance procedures quickest. The truth is, that everyone knows that the current candidates are very poorly developed in comparison with the old "core" members of the EU, in terms of the economy and in other areas too. Can a union between a mouse and an elephant be a stable one? Obviously not. As part of the Soviet imperium and members of the Warsaw Pact - however brutal their behaviour may have been - these countries and peoples had a sense of being superior and more highly developed. Once in the EU, they will for a long time play the role of also-rans and petitioners. Therefore I should like to caution against too much self-assurance.

Let me give you two examples. In Estonia the majority of ethnic Estonians are reported to be against joining the EU. These Euro-sceptics even speak of "Euro-nonsense". The Russians living in Estonia, however, are in favour of EU accession. The reason is, that the Estonian Russians compare their status in the European Union with that of Russians living in impoverished Russia and see benefits for themselves. They will then be in a position to help their relatives in Russia. So we see that rapid entry into the united Europe, which at first sight appears such a wonderful idea, will do nothing to heal the divisions in a post-Soviet country where the demographic situation is so complicated.

My second example is this: every now and then Polish farmers protest against EU agricultural policy. They block roads that keep trucks from Kaliningrad from returning home. By means of my diplomatic passport, I have tried on several occasions to talk Polish demonstrators into letting the Kaliningrad trucks pass. I believe we are justifiably concerned about whether the EU enlargement to the East will proceed as "gently" as possible and will not cause problems for the neighbouring countries. Those of us who live in Kaliningrad very much hope that our neighbours prosper and do not make any mistakes. Only then does the Kaliningrad area have a chance of becoming a pilot region for relations between Russia and the EU.

### **Shedrovitzky**

It is my impression that during the first part of our discussions, relations between the EU, Russia and Kaliningrad were largely described in a positive light and as being stable, whereas now they are described as being more problematic.

Is it possible for the processes in the Baltic region and the region itself to become some kind of model, as has been said here at various times? Let me pose the following question: what type of model is the Baltic region? Who can benefit from the positive or negative experiences of this region? And what are the medium- and long-range perspectives for this region?

We talked about the principles upon which a dialogue between two partners must be based if it is to consider sufficiently both the integrity and the interests of both parties. It was stated that this dialogue and the concrete realization of these principles must be worked out between two equal partners. But we did not define the content of this process. Of course one must first define the general framework and the form of relations - but this cannot be enough. If we concentrate on formal issues too exclusively, there is the real danger of losing sight of the objective of the process.

I would even go so far as to argue that some of the negative aspects of European integration that have been touched upon here, as well as the skeptical attitudes of both the leadership and of the populations of the countries involved in this process, could be the result of a lack of emphasis upon the content of the integration process. This means that many are now reopening the question of the objectives of integration: where are we going? What do we want out of it? What is the purpose of all these new, complicated and complex supranational structures and institutions?

In this context, I would like to point out the following: if we overemphasize the framework for international relations for communication and partnership, we will delay the processes for which we

created this framework. For example, is the expansion of NATO to the East going to improve the [political] climate or does the expansion create new hot spots? Could this not lead to a development that will no longer be supported by some of the participants, if we want the fundamental processes to continue to develop? This is why I would like to explore the positive content of cooperation in the Baltic region.

Some of us also warned about potential dangers, such as pollution and the disposal of nuclear waste. Of course we must work together and we must harmonize our interest in the face of such dangers. But there are other factors that do not pose a threat to anyone; yet they, too, must be tackled jointly. So far, these positive factors were mentioned only in the context of the incipient formation of a new knowledge-based society in the Baltic region, which infuses the process of innovation with a completely new quality. It is no longer about military competition, but about the most fundamental goals and values, such as maintaining life, our natural environment, and our human capital.

It is entirely possible that this is the central task for Europe as a whole and for the Baltic region as a pioneer of the European innovation process. Perhaps it would make more sense, therefore, to discuss this process and the criteria that should guide it! think that many nations are willing to bring to this process aspects of their own culture and history, as well as new knowledge in technological fields, in the humanities and education. This would provide a sound basis for determining what impedes successful cooperation and what the new framework for cooperation should look like.

Perhaps it will be business, or perhaps civil society or youth initiatives that will be able to move these things along, although I hear that the money for funding the latter is lacking. Someone cited the example of Silicone Valley and coined the new term "Silicone Baltic" as a metaphor for the new process of innovation that is now possible in the Baltic region. Whether such a process can continue depends on what questions and problems we put on the agenda. The next two five years will show whether the Baltic region can become an "experimental laboratory" for economic, cultural, and eventually political cooperation.

### **Nyberg**

I was intrigued by Mr Shedrovitskys question: Is Baltic cooperation an example? If it is an example then for what and for whom?

What I have noted is that there is no reference whatsoever in the Russian discourse to the Baltic cooperation experiences. It doesn't exist in the broad political, very Moscow centred, very elitist discourse in Russia. There are conceptions which we have coined and which we consider universal, e. g. "interdependence". Every German understands what is meant when you talk about Rotterdam being the largest German port. This is no problem for a German, but it is extremely difficult to explain in Russia that it is not Hamburg but Rotterdam that is the largest German port. And when you point to examples of interdependence in the Baltics, it is not accepted. I have talked with politicians in Moscow who say that interdependence might be good for us but it is not a concept for a great power which stretches all the way to the Pacific region.

On Thursday "Nezavizimaja Gazeta" which has just fired its editor, published an article entitled: Project Estonia. Estonia is a project with chances and risks and one of the most radical post-Soviet experiments. It is a one page thing about Estonia. I have never seen anything like this published in the Russian press before. It is interesting because the way these questions are asked is exactly the way questions should be asked. And this is the fact that counts as an argument that I haven't seen in the discourse.

So cooperation in the Baltic Sea area, Mr Shedrovitsky, is not a theoretical question. It is very, very practical. We have environmental issues, we have the issue of the lack of investments and we have the fact that, for example, in Finland we are waiting for President Putin to make a state visit to Finland in early September and we hope that a treaty protecting investment will be signed then.

### **Knudsen**

I feel it is necessary to point to a fundamental complicating factor in what we are considering right now in this session. And that is that we are dealing with two competing integration processes. We are not just dealing with EU integration; we are looking at EU-Russian relations as if they were a similar kind of integration process. But this is not the case, because EU-relations are competing with the internal Russian integration project. Understanding this is of fundamental importance in order to understand why the complications are so substantial.

It is very hard to build a region top down, especially if you are trying to build it between Russia and the EU, to include Russia in a wider European region. To give substance and content to this kind of cooperation, I think, a region can only be built from the bottom up. At least the substance of what you can call a region is really a social factor. The social relations, the large volume of everyday contacts in trade, in all sorts of commercial relations and in everything that follows from that, that is the hard substance of a region. From that flows all sorts of other, especially cultural, relations, I believe.

You need some governmental action to facilitate that and hence a certain element of top-down region building is needed. But there is a fundamental problem in formulating programmes - like the Northern Dimension, in an attempt to construct regionalism from the top down. You cannot very easily compete with the internal integration project in Russia. Here the internal relationship in Russia between the government and society will have to be resolved before any great progress can be made in relations between societies of a larger scale between Russia and the EU. We see in a number of cases, that the initial contact needs to be facilitated, especially on the commercial side. Before you have a self-driven internal, social, and commercial integration process - in Russia it will be very difficult to engineer such a process with the EU.

### **Zöpel**

To begin with, it is just as fashionable in Russia to blame the EU for any problems as it is in EU countries. You mentioned traffic obstructions, Mr Kuznetsov: but France has been a EU member state since 1947, and when French farmers are on strike, it does indeed happen that the access roads to Paris are blocked. That is absolutely normal. The European Union does not change human behaviour in general.

How successful was the process of pursuing a European policy in Northern Europe. I would like to make the following comments.

First, the European Union could acquire a Northern dimension only from 1995 onward, after Sweden and Finland joined the European Union.

Second, the Finnish government proposed the "Northern Dimension" project as early as 1997, that is only two years after Finland joined the European Union. Considering that today, in 2001, we already have a program for action, this seems to me quite speedy, especially when measured against the farmers in France who are still striking, after more than 40 years of EU membership.

Third, as far as the financing of the Northern Dimension is concerned, I would like to point out that all Northern member states are donor countries, whereas the Mediterranean states are receiving EU money. This means that the North pays for the South, but itself benefits very little from EU regional funding.

Fourth. The external relations of the EU in its Northern region were focussed primarily on Poland and the three Baltic states. Sooner than anyone might have believed in 1995 they will join the EU. I shall stick to my prognosis, Mr Stürmer. In 2002, negotiations with these countries will be concluded; this will then need to be ratified by 25 states, who are the ones who will very likely present the greater risk. It would mean that the Northern Dimension would cease to function as an element of EU foreign policy some time between 2002 and 2004 and will become EU domestic policy. This is the fastest success that can be expected. The necessary finance to implement has been set aside in the agenda 2000.

It has been pointed out that the three EU programmes Interreg, Phare-Crossborder, and Tacis ought to be cross-coordinated more effectively. And there is always room for improving bureaucracy. But in principle, this demand is not quite as self-evident as it is generally phrased. Interreg serves to coordinate cooperation among regions within the EU; Phare-Crossborder is aimed at the EU accession countries, while Tacis aims at those countries who do not intend to become EU member states for the time being. It is crucial to understand these differences, even though a harmonization of these instruments would no doubt be desirable.

I believe everyone knows that prior to the establishment of the Northern Dimension, EU financing was definitively approved through 2006. In consequence, we can discuss additional funding of this project only after 2006.

By the way, after EU enlargement to the East Phare-Crossborder will be available only for Romania, Bulgaria, and Turkey; all other countries will be EU member states by that time. Yet it would make good sense to think about specific EU assistance to the new border areas after 2006.

Fifth, cooperation with between Russia and the EU in general has basically been possible only since President Putin took office. It was certainly almost impossible to cooperate effectively with the Yeltsin administration.

One precondition for the Northern Dimension was the regionalization of Russia. It is self-evident that the Northern Dimension cannot be responsible for developmental aid to, for example Kamchatka or Irkutsk. Mr Kovalchuk's remarks show that with the establishment of the Northwest region, Russia has opened up new opportunities for cooperation in order to breathe life into the EU-Russian partnership. I think this constitutes huge progress. If this tendency continues - supported perhaps by the Russian president's participation in the EU summits (Putin participated in the Stockholm summit in March of this year) - and if progress is made towards a more efficient cooperation on the basis of an EU-Russian strategy, I can definitely imagine more substantial financial decisions of the EU in favor of the Northwest Region of Russia being made after 2006.

Sixth, and with specific relevance to Kaliningrad, I was truly surprised to see what progress has been made both on the part of Russia and the EU in this sensitive question. Everyone understood that the German government could not very well put Kaliningrad on its diplomatic agenda. This is why this question could only be addressed at the European level, even though the process took a while to get going. This year, the EU has presented an outline for Kaliningrad that was positively received by the Russian government and was approved in parliament.

If we hear foreign minister Ivanov say that Kaliningrad has a pilot function his remarks are backed by parliamentary resolutions of the Russian government. This means that we are at the beginning of a development that could present a solution to some of the problems that have been discussed here - especially those mentioned by you, Mr Kuznetsov. Not to put too fine a point upon it: EU-Russian relations cannot be defined in the same way for Kaliningrad and Chechnya. I am sure no one in Europe would demand dropping visa requirements for all Chechens. This is why I feel so positive about the pilot function of Kaliningrad.

Seventh, the next three to four years will show whether Russia is willing to accept that Russian citizens from different regions will be treated differently, for example with regard to visa regulations, without feeling that this constitutes a violation of Russia's sovereignty as an entity of international law. If the Russian government is willing to accept this - and I interpret the idea of Kaliningrad's pilot function in this way - Mr Kuznetsov's worries will be over. Schengen is more flexible than is generally thought. For example, there are multi-entry visas, and in particular special regulations for those living in the immediate proximity of a national border. Some of these things are already being practised, and we can discuss this in some more detail. But one precondition for all this is that Russia must accept that some parts of its territory are differently positioned in relation to the EU from the rest. That means Russia needs to permit that Kaliningrad is given a different set of opportunities than, for example, Chechnya or Kamchatka. There is no doubt that this is very much in the interest of the people on both sides of the border.

Finally, I would like to add one general observation: most of the impetus for a country's development has to come from within. This is true also for Russia. In light of the severe inequalities in the distribution of per-capita income among the member states of the EU, in particular in Northern Europe, and Russia, the idea that the EU could make a decisive difference is absurd. Russia must accept the rules of the global economy, which is based in no small part on the free exchange of information. Russia can draw on the required financial means from its natural resources, and these means ought to be used for the purpose of becoming an economic superpower instead of trying to reclaim its former status as a military superpower. I think this vision is shared by part of Russia's leadership. It is understandable that this topic has sparked off a domestic debate in Russia. But EU support - especially to the Russian northwest - can only be successful if Russia makes its own contribution to economic progress.

### **Nyberg**

On Mr Zöpel's remarks. Again referring to the political discourse in Moscow and my understanding of the way the country and this regime tick. There is no indication whatsoever that this government would agree to a preferential treatment of Kaliningrad as against other regions. I hope I am wrong but I doubt it.

### **Hoyer**

What is your objective for regional cooperation in the Baltic region? The most successful regional projects in the EU to date were implemented among more or less homogeneous sub-regions. This is

totally different in the Baltic region, where we are dealing with a very heterogeneous region whose heterogeneity will increase considerably when Russia becomes a full participant. This is what makes it such an exceedingly interesting undertaking.

I see a big opportunity in this project for the European Union, in so far as it could be a textbook example of successful integration that could energize political processes within the EU that are sorely needed in order to break open the often rather ossified structures within Europe. It is my impression that our discussion about European integration are primarily focused on processes internal to Europe, instead of using European integration processes to prepare Europe for political and economic globalization. The example of the Baltic region lends itself to exploring new possibilities for cooperation beyond the external borders of the EU and within a manageable framework.

One example for self-imposed limitations in European integration is the discussion about the transition time frame for the next round of EU enlargements. It shows how defensively we approach European integration processes - and I think that is a big mistake. This attitude limits the potential for growth and prevents absolutely essential processes of structural reorganization. I hope this can be avoided. As Mr Zöpel mentioned, it would be much more important to think about how to restructure EU aid programs after EU enlargement, for example how to move from the Far Crossborder to the Interreg programs. Rather than worrying about transitional time frames, we would do better to concentrate on the existing problems in these regions, and on how to get a handle on these problems through a dynamic policy of promoting structural and economic development.

I would like to add one last word regarding the visa question and Schengen. Let's remain realistic! I agree with Mr Zöpel that there are a number of instruments in the Schengen regime that permit a more differentiated approach. But I would warn against relativizing the Schengen Agreement in any way. It was difficult enough just to get Schengen into the EU framework. Negotiations prior to Amsterdam lasted for more than 18 months. Any attempt to modify what has been achieved there would meet with strong opposition. We must take any question related to the regulation of external borders very seriously. By the way, that is very much in the interest of the accession countries. There must be no compromise in the question of securing external borders, otherwise we would immediately need to roll back some of the progress we have - thank God! - achieved with the abolishment of internal borders.

### **Stebelski**

It is really worth recognising the progress that has been made under the Swedish presidency on cooperation with the Kaliningrad region. Of course, it was particularly welcomed in countries bordering the region, i. e. Lithuania and Poland. Already before, the two countries had developed their own initiatives theretofore and started active cooperation with Kaliningrad.

I sympathise particularly with two comments made by Mr Kuznetsov. The first one concerns Tacis. It would be useful to hear from the representative of the European Commission, Mr Summa, how Tacis works now. It took years until Phare was rearranged in such way that the candidate countries could collaborate with Interreg money. And then we spent next years until Tacis was also rearranged in such a way that Phare and Tacis money could be merged to finance the joint projects. I presume that criticism should be addressed not towards Tacis countries only. Moreover the allocated money could and should be utilised not only for technical assistance projects but also for the investment purposes.

The second comment concerns the visa issue. There are only few countries like Poland that understand how important it is to the Russian and other CIS citizens to obtain easy access to countries where market economy and democracy are under development. Their multifaceted experience in organising and implementing successful transformation and integrating with the world economy is of utmost value and importance to countries that follow them on the path of political and economic reforms.

At the same time there is the Schengen regime which is now the European Union acquis. Countries like Poland and Lithuania should not be singled out for a specific visa regime. This is an EU problem and it has to be solved the European Union as a whole or, at least, by the Schengen countries in relations with Russia in view of the forthcoming enlargement. There are plenty of possibilities to work out the relevant solutions. At the same time there is a question that should also be addressed by the Russian side itself: should Kaliningrad get a preferential treatment and is Kaliningrad allowed to do that?

My other comment refers to the basis of economic relations between EU and Russia. It is linked with the problem of Russia compliance with the acquis communautaires. The PCA provides for harmonisation of Russia's law with the acquis. However that does not necessarily mean that Russia

will fully adopt *acquis communautaires*. I consider that there is no such intention in Russia, at least not in the foreseeable future, unless Russia in fact decides to apply for EU membership eventually.

Therefore, we have to bear in mind that cooperation with Russia will not be based entirely on *acquis communautaires*. In many instances we may have a different basis of this cooperation. The situation of Russia is different from the situation of applicant countries that are simply adopting *acquis communautaires* in the light of potential membership.

Finally, a question that emerges in the context of our discussion: is the Baltic region or Baltic cooperation the only framework for EU-Russia cooperation? What would happen in the Baltic Sea region if Russia finds other more interesting framework of co-operation with the European Union?

### **Iloniemi**

It should not come as a surprise if some people have critical remarks about the activities of the European Union. After all there is some central planning going on there.

### **Heimsoeth**

The visa question for Kaliningrad should not be the primary focus of the discussion about the objectives and components of the relations between the European Union and the Baltic region. This is a specific topic that should also include the close examination of the motives of those who call for a special regulation for Kaliningrad.

Mr Zöpel pointed out that Russia ought to define itself much more as an economic power in the region and should tackle such topics as the information society and the Internet. But to date there has been very little active cooperation from Russia, for example within the context of the Baltic Council, which works on such projects and on how to close the gap between the eastern Baltic region and the fast-paced developments in Northern Europe. Whenever something having to do with e-commerce and e-learning comes up, it is usually the Estonians and the Latvians, sometimes also the Germans, who develop activities here, whereas very little comes from the Russian side in this respect - and that's a pity.

Mr Nyberg correctly pointed out that to date Russia does not seem to attach a great deal of importance to multilateral cooperation in the Baltic region and seems to place more hopes in bilateral relations with the Baltic States. One can only hope that this will change when Russia holds the presidency of the Baltic Council and once people begin to understand what tremendous opportunities are in it for Russia as well.

Russian participants are not represented in many decision-making bodies, such as the task force for the fight against contagious diseases, because no funding is provided by the appropriate Russian departments to allow participation. Must one see this as a sign that cooperation on these matters is obviously not considered to be sufficiently important? The Governor of Kaliningrad, Yegorov, has repeatedly stressed the importance of the topic of communicable diseases to the Kaliningrad oblast. The Russian government ought to recognize its own vital interests in these fields.

### **Fursenko**

Some time ago the following little story was very popular. After a big meeting of the construction association, one of the participants said: "I understand everything except for one detail: how shall we build the bridge - alongside or across the river?" What I mean to illustrate by that is that we must be clear about how the bridge is to be built and whether it is worth building it.

Mr Knudsen said that a top-down policy is not effective. Mr Nyberg countered that it would be difficult to discuss essential questions without concrete input from the Russian government. To me, this seems to be contradictory. If we think it is useful to include NGO's and independent experts, we should create a framework for just that and we should talk about how we want to build the bridge and then begin to talk about technical details and other concrete issues.

This does not mean that we should exclude some questions. At any rate, it would be more interesting to use the example of Kaliningrad for exploring what we are supposed to learn from such a model. Thus, I am not so much focused on the details of visa regulations as on the purposes to which these visas are put. Are they for people who travel abroad to buy a used car or are they for increasing the mobility of academics who will create a totally new European educational system in this region?

I think the questions Mr Shedrovitsky has raised ought to be given if not priority, then at least equal importance with all the other questions. They could become much more important for opening up the

North for the states of the Northern Dimension overall, because energy supply and transportation issues depend much more on the Nordic states than on Kaliningrad.

### **Kuznetsov**

I would like to tell you a little story "straight from life". A peasant had many chickens. One night, two of them were stolen from his chicken coop. At first, he was not too concerned, but two more were stolen the following night, and every night after that. He decided to consult the smartest man in the entire village who was famous for his excellent advice. The wise man said: draw a circle on the door of the coop at night. The peasant did as he was told, but another chicken was found to be gone the next morning. The wise man advised him to draw a triangle. The result was the same. One day, after the peasant had tried out all sorts of shapes, he found that his last chicken had been stolen. Fuming with anger, he went to the sage and demanded an answer. But the wise man simply shook his head and sighed: "What a pity, and I had so many good ideas left!"

I wish all the participants in our discussion here that we will have enough good ideas to last us till 2005, when the financing of the joint EU projects is scheduled to begin.

### **Zöpel**

Just a quick commentary on the story: I think the matter may have ended differently if the good man had had the brilliant idea to guard his chicken coop himself for one night!

### **Iloniemi**

We are now approaching our third topic: The possibilities of region policy. Can the northern dimension serve as a model? The northern dimension has already been touched upon many times. But now we have a better chance to examine the subject in greater detail, and more concretely. The prepared statements will be given by Mr Olsson and Mr Summa.

### **Olsson**

I think first of all, it is important to remember the development of the concept of Northern Dimension. It has its roots in the fact that Sweden and Finland joined the European Union in 1995, which to a large extent led to the point of gravity of the Union being shifted much further to the north. Inside the Union, or as an immediate neighbour to the Union, there appeared quite a number of new phenomena: other climatic conditions, long distances, sparsely populated areas. Another very important fact was that the Union got an external border with Russia. A border some 1.300 kilometres long. And a border that also shows great differences in standards of living on the different sides.

The concept of Northern Dimension was presented by Finland in 1995 and it was welcomed for the first time by the Union in 1997. During the Finnish Presidency, in 1999, the first ministerial conference was organised. Last year in Feira the European Council adopted an action plan. During our Swedish presidency, we held the second ministerial conference in Luxembourg in order to provide political guidance and to map out further action. In the mandate from Feira there was also a request to the presidency together with the commission to prepare a full report on the implementation of Northern Dimension policies. This report now will be authorized by the General Affairs Council and then it will go to the European Council.

The area covered by the Northern Dimension is a rather unique one. Apart from the number of EU-member states we also have the partner countries, some of which are in the process of becoming members, the candidate countries, but we also have countries who have opted not to become members. So we have a dynamic mixture of well developed economies and economies in rapid growth and it is important to use these dynamics to stimulate cooperation in Northern Europe and try to stimulate and increase cooperation across the present and the future external borders of the Union.

In the Feira action plan which Mr Tuomioja referred to there are many sectors of which three were particularly highlighted. One is environment, where we hopefully very soon will be able to launch the so-called Northern Dimension Environmental Partnership. This is a joint effort launched by the International Financial Institutions active in the area, together with the Commission and with interested bilateral donors. The idea would be to get a financial framework that could become involved in projects relating to environment, nuclear waste and energy efficiency. On the subject of the environment, one should remember the result of the Stockholm summit in March 2001 when there was an agreement in principle that the European Investment Bank could be involved in projects relating to the environment, also in Russia. This we consider as something of a breakthrough.

Referring to nuclear safety there is also one big issue that has to come into place. As most of you know, since the end of 1999 we have been negotiating on the so-called MNEPR-treaty, a multilateral nuclear environmental programme for the Russian Federation. Such a treaty would give the necessary legal framework for more concrete action when it comes to nuclear clean-up, especially on the Kola Peninsula. These negotiations have been going on for years, we have tried during our presidency to raise the matter to the highest political level. There have been direct contacts between Mr Persson, Mr Prodi and Mr Putin.

Following the EU-Russia summit in this May, there was an agreement to try to finalise the outstanding issues which mainly relate to the very difficult question of liabilities, if something should go wrong during one of the clean-up projects. The negotiations should be concluded by the end of the month or during the present presidency. I think the final round of expert negotiations is scheduled for Paris this coming week. I sincerely hope that we will be able to solve the remaining question marks, because we can feel a certain, I might call it "MNEPR fatigue" among a certain interested donors. If the negotiations do not end up with concrete results, I am afraid that some of the donors would just lose interest.

One other sector that was highlighted in Feira was the fight against organised crime, and cooperation in justice and home affairs. In this sector we can see some progress. We have been following the good work that is being done within the framework of the CBSS Task Force. We also have the EU-Russia joint action plan on organised crime. And some months ago we had the first ministerial EU-Russian Troika meeting on justice and home affairs.

The third highlighted sector was Kaliningrad. I think the pure fact that the EU and Russia can now discuss Kaliningrad is per se an achievement. This was something of a taboo just a few years ago. We have started a dialogue with Russia in various expert bodies. We know that the General Affairs Council will tomorrow adopt conclusions on Kaliningrad. The conclusions contain some mechanisms to make it possible to keep Kaliningrad on the EU agenda during future presidencies to come.

I have no intention to go through all sectors, but I would like to highlight some others: energy is an important one where we have started albeit slowly, but nevertheless we have started on an energy dialogue between EU and Russia. It will take some time before we see concrete results. But nevertheless we have opened the path for discussion. On the Baltic Sea region energy cooperation, the so-called BASREC has achieved momentum in 2000 and 2001. There are now a number of ad hoc expert groups discussing various aspects on energy.

Another sector that will gain more importance is, of course, information technology. Especially in a part of Europe which is characterised by large distances and sparsely populated areas. There some aspects as e-health or e-medicine could become very important. You know that there is an action plan on these IT-issues so-called Northern e-Dimension being worked out by the CBSS in partnership with the Commission. This action plan will be adopted in September, if I'm not mistaken, in Riga.

Even if progress has been achieved so far, the question is: can the Northern Dimension serve as a model for regional policy? I'm not sure whether we have reached that point yet. What we can say, of course, is that the Northern Dimension has become a well-established part of policy making within the EU and its partner countries. It has also developed into a good example on how contacts, cooperation, networks, and structures can reach beyond the external borders of the Union. In this particular respect, maybe our corner of Europe could serve as a good example for other border areas of the Union. For example in the South West or in the South East where the external border of the Union is more clearly seen as a dividing line.

Some factors that have influenced the possibilities of developing the concept further have been that the Northern Dimension, as I said at the beginning, is a "mixture" that comprises both EU member states, candidate countries and other countries. The difficulty in this respect is that the legal foundations between the European Union and the other countries are based on various agreements. For the candidate countries we have a relationship that is governed by the European agreements; with Russia we have the PCA; with Norway and Iceland the legal framework is the EEA agreement. It has not been easy to find a structure that cuts across these different categories.

The same thing goes for the financial instruments: the candidate countries Phare programme, and Russia's Tacis programmes are not compatible to the extent desired. It is difficult, to put it mildly, to combine financing from both Phare and Tacis in a project that would, for example, include Russia and Lithuania. The Commission is working on ways and means trying to harmonise the procedures for this instrument, as well as for the Interreg programmes. But we think that further progress could be made in this respect.

Another factor that has been causing some difficulties is the question of how the European Union and its institutions can cooperate with non-EU institutions in the implementation of the action plan. For example the regional bodies: CBSS, the Barents Council or the Arctic Council. Often the sectors mentioned in the action plan are very similar or identical to the priorities set by the regional bodies which in many cases have very good expertise in these fields. The question is: how can we find ways and means of using a regional body for implementation of EU-funded projects when not all member states are represented on those bodies? Because there is no need for the EU to establish parallel or identical structures when we already have a task force that is well established and functions well within the framework of for example the CBSS. I think we could find other examples for other sectors as well.

There is another factor that influences our possibilities. The European Union now has 15 member states, four of which are directly involved in the Northern Dimension area. More than four are interested, but the interest in the concept as such among all the 15 varies. There is no need to hide that.

Another issue has to be solved: as the Northern Dimension is a joint initiative between the 15 member states and the seven partner-countries, we must find ways where the 15 plus 7 can discuss policies and implementation. So far, we have had ministerial conferences every other year. That's fine for political guidance, but it is not enough if you really want to get an active involvement from the partner countries.

As we are now about to conclude our presidency, we have put some efforts into follow-up work, where we, also within the framework of the report that goes to Gothenburg, have suggested ways and means for regular reviews both at a senior official level as well as at a ministerial level. We understand that Denmark whose presidency starts in the second half of 2002 will take up the challenge of organising the third ministerial conference where one agenda item should be: how to develop the Northern Dimension after the time span set out in the Feira plan of action. One component in such a debate must also be the question: what will happen with the Northern Dimension, let's say within the Baltic Sea area, when 8 of the 9 countries are member states after enlargement? Will this lead to development when we are no longer talking about the Northern Dimension of the external policies of the Union, but rather of the internal policies of the Union? Plus a component EU-Russia. Because Russia would be the only non-member state.

Another question that has to be asked is: will that development in the Baltic Sea area lead to a shift of focus of the Northern Dimension? After all the Northern Dimension area extends further north, from Iceland in the West to Barents and Kara Seas in the East, as it is said in some of the documents. Will this lead to a stronger focus on more northern issues, a shift towards the Arctic or even circumpolar questions? All these matters have to be taken into consideration when we discuss the further development.

Finally, one other thing should be included in the follow-up work and further development, the involvement of non-government actors. I'm referring to the business community which very often has concrete experience of whether the investment climate is working or not. Other factors are the civil society NGO's and that has led us to the suggestion that we should try to organise some kind of "Northern Dimension forum" on a regular basis. It would not mainly be a meeting-place for government experts or government representatives, but rather for the business community and for the civil sector.

## **Iloniemi**

When Finland joined the European Union the European Union gained these 1,300 kilometres of common border with Russia. But most people who know European borders think of them as an interface. This is a very different case with the 1,300 kilometres. Almost one thousand is wilderness where nobody lives and a very few roads cross the border. So it is nothing like the border between say Denmark and Germany, or Germany and Austria. That is an entirely different world. Therefore we are not as close as these kilometres might suggest.

## **Summa**

We approach the Northern Dimension as a framework and first I would like to make a couple of comments on this issue.

As to the candidate countries: We don't have any major problems there when we talk about the Northern Dimension. They are highly motivated and they are working very hard on the access. It means in practice that the Baltic States and Poland do not have much administrative capacity to do

other things at the same time. They are working so much on accession that all the other concept policies don't get much attention in the administration.

But in the candidate countries there are resources to work on the Northern Dimension. If we take the EU resources of Phare, for example, the resources in money terms are substantial. And then also International Finance Organizations such as the European Investment Bank, the Nordic Investment Bank and EBRD are very active in these countries. So, the resources are there.

The best feature at the moment is that the investors are very active. If you look at the investment figures, they are very impressive and also the growth rate is very impressive. As many economists forecast, the rate of economic growth in the candidate countries could be roughly double the EU average. If this is the case, it would guarantee dynamism.

Then the EU and Russia. The Northern Dimension region has the same agreements and the same machinery with Russia that exist between Russia and the European Union. We have the PCA agreement and we have the common strategy. When Russia works on WTO accession we discuss the free trade area with each other. Another subject we have started to discuss is: how to create a common European economic space between the European Union and Russia? That means that this is very much a Northern Dimension framework.

Some very brief remarks on the EU-Russia cooperation. My own reading is that after ten years this cooperation is well established and the PCA has been active now for more or less three years. The PCA machinery is very cumbersome, but it seems to work. What is important is that we have a forum to discuss whatever topics we want with Russia. We actually do that on a weekly, monthly and annual basis. This seems to be well in order and this contributes to the Northern Dimension.

There are some problems, of course, in the EU-Russia relationship. If we look at the main functions of the Union they are in trade. We know that there are some trade irritants on the agenda at summit or other meetings. Both sides are more or less frustrated, because we are not solving what we set out to do. This is the background to the EU's and President Putin's agreement to initiate the high level working group on trade issues and on the issues linked to the common European economic space. This is something new and we are now discussing what it means in practise. It is easy to agree on something like this at a summit but then we have to know which terms of references this kind of cooperation will have because we have had experience of the PCA-machinery.

Russian diplomacy as we know, is very much based on bilateral actions. It's exactly the same on our side. Some EU member states are very active bilaterally. Can we say there is some competition between EU-Russia machinery and bilateral actions? As we know, for example, Germany is extremely active bilaterally. This doesn't make cooperation much easier.

It is sometimes very difficult to understand who the key interlocutor in Moscow is. We know that the Deputy-Prime-Minister, Viktor Khristenko, is "Mr Europe" in the Russian government, and that's a good thing. But nevertheless then we have problems almost daily finding the people with whom we should discuss and negotiate. There is a wide range of differing opinions in the Russian administration. For example, the Foreign Minister follows the very old conservative line and we know that the Kremlin and the Prime Minister's office and some other Ministers are much more modern and much more cooperative. So the problem is, that the Foreign Minister seems to act as a filter in all these relations and it is difficult to produce results with him in the midst of it all.

Now to the Northern Dimension. I think it is much too early to evaluate the success of the Northern Dimension. It was formally launched at the Helsinki European Council in December 1999. The action plan was agreed exactly two months ago. It got off to a flying start. First of all did not start from scratch and it was easy to get things underway quickly. If I compare it with some other initiatives that we have seen in Brussels, I think, that this has been a really fantastic launch. I think the political backing is very clear and very strong. As Hans Olsson said some countries are much more interested in the concept than others. But if we look at Black Sea cooperation or the Barcelona process, it's all exactly the same. It is something we have to understand.

Then to Russia: We know that it is still very centralized, and north-west Russia, including Kaliningrad is very far from Moscow psychologically and also physically. So the question is, how to get attention on the Northern Dimension given that type of administrative machinery. Most likely we will have a window of opportunity now, that we did not have had two years ago when we started the Northern Dimension. That is due to President Putin who knows the region very well himself, as well as his advisers. He seems to be very interested in this and of course it's very important. He takes it up at all the meetings and he also has his own very personal views and priorities.

Elsewhere in the Russian administration the enlargement is the reason why Mr Foreign Affairs and some others have become more and more interested in the Northern Dimension. The EU has not refused to discuss the enlargement with Russia but said it should be done in the PCA machinery. But Russia wants more. When they don't get new institutions to discuss the enlargement effects on Russia, then at the moment it is probably best to discuss Kaliningrad separately. When we do that, at the same time many other enlargement issues will be discussed automatically. So enlargement is linked to the Northern Dimension and Kaliningrad. That's the reason why it will get more attention.

As I said, sometimes we have great difficulties in understanding who is the interlocutor in Moscow. That is closely linked with the Northern Dimension. Therefore the regions, St. Petersburg, Kaliningrad, Murmansk and Karelia, must take on the responsibility. Some of those are able to do this, some not at all.

These remarks relate to the political motivation behind the Northern Dimension. Now, very briefly let me mention the resources and projects. The political agreement is very clear as I said. The Northern Dimension policy is agreed and blessing was received from the highest possible body in the EU, so further work on that is not necessary at the moment. The real test now is to produce concrete results and see what these concepts can deliver.

We have very many bodies working on the soft securities in crime, public health, etc. which is very important. Then, we have - let's say - the hardware to tackle. The resources for the Northern Dimension are very limited. As I said the Baltic States and Poland have access to some EU instruments. Otherwise it is very limited. If we compare the resources that the EU allocates, for example, for MEDA they are very much higher. If we take the countries bilateral programmes for Egypt for example, for Nepal or some other countries, they are very well equipped compared with the allocations for the Northern Dimension region. You would be surprised at a listing of how the EU funds are allocated world-wide.

So what can we do? First of all we have the Phare instruments. The countries concerned, the Baltics and Poland decide internally how they allocate the resources regionally. For example Tacis is an instrument where the EU-Commission, has a lot to say in cooperation with the Russians. We have already allocated many of the funds. It means that we do less inside the Wladiwostok area and very much more in the western part of the Russian Federation. Because of the Northern Dimension agreement and new priorities which have arisen the number of priority projects which the EU finances at the rate of hundred percent or at least fifty percent has doubled since 1998. So there has been a huge change in two or three years.

There are many other activities that could be mentioned: projects on the environment or border crossings, on education and on industry, on energy. The inventory that we produced for the Luxembourg Ministerial meeting, it is a 55 page inventory of what the European Union is doing for the Northern Dimension. It covers 11 sectors. It shows a very active portfolio and is developing very fast. In the Commission machinery 11 departments are working on the Northern Dimension at the moment. Depending on the definition, it could be as many as 20 or 25.

Hans Olsson just said IVICE has made some major progress. For the FVICE meeting they made an inventory of the Northern Dimension projects underway, and identified 360 projects. 72 of those are in Russia. The idea of the Northern Dimension environmental partnership will most likely be agreed on Gothenburg next week. The idea is to enhance the financing, mainly for the environmental and nuclear waste. So I think that the IVICE can be more active if they have the resources. Of course, the legal framework and the investment climate too should be good enough to motivate them.

I would like to say that the Northern Dimension has already been integrated into all the new policies and that's a real achievement in the three or four years that we have worked on this.

Now a word on some of the challenges, problems and the potential for improvement. Firstly, if we really want to see visible results, also political, I think resources will be the key. We have felt the effect in the Northern Dimension region. The EU budget is more or less fixed and many of their resources were allocated to the Balkans which were partly taken from Tacis, Phare and other funds. So it means that we have lower funds today than we had a couple of years ago. Those resources are not all even needed in the medium term, but it was probably a political necessity.

Secondly, we have to see that the others contribute. We have bilateral contribution from the member states, whereas the candidate countries cannot be much more active in terms of resources. Also we have to see that the Russian Federal government must be more active. I have the feeling that some Russian banks are just waiting to see what the EU will do for this region. They are not willing to allocate their own resources. This is definitely not the idea.

As to political visibility. I must admit that this is probably the biggest problem of the Northern Dimension, believe it or not. When there are no crises in the region, there is no visibility. My very personal reading in Brussels is that you need a crisis to get resources and to gain some visibility. Normal hard work is not enough. The problems that we have are more hidden, they are not visible: waste water, air pollution or certain diseases. It's not easy to market these issues politically.

Another political problem lies very much on the Russian side. In discussing with Russian politicians, many seem to feel that the Northern Dimension's agenda is one of the past. Cleaning waste water, nuclear waste, solving some problems in Kaliningrad. They have negative connotations. What we need politically, are future-oriented, positive projects with political sex-appeal.

What kind of projects could they be? Hans Olsson mentioned the IT sector and communication technology. The potential is huge, especially in St. Petersburg and also in Kaliningrad and some Baltic cities. The Russian government has proposed working on science and technology. We know that we could do much more in this area and St. Petersburg would have a very strong role to play. What we need is something positive we can show to the politicians, so that it is something for them to show to the population: new businesses, new jobs for youngsters, etc.

Then there is the question of commitment. On the European side commitment is strong and clear. We are working at it, the Commission is doing its job coordinating things so things are in place at our end. In Russia the problem is very much that everything goes via Moscow. What ever we do, for example, within Tacis, it goes via Moscow. That means that the regions have to be very, very active. The regions produce shopping lists and ideas, some kind of brainstorming, but in most of the cases not more than that. They send shopping lists to Moscow or to us and after six months they criticize the Commission for not delivering. What we need are well prepared realistic proposals which we don't get. We cannot produce those in Brussels. So the responsibility lies very much in the regions.

Also the candidate countries the Baltics and Poland, as I said at the beginning, are focussing on Brussels primarily because of accession, and also in some cases very much on countries such as Germany, but not so much on the Baltic Sea region.

The next point we could discuss and improve is organization. There are definitely too many bodies involved at the moment in the North West and the Baltic Sea region. So stream-lining is the very first priority both with regard to meetings and to managing the work-load. During the Swedish presidency we hope to deliver some organisational improvements.

Today the Northern Dimension operations rely far too much on the European Union and especially on the Commission. I think the Commission's role is very much to guarantee continuity. That's what we are willing and committed to do. Of course, we operate the instruments. But people have a false understanding of role-sharing when all they do is to produce some shopping lists or vague ideas, and top that with criticism of the Commission and the EU. That's not very constructive in the long term. Sometimes I have the feeling that those who don't do their own homework, find it easier to criticize the Commission. This is not the wisest of strategies.

If we compare progress with the other regional approaches, where the EU is very heavily involved, e. g. in the Mediterranean, the Black Sea and so on, I think the Northern Dimension has made an extremely good start. We also can show concrete results although the visibility is low, as I said. The best indication maybe that many governments, be they member states or non-member states from the South, and many members of the parliaments have already approached us and asked: How did you organize it? How did you do that so quickly with that huge machinery? I think it has been a good start, but there is a lot of hard work to be done and very much to improve on. So my personal, very biased answer to the question on this agenda is, that dynamism is a model for regional cooperation.

## Olljum

As to the discussion here I firstly want to remark that I was struck especially by a general mood of pessimism and scepticism regarding the present state of regional cooperation and its future prospects.

The discussion has been dominated by Russian and German nationals. In my experience of Baltic Sea cooperation this is quite unusual. In general, when Baltic Sea cooperation has taken place, it has been a Nordic-Baltic Club of sorts. The former five plus three, and now eight Nordic-Baltic countries have over a short decade become very integrated to a remarkable degree. This is not just apparent when one looks at the special relationship between Estonia and Finland but especially evident with our southern neighbours Latvia and Lithuania, in particular if one looks at the flow trade and investment over the last decade. In fact you could say ironically that in the same way as there is talk of a multi-speed Europe one could also envisage a multi-speed Baltic region.

Please don't get me wrong on this. I'm not claiming at all that Nordic-Baltic cooperation is somehow more important than the wider Baltic Sea cooperation. But there is a real existing regional cooperation among these countries to an extent that is not true of the larger group. Of course it would be quite absurd to claim that the position of Russia, Germany or Poland for that matter don't count in our region. They are crucial indeed. But my question is why have they not been more active to date in this region? Olaf Knudsen suggested that part of the explanation for Russia's often ambivalent attitude to the region is that there may well be an on-going competing process of integration, regarding the process of reintegrating Russia and its regions. I would go even further: what is often meant by "Russian integration" is the attempt to reintegrate some of its neighbours back under the command of Moscow.

There is also ongoing the process of European integration which for sure encompasses the rest of the Baltic Sea region, especially the four candidate and four EU-member countries. In this context, I fail to understand those who criticise the relation that Tallinn has with St. Petersburg. Indeed, if one recalls that the collapse of bilateral trade between Russia and Estonia was to a large extent caused by the unilateral imposition by Russia of punitive double tariffs against the Estonian imports to Russia, then one might justifiably ask who turned their backs on whom? Ironically, the punitive trade policy of Russia turned out to be a blessing in disguise for Estonia as it forced us to direct our exports to the EU, which in turn boosted the competitiveness and productivity of Estonian industry.

Certainly, we welcome recent signals from Moscow regarding its readiness to sign an MFN agreement with Estonia. There were indications it would be signed at the end of June. Unfortunately now it has been postponed, apparently due organizational difficulties. We also worked on new initiatives which we have noticed emanating from both St. Petersburg and Pskov Oblast. In fact there is a very good example of triangular cooperation between Estonia, Denmark and Pskov Oblast which we are hoping will also be confirmed by a decision to set up the CBSS sub-regional project fund. Unfortunately that was postponed for various reasons.

If we view the far-flung, Iceland as an exception, Estonia is the smallest of the region's countries. As a small country we are especially dependent on trade and regional cooperation. For this reason regional cooperation has always been, and remains a very high priority for Estonia. This priority is to be found in all sorts of shapes whether it be the Baltic cooperation between Estonia, Latvia and Lithuania or the Nordic-Baltic eight country cooperation, Council of Baltic Sea States and various sub-regional schemes. Therefore it should be easy to understand why it is essential for Estonia to join the European Union and NATO for continued economic growth, stability and security. In this sense, Mr Stebelski was quite correct to see regional cooperation in a larger context. Indeed most regional cooperation initiatives, especially in the field of economic and security cooperation have been more or less expressly designed with the ultimate aim of the Euro-Atlantic integration in mind.

This said, I must sound a note of caution on the limits of regional policy. Estonia has strongly supported various regional initiatives in the sphere of civil security, including for example a very good cooperation with Finland and Russia on border guarding. But we are in principle opposed to any regionalization of hard security arrangements, including Confidence and Security Building Measures (CSBMs). European security, after all, is indivisible. On the other hand - just as Mr Ignatavicius pointed out - Lithuania has according to the Vienna documents agreed with Russia on additional inspections. We already have this arrangement with Russia and it has been working well for several years.

We also welcome the so-called Kiel initiative to bring Ministers of Defence of the Baltic Sea states together on the condition that the focus of the meeting will be on practical cooperation, which assists us in the objective of moving closer into Euro-Atlantic integration. This includes friendly states from outside the region.

I would like to emphasize once again the importance of more active involvement of the three most populous states in the region, that is Russia, Germany and Poland. For Moscow, Berlin and also perhaps for Warsaw that Baltic Sea regional cooperation has at least to an outsider, seemed have been a low priority issue to date. Again, I do not by any means underestimate the importance of involvement of larger countries in the region. Without the pioneering vision of Björn Engholm, which was co-opted efficiently by Hans-Dietrich Genscher in the early 90's together with his Danish partner Uffe Ellemann-Jensen, we would not be here today. Moreover Germany's great contribution to Baltic Sea regional cooperation - made especially by Ambassador Heimsoeth - during the German presidency of the Council Baltic States should be pointed out in this context. I think the European Commission representative will agree that had Germany not been as effective and as active over the last year, we would not have had much success in elaborating the Northern Dimension.

We have still as yet too little "meat on the bone" of Northern Dimension, but, I think, that even with the little we have now we have the making of a good soup. If we work harder, as Timo Summa says and if we have some persistence and perhaps even a sprinkling of good will and optimism we can put some real meat on the bone too.

I don't agree with the statement made by Dr. Kuznetsov, that we have to wait until 2006, when new funds will be available to implement the good ideas and projects that we have. For example, as Timo Summa said, within the Council of Baltic Sea States preparations are on-going to develop something which is also in line with what some of our friends from St. Petersburg are calling for. This could really be a project that would give the region the political visibility it needs. I think that is the Northern e-Dimension. Estonia, as has already been noted, is the most advanced central-European country in the field of information and communications technology. Our e-government, for example, has been touted as a model to be emulated globally, in fact.

Our Minister of Foreign Affairs is serving on Kofi Annan's high level advisory group on bridging the digital divide on the global level.

Within the committee of senior officials of the CBSS, Estonia has, together with the European Commission, taken the lead in developing the northern e-dimension action plan which we hope will be adopted by the high-level ministerial meeting in Riga at the end of September of this year. I firmly believe this initiative has great potential to spur development in the region. As you know Sweden and Finland are world leaders in the development and implementation of information and communication technology in practically all spheres of life. The other countries in the region are rapidly catching up. St. Petersburg and Kaliningrad, as noted by Timo Summa, display strong potential in this respect.

In many cases, banking and telecom-sectors have taken a lead in developing ICT-systems. ICT is certainly an important factor of future economic growth in the region. The private and the governmental sector both promote its development. The role of government is to create a most favourable environment for this development. I would contend that EU-Northern Dimension offers a platform for promoting the promising development of e-economy, through increasing cooperative efforts which will, in turn, help to accelerate the transition to an information society.

In view of the complexities of the Baltic Sea region however, it is necessary to encourage coordinated initiatives and increased commitment on the part of governments and other key actors to overcome divides in our regions. One of the keys to successful cooperation between the Baltic Sea states has always been, and will be in the future, networking. Actions in the field of ICT should give added value, and enable our regions' leading position in the ICT-sector to be strengthened.

In my experience, the Council of Baltic Sea States was always seen to be a neutral meeting ground for various actors in the region. Olaf Knudsen said that the region has been a place for developing cooperation between actors who might not otherwise cooperate with each other, I would say that this initiative of the Körber-Stiftung has also helped in this respect.

### **Lange**

I should like to ask Mr Olsson: Is migration the focus of the Northern Dimension? At the outset it concentrated on specifically Nordic problems such as settlement, working conditions and the environment. But is there a typically Nordic crime problem? So what then does "Nordic" mean? A certain capacity of the Nordic peoples and nations to keep crime rates low? Is that the main focus of interest? That is all part of what you call the appeal of this model. How can we transfer these "Nordic" elements to the situation in the Mediterranean or the Black Sea region? What instruments are available for such transfer? And if it is not possible after all, then how does that affect policies and how should the work of modernization be divided between the regions?

To return to Mr Summa's objection that Moscow has no "Mr Europe", in other words there is no-one to contact who is, as it were, "in charge". But is it not the case that bilateral communication is difficult because once again we find ourselves confronted with a centralized upper echelon and all the familiar, old opportunities for disruption that we would prefer to do without? Therefore I ask to what extent the principle of subsidiarity should or shouldn't apply to Russia as a criterion for efficient operation - to rein in the invariably inefficient centralism in Russia and to promote a desirable degree of decentralization!

### **Olsson**

First of all it's important to remember that the concept is called "Northern" Dimension. It's not specifically Nordic, which is a different thing. What was behind the use of the term northern, was what I was trying to refer to briefly in my introduction, namely that the European Union, after the accession

of Finland and Sweden, all of a sudden had a number of new phenomena inside its borders which did not exist to the same extent among the previous members.

Take for the example, the northern parts of Finland or Sweden with very specific problems when it comes to climatic conditions or when it comes to extremely sparsely populated areas. That created a number of new problems and a number of new questions for the Union, which was then reflected also in the structural policies and the various internal programmes of the Union. This, combined with the fact that the enlargement of European Union moved it towards an area - in this case Russia and the Baltics - which also contained a number of features that was not previously - they might have been familiar - but they were not as close at hand as they became after our accession to the EU.

### **Summa**

On the question of subsidiarity: I think the principle is in force. Let's take just the business community under the Council of the Baltic Sea states, for example. The regional bodies play a key role. At the same time, they need to be streamlined and better organized. It is clear that the concrete ideas must come from the regions. Don't believe that they come from Brussels. If the region can't produce these target function priorities and ideas then it has no future. But, of course, in Brussels we have to ensure that they are in line with the general policies.

### **Yagya**

In connection with the Northern Dimension the intriguing question was posed in what regard and for whom it could be a model. In other words: where could such a model be applied - if it is a model? Is it imaginable that the Northern Dimension could be a model, as Mr Summa indicated, that could be applied, for example, to Siberia, to the far East of Russia, to Nepal or to Egypt? The fact is that the Northern Dimension has received a wide range of evaluations with regard to its objectives and also with regard to the results it can show to date.

Let me return to the original idea underlying the Northern Dimension as defined by Finland. As I see it, there were primarily three important reasons.

First, it was Finland's desire (and to a degree also that of Sweden) to attract investments to its northern border regions, because the competitiveness of the Swedish and in particular of the Finnish agricultural sector had suffered with these countries' accession to the European Union. This in turn led to rural populations migrating to the city and to an increase in unemployment.

Second, the Northern countries, especially Finland, had a strong interest in attracting investment in the North-western areas of Russia that share a border with the EU in order to stabilize these regions and in order to energize trade relations.

The third reason was that Finland wanted to strengthen its role in international politics and within the European Union. During the second half of 1999, Finland made full use of the opportunities provided by its presidency of the EU for spreading and developing the Northern Dimension. This meant that the agenda that was approved in June 2000 in Portugal as the new plan of action by the entire Union contained many items that had been drafted by Finland. But the concrete proposal submitted by St. Petersburg and the Kaliningrad oblast were unfortunately not taken into consideration in this plan of action. With regard to Russia, the plan of action concentrates on four important issues only: nuclear safety, the environment, organized crime, and the situation of the Kaliningrad oblast.

Sweden, which currently holds the presidency of the EU Council [of Ministers], deviates in a number of points from Finland's policy, because the two countries interpret European integration differently. While Finland champions a common European currency and expanded responsibilities of the European Commission - especially with regard to the Common European Foreign and Security Policy - Sweden is much more skeptical regarding the Euro. It is also in favor of leaving fundamental decisions with EU member states rather than referring such decisions to a supranational level.

Sweden is trying to promote its own initiative under the heading "Russia a part of Europe." But the Swedish initiative has not had the same kind of response as that of Finland. This is one of the reasons why the Northern Dimension has had rather sparse results to date. Another reason is that none of the big EU member states has included the Northern Dimension in its list of priorities, not even Germany, although it has a major interest in the Baltic region.

In addition, the Northern Dimension has provoked the resistance of the Mediterranean member states of the EU. These states fear a redistribution of the EU budgets - in particular with regard to the financing of agriculture in favor of the Northern states. And as we have just heard, a considerable

share of the financial means that were earmarked for different programs in the Northern territories are now being reallocated to the Balkans. This concerns Tacis, Phare, Interreg, and other programs.

Two additional reasons for this have already been identified. For example, the Northern Dimension does not have a budget of its own and it is a long time yet until 2006. And I agree with Mr Summa that the Northern Dimension lacks an organizational structure, which is not exactly conducive to the effectiveness of the programs.

The Russian government has made generally positive statements to Finland regarding this initiative, but it has also voiced criticism with regard to a number of points, in particular concerning the opening up of natural resources of North-western Russia. It is impossible to ignore that in many respects the Northern Dimension aims primarily at attracting European investment to the Baltic states in order to prepare them for accession to the EU, while investments in Northwest Russia are definitely taking a backseat to that objective. But in spite of my critical observations, I would like to stress that the Northern Dimension constitutes an important initiative for Northwest Russia and in particular for the city of St. Petersburg.

How could one promote a positive implementation of this initiative? First, direct cooperation with the EU could be expanded. Within the next decade, the border between Russia and the EU will be entirely in the Northwest of Russia. The Estonian Ambassador to Russia recently declared, "when Estonia accedes to EU membership, it will have the opportunity to invest in the development of the North-western regions of Russia."

A second positive aspect of the Northern Dimension is that the inclusion of the Northwest of Russia into these regional programs confers upon the Northwest a "seal of approval" that raises its image both internationally and within Russia.

Third, I view it as positive that the Northern Dimension attracts foreign investments that promote the development of the region's infrastructure, in particular in the area of communication.

Yesterday I asked the Finnish foreign minister, Mr Tuomioja, whether he shares my impression that in spite of everything, the Northern Dimension has remained little more than a programmatic declaration. His answer was: "This may be the case for the moment, but we hope that this initiative can indeed be realized." Remember that after the Swedish presidency of the EU Council, there is only one more Nordic country left, and that is Denmark during the first half of 2002. After that, the Presidency goes to the Southern EU countries that are prejudiced against the Northern Dimension. This means that things quite possibly won't change for the better.

Let me make one final remark. The "Northern Dimension" was announced in 1997 by the Finnish Prime Minister, Paavo Lipponen, as a Finnish initiative. I would like to remind everyone that in 1995, shortly after Finland's accession to the EU, Finnish President Ahtisaari declared on occasion of a visit to St. Petersburg that Finland was willing to initiate the Northern Dimension and that its cooperation with St. Petersburg would be central to that initiative.

Therefore, I suggest organizing a Bergedorfer Gesprächskreis [Bergedorf Roundtable] in St. Petersburg focusing specifically on the topic of the Northern Dimension, the idea of rapprochement and harmonization of nations in the Baltic region, and the role of St. Petersburg. This roundtable could take place in 2003, when St. Petersburg celebrates the 300th anniversary of its founding.

### **Knudsen**

The question is whether the Northern Dimension can be a model for regional policy. I see the Northern Dimension as a regional policy. It's not a model for anything else. It is a regional policy, but one, very clearly, with an implementation problem. It has been a great success, in focussing public attention, and it is a model for others in that respect. It has succeeded in focussing EU attention on the problems of the north of the EU and on its relations with its closest and most important neighbour - Russia. And it has been a vehicle for concentrating efforts and for facilitating goal-oriented planning. So far so good.

What it poses is the paradox of political success, because it's really the content, finding something of real substance to put into it, which is the implementation problem. At the same time the Northern Dimension, was accepted by the EU, a very good agreement (the EU-Russia agreement) started functioning between Russia and the EU. And I would have thought that this should become the main vehicle for further developing this policy. Now it seems almost as if there are two competing organs here. There is the agreement with Russia and then there is whatever happens inside the Northern Dimension's programme.

I see the Northern Dimension as a symptom of prioritization problems. Let us assume that whatever priorities existed had been set for good reasons. Why then the need of the Northern Dimension? The adoption of this programme can only mean that existing priorities were either wrong or that the prioritization processes had not functioned, with the result that we had to reprioritize. This came out very clearly in Timo Summa's statement about the absence of a crisis. If there is no crisis, then you don't get any money. I'm not sure that's so wrong. In the case of the environment, the invisibility of its crisis is an important problem - I can see that. But I would say that it is actually a state of health that makes it difficult to get financing for just any new problem. I would even think that the success of the Northern Dimension as a political project on the part of Finland should serve as a warning, because it is an indication of a way of getting around existing priorities and launching new ones.

The environment crisis is only a looming one currently. As long it is not visible, you might say there are enough other crisis that are more visible. So we have a competition between looming crises. The existing priorities, both in Russia and in the European Union, have not allowed consideration of these invisible crisis come to the fore. So, I would warn against this tendency to try do get around the existing priority system by creating new channels for political priorities. If too many others adopt it, the political process of the Union and its relations with Russia will become chaotic.

### **Henningsen**

I have serious reservations about the notion of defining the Northern Dimension as a model, for two reasons in particular: first, the word "model" implies the idea that the experience gained in this region can be applied elsewhere. This ignores the specific historical, cultural, mental and political background that is not transferable to other regions.

Second, the term "model" ranks highly in the hierarchy of values. A model is always something positive. I am very familiar with the Swedish welfare state and I think that referring to it as the "Swedish Model" was actually quite detrimental to a rational discussion of this topic. And although the Danish concept of the welfare state in the 30s was actually a good deal more progressive than the Swedish one, Sweden remains the "model", because that's the term that was used - as a benchmark, so to speak.

In this context, I want to point out that Scandinavian women in particular have a great many reservations about European integration, because they fear that with EU membership some of the model character of the Scandinavian welfare state might be lost. They evidently do not proceed from the assumption that they have something to contribute to Europe, but that instead it is more likely that the clock will be turned back in some areas.

For this reason I would like to suggest that we use a term other than model, one coined by Helmut Hubel, that is the Baltic region is to be viewed as the "Laboratory of Modernity". One experiments in a lab. Things can go wrong; but at any rate, the term connotes that people are at work. It will be of crucial importance to subject carefully crafted proposals and programs to close scrutiny regarding their feasibility.

A series of proposals was already presented here, for example the establishment of observer institutions whose task it would be to observe and advance the integration and regionalization process in the various countries. The possible founding of a University of the Baltic Region has also been touched upon. A number of approaches to this latter idea already exist. All of this could easily be moved along within the framework of a "laboratory setting."

### **Kindsmüller**

Mr Summa coined the phrase "It takes a crisis to start the money flowing." Surely, all of us here hope that there won't be a crisis in the Baltic region. And I actually think that with the enlargement of the European Union, there will be more money for this region.

On the other hand, the question is surely justified whether there will still be such a thing as the Northern Dimension and Baltic region cooperation in five to ten years. After enlargement, 95 percent of the Baltic region will be landlocked EU member states, and the Baltic will indeed become an internal sea. At that point, what purpose would a Nordic Dimension have in relation to EU Baltic policy?

I happen to hold that there are a number of important reasons why there should be a Northern Dimension even after enlargement - provided that the states in involved can agree to a common denominator.

First, enlargement is not a "done deal" after the decision has been made. Rather, the implementation of the *Acquis Communautaire* means that this region needs to build the requisite infrastructure so that the smaller member states, in particular, are in a position to develop their potential. The issue is not just the use of financial means from the EU Structural Funds - rather, developing the necessary infrastructure requires cross-border interregional cooperation, and this is where the Northern Dimension can offer a very useful approach.

Second, the region will continue to require our attention even after enlargement in order to safeguard military and especially ecological stability.

Furthermore, I would like to add to what Mr Henningsen just said about the Baltic region as the Laboratory of Modernity. It means that the region can be an engine for all of Europe, something that would advance the EU as a whole in global competition, for example with regard to the knowledge society. Ultimately, this would be a question of "visibility", i. e., to show through future-oriented projects, that the Baltic Region is able to function as an engine for the European Union as a whole. To achieve this, we must create new opportunities for academic cooperation and for young people to meet.

This is predicated on all of us speaking with one voice in Brussels from now on, which is not yet the case. It may well be true, as was implied here, that Germany and Poland are not sufficiently engaged in the Baltic Region. But I am not at all sure that after enlargement the new member states will prioritize the Baltic Region as a whole instead of catering to their own national egotisms; that is to say that I am not sure that they will actually recognize the advantages this region can offer them. In other words, how willing will the accession countries be to do their share for the development of the Baltic Region as a whole?

Finally let me add the following. Especially in the context of the Northern Dimension action plan, it has become evident that there is resistance within the European Union, especially among Southern European member states. Quite a few proposals have been much watered down [as a result of this resistance]. Evidently, it has not yet become sufficiently clear that the Northern Dimension is not just some madcap regional idea but a project that benefits the European Union as a whole by strengthening Europe's competitiveness in the face of global challenge.

### **Shedrovitzky**

Some participants obviously think that as long as there is no crisis, no one will seriously try to solve these problems. We might even have several crises competing for attention.

But I feel that the most dangerous crisis is the kind that initially goes unnoticed, a crisis that sneaks up on us inadvertently. I daresay that the first signs of such a crisis are already discernible.

After World War II, one could easily get the impression that contrasts would become less pronounced over the long term, and that the poor countries would gradually begin to catch up with the rich ones with regard to the average standard of living. Then the industrial nations invented a new and interesting toy called post-industrial information society. For a time, the exchange of post-industrial products such as information, knowledge and new technologies between the industrial nations and the developing countries was quite advantageous for the industrial nations.

However, at present, we are witnessing a new wave of industrialization within the larger trend of globalization that is not at all comparable to the primary and secondary waves of industrialization during the 20th Century. China, India, Latin America, North Africa - all these regions are at the threshold of this new development. Once they cross this threshold, we are simultaneously confronted with at least three problems.

First, there is a lack of infrastructure to support this global leap in development. This is true not only with regard to transportation, energy, and communication, but especially with regard to the absence of modern societal structures.

Second, there are increasing discrepancies among and within states. This means that some regions will grow faster while others will lag behind, and the industrialized nations are no exception to this trend.

Third, the exchange of raw materials and other natural resources and the transfer of knowledge must be newly conceptualized. Imbalances in these areas could have dramatic consequences. I think the message of the Baltic Region, the Northern Dimension and the EU could consist in the development of a new kind of cooperation in the abovementioned areas as well as in the area of natural and human resources.

One could be of the opinion that, for the time being, we could neglect the problems of the Arctic, the polar circle, or the entire Northern region - all areas that are a vast reservoir of natural resources for the future - and we could perhaps tackle these problems in fifteen to twenty years. But would it not be smarter to make use of the time we have to prepare for the changing realities that will affect the entire world in fifteen to twenty years and that are likely to be quite different from those we know today?

This is why it worries me when people here say that the Northern Dimension is not all that important within the European integration process as a whole. I think this is a shortsighted attitude. I, for one, see an entire series of projects that we will jointly carry out within the next several years and that can later be useful as models for other large world regions. Sooner or later, given current developments, we will be faced with the same global crisis anyhow.

### **Fursenko**

I suggest that we concentrate on those things that are likely to be successful rather than discussing potential crises. That is neither constructive nor productive.

Evidently, there is at least one area in which the states of the Northern Dimension can become trailblazers, and that is the area of economic and technological innovation. This means that we should not limit ourselves to analyzing problems. Instead, we should view these types of challenges as an opportunity to be the first to tackle these problems. It could be problematic for us to accept the role of the trailblazer, because many states - and Russia is one of them - are not willing to take a leadership role. Many people understand how important this leadership role is, but they are not willing to take it on.

I think it would be an enormously important task to reawaken the will to take on a leadership role, and to test it on concrete, innovative projects. We must free up the economy, while guaranteeing the necessary framework so that it can actually begin to work innovatively. This includes both the training of human resources, the development of the technological and communicative infrastructure, and, not least importantly, the creation of appropriate financial instruments.

It is also important to begin in those areas where national governments, business people, and international organizations have already indicated an interest, for example the joint venture area. Russia is waiting to see what the EU is willing to offer in this respect. A little more than a year ago, President Putin signed off on the establishment of a modest fund for the advancement of the joint-venture industry in Russia. I think it is this type of project, the kind that is of interest both to the regions of the host country as well as to a number of other states of the Baltic Region and the Northern Dimension, that we must ferret out.

### **Rahr**

Together with Timo Summa, we have organized a number of EU-Russia panels over the past two years - in Berlin, Moscow, and in other cities. Again and again it was evident that the Russians are increasingly frustrated, in particular with regard to PCA activities. And indeed, the PCA machinery is becoming larger and larger, and our Russia counterparts are increasingly convinced that the European Union will put Russia off. The way the Russians see it, with the PCA's the EU just wants to give Russia the crumbs off its table, much like it has treated African or Latin American developing nations. The Russians feel that this is just one more way to keep them at a distance, and certainly not a way to help them approach the EU.

This may well be a misconception on the part of the Russians, but it crops up more and more frequently. Timo Summa asked the question "With whom should one speak in Moscow?" Moscow's counter question (and that of some other accession countries) is "With whom should one speak in Brussels? Should we talk to Mr Solana or to Patten, the Commissioner responsible for foreign policy - or if not to him, to whom else?" There are certainly a number of competency problems on our side as well.

What interesting projects could be undertaken on the basis of the PCA's? What about the energy alliance, for example, in all probability the largest project the European Union intends to undertake with Russia and a project which is the result of a joint initiative by Putin and EU president Prodi? Unfortunately, since the Stockholm Summit, no one refers to it as an alliance any more. Instead, it is now only referred to as a dialogue. This may well have to do with certain irritations on the part of the Americans, but also in Poland and in some other accession countries. The fear is that something is being decided without consultation, for example that Ukraine would be left out when decisions are being made about pipeline routes that would isolate the country from all oil transfers. How realistic is

this dialogue? Can one proceed from the assumption that the energy alliance or the energy dialogue is indeed an important element in Russian-EU cooperation?

We have so far only touched upon one topic which is of tremendous interest to Russia in its cooperation with the European Union, and that is the fight against narcotics originating in Afghanistan that are currently flooding Europe. The Talibans are financing their terroristic activities in this way. Furthermore we are confronted by a dangerous hike in the HIV infection rate in a number of CIS-countries. This, too, could become an area in which the European Union could initiate pilot projects.

### **Summa**

On the subjects of HIV and the trade of drugs we are working on them. We know that it affects not only Russia but also the Northern Dimension and especially Kaliningrad. We know that the drug problem starts in central Asia via the Caucasus. We have several ongoing projects there together with the member states. We talk about justice and home affairs with customs authorities, police and ministers - very key players. We finance it and we coordinate it and things are on their way, because we have very good cooperation with the Russian government.

As to HIV and public health. In our machinery it is very much the responsibility of the member states. But we are supporting the functions needed to organize public health. We have many projects in Kaliningrad, in St. Petersburg, in Karelia, and of course we are helping the Russian government to solve these problems. It is getting worse as we know, but so is tuberculosis, so we have to allocate more funds for this.

Then the energy partnership. It is a very important initiative, and I wouldn't say that is the most important one, and definitely not the only one, but of course it's a new one, and we are working on it. The Russian government has to deliver very concrete solutions. It's linked to the production share agreement, and how to get it working in practice. It's linked to the tax laws and some other laws. The Russian government has a very strong commitment to deliver. This is one of the reasons why President Putin asked the Duma to have extend to the present term, and pass some laws before the summer-break. And then of course, there are some expectations from the Russian side. Some of those are linked to the financing. The key demand on the Russian side is that the European Union should provide the European Investment Bank with loans to Russia and to the energy sector. They find that the hundred million Euro that we have agreed to allocate for environmental objectives is not enough. They really would like to see big money from Europe to be used in the energy sector in Russia.

The second key point on the Russian side is the cooperation in the nuclear sector. They don't mean nuclear waste clean-ups, definitely not. What they would like to see is Russia and the European Union cooperate in the nuclear sector to produce the next generation's energy supply. Also they would like to get financing from the European Union to build new reactors in Russia, and they would be willing have those built in our member states. Also they would like to export nuclear electricity to the member states. As we know they already do that via Finland to Scandinavia, and they already do it via Poland to Germany. But the volume is very limited at the moment. Why do they want this? They see this as the best way to get resources for the next generation nuclear reactors, otherwise they won't.

The Russian government has been very precise, they say that during next 25 years they are going to build 20 new reactors. The programme is under way at the moment, and they are going to complete some of them this year or next year. But, it's possible only if the resources are available and this is the big uncertainty. We know that it is a very sensitive political subject in our member states. We have green governments in some of the member states, and it is very difficult to find the consensus needed for us to contribute. Most likely it would be wise to do so, that's my personal opinion. If we could reach a clear agreement that once Russia starts up a new modern, safe reactor, they would close down, two or three old, very risky ones. I don't only mean the Chernobyl-type reactors. But as I said, this is a subject we have difficulties with.

Then the third demand the Russians have put to us is linked to scientific cooperation. They really see that they have quite a lot to offer and everybody agrees that this is the case. Of course, they would like to participate in the EU-financed research projects, and I think that in this area we are flexible enough to find good solutions for everybody. This is roughly the state of the discussions to date. The Commission delivered a communication on these issues a couple of weeks ago. We are working on a new paper which should be ready before the next EU-Russia summit next October. This is very important and we know that this will continue for years. This is a kind of forced marriage. Do we want it or not?

The only real customer for Russia's gas will be the European Union in the long term. So Russia has no option. And we don't have any major options if we are going to buy 40 percent, possibly 50 percent of our gas from Russia in 20 or 30 years time. So it's in our common interest to find a real solution. Most likely, we will have to compromise and both sides will have to deliver. I think this is very important, a ver/ concrete issue. We have four working groups, which meet monthly and they produce results. Of course the politicians have to make the final decisions. The Duma in Russia has not agreed to ratify the Energy Charta Treaty. Just one indication that it's not as easy in Russia.

On our side, we know that cooperation in the nuclear field is a political decision, and also whether governments are willing to provide loans to Russia. This will be discussed at the summit in October and then the top politicians on our side must be willing. But my own understanding is that many concrete projects are going ahead and we can solve at least some of the problems, if not all of them.

One comment on the Partnership and Cooperation Agreement (PCA). It has been growing because it is a new machinery it took time to put it in place.

Mr Rahr asks: Who should we contact in Brussels? In practise we don't have any problems at the moment. And our Russian colleagues know the ropes well. All the security-related issues are Mr Solana's responsibility, and the rest is a matter for Mr Pattern. That's not the problem at all. The job distribution is clear to everyone involved.

### **Fagernäs**

First I would like to touch on the question, whether the Northern Dimension serves as a model for regional policy. Originally this was not a regional initiative. It was an initiative for the policy of the whole EU. It was aimed at outlining the interest of the Union in a changed geopolitical situation. We are talking about the second generation of Baltic Sea cooperation in this context, which will develop into internal policy of the EU, with the added external element of cooperation with Russia. It is therefore a model for the EU-policy in a region of strategic interest.

But it is very difficult to compare this to the Phare cooperation as such. What interests is the EU pursuing? I would like to remind you of the opening statements by Mr Tuomioja, who said that the key political objective is to engage Russia in European integration. It will be pursued in an area where the interface between the EU and Russia is the greatest.

Mr Olsson mentioned that one of the origins of the policy is the shift in gravity in the European Union. That's of course true, but we would also like to think there has been a shift of gravity in Russia compared to the Soviet era of central planning. There is a clear shift to the North-West if you consider energy resources, exports, and transport.

On the sectors for cooperation. I agree particularly with Mr Yagya, who says that there have to be more of them than those mentioned in the Feira action plan. I'm glad to see that in the Commission Presidency Report all the sectors are listed. And here I agree entirely with what Mr Summa said, that we should go deeper. We don't wish a crisis in the nuclear sector, but there is crisis looming in the sector. But irrespective of the political difficulties we should address the question of planning and construction of nuclear power plans.

Mr Iloniemi mentioned that there is an aspect of regionalization in European integration. The question is, whether we can expect a policy of regionalization in Russia, with the regions in the North-West intensifying their cooperation with Western Europe, and in a way distancing themselves from Moscow. I agree that there is some early progress to be seen.

Some said that there is much talk but few results in the Northern Dimension. But I think the involvement of the international financial institutions has clearly demonstrated the attractiveness of the concept. The next test will be to involve private capital. We have to maintain the momentum. I think this cannot be dependant on individual presidencies and individual member states, in this case the Nordic member states. I'm glad to see that there have been decisions on the follow-up procedure. I would add one important element: Brussels should organize the future meetings of the present Council working group in the Northern Dimension format and include the seven partner countries once or twice a year.

Mr Olsson also mentioned that the Northern Dimension may collide with the work of regional organizations, like the CBSS. I think there are clear distinctions here, that have been agreed on in the action plan. The role of the CBSS and others in the area is to offer their expertise in setting priorities. That involves looking for solutions on the practical level avoiding and clearing business obstacles and

barriers to trade, and also improving and promoting grass-root contacts, contacts with the NGO's, contacts with the industrial associations and so forth.

Mr Summa mentioned the challenge and the problems of the Northern Dimension. To get more resources, we need commitment from the partners in the region to make the investment climate more attractive. Of course, some budget allocations are needed, but also guarantees from the government for projects that are realistic, that are of national interest. A political visibility is something of a problem. We thought at the start, and we still do, that energy is a sector that would have a high political visibility. I'm not going into more detail about Mr Summa said, I fully agree with the prospects. Europe needs more natural gas to cover its energy needs and the gas of the future is in North Russia.

I'm not sure, whether the information and communication sector is a sector for the future. It is very important, but it is a sector where the global scene is by far more important. I don't think the promotion of these activities can be limited to the regional context. Research and certainly arctic research is definitely part of the future, but it has very low political visibility.

Finally, Mr Summa said that the Northern Dimension relies too much on the European Commission. I think the Commission has to be the driving force as far as the EU policy is concerned. That cannot depend on individual presidencies. But the pre-condition for any success of the initiative is that the international financial institutions are involved and that the conditions for private investments are fulfilled.

### **Ignatavicius**

The discussions here have come up with such interesting remarks; i. e. that Northern Dimension is an instrument of Finnish imperialism, and: "no crisis, no money." I think the insights we have gained will be very helpful in our discussions with Mr Kuznetsov. But undoubtedly the Northern Dimension is a valuable exercise for Lithuania and it is the same for Russia, it's both an internal and external exercise.

Working on the projects related to the Northern Dimension we have felt a need of establishing close links with our regional authorities, and Northern Dimension is about doing this. Moscow feels the same need concerning Russia's regions. The third need was to work out the infrastructure priorities for our country which will be of a regional significance. We are thinking about several transport projects, and energy projects like EnergyLink to Poland.

The next thing was to consider the priorities in cooperation projects with neighbour countries. These were called new-day initiatives, it is a list of projects mainly composed of the proposals from regional authorities that make up a kind of shopping list. I think it was a very good exercise in Lithuanian and Russian cooperation. It was the first joint initiative ever in Lithuanian-Russia relations. Most of the projects are on the go, but of course, there is an obvious lack of financing especially on the Kaliningrad side. Before the Luxembourg summit, we were requested by the Swedish EU Presidency to draw up a shorter shopping list of five projects with Deputy Minister Ivanov (Nida Two), if it is needed maybe we can produce (Nida Three).

We have to move now to the implementation stage of those projects. So Nida Two is just five projects; transport, one ecological, aids monitoring and training border and customs officials. These are the key issues for our countries. We expanded this project and this now should be a trilateral Lithuanian, Russia and Polish exercise. I have the feeling that there are a lot of developments around, and a lot of institutions are dealing with the same projects. The European Commission, CBSS, the Conference of Peripheral maritime Euro Regions. So the same projects are doing the round but without any kind of real development in substance.

The role of international financial institutions was mentioned for getting money for those projects. There are two ways of getting that money. One is commercial feasibility, which, I think, is not applicable for most of those projects such as ecological projects. Some kind of political will and confirmation is needed for those infrastructural projects, from the European Commission, or from any other institution that is allocating money. There is an obvious lack of decentralized financing for the minor cross border project at local authority level. The Danish proposal offers a certain hope.

There is also a problem with coordinating the existing instruments. If in each country money is managed in its own way, there are different structures, different instruments, different procedures and even inside the country it's not simple to allocate money. There is no uniform procedure for allocating money for Northern Dimension projects. And how can we monitor the people who are making the decisions to allocate the money for a specific project, especially if they are on the other side in Kaliningrad.

I just talked with Mr Timo Summa about his comments on the projects which could be forwarded to the European Commission from the Russian regions. Maybe he could elaborate a bit more on the mechanism and what the operating criteria are for those projects. We feel the lack of information and the lack of knowledge of Russian regions, especially in respect of local authorities. Poland has quite a lot of experiences and possibilities of training and assisting people in small towns to prepare these projects. So, what would be the procedure and the criteria for financing them?

The last remark I would like to make is on the possibilities of involving Russia in Northern Dimension projects because it is naturally linked to some of the projects we are working on. I think that we should consider involving at least those working on a regional level because by excluding Russia, we punish neither the government, nor the President, but those people who could really contribute something by participating in those projects.

### **Skalski**

The remark "As long as there is no crisis there is no money" reminded me of the Russian proverb "The muzhik won't cross himself until he hears the thunder."

If there is a crisis, it will very likely have to do with the Northern Dimension. We have been talking about it for two days now, but I still feel that the term "Northern Dimension" is kind of blurry. Evidently, it is largely just an idea. What is positive about it is the aspect of cooperation between Scandinavian countries on the basis of the Nordic Council. Mr Haarder has addressed the shortcomings and the missed opportunities, while Mr Iloniemi and Mr Tuomioja have reminded us of the great achievements of the Nordic Council that could become a positive example for the entire Northern Dimension and later perhaps even for other European regions, for example for the Mediterranean region and others.

I have known about Scandinavian cooperation for a long time. In 1967, I lived in Denmark for a year, and I've travelled to all Scandinavian countries. I was enthusiastic about the activity of the Nordic Council, especially about the benefits of this type of cooperation for the man in the street. It was not so much about some type of rights but about concrete advantages for people, for example the freedom of establishment within or the right to work in the country of one's choice within this community, as well as the right to own property in all of the member states. The same thing is happening within the framework of European integration. And if states that are neither Scandinavian nor as yet EU member states will be able to avail themselves of these advantages in the future, this can only be viewed as a positive development.

What concerns me with regard to Scandinavia is the following connection. Mr Thönnies correctly pointed out that countries such as Sweden, Denmark, and Germany - which is not a Scandinavian country - have very high social standards and a high standard of living, which is not an unimportant factor in the high average life expectancy in these countries. The new democracies that have just thrown off the yoke of communism are now practising a liberal economic policy. These countries are poor, life is difficult for their people and life expectancy is low. As a result, many think that liberal policies are to blame. I don't even know whether the policies are really liberal. It's hardly true for Poland, at any rate. And even if one would like to implement liberal policies, one will be forced to take social components into consideration. Low life expectancy and the low living standard have their roots largely in the communist past, in the centralized planned economy; it will take years to get over this legacy.

But instead of quibbling about various social solutions, we would do better to learn from the Scandinavian countries how to activate cooperation in the Northern Dimension. This means that regional politics in the Baltic Region cannot consist of looking for mutually agreeable social solutions. This goal would be far too comprehensive. A proverb says "He who embraces too much can hold on only to very little." This is why we should concentrate on improving relations among states first and save the social questions for later.

### **Thönnies**

On the topic of whether the Northern Dimension should become a model for other regions, we should not forget those regional cooperative projects that are already underway in the Baltic region, for example among Schleswig-Holstein, Denmark, and Sweden in the Oresound Region. In this region of eight million people, the point of the project is not for participants primarily to look out for their own interests, but to provide a way to jointly balance strengths and weaknesses within the region for the benefit of all. And indeed, the areas that were mentioned previously, such as the development of the New Economy or the knowledge society, do play a role in this process. What can we do to increase mobility, to protect the environment, and the like?

In the Oresoundregion, within a manageable [geographical] area, something has been achieved that is of vast importance for the concretization and implementation of the concept of the Northern Dimension: to involve in this project the region's academics, its business people and union leaders, the representatives of public administrations and of NGO's. Such joint approaches that deliver first-hand experience are likely to be more successful than sitting and waiting for a crisis in hopes that something will happen once it arrives.

What I would like to suggest is that representatives from regions between the EU and Russia should be invited to serve as observers for projects that are currently underway. This would give them an opportunity to see for themselves how cooperation with Brussels works and how to cooperate with others within the region in order jointly to take advantage of the existing potentials for the benefit of all. At any rate, I view the ability to cooperate as one of the most important preconditions for competitiveness. Different European regions are competing with each other. This is why it will be very important to create a network of business, the academy, the unions, of associations and of cultural agents within the Northern Dimension. In this process, the Internet and modern means of communication in general will play a major role. And yet, personal meetings among people will retain their significance even in the information society. And by the way, infrastructure is part of this process, both for the transport of goods and for the delivery of services in the region.

Mr Kindsmüller asked about the actual realization of this process. Do the members of a region each go to Brussels separately to achieve something for themselves or should we band together and define our common interests in order to bundle our strengths and compensate for our weaknesses? Nowhere else are the differences among participating countries as large as in the Baltic Region. I need only think of Kaliningrad on the one hand and the EU member states on the other. The discrepancy in the standard of living is huge, and the resulting social tensions can be ameliorated only if there is effective cooperation within the region that offers people hope for the future.

Mr Skalski, of course we also have to take the different value systems into account that exist in the objectives of the social welfare systems of the individual countries, for example. And when I think about certain liberal market developments, the question must be allowed whether there is such a thing as overarching entrepreneurial accountability for the project as a whole, as opposed to pursuing only the profit of one's own business venture. In our context, this would include social responsibility for the economic development of an entire region. If everyone defines the market economy as the pursuit of individual profit only, we will hardly be successful in generating regional development in the Northern Dimension.

We must be successful in engendering enthusiasm for this idea especially in young people. This is why I support the suggestion by Mr Henningsen to take concrete steps toward the founding of a Baltic University. In addition, the joint initiative by Sweden, Finland, and Germany towards the financing of a Baltic Use Secretary in Kiel should be continued. Ideally, it should be expanded into a Baltic Youth Foundation so that young people can meet each other, become aware of the differences in living conditions and practice acceptance and tolerance. It would be nice if an institution like the Koerber Foundation agreed to prepare a feasibility study for the creation of such a youth foundation, because official institutions evidently find it difficult to make any progress in this matter.

### **Stalvant**

It is true that representatives of the EU claim that they are framing a large-scale regional policy, but not a region. So we can say the Northern Dimension might be a fore-runner to a regional policy for one of the Union's strategic environments.

As to the question of priorities in the North and the problem of evaluating added value in the Northern Dimension, Mr Knudsen presented a very good argument. Perhaps a new costly framework has been invented for priorities that were already well established. In doing so, one may end up with what is called zero-politics that do not bring any new achievements. However, a number of measures have been taken which should have brought new resources and more cohesion to cooperation. Perhaps they will provide a better overview of and co-ordination between all the separate priorities furthered within the five different sub-regional settings that are working within the region, with all their functional and geographical overlaps. For this reason it appears that from now on the implementation stage will be quite crucial.

There are two simple conditions for judging whether added value has been created. One will be when the European Union assigns a clear implementation role to a non-EU instrument or body. This will be a bold step. In addition, it should be good for the infrastructure of sub-regional networks and organizations as well. The second is visibility. A need exists for the creation and permanent presence

of a "Northern Dimension coalition of interested parties" in the Brussels corridors, regardless of how it is organized and variations in relation to their respective home constituencies. Such a step seems quite necessary, should the Northern Dimension survive shifts in presidencies.

A final remark to Mr Kindsmüller. I do not think one should be so worried about the prospects for the Northern Dimension or Baltic sea cooperation in the future. If there is no outbreak of Irish fever or a similar disease among current members of the EU, then the Union of 25 or perhaps 27 members will be a very different animal from the one we know at present. So whether one calls it a federation or confederation or a federation of nation states or has a fourth word for it, that entity will be overloaded. There will be a need to decentralize very much of the processes, both when it comes to the framing of policy and in implementing it. One might say that by then we have already for some time established and drawn benefits from a cross-territorial organization in Europe's north that will become even more valuable.

### **Heimsoeth**

Can the Northern Dimension be a model for other regions? Our discussion has made it clear that it can have the effect of a model, but certainly is not itself a model. I would like to enumerate five points that I think are preconditions if the Northern Dimension is to become a model.

First, I agree with Mr Summa's evaluation that we need a stronger concentration of regional organizations. CBSS, BEAC, BSSSC, UBC, the Nordic Council, etc. There is a lot of overlap, and it is impossible to explain this variety to Brussels. Concentration, accompanied by a correspondingly stronger legitimization of these organizations would therefore be in the interest of this region.

Second, the Northern Dimension basically comprises the same geographical area as the Baltic Council. I would therefore recommend tying the Baltic Council more tightly into the European Union. As you know, the European Union has tried very hard over the past six months to support the Northern Dimension, but this turned out to be difficult, as the Commission functions more on a sectoral and less on a regional basis. The Swedish Presidency tried very hard to pull everything together, but I really worry about things falling apart again as soon as the Swedish EU Presidency comes to a close. Contacts to the Task-Force Organized Crime, to BASREC and the like, are simply not enough. A strategic partnership between the EU and the Baltic Council must be established at the political level to make the Northern Dimension a reality.

Third, I think not only the member states, but the European Commission must make it clear what makes sense and what seems feasible. The accession candidates also expect greater involvement on the part of the Commission.

Fourth, Mr Fagernäs has pointed out that the most important objective of the Northern Dimension is to tie Russia into EU policy. It is becoming increasingly clear that the EU is growing more and more important for the entire region. The Baltic Council has the advantage that Russia comes to the table as a full-fledged member with equal rights. Therefore, Russia should participate actively in the implementation of the Northern Dimension.

Fifth, the most important issue is likely to be the question of financial resources. Mr. Summa has laid out for us how modest the finances of the Northern Dimension are. We also discussed the Danish suggestion to establish a sub-regional fund. But the financial goal for this fund are a modest three million Euro over three years. This will hardly be enough to solve the problems of the region. And the Germans also wonder at times whether it makes sense to establish parallel funds in addition to the EU Structural Funds at this point in time. We hold that one should do anything possible to use all the options provided by the EU to the fullest extent first.

One key word in this context is "inter-operability". We have worked out a number of proposals in cooperation with the Northern Länder [federal states], some of which were looked at very favorably by the Commission. But personally, I think that the success of the Northern Dimension will depend critically on the EU itself making available a pot of money so that the projects that will be developed in this framework will be associated with the EU "Trademark." These financial means do not necessarily have to be additional means - much as I would welcome that - but there must be a pot of money that is specifically reserved for projects in the region, and it could be co-financed by Tacis, Phare-CBC, or Interreg. An accompanying political concept would be sure eventually to bring the Northern Dimension to full fruition.

### **Olsson**

Some comments on Mr Fagernäs` statement. Yes, indeed, the shifting gravity in Russia is a very decisive factor. One has to note that there have been different signals at different periods of time. We went through a period when the overall objective of Mr Putin was the strengthening of the "vertical" as he said. It could be seen as an attempt on the part of Moscow to get a better grasp of development in the regions. On the other hand, we heard for example from Foreign Minister Ivanov at the Ministerial meeting in Murmansk in the Barents Council that he was extremely positive and actually encouraged the regions of North-West Russia to engage more actively in direct contacts with their Western neighbours. Let`s hope the second opinion will prevail.

I don`t think there is a collision between Northern Dimension and CBSS. But the problem, of course, is: how can the EU use a non-EU body for the implementation of an EU action plan? Especially if this idea is contested by some member states. The same also goes for the suggestion you made on the follow-up in the format of meetings and Council working bodies, fifteen plus seven. The Swedish presidency definitely had no objections, quite the contrary. But this is one example of how things can be watered down by other interested parties.

Finally, a general remark as an answer to comments made by many speakers on the perspective of the Baltic Sea becoming an internal EU sea. What will happen when eight of the nine coastal states are EU-members? Of course, this is a question that has to be raised sooner or later. One could start a discussion from various points of departure. One could start with the Northern Dimension initiative. Somebody referred to a second generation Baltic Sea cooperation. One could also start with the first generation of Baltic Sea cooperation, i. e. the regional bodies, because there is a clear need to do some kind of streamlining in view of the changes that will take place in the region. As I said in the introduction maybe this will lead to the Northern Dimension shifting more towards the areas where we have at least two non-member states, i. e. Russia and Norway and we thus end up further to north in Europe.

## Summa

To me the Northern Dimension means a very active political dialogue producing clear priorities. It means enhanced networking and enhanced investments in the region. Of course, also many projects needed to raise this goal.

Mr Yagya said that the resources are extremely limited, so the results have been extremely limited so far. My question to you is: what do you expect? If we have worked on this concept for a maximum of three to four years, it might be two or three years, and we can show that we have clear priorities, I think that is one definite result. If we take the action plan you will see that we have clear priorities and we really deliver. We have a double the number of projects completed or under way than we had three years ago and in addition, the IFI`s are very active indeed. So, we have results to show, and I don`t understand why you say they are very limited. Of course, everybody would like to see far more results, but I think that we have to work in the medium term.

Then, you said the Northern Dimension is a declaration and that it should be implemented in the future. I strongly disagree. We have started implementation and, of course, it is hoped that we can do even more in the future. We are implementing today without waiting. It is definitely not right to see it as something in the year 2005 or 2006. This is something that we are doing here and now. At least if we look at the EU contribution and the IFI`s contribution.

Mr Knudsen said political priorities are needed. You said that we had a substance problem. I think, that we don`t. If we take the action plan, we have the priorities and the substance described in it that we want the Northern Dimension to be. This fifty-five page report, contains the substance, it`s very concrete. Of course, in the future, we have to work to generate new ideas and new substance. I fully agree. But I think the starting point is not bad at the moment.

I fully agree with Mr Henningsen that the laboratory idea of Northern Dimension is extremely good. That is what we are doing. I also agree with the idea of the Baltic Sea university, etc. This is one way to enhance net-working and work for young people and for the future.

Mr Kindsmüller said that one should speak in Brussels with one vote. I fully agree it`s extremely important, and it`s partly the case already. The ministerial meetings on this subjects produce a whole series of documents. And those documents serve as an input for our planning, whether it be for Phare or Tacis.

Mr Fursenko emphasized innovations and pioneering. It is the real point in the Northern Dimension so that we have to emphasize the future orientated substance far more and less the past. But we have to

tackle the nuclear waste problem, the waste water problems, and some other problems that we just can't forget.

Mr Ignatavicius mentioned the Nida initiative. I think that is an extremely good example of what you can do at the political level. So, as you said, it was the first time the Lithuanian government together with Russians produced a concrete proposal in which the European Union can participate. This is just what we need in this region.

And then information. You mentioned that we have just opened a new office in Kaliningrad. This is a good way of providing better information and of giving concrete help to people who want to participate in our programmes.

I would also like to comment briefly on the Belarus programme and what we are already doing there. The member states want the Union to be very cautious. This policy is a result of discussions with the member states and the Council. We are doing two things at the moment: we are working on the borders, we are working with the NGO's. We have just allocated 5 million for this. And the money seems to be enough. We are doing what we can do for the borders, so it's not a money question. The main emphasis is on border crossings. It means if you have a rail or a road-crossing what we do is we finance the construction of the border crossing stations on both sides. For example, if one is in Lithuania it will come from the Phare budget, the one in Belarus will be financed by the Tacis budget. We can do it at the same time and, of course, we can also train the people and offer computers and other equipment.

Mr Skalski asked: what is Northern Dimension? Once again, I'm surprised at this question. If we take the action plan and the inventory you have a clear answer. We have to discuss how we want that to be developed in the future, but we know pretty precisely what it is today.

Mr Thönnes asked what we can do without any available crises. When I referred to crises, what I meant exactly was the allocation of the total budget. I said that the Northern Dimension financing, including Phare and Tacis, has suffered from the allocations to the Balkans. But we used the reduced budget as efficiently as we could. And then, of course, we can do whatever we decide for the environment, education, energy efficiency, NGO's, public health, transport or whatever. The problem is the amount of resources, but beyond that, it's just a question of good management.

I agree with Mr Heimsoeth that the CBSS and the EU link could be closer. Actually it has been extremely good during the German presidency of CBSS, but we have to see how it can be further improved. I also agree that in the medium term we have to come back to the budget-line issue. If you don't have a clearly ear-marked EU-budget-line, you are in a weak position. This is the case today. It is a question of time, I believe it is in the pipeline as it has already been discussed in Brussels several times. It is also very much in the hands of the European Parliament. But my own guess is that sooner or later we are going to have a budget-line. It might happen when we discuss the next budget framework for the European Union or before that, but it is coming and in the meantime we have to use the resources that are available.

### **Iloniemi**

We are coming to the end of our meeting. A few years ago the United States ex-Vice President Walter Mondale was here in Helsinki. In reply to a journalist asking about the Balkans, he said the Balkans had too much history, much more history than they can deal with. We, too, have a good deal of history here in the Baltic region, but we are obviously learning to deal with that. We use it more as a strength, rather than as a weakness. This very conference is in my view a good illustration of the fact, that we have a very positive way of viewing our past, although it has not always been so happy. But I do not exaggerate when I say, from the Finnish perspective, that we have never had such good relations with the Baltic Sea area states as we have today. That is something that we are happy to build on.

Körber-Stiftung has made an excellent initiative in bringing this group together to discuss these topics here. I would like to express - I am sure that I speak on behalf of all of us -our gratitude to the Körber-Stiftung for having arranged this meeting. We have been given a very good reception we have been treated grandly. Finally I would like to express our gratitude to President von Weizsäcker whose participation and presence has lent lustre to the meeting.

### **Weizsäcker**

To begin with, I would like to thank our host country. Frankly, since Finland and also Sweden have become members of the European Union, the atmosphere has perceptively improved. There is no doubt that the Swedish Presidency that is now coming to an end has made the voice of the Europeans

heard within Europe and beyond our own continent. As Mr Ilioniemi has just pointed out, Finland with its difficult history, which it has mastered with great courage, is exemplary in Europe, especially for the countries of the Baltic Region. This is not least true for the way in which Finland dealt with its big neighbor, Russia, with whom it shares the longest border in Europe. I think we can continue to learn from Finland's experience.

Finland is a remarkable EU member state also because it brings to us what all of us here in Europe urgently need, and that is political level-headedness and a good political nose, and this is one more reason why I am so pleased that we were able to hold this roundtable in Helsinki.

In our discussion I occasionally heard critical undertones regarding the assessment by the Baltic region of North-South relations within Europe in comparison to the East-West relations. However, for us Germans who have a preference for East-West relations for historically evident reasons, it is also important to emphasize that this does not diminish the importance of North-South relations for Europe. But this meeting here has shown once again that Russians and Germans can meet in the Baltic Region - without immediately provoking suspicions of a new Rapallo. I think that we can learn and move forward a great deal through these encounters in the Baltic Region, and this will benefit not only Russia and Germany, but ultimately all the states surrounding the Baltic and Europe as a whole.

The term "model region" which cropped up in the title of our discussion is perhaps a bit too ambitious. To view the Baltic Region as an example for other regions in Europe to emulate would not acknowledge the fact that each region has its own idiosyncratic problems that call for an individualized approach. If, on a few occasions, reference was made to a successful "Baltization" - in contrast to the conflict-laden "Balkanization" - it only goes to show that it is difficult to compare the situations here with the situation there.

But what is most impressive to me about the Baltic Region is that there is a consciousness regarding the natural environment that is so indispensable for the holistic life of human beings. Nowhere else in Europe and the world has so much attention been given to the protection of nature and the environment as here in this northern region. Nowhere else is there such willingness to reach out to those who are in need as there has been in the countries surrounding the Baltic Sea. In that sense, perhaps, one would be justified in speaking about a model region.

I would like to express my special thanks to Mr Ilioniemi, who has led us past the shoals of the discussion with prudence and composure and has facilitated a constructive discussion among the very different points of view and divergent interests of the roundtable participants.