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## **The Outlook for Baltic Sea Regional Cooperation**

**Autor:** *Andres Kasekamp*

Baltic Sea regional cooperation, be it in the narrowest sense – the “3B”, Estonia, Latvia and Lithuania - or in its broadest meaning - all the littoral countries plus Iceland - is something everyone agrees is vital, but genuinely excites few. Nevertheless, for Estonia there is a heightened interest – the government has proclaimed 2014 as the “Year of the Baltic Sea” since by a quirk of the rotating diplomatic calendar Estonia is chairing several Baltic Sea region institutions simultaneously. As of January 2014 Estonia is heading the cooperation formats among the three Baltic states (the Baltic Assembly and the Baltic Council of Ministers) and the cooperation between the Baltic states and the Nordic countries, the Nordic-Baltic Eight (NB8). In the second half of the year Estonia will take over the chairmanship of the Council of Baltic Sea States (CBSS) and will also head HELCOM, the Baltic marine environment protection commission. Additionally, 2014 has been declared the Gulf of Finland Year by Estonia, Finland and Russia.

There is ample reason to take stock of the current state of regional cooperation. The Baltic Sea region appears to be cluttered by an alphabet soup of organisations, institutions, and formats. This has led some to advocate a reduction in their number. More important, however, would be to push the existing organisations and formats to work more effectively and productively and create synergies among themselves. This could be achieved by an effective division of labour, with each organization focusing on its own specific strengths, i.e. the tasks that it is best suited for and leaving other issues for those organizations or formats whose capabilities best match the given purpose. At present, organizations often deal with issues not necessarily appropriate to its

format: for example, the 3B lacks sufficient resources to tackle maritime pollution alone – the problem obviously necessitates broader regional collaboration. In many cases the Baltic Sea region level itself is not sufficient - EU-wide solutions are needed, e.g. the NB8 form the vanguard in advocating the creation of a digital single market, but its implementation can only be decided in Brussels, i.e. it requires political consensus across the entire EU.

Baltic regional cooperation can be envisaged as concentric circles, with the core being the “3B”, Estonia, Latvia and Lithuania, then cooperation between the Baltic states and the Nordic countries – the NB8, followed by broader Baltic Sea cooperation, institutionalized in the CBSS, including Germany, Poland and Russia, and finally the largest outer ring, the EU-wide level.

Clearly the most intensive level of everyday cooperation exists between Estonia, Latvia and Lithuania, a good example being the Baltic Defence College. However, the multitude of mundane and routine practical accomplishments secured by working closely together tend to be obscured by high profile disagreements, as has recently been the case regarding Rail Baltic, the Visaginas nuclear power plant, and a regional LNG terminal, all costly huge infrastructure projects that have been discussed for years, but may never materialise. A systemic difficulty with 3B cooperation is that it involves three countries that are equal in size and resources. Disputes are hard to solve among themselves and a deadlock sometimes can only be broken by an outside arbitrator such as the European Commission.

To move to the next level of regional collaboration, the Baltic Assembly and Council of Ministers, which were originally patterned on their Nordic counterparts, ideally should merge into a true Nordic-Baltic framework that would supersede the existing Baltic and Nordic formats. Enthusiasm for increased integration, rather than mere cooperation, certainly exists in Estonia and Latvia, but Nordic political will has declined since the 1990s. The generation of Nordic political leaders (with the notable exception of Swedish Foreign Minister Carl Bildt) who had direct involvement with the Baltic states in their achievement of liberty and their efforts to obtain EU and/or NATO membership has been replaced by a younger generation of leaders who do not have those memories or emotional bonds. The new leaders take the Baltic states' independent existence as a given, but often through the prism of domestic public perception as sources of cheap immigrant labour, organised crime, ethnic intolerance, etc. From the Baltic states, the cultural, historical, societal and economic links with the Nordic countries are obvious. However, from the Nordic side, commitment to the welfare state economic model is considered central to Nordic identity, to which the Balts, with their staunch adherence to free market liberalism, simply do not belong.

Partnerships have proved very useful in expanding the geographical reach of the NB8. The NB8 has established fruitful partnerships with the United Kingdom, the US (E-PINE), the Visegrad Four, and most recently with Japan. Ad hoc formats have allowed the NB8 to cooperate more closely in various fields with Poland, a country which seems to be discovering its Baltic identity.

As for practical recommendations to strengthen the NB8, the first step could be the creation of a genuine NB8 chairman (though not a secretariat). At present there is simply a coordinator who simply manages activities among the eight ministries of foreign affairs. A chairman who could coordinate other ministries in addition to the MFA would be an important move enhancing genuine cooperation. The NB8 Wise Men Report (Birkavs-Gade Report) from 2010 contains a host of practical recommendations. At the very least, the NB8 should undertake a progress review of the implementation of the report's recommendations.

The latest institutional beast to have waded into the densely networked and organisationally congested Northern landscape is the EU with its Strategy for Baltic Sea Region (EUSBSR), adopted in 2009 (leaving aside the EU's Northern Dimension, championed by the Finns for cross-border cooperation with Russia). The EUSBSR is a pioneering initiative, which has led to an EU Danube Strategy; EU strategies for the Adriatic-Ionian and Alpine macroregions are in the pipeline. However, one of the reasons the EUSBSR was approved was that it was not given its own budget line, which gravely undermines its effectiveness. The EUSBSR is still an experiment building up its own bureaucratic apparatus. EUSBSR responsibilities are currently downloaded onto national coordinators or contact points, which is a considerable burden for small member states. A big challenge is to meaningfully link up the EUSBSR with the existing Baltic Sea regional cooperation formats. Perhaps the biggest test for the EUSBSR's viability in the long term is how well it can be plugged into the EU's new Multiannual Financial Framework.

To conclude, Baltic Sea regional collaboration is, of course, much wider than simply the institutions and formats. Economic integration is the key driver which pushes political cooperation. Not just working closer together, but creating a distinct and easily recognisable identity is essential for the Nordic-Baltic region to have a stronger voice within the European Union and to make a greater impact in global competition.