BALTIC RIM ECONOMIES
SPECIAL ISSUE ON GEOPOLITICS
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The Centrum Balticum Foundation publishes the Baltic Rim Economies (BRE) review which deals with the development of the Baltic Sea region.

In the BRE review, public and corporate decision makers, representatives of Academia, as well as several other experts contribute to the discussion.
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The 15th Baltic Sea Region Forum is organised on **Thursday 15 June 2023** at the University of Turku with the theme **Security and safety in the Baltic Sea region.**

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15th Annual Baltic Sea Region Forum

**Security and safety in the Baltic Sea Region**

**Thursday 15 June 2023**  12:00-18:40 (EEST)

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After the end of the Cold War, Europe believed that a direct military threat was very unlikely on our continent. Many countries cut down on their national defence. Thus, Russia's invasion of Ukraine was a rude awakening for many. War in Europe had become a reality. There were signs of Russia's aggressive actions before; in Georgia, Syria and in Ukraine. So far, one of the significant security policy knock-on effects of the war has been Finland and Sweden's decisions to apply for NATO membership. The military preparations of Finland's NATO membership are advancing as planned, in cooperation with NATO's military authorities.

The change in Europe's security situation can also be seen around the Baltic Sea Region. Military activity in the region has increased. The Russian Navy has continued to operate actively in the area and NATO has increased its presence in Eastern Europe. NATO's member states have strengthened the defence of the Baltic States and other countries in the region. NATO has increased its presence at the Baltic Sea by actively participating in exercises with Finland and Sweden. Furthermore, during the war Russia has concentrated units and equipment from our neighbouring area to Ukraine. The majority of those units have been from the Russian Land Forces and Marine Infantry. Therefore, the situation close to Finland's borders has remained calm.

From a military-strategic perspective, the Baltic Sea Region, the sea lines of the Northern Atlantic and Finland's neighbouring Arctic areas are one entity. This geopolitical perspective will continue to be relevant in the changed security situation. Finland has many common interests with NATO member states in Northern Europe. Finland and Sweden's NATO membership will make the planning and implementation of Northern Europe's defence easier. NATO membership will provide a common guidance for all of the Nordic and Baltic Countries for the planning and implementation of the High North's defence, including the Baltic Sea Region. Thus, our membership will open up new avenues for cooperation with our current Partners – our future Allies.

The ultimate goal of Finland's NATO membership is to advance Finland's security as part of the Western world. As a member of NATO, Finland wants to be a provider of security, not a consumer. As a member, we will contribute to NATO's collective defence to the best of our ability.

It remains to be seen, how Russia will change the deployment and activities of its Armed Forces in the Baltic Sea Region and in Northern Europe as a result of Finland and Sweden's NATO membership. The Kola Peninsula with its strategic nuclear weapons, Greater St. Petersburg and the Kaliningrad region are areas that are very important to Russia.

Overall, the Baltic Sea and its security is important to all of its coastal states. The importance of maritime freight traffic is not decreasing. The Baltic Sea remains an important route also for Russian maritime trade. The flow of goods to the regions of St. Petersburg and Moscow has mainly happened through ports in the Baltic Sea. Therefore, it is in the common interest of all of the states in the region that the Baltic Sea remains calm and maritime traffic has free passage. Neither Finland nor NATO have any need to change this.

Compared to its size, Finland has a strong military. We have maintained general conscription, which enables us to have a large reserve. The war in Ukraine shows that the premise for developing Finland's defence has been very correct. The Finnish Defence Forces must have both sufficient readiness to act and sufficient capabilities for operating in an extended and large-scale military crisis. Our defence system is a combination of modern technology weapon systems and a large reserve. Finland has further decided to improve its defence capability, in addition to a long-term development plan. We will acquire more defence materiel already in use, increase the number of personnel, and further improve our readiness, for example by increasing refresher training exercises for reservists.

Despite our future NATO membership, it is us Finns who have the main responsibility for defending our country. As long as a nation has the will to defend itself, it stands on strong foundations. Actually, the national defence will of our citizens is at its highest since polling began. This also provides a good starting point for keeping the Baltic Sea and its surroundings calm and stable as the security environment is in flux.
The Baltic Sea region has become a focal point of the spiking tensions between Russia and the North Atlantic Treaty Organization (NATO). To improve understanding of current geopolitical dynamics in general – and the Baltic Sea region’s contemporary strategic significance in particular – we require a new analysis method which I refer to as “Meta-Geopolitics.” Moving beyond the classic geopolitical focus on territory and resources, “Meta-Geopolitics” is concerned with a wider range of variables that interact with geographical factors in shaping international relations. These include a country’s (1) societal structures, (2) economic power, (3) domestic politics, (4) environmental/geographical conditions, (5) human potential and science and technology capabilities, (6) military capabilities and security issues, (7) and engagement in international diplomacy.

Geopolitics was traditionally understood as the study of how geographic environments (such as boundaries, or natural resources) influence international relations. However, thinking about geopolitics has evolved over the years, giving rise to various interpretations that elude key assumptions of classical geopolitics (such as the problematic conception of geography as deterministic, or the exclusive focus on states as geopolitical actors). Not only are geographical entities and relationships subject to interpretation, as highlighted by critical geopolitics. Moreover, territorial fixation appears no longer timely in a world marked by de-territorialised threats (e.g., cyberterrorism) and transnational challenges such as space debris or pandemics. Clearly, geographical conditions provide powerful opportunities and constraints that influence political action. However, focusing on them alone produces too simple a vision of the world to guide sound foreign policy making. Seeking to provide a more holistic and accurate method of analysing international relations, “Meta-Geopolitics” focuses on the interplay between the above-mentioned seven geographical and non-geographical factors, which I refer to as “state capacities.”

It is widely recognised that domestic conditions influence a state’s foreign policies. For example, when faced with domestic unrest, state leaders may engage in hostile foreign policies to deflect from domestic problems. Many domestic challenges – such as demographic issues – are impacted by geographic location. For instance, rapid population growth is highly problematic in places where water and arable land are scarce. Similarly, public health issues are heavily affected by environmental circumstances, including environmental degradation and climatic conditions. Public health emergencies and social issues such as unfavourable demographics have the potential to significantly curtail a country’s economic power, which is of immense geopolitical importance. Among other things, a thriving economy depends on the quality of a country’s human resources as well as its technological development. In short, unstable domestic conditions, or the lack of economic and technological development can prevent resource-rich states from fulfilling their geopolitical potential and turn them into relatively weak actors in the international arena.

“Meta-Geopolitics” thus enables us to comprehend international relations as driven by a wider range of variables than traditional geopolitical theories allowed for. Hence, it can contribute to a broader yet more nuanced understanding of geopolitical developments, including those in the Baltic Sea region. The outbreak of war in Ukraine has increased the region’s geopolitical significance and that of the rest of Europe as a whole. The region’s energy landscape is transforming with significant investments in both traditional and renewable solutions and plans for a new nuclear energy infrastructure. New tensions arise as political disagreement over nuclear power persists within and between neighbouring countries. Soaring energy prices (resulting from geopolitical tensions, lack of investments in traditional energy resources and refining capacities) and rising cost of living have a profound impact on not only national economies but also social inequalities. In fact, they disproportionately affect the most vulnerable populations, which have already suffered most from the impact of the COVID-19 pandemic and the subsequent global inflation. This is how economic, environmental, social, and public health factors converge in creating a tense situation, which is further exacerbated by security concerns linked to current geopolitical / geoeconomic tensions. The balance of power in the region will further shift with Finland’s and Sweden’s accession to NATO. The regional picture painted above is not exhaustive but suffices to illustrate how the seven “state capacities” interact in shaping a region’s geopolitical dynamics.

To navigate today’s geopolitical landscape successfully, state leaders need to adopt the innovative yet pragmatic paradigm, “Symbiotic Realism,” in their conduct of international relations. “Symbiotic Realism” requires us to escape the zero-sum logic according to which one side has to lose for the other side to win. Instead, it stresses the importance of win-win solutions, non-competitive competition, and absolute rather than relative gains. In fact, we will all suffer if the international community fails to collaborate on counteracting global challenges such as pandemics, global warming, transnational crime, cyber-challenges, rogue states and violent non-state actors, the proliferation of nuclear weapons or space debris. Hence, we must focus on promoting symbiotic (mutually enriching) interstate relationships. This will also require us to redefine global security as multi-dimensional involving national, transnational, human, environmental and transcultural security. Safeguarding national securities of states as well as their meta-geopolitical power will thus require abandoning zero-sum thinking in favour of a multi-security paradigm, which recognises that the security of all states is intertwined in today’s globalised and deeply interdependent world. Put differently, only when the security needs of all states, cultural groups and individuals are sufficiently satisfied can we aspire to attain sustainable international peace and prosperity. Such a multi-sum security approach is better suited than the zero-sum paradigm for navigating the complex nexus of economic, social, political, and energy challenges and great power competition and potential conflict in the Baltic Sea region and beyond.
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Redrawing the geopolitical map: New winners

The three-variable “Redrawing the Geopolitical Map” study (2018) was among the first to systematically estimate which states might be the geopolitical “winners” or “laggards” in the renewable energy era. Later studies also attempted to peer into this future, using far more variables and producing global lists, but with fairly similar results to “Redrawing”. In contrast to global lists, an advantage of “Redrawing” is its emphasis on regional power constellations. Considering the rapid pace of technological innovation, the data on the regional winners was updated in 2023 and are presented here for the first time.

The study’s three variables—raw potential, receptiveness, and hydrocarbon industry resistance—were selected because they approximate the forces that either facilitate or impede technological diffusion. Earlier thinking about transitions prioritized technological prowess and raw potential, but more recent work argues that the obstacles to technological diffusion also should be considered, for example, the role played by incumbent actors, path dependency and carbon lock-in.

The hypothesis of “Redrawing” was that the geopolitical powers (“winners”) of the future will be those states that successfully transition to renewable energy, attaining self-sufficiency or even becoming exporters. These frontrunner states have high potential for producing renewable energy combined with significant socio-political support and without strong opposition. The “potential” (P) variable reflects the raw potential for renewable energy from onshore and offshore wind, photovoltaic, and concentrating solar-thermal power. “Receptiveness” is based on the number of renewable energy targets and policies, following the logic that they approximate policy maker and citizen support. Finally, the “hydrocarbon lobby” (H) variable captures resistance, as represented by a country’s coal, oil and natural gas reserves. The logic is that states with high reserves are likely to have strong hydrocarbon industries, which typically oppose the diffusion of renewable energies (and are often at the forefront of doubting climate concerns, as exemplified by the 2023 revelations about BP).

The data was calculated in two different ways: first, with the hydrocarbon lobby on equal footing to the other variables (R + P + H)/3; and, second, to more accurately reflect the disruptive ability of the hydrocarbon industries, with the hydrocarbon value doubled (R + P + 2H)/3. Using publicly available data, the original “Redrawing” study presented data on 165 states and the 2023 update covers 154 states.

The winners for both the 2018 and 2023 studies, per geographical region (for R + P + 2H/3), are Finland, Sweden, and Belgium (2018) and Finland, Belgium, and Malta (2023; with Sweden close behind); Canada and the U.S. (2018) and Canada, the U.S., and Mexico (2023); Uruguay, Nicaragua, and Honduras (2018) and Uruguay, Dominican Republic, and Panama (2023); Jordan and Lebanon (2018) and Palestine (State of), Jordan, and Israel (2023); Sri Lanka, Nepal, and Maldives (for both 2018 and 2023); Mongolia, Cambodia, and Fiji (2018) and Fiji, Vanuatu, and Cambodia and Tonga tied (2023); Kenya, Mali, and Namibia (2018) and Kenya, Lesotho, and Cabo Verde (2023).

Eleven of the original 19 winners stayed on the list and ten were added, with six dropping off. Preliminary analysis suggests that these shifts may be due to changes in the number of renewable energy targets/policies. For example, 72% of the states that stayed on the list increased their targets/policies, 9% maintained the same number and only 18% decreased their targets/policies. However, of the states exiting the list, only 16% increased their targets/policies, 50% maintained the same number, and 33% underwent a decrease.

Because larger grid networks are more resilient and counter the volatility problems that plague many renewable sources, a buildout of renewables will most likely require more intensive cross-border exchanges. This greater interconnectedness will strengthen regional relationships and “grid communities” may emerge. Thus, the “Redrawing” study offers a hint of which regional players might gain geopolitical stature through their energy capacity. At the moment, however, the lists show many countries that have not yet fully tapped their potential.

All past energy transitions, even from centuries ago, resulted in unexpected but significant geopolitical reconfigurations. Economic and military prowess has historically accrued to those states with ample access to energy. As the “Redrawing” study indicates, states that provide targets and policy measures have the potential to become renewable energy heavyweights. It thus behooves policy makers to support renewable energies, not just to reach climate goals, but also for geopolitical and security considerations.

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The EU’s geopolitical influence after Putin’s war: Can old tools still work?

From the beginning of her tenure, President Ursula von der Leyen has envisioned a ‘geopolitical Commission’. And now, with Russia’s invasion of Ukraine and the promise of a Zeitenwende, talk has centred on the emergence of the European Union as a ‘geopolitical actor’. Yet, as with other elements of EU jargon, the meaning of this term is contested. Depending on the definition used, one can ascertain the chances for the survival of EU geopolitical power in this new era of great power rivalry.

Should geopolitical actorness be equated with the EU’s newfound ability to respond decisively to a major geopolitical crisis on the European continent? Among EU Member States, illusions over Russian intentions have undoubtedly gone by the wayside, resulting in a higher degree of unity towards Moscow than was the case before Putin’s invasion. However, one should distinguish the ability to react decisively in a crisis situation from the more proactive task of crafting a durable, common understanding of European interests. Thus far, EU external action remains a tool to amplify the reach of national foreign policies rather than a replacement for the latter.

What about enhanced hard power capabilities? Should steps forward on EU defence – especially the shift in emphasis from crisis management abroad towards territorial defence and deterrence – be seen as a step towards becoming a geopolitical actor? The result of Russia’s war is the further entrenchment of NATO as the primary organisation responsible for the defence of Europe. EU geopolitical actorness can therefore only be achieved through deeper cooperation between the EU and NATO. While this can be done in a way that respects the EU’s decision-making autonomy, there is little doubt that Washington is now better placed than Brussels to shape the Ukraine war’s endgame – and thus shape the content of the continent’s future security order.

Given this constraint on the EU’s term-setting ability in its own neighbourhood, it is hard to imagine Brussels emerging as one of the key poles at the global level, save for on a few specific policy issues. In fact, with Russia’s great power status also being questioned following its botched invasion, the world appears increasingly (albeit not entirely) bipolar. Although the EU’s competency in the realm of trade allows it to appear as a ‘geopolitical’ player vis-à-vis China, the rules and the power balance governing the geographical terrain of the Indo-Pacific will be primarily litigated between Washington and Beijing, with others in a more auxiliary (albeit not unimportant) role.

This brings us to the technical – and perhaps still the most useful – definition of ‘geopolitical’, namely the pursuit of political interests across a geographical space, which should be distinguished from mere power politics or polarity.

According to this more traditional understanding of the concept, the EU has been a de facto geopolitical actor since the adoption of the European Neighbourhood Policy in the mid-2000s. When paired with the 2004 and 2007 rounds of enlargement which placed the EU on the border of the post-Soviet space, this led the promotion of EU norms to become geopolitical in effect, even if not in intent.

The EU was able to use this geopolitical influence to great effect – and in a uniquely EU fashion. By promising market access and pushing for political and economic reforms, the EU encouraged states such as Ukraine to align themselves closer and closer to the orbit of Brussels, without the need to apply hard power. While all international orders offer a mixture of coercion and consent, this one was situated decidedly more towards the ‘consent’ side of the spectrum, at least with respect to government-to-government relations.

Whether this ‘softer’ form of geopolitical influence can survive the return of hard power in Europe has become a key question facing the EU.

On the one hand, offering candidate country status to Ukraine – which would likely not have been on the table if not for the war – marks a major milestone in potentially reshaping the space occupied by the EU on the continent. If Ukraine does eventually become a full Member State, this could imbue the European peace project with new life, drastically improving the EU’s soft power influence in Russia. Moreover, a strong and prosperous Ukrainian democracy would dramatically reshape the regional security balance, providing a bulwark between Central Europe and Russia rather than a vacuum at the extremity of competing spheres of influence.

On the other hand, the problems plaguing EU reform and enlargement have not entirely been overcome. The Western Balkans continue to linger outside the EU, despite (limited) recent progress on the accession process and the promise of a more innovative relationship offered by the European Political Community. No agreement exists between Member States on how to sequence enlarging the EU’s membership and reforming its decision-making. In fact, existing disagreements have likely been exacerbated by declining trust between the Franco-German axis and newer Member States given their differing approaches to the Ukraine war (although these are occasionally differences of perceived style rather than policy substance).

In short, it does not appear as though the war has resolved the basic shortcomings which limit the EU’s influence in its own neighbourhood, rooted in disunity among Member States and a binary ‘in or out’ accession process. Despite talk of a Zeitenwende, the EU’s overall method of engagement with its neighbours has not verily changed, save for specific actions such as repurposing the European Peace Facility for an era of war. With Ukraine’s accession likely to take a decade or more, it will be years before we know whether the EU’s geopolitical influence will survive the trauma of Putin’s invasion.
When the European Commission led by Ursula von der Leyen began its work in 2019, it labelled itself as the geopolitical Commission that would strengthen Europe’s role in the world. Most countries have very little leverage in European politics, let alone in world politics. They simply cannot manage alone in the current geopolitical environment, which is why collective European action is needed on all political levels. The EU is the most natural forum for this.

Geopolitics and power competition have returned to the international stage – though it can be argued that they never left. The end of the Cold War was seen as the end of rivalry and power politics, but this soon proved to be a false interpretation. Europe saw war and conflict in the Balkans already in the 1990s and in Georgia in 2008. The last remains of the illusion of lasting peace were shattered in 2014 when Russia annexed Crimea and waged war in Eastern Ukraine. At the same time, the rivalry between China and the US intensified, accelerating the American foreign policy shift from Europe to Asia-Pacific. The war in Ukraine has only intensified the need to realize a more strategically acting European Union.

Our time is characterized by growing geopolitical rivalries all over the world, from the Arctic to Africa, from Europe to the Indo-Pacific. We can see this in increasing transactionalism, in hybrid and information warfare and in the shift from economic interdependencies to dependencies. The EU can no longer remain in the margins, but it must assume more responsibilities even in the fields that have not traditionally been part of its task list. If Europe does not want to become a pawn in geopolitical competition, it must become a geopolitical actor itself.

The crucial question is whether the EU has the capacity to be a serious geopolitical actor and to exercise hard power in addition to its more traditional soft power capabilities. To tackle this, the EU presented its new Strategic Compass in 2022. The new strategy document was written as a response to major geopolitical shifts in Europe’s neighbourhood and to allow the Union to strengthen its security and defence policy and take greater responsibility of Europe’s security. The Union recognises the risks of being outpaced by competitors and wants to protect better its own interests and values. As Josep Borrell has put it, the EU needs to finally get serious about its strategic interests and act upon them.

The EU needs to be able to defend its values, interests and people from external pressure, to be able to stand resilient and capable in the face of growing challenges and threats. To do this, the EU needs to reduce asymmetric dependencies and become more autonomous – not just in security and defence sector but throughout the political spectrum. This is what the Strategic Compass aims to achieve. Europe cannot become a stage where great powers – China and the US – project their power and compete against each other. It is in the EU’s interest to truly learn the language of power and be able to act strongly and coherently in world politics. This does not mean that Europe needs to abandon its fundamental values, such as democracy, rule of law and human rights. Quite the opposite. Only by being strong, determined and resilient, can the EU defend its values and promote peace and stability. As stated in the Strategic Compass, “where the EU is not active and effective in promoting its interests, others fill the space”.

The war in Ukraine has showed that the EU can act decisively, swiftly and unanimously. Still, the success in responding to Russia’s war-waging must not make the EU complacent. The Union cannot only act on ad hoc basis, but it needs to have an efficient, sustainable and well-funded ability to act whenever needed. There are, however, several obstacles to overcome before we can talk about a truly geopolitical EU. A fundamental problem is that the Union is still seen as merely a peace project and soft power actor. In a world that is more rivalrous, the EU is expected to take steps towards a more militarised role, which does not come naturally to it. Moreover, NATO is undeniably the first choice for many European countries when it comes to security and defence. The cooperation between NATO and the EU has greatly improved in the past years, but there is still a great deal of work to be done to clarify the division of labour among the two organisations to avoid duplication and to streamline the use of resources.

The EU is not famous for its speed but that does not mean it is incapable of change. Just look at how the Union was 10 or 20 years ago, and you see how much it has changed. The EU has developed a common security and defence policy practically from scratch, it has assumed new tasks and responsibilities and is ambitious of becoming a serious global actor. The Strategic Compass and other strategy documents pave the way but only if they are implemented properly and adapted according to the constantly changing security environment.

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**Geopolitical EU in a geopolitical world**

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Geopolitical challenges for EU’s economic policy

For the year 2023 the European Commission’s autumn economic forecast predicted a light contraction of GDP of -0.3% for both the Eurozone and the EU-27. Although the European labour markets proved to be resilient, the Commission expects the unemployment rate to slightly increase and the inflation in the EU-27 and the Eurozone is expected to stay at a high level of 7%. Given the geographical proximity to the Ukraine, the impact of the Russian war against the Ukraine will remain the biggest challenge for economic policy in Europe. As a consequence, high energy and food prices, and still very high inflation rates and indebtedness of public budgets are expected to lead to declining investment rates and hence to low economic growth. The purchasing power of European households will shrink – European citizens will become poorer.

The economy of the Baltic Sea region is directly affected by the Russian war of aggression in the Ukraine. The region is characterised by a high degree of interdependence and cooperation dating back to the late Middle Ages and the Hanseatic League. However, this long tradition of cooperation cannot be continued in the shadow of the Russian war. Rather, the division and the differences between the prosperous northern and western shores of the Baltic Sea and the less developed southern and eastern countries will continue to increase.

This might be the hour for European economic policy and a new attempt to improve it. However, the European Union is actually not allowed to pursue an independent economic policy; the European treaties do not provide for this. Instead, the member states can only coordinate their economic policies in the common European interest. The focus of this European economic policy is on the coordination of national policies by the European Commission. Hence, the EU has limited economic policy options and instruments at hand.

The European Single Market is still and must remain the centrepiece of European economic policy. However, the economic power of the Single Market and the regulatory strength of the EU will only be effective and convincing in global competition if European economic policy respects the foundations and framework of its own economic constitution as an European social market economy - economic interdependence with open markets on a level playing field.

Another important instrument of European economic policy for the coordination of member states’ policies certainly is the European Semester: a framework with common objectives and targets for policy-making and steering with fixed deadlines for evaluation, recommendations, and implementation; it brings together and takes into account all economic, employment, social, and sustainability policy goals and strategies of the EU. Under the conditions laid down in the EU treaties, the European Semester is the only instrument that enables effective economic policy coordination of the member states; by focussing on common objectives and interests, through financial incentives from European funds and – under certain conditions – through sanctions in the event of non-compliance with the jointly agreed economic policy.

The most important means of this restricted European economic policy hence are providing incentives by the European Semester with the financial aid of European funds from the European budget, for example for the Baltic Sea macro-region. The funds, and in particular the new recovery and resilience fund (RRF) which has been created as part of the European response to the socio-economic consequences of the Covid-19-pandemic, are actually clearly focused on combating climate change and harnessing digitalisation. The focus on these future-oriented common economic policy objectives has to lead all efforts for closer cooperation.

However, the necessary closer cooperation between the countries and regions cannot and will not include the warring parties, Russia and Belarus. Hence, the EU must develop ways of closer cooperation for the Baltic Sea region without these two outsiders - and it can use its familiar instruments to do this easier. The ambition of a real common European energy policy with a common purchasing policy, with mutual sharing and solidarity and close grid connections will certainly have to become a field of closer cooperation. The same applies to joint efforts, measures and mutual support in the fight against climate change. In addition, there are also the fields of closer cooperation in research and innovation policy and in the digitisation of administrations, national economies and societies. The Baltic Sea strategy of the European Union already developed these needs and the areas of closer cooperation and mutual trust, developed plans, programmes and projects. This approach of closer cooperation becomes even more urgent in the face of the Russian war of aggression. The exclusion of Russia and Belarus could even promote a strengthening of interdependence and cooperation in the region.

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For most of the Baltic Sea region, geopolitics has not “returned” – it never left. Instead, it is the rest of Europe that is now catching up to a reality that has long been plain to many states around the Baltic. Europe’s security situation today is precisely the one that Poland, Estonia, Latvia and Lithuania had long warned of – and were written off as troublemakers in the EU and NATO for doing so. The invasion of Ukraine and the associated deepening confrontation between Russia and the West have done no more than confront the rest of Europe with the reality that has faced Russia’s neighbours all along.

But the front-line states also continue to lead the way in how to deal with the challenge from the eastern neighbour. Long held up as a template for resilience against “hybrid threats”, the total defence and comprehensive defence approaches exemplified across the region have never been more relevant for other countries looking for means to bolster their defences against Russia in both conventional military and “sub-threshold” terms. The search for resilience against whole-of-society attacks carried out by countries that had neglected their defences while disregarding the growing threat from Russia repeatedly lands on the concepts and models either under construction, or never dismantled, around the Baltic.

The Baltic Sea region states have thus found themselves inadvertently in a multifaceted leadership role. Paradoxically, it is precisely because of this that it could be argued their moment of greatest danger has already passed. The first half of the previous decade saw an already aggressive and assertive Russia eying a security vacuum in the Baltic states, with NATO determinedly unwilling to heed and address the lessons of Russia’s war on Georgia in 2008. And yet by the end of the 2010s, even before western Europe began sluggishly to awaken itself to the threat, the arrival of NATO’s Enhanced Forward Presence (eFP) contingents in the Baltic states and Poland meant that the long-running question of NATO’s commitment to their defence was resolved. In stark contrast to its neighbour Germany, Poland’s drive for restoring military capability appears to be genuine and determined. And now the accession of Finland and Sweden, another perpetually open question finally closed by Vladimir Putin, by turning the Baltic into a “NATO lake” takes off the table all of the practical questions of reaching and reinforcing the easternmost members of the alliance that provided so much food for thought for NATO planners and outside observers.

This combination of civil resilience and military mutual reliance means that states in the Baltic Sea region are also better prepared than most for managing the fallout of Russia’s inevitable short-term hostility and equally inevitable long-term decline. Russia’s war on Ukraine could still lead to a very wide range of possible outcomes; but none of them removes Russia as a threat to its neighbours. Even if Russia’s ground forces are emasculated for the long term, and its energy weapon already wielded and parried by Europe, this represents only a fraction of the range of harmful cross-border effects that Russia has been delivering into the frontline states throughout the period of notional peacetime. And that is even before we consider the possibility of disorder in Russia, or an unplanned transition of power, leading to spillover effects on neighbours that are the result of collateral damage rather than deliberate policy. In an echo of the early 1990s, at some stage the greater concern for countries in the region could be the Kremlin’s lack of control over what its instruments of power do, rather than what it consciously directs them to.

But the key difference from the 1990s is the removal of uncertainty. France and Germany now appear increasingly isolated in their pretence that the period before February 2022 was one of peace to which we can all safely return; and in much of the rest of Europe there is now no doubt of the nature of the threat, and consequently no doubt that the front-line states must be aided in their defence against it. The formation of the multinational Joint Expeditionary Force (JEF) with the UK as framework nation is both a statement of intent and a practical means of assisting Russia’s neighbours when “old NATO” might be unwilling to act, and JEF planning and exercises increasingly recognise that the challenge is not solely a military one. With help, again, from Vladimir Putin, people across the continent understand as never before that defence of their homes begins where Europe meets Russia - and the example of Ukraine means that there is no longer a danger of a confrontation with Moscow being written off as a quarrel in a faraway country between people of whom they know nothing.
Germany and France agreed to deepen their common program in defence matters and pursue a common vision in terms of arm exports with the 2019 Treaty of Aachen. This deepening was seen as a prerequisite to further consolidate greater European armed forces and interventions as well as strengthen European defence industry in the mid-to-long term. The move was also deemed necessary after Brexit since France had been taking on the main role for European defence and security. Moreover, the onset of the war in the Ukraine brought to the fore the urgent need for Germany to upgrade its own armed forces and defence capabilities. In a major policy shift, the German Parliament thus agreed in June 2022 to a 100 billion euros special fund to bring the Bundeswehr’s weapons and equipment back up to standard. The fund should in part be used to top the regular defence budget of around 50 billion euros over several years to help rebuild Germany’s military, which had been left with low investments for years since the end of the Cold War. This should also allow Germany to meet the NATO target of spending 2% of the country’s GDP on defence annually and thus become the third-largest military spender worldwide after the United States and China. This ground-breaking decision was in this context much welcomed by its European partners, especially France, which saw it as a complement to the new joint exceptional program FCAS (future air warfare) agreed upon the two countries in 2017 and its equivalent MGCS (future ground warfare system).

Despite the expectations raised by this major increase in Germany’s defence budget, some questions have arisen in the Franco-German bilateral relationship over the past months, with Germany mostly catering to its core industrial defence interests including the recent agreement to jointly acquire an air and missile defence shield with fourteen NATO countries, the so-called “European Sky Shield Initiative” based on American, German, and possibly Israeli technologies. This decision greatly annoyed France, which voluntarily remained outside of the project with a view to rather support future European autonomy and sovereignty in defence. In March 2022, Germany had also decided to purchase thirty-five American F-35 Lockheed Martin fighter aircrafts to replace its fleet of Tornado aircrafts dating back to the 1980s; and 15 Eurofighter Typhoons to bolster its air forces. The F-35s should also be used to carry tactical nuclear weapons for NATO1. This purchase does not, however, affect Germany’s plans to pursue the Future Combat Air System fighter (FCAS), which is considered as a key instrument for an integrated European Defence Policy. And although this undertaking remains at a very early stage, the agreement signed between Dassault and Airbus last December 2022 represents an important milestone for this Franco-German project to finally gain more momentum. The landmark contract agreed upon covering study work on the aircraft demonstrator and its components for a three-and-a-half-year timeframe constitutes a major step forward although it does not yet represent a fully-fledged industrial program. This is even more significant since the FCAS could also deal with the airborne component of the French nuclear deterrent.

Beyond this level of cooperation, Germany and France can continue to deepen their respective engagement to European security with a more solid and effective framework for defence industry, including further efforts to increase complementarity in systems and technology developments. Of particular significance would be the recognition of the importance of the role of nuclear deterrence for future European security, since all conventional efforts, including missile defence as currently foreseen by Germany, will not be able to provide a full guarantee of effectiveness with revisionist countries such as Putin’s Russia or against threats from nuclear actors2. As a simple fact, only nuclear weapons eventually matter to protect against war or conflict with another state owning this capability. Since France is the only European country with an independent nuclear deterrent, it would be crucial that in-depth consultations on this issue be pursued bilaterally with Germany beyond the FCAS program, and more generally at the European level to strengthen European security2.

More generally, Germany’s rearmament program, if it goes ahead as expected, represents a fundamental change for German and European expenditure. France has an interest that this should take place in a European context, if anything equal to the interest she focused on the monetary implications of German reunification, which led to the creation of the Euro.

1 John A. Tirpak, Germany to buy F-35 and Typhoon fighters as it boosts defence spending, 14th March 2022, Air&Space Forces.
2 See Jean-Dominique Giuliani, Protecting Europe, 14th November 2022.
Germany's Eastern European policy is in shambles. The Russian invasion of Ukraine on 24 February 2022 shattered the post-cold war European peace order and abruptly burst some of the bubbles of German foreign policy.

Germany's foreign policy gaze towards Middle and Eastern Europe (MOE) was long in a felt tradition of Willy Brandt's Ostpolitik. Coupled with a plea for forgiveness, the Social Democratic Chancellor made a historic attempt in the early 1970s to largely normalise Germany's relations with the Soviet Union and other Warsaw Pact states after the German atrocities during the Second World War. For large parts of German society, the Ostpolitik formed the basis of a new self-satisfaction with itself and its relationship with the Eastern European states.

In Germany, these political maxims were carried over into the 21st century. Large parts of the German public and politicians, subsequently began to make two momentous mistakes: first, from then on, when looking to the MOE region, they were only looking towards Russia.

And secondly, as other European states were already beginning to look towards Moscow with an unclouded gaze, relations in this country were stubbornly continued or even expanded in a naive manner.

Thus, German society accepted, largely without debate, that Putin's Russia increasingly claimed the historical legacy of the Soviet Union. Therefore, it claimed a right to interfere with the doings of its neighbouring states, or better to say that those states had to take Russian interests into account of their internal, and international policies.

How little Germany was willing to look at the other states in the region or even to take their perspective into account, is shown by the large number of missed opportunities. For example, it was only after 24 February that the German public became aware of how strong and justified the security needs of the MOE NATO countries are. Before that, neither the war in Georgia in 2008, nor the extremely brutal Russian warfare in Chechnya and Syria, nor the trail of blood from Russian assassinations across Europe, the creation of a conflict in eastern Ukraine or the annexation of Crimea in 2014 had fundamentally shaken Germany's image of Russia. Full of conviction that the German-Russian partnership would remain close in the future, the plans for the large-scale Nord Stream 2 energy project were signed in 2015.

The ruins of this misguided German Ostpolitik now lie at the bottom of the Baltic Sea.

It is obvious that Germany must restart its MOE policy. The pivotal point should be the Baltic Sea.

On the other hand, many German interests culminate around the Baltic Sea. Many of these interests are interconnected. In terms of security policy, the Baltic Sea will increasingly come into focus. With the accession of Finland and Sweden to NATO, the Baltic Sea will no longer be just an EU inner sea, but also NATO's Mare Nostrum. However, in the near future, the Baltic Sea will not be a sea of security cooperation, but of confrontation, since Russia also has two access points. The attack on the Nord Stream 2 pipeline, though the complete background is not yet fully known, has shown how vulnerable the security in the region is. However, increased cooperation in this area is absolutely necessary, as this is the only way to address the challenges and properly exploit the advantages.

For example, the Baltic Sea region is essential for Germany's future energy supply. Closer connections will allow a more effective and efficient European use of renewable energies such as offshore wind, as well as the import and distribution of liquid energy sources in the future.

It is also becoming apparent that the Baltic Sea will be particularly hit hard by the effects of the climate crisis. How we will deal with its effects and how they can be mitigated, is a task that we will only be able to solve together in the Baltic Sea region.

A stronger focus on the countries of the Baltic Sea region within German politics must also be accompanied by a change of mind set in German society. There needs to be an openness to rethink the old, to put stereotypes about the region to the test and to update the view of the region. And that might be the most difficult challenge ahead for German and international politicians and stake holders in and of the region. 

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The Baltic as a Western Sea

On May 8, 2022, Finland officially announced its candidacy for NATO membership in spite of Moscow’s threats of future “military-technical measures.” The same goes for Sweden, breaking with its historical neutrality (1814), which is much older than Finland’s. Their entry into NATO will profoundly modify the balance of power in the Baltic Sea.

Located between the Scandinavian peninsula, Fenno-Scandia and the German-Polish plain, the Baltic Sea is a quasi-enclosed sea with a surface area of 450,000 km². The Danish straits are the point of access to the North Sea and the North Atlantic. As a space of confrontation between the West and Russia, the Baltic Sea is sometimes wrongly described as the “Northern Mediterranean.” French geographer Yves Lacoste designates it as “Mediterranean” maritime areas of about 4000 km in length (second order of magnitude), like the Mediterranean Sea, the “Gulf of Mexico-Caribbean Sea” (the “American Mediterranean”) or the South China Sea (the “Asian Mediterranean”). The Baltic Sea is smaller in size: its surface area is almost six times smaller than that of the Mediterranean itself (2.5 million km²).

In fact, the term “Northern Mediterranean” functions after the Cold War as a metaphor for peace and prosperity, which has little to do with the situation and prospects of the Baltic.

During the Cold War, the Baltic Sea was governed by the “northern balance”: it was shared between the USSR and its satellites (Poland, GDR), the NATO member states (FRG, Denmark) and neutral states (Sweden, Finland). NATO controlled the Danish straits, but its ships hardly penetrated the Baltic, where the Northern Fleet, attached to Kaliningrad (ex- Königsberg), dominated. The end of the Cold War and the breakup of the USSR renewed the geopolitical configuration. To develop cooperation between the Baltic Sea riparians, a Council of Baltic Sea States was established (1992) including Russia. Norway is also a member, and the European Commission is represented. Some of the Baltic riparians also participate in cooperation structures that cover areas of different sizes: the Nordic Council (Scandinavian countries, Iceland), the Barents Euro-Arctic Council (Scandinavian countries, Iceland, Russia, European Commission) and the Arctic Council (Scandinavian countries, Iceland, Russia, USA, Canada).

Despite this dense network of organizations, extending regional cooperation to Russia is not easy. Above all, Russia’s revisionist policy worries the countries of the region, which want the security guarantees provided by the Euro-Atlantic bodies (NATO and the EU) to be reaffirmed. Launched in February-March 2014, the Russian war against Ukraine has repercussions in the Baltic. In addition to the provocations at the maritime and air borders of the states in the region, the geopolitical dispute around the Russian-speaking minorities in Estonia and Latvia is aggravated by Putin’s recurring theme of defending the “Russian world” for which he claims Russia has the political and military responsibility. In the Baltic countries, Poland, Finland (a 1340-kilometer border with Russia) and Sweden, a “hybrid war” scenario is feared.

In order to avoid a power grab, NATO and its member states decided at the Newport summit (4-5 September 2014) to consolidate their defense and deterrence posture on the Baltic-Black Sea isthmus (reassurance measures); a decision extended by the Allies in Warsaw (8-9 July 2016), with the “enhanced forward presence.” At the same time, Finland and Sweden began a discussion whether or not to join the Atlantic Alliance and the authorities of both countries developed their military cooperation with NATO and the United States. Sweden and Finland participated in manoeuvres organized by NATO in the Baltic Sea. In addition, Helsinki is negotiating an agreement with Washington on enhanced cooperation in intelligence, training and defence research. Finally, a Centre of Excellence against hybrid threats was created.

For its part, Moscow denounced the establishment of a “cordon sanitaire” and the Russian army deployed anti-access/area denial (A2/AD) capabilities. The idea is to create an air-sea “bubble” to counter operations in support of the Baltic States and to hinder a NATO military deployment. In this way, the Baltic would become a “Russian sea.” All of this is worrying, especially since the strategic situation of the Baltic States would be compromised in a space that is locked down in this way. The possibility of a Russian assault on the “Suwałki Passage,” a strip of Polish-Lithuanian territory that connects Belarus to Kaliningrad, is mentioned. From then on, the destiny of the Baltic states would depend on NATO’s free access to the Baltic and its ability to control the air-sea space.

It is therefore understandable that the new Russian aggression on Ukraine, on 24 February 2022, is at the origin of a historical bifurcation in the Baltic region. On May 18, 2022, Finland and Sweden officially applied for NATO membership. A particularly significant decision for these countries, which were formerly under pressure from Russia before, during and after the Soviet period. Indeed, Finnish and Swedish politicians, military and diplomats have a deep knowledge of “Russia-Soviet” and intuitively perceive the threats it poses. The situation had to be serious for these two countries to renounce their position of “non-allies,” rooted in historical neutrality, which in the case of Finland was less a matter of choice than necessity - see the Winter War (1939-1940) and the Continuation War (1941-1944).

Nevertheless, Helsinki and Stockholm did not give in to Russian threats. With time, the historians will see in this double Finnish-Swedish decision the logical outcome of a profound political, strategic and military evolution, started once the USSR had broken up. The access to the European Union, in 1995, was accompanied by a rapprochement with NATO (see Partnership for Peace). Since then, military cooperation and multiple exercises have made it possible to develop interoperability among the armed forces of the Allies and those of their Baltic partners. Finland and Sweden are also part of the Nordic Military Cooperation, a structure whose three other participants (Denmark, Norway and Iceland) are members of NATO. In 2017, both joined the Joint Expeditionary Force, set up by London, in which nine Baltic and Nordic countries participated. The ongoing war on Ukrainian soil will have finished convincing the governments, political forces and public opinions of these two countries.

Already partially integrated at the operational level, through their participation in various NATO and European Union operations, the armed forces of Finland and Sweden will make their contribution to the defence and security of the Euro-Atlantic area. The full integration of these two “security providers” will profoundly change the balance of power in the Baltic. More than ever, St. Petersburg and the ports built during the 2000s (Vyborg and Ust-Luga), at the bottom of the Gulf of Finland, will be comparable to a simple window on the Baltic, completed, it is true, by the over-militarized enclave of Kaliningrad. As for the Baltic States, they will be opened up, with Sweden and Finland giving them real strategic depth. Let us emphasize in particular the strategic dimension of the port of Gothenburg, which is essential for supporting the Baltic States and Finland, as well as the central position of the island of Gotland in the Baltic Sea.
In short, the Baltic, if the Allies have the will and the means, will be a western sea. More than a strategic transformation, it is a geopolitical upheaval that is at stake. Surely, Finland and Sweden will be security providers for the Western world.

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Russia’s brutal invasion of Ukraine has brought misery and suffering to millions of people, trampled on the rules-based international order and seriously challenged the European security architecture. All illusions about the democratization of Russia and engaging with it are now abandoned. Long-standing negative dependencies are being corrected and clear future visions are being formulated. Russia had only one chance to pull the first trigger in the opportunistic hopes of catching the Ukrainians and NATO by surprise. Not only has it failed its original plan, but it has also ensured that we are more capable and willing to counter Russia than ever before.

Now, that most Europeans have gone through their personal and collective Zeitenwende, we must continue to collectively strengthen our ability and resolve to deter and defend. Since Russia’s aggression against Ukraine, NATO has been an engaged and effective actor, not merely communicating but, through its actions, guaranteeing that every inch of NATO territory is defended. Russia’s brutal use of force against civilians has shown that the tripwire concept is no longer sufficient in the context of the defence of Allies. Timely reinforcements to the Eastern flank, an increased US military presence in Europe, combined with a future-looking Strategic Concept and ambitious commitments made at the Madrid Summit are the hallmarks of a true renaissance of the North-Atlantic Treaty and the Transatlantic Bond. The recent US announcement to fulfil its commitment to implement a persistent rotational presence in the Baltic states showcases the rejuvenation of collective defence as the reason why NATO exists. The enhanced multi-domain Allied presence in the Baltic states – currently being implemented according to decisions made in Madrid – is an unambiguous response to Russia and a considerable boost to our abilities to enforce the concept of forward defence. All Allies have clearly demonstrated their long-term and firm commitment to the security of our region.

The decision made by Finland and Sweden to apply for NATO membership is another game changer for the Baltic regional security. Their accession will turn the Baltic sea into a de facto NATO lake and strengthen the security of approaches to the North Atlantic, while their significant capabilities and expertise will provide a significant boost to the deterrence and defence of the whole Alliance as well as further enhancing the positive and rapidly developing synergy between NATO and the EU. It brings a new impulse to the Nordic and Baltic cooperation and unity. All countries are dedicated democracies and supporters of an open market economy, and they stand for responsible multilateralism. All are united in their worldview. All are the vanguard for building a whole-of-society approach to the national and collective resilience and defence, that goes even beyond a whole-of-government approach. Both NATO and the EU will benefit from the impulse of even stronger Nordic-Baltic cooperation. The most significant aspect could turn out to be the elimination of grey zones – both geographic and cognitive. Clarity brings long term security for all.

Of course, Russia will not disappear. In terms of transatlantic security, it should be recalled that NATO presence in the Baltic region is a direct response to Russia’s aggression against Ukraine in 2014. Despite its catastrophic failings in Ukraine, Russia still poses a significant conventional and nuclear threat to its neighbours. Therefore, it is the right time not to fall into the next traps of illusions and self-deception. It has already been heard that Russia will collapse internally, that a change in leadership will change Russia, or that the Western sanctions will solve the whole problem and change the destiny of Russia and Russian people. In fact, the citizens of a particular country have this responsibility and task placed squarely on their shoulders. The tectonic change is not coming from outside; it must be home-grown.

It is crucial to keep in mind that our ability to deliberate and plan peacefully is bought by Ukrainian blood on a daily basis. Our duty is to support Ukraine militarily, politically, financially, diplomatically – without caveats or reservations, to help it endure and eventually prevail against the Russian aggressor. Supporting Ukraine is also a core national interest of not only the Baltic States, but the whole transatlantic community. Through sheer resilience and strength, Ukraine has proved to everyone that its future lies within the democratic European family.

Now we are much better prepared to successfully face serious challenges posed by Russia. As the result, the Baltic states, the Baltic sea region and the transatlantic bond are safer and stronger than ever before. Therefore, the significance of transatlantic security and NATO membership will remain at the very highest level in Latvia’s foreign and security policy.

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A US “sole purpose” nuclear policy: Not now, but ever?

That the United States should use nuclear weapons for the sole purpose of deterring and, if necessary, responding to nuclear attacks is, on first sight, a reasonable and appealing idea. Who would want to use nuclear weapons first? Who would not want to diminish the role of these terrible means of destruction? No wonder US President Joe Biden came into office keen to declare a “sole purpose” policy. And yet, simple solutions are often deceptive. Altering the nuclear doctrine would have had questionable benefits but certain costs. Ultimately, a change proved incompatible with the Administration’s desire to strengthen US alliances at a time of increasing insecurity. Nonetheless, future US policymakers will continue to struggle with this deeply uncomfortable policy choice.

The current US policy of nuclear ambiguity helps reinforce deterrence and reassurance, but puts US leaders in a difficult position. Numerous countries rely on Washington for security, but deployed US forces are rarely sufficient to rebuff an invasion. Hence, allies have to believe Washington’s promise to reinforce quickly in case of an attack. Keeping the option open to potentially respond with nuclear weapons complicates adversaries’ calculations, even if the probability of Washington doing so is very low. Also, such ambiguity strengthens reassurance: The United States accepts some risk that a conventional conflict might escalate to general nuclear war, thereby suggesting that allies are worth defending. US credibility to actually use atomic arms may be low, but reassurance is incremental – no matter how imperfect, more is simply better than less.

The status quo does come with costs and, potentially, with risks. The political dimension is most important: Keeping the option open to use nuclear weapons tells domestic audiences that war abroad would not just involve human casualties and financial costs, but potentially also risk horrendous nuclear destruction at home. In addition, critics claim that in a crisis, adversaries would fear a US disarming nuclear first strike. Arguably, this could force opponents to use their weapons before losing them. Also, Washington’s ambiguity might facilitate misperceptions and accidentally trigger nuclear war. Last but not least, “sole purpose” advocates often argue that a change of US declaratory policy would further the goal of nuclear disarmament.

The reality is that most benefits of a sole purpose declaration could only be achieved if the United States fundamentally altered its nuclear forces. Strategic deterrence concerns, however, rendered such arsenal changes quasi impossible for the Biden Administration. Purely declaratory changes could have yielded some political benefits as domestic audiences indeed might have been assuaged by such public statements. Yet merely saying that one would not use nuclear weapons first would not have persuaded adversaries; and if Russia or China considered the US declaration untrustworthy, such a statement would have neither reduced the risk of nuclear escalation nor diminished the probability of nuclear accidents. It also remains unclear why a declaratory policy change would have delivered decisive bargaining advantages within various nuclear disarmament fore.

In contrast to questionable benefits, allies’ concerns weighted heavily. Biden officials consulted broadly and frequently in both Europe and Asia, where they were confronted with similar concerns. Although allies argued that “sole purpose” would not affect Washington’s ability to deter Chinese or Russian conventional aggression as neither Beijing nor Moscow were likely to believe a purely declaratory policy change, they highlighted the political consequences of such a policy. Especially in Asia, where some questioned the US ability to prevail conventionally against China, many worried that a US sole purpose doctrine would signal that Washington would rather accept conventional defeat than engage in nuclear escalation. In Europe, in turn, the question was one of resolve more than capabilities – allies were concerned that “sole purpose” could be seen to imply that Washington would hesitate to reinforce conventionally in case of an attack.

Ultimately, the White House revived and revised Barack Obama’s posture. Even before Russia invaded Ukraine, the Administration concluded that it was not the right time for a change. When finally published, the review declared that the “fundamental” purpose of US nuclear weapons was to deter nuclear attacks on the United States and its allies. Washington would only consider nuclear use in “extreme circumstances.” For now, the questions has been settled – but not for long. The Administration noted that it retained the goal of moving towards a sole purpose declaration in the future. It pledged to work with allies to identify the concrete steps that could enable Washington to proceed with such a policy change. Whether a future Administration will manage to implement such steps, remains to be seen.

L i v i u H o r o v i t z
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February 24th, 2022, has been frequently labelled as a transformational moment not only for Ukraine, but also for European and global international relations. The day of the renewed Russian attack on Ukraine represented also a crucial point for the relations between Poland and the U.S. under the Biden presidency. Before February 2022, the relationship could be best described as awkward or “complex.” The Russian invasion brought the U.S. and Polish administrations together under the overarching goal of providing support to Ukraine. The bond between the two countries seems to have grown stronger, with development of cooperation not just in the security domain, but also in economy and energy spheres.

The complex relationship between the Biden administration and the Polish leadership was influenced by Biden’s predecessor. The experience of the Trump presidency sets Poland apart from the majority of the U.S. allies in Europe. Warsaw succeeded in forging a productive relationship with Trump and his administration, with similarity of worldviews between Trump and the conservative Polish government playing a major role. In the security domain, for example, Poland succeeded in cementing an increased rotational U.S. military presence in the country.

The Biden administration arrived in office with an international agenda that underlined the value of U.S. alliances. In Europe, it aimed primarily at rebuilding the relationship with Germany. That resulted in the relative less attention devoted to Poland, fewer diplomatic contacts, and also controversial decisions such as the May 2021 waiver of U.S. sanctions to non-Russian companies involved in the Nord Stream 2 project, broadly seen in Poland and in the region as damaging for their interests. The Biden administration also frequently raised rule of law, media freedom and human rights issues in Poland. As of late 2021, it seemed that both countries would focus on maintaining the relationship at existing levels rather than substantially strengthening or expanding it.

The renewed Russia aggression against Ukraine has led to the reaffirmation of U.S. commitments to NATO, modification of the policy on Russia, considered now by the U.S. as the “immediate and ongoing threat” to international peace, as massive U.S. engagement in supporting Ukraine. It was also led to strengthening of U.S. military presence in Poland. This included not only emergency deployment of additional forces near the Polish-Ukrainian border, but also the June 2022 decision on the first major permanent deployment of U.S. military personnel in the country (forward headquarters of the Vth Army Corps).

Tragic developments in Ukraine brought the U.S. and Poland closely together politically and strategically. On the practical level, Poland has become the main hub for U.S. assistance outreach to Ukraine. The intensity of the bilateral contacts on all levels increased expeditiously, including the visit of President Biden to Poland in March 2022. Poland’s “soft power” in the U.S. was significantly enhanced by the scope and volume of its assistance towards Ukraine, including the reception of Ukrainian refugees.

With the new dynamics in the political sphere, economic and industrial links with the U.S. have also been strengthened. Defence cooperation had been the most visible element of the bilateral relationship, and it continued after February with procurements of U.S. weapons systems including Abrams main battle tanks and plans for purchase of Apache helicopters. The November 2022 decision to select the U.S. company Westinghouse as the partner in the construction of the first Polish nuclear power plant provided another platform of cooperation, with the overall value of the contract estimated at 20 billion USD.

Despite the renewed sense of unity and purpose brought to the bilateral relations by the war, some problems may lay ahead. These are substantial rather than Biden-specific. Firstly, given the deterioration of the security situation in its vicinity, Poland is determined to secure the expanded U.S. military presence in Poland, with the permanent deployment of U.S. brigade-level units as the next target. The Biden administration, on the contrary, seems to treat the military “surge” in Poland as a temporary measure, to be discontinued in near future. Secondly, Poland needs to react to the increased U.S. focus on Indo-Pacific. Unlike France or the UK, it cannot offer substantial contributions in terms of military presence in the region, as its armed forces remain heavily tilted towards European land warfare. At the same, Poland cannot remain indifferent to the U.S. expectations towards its partners to support American agenda vis-à-vis China and Indo-Pacific.

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Poland
Sub-regional security alliance in era of security collectivization

The regional context of the collective security system is strongly connected with any kind of deterrence and the national defense policies of particular countries that are vulnerable to the certain extent. Thinking of importance of a modern sub-regional security alliance we ultimately are focusing on the Euro Atlantic Baltic Sea countries which is determined by the increasing importance of the defense co-operation among the Baltic States and the Baltic Sea countries. Alongside the issues of NATO collective defense, the self-defense and regional co-operation capabilities of the Baltic States themselves are becoming more crucial at the times.

Modern collective and sub-collective security arrangement over the Baltic Sea region must address the most crucial geo-political challenges posed by the Russian a terrorist state. Let’s face it - there still are alarming vulnerabilities related to NATO’s collective capability to protect the Baltic States in accordance to the Article 5 of the North Atlantic Treaty, which is closely related to the presence of Russia’s military forces in the region (Kaliningrad), vulnerability of the Suwalki-gap and, ultimately, the massive Russia’s military forces against the numerically small and weakly armed Baltic armies (including current EFP’s), as the armies of the militarily strong NATO countries and their parade capabilities are still in distance from the potential defensive positions of the Baltic States. And do not forget about Belarus in this play.

Example of the reaction of the major powers of the West to the Russia’s aggression against Ukraine is suggesting, that importance of coalition of will and regional arrangements of defenses are becoming more important in the evolving security space of the future.

Which is the most promising for the Baltic Sea region – is Finland and Sweden joining the Alliance. All the future of NATO may be dependent of this eventual Enlargement.

Leaders of the so-called Old Europe as France and Germany especially are absent to assess true Russia’s threat not only to its closest neighbors but for the whole of Europe. What if NATO as a collective arrangement has its decisive role in preserving peace in Europe since the end of the WW2?

Are we living the times when we can examine effectiveness of these arrangements now? What if now it is a momentum to examine European leadership? France and Germany – where do you belong?

May we assume, for instance, that the ultimate arrangement to preserve peace in Europe has failed since February 24, 2022 with the outbreak of the major War in Europe? What if Putin thinks, that he already managed to defeat the whole concept of the Collective Defense by destruction he brought already? Or we may hope that there is one nation in Europe that will hold this fight against Nazi and terrorist state of Russia?

I would suggest to stay on the most optimistic side, but unfortunately there still is a reserved place for negotiations for Putin and his killers in Berlin most certainly. Scholz and eventually Macron too - they are still hoping for any kind of a peace agreement with the dictator and mass murderer Vladimir Putin who only can equal with Hitler.

In this case of absence of mind demonstrated by at least of only one leader of the powerful West, there is no hope for the European Defense and Security space, for the long-term peace and stability in Europe. There is no hope for the European future and prosperity.

In the vision of free and peaceful Europe, Russia must be defeated, crushed and punished by the international community. Russia must face the treatment of Nazi Germany as of 1945. Unfortunately, the whole Russian nation must fail in ruins before long standing peace to Europe would come with no compromise.

Let us imagine for a moment an alternative scenario to which has happened a year ago. If Nazi Russia instead of Ukraine or simultaneously invaded the Baltics – republics of Estonia, Latvia and Lithuania in late February 2022. Now, from the current perspective it is obvious that neither Germany or France would act in this case. They would do nothing. They did not act properly for comparatively giant Ukraine, why they would be bothered of the three small Baltic nations? Having the most recent evidence, I doubt that argument of NATO membership would really cause a difference for the current leaders or France and Germany.

I may agree with Mr. Glen Grant an Associate of the Baltic Security Foundation, that the whole concept of the Common European and Security Defense has barely failed by the example of the complete failure of Germany and France to address the Ukraine issue so far. Sorry for the wording my fellow diplomats.

The concept of the Common European Security and Defense Policy of any kind is not possible to achieve without including all the Eastern European partners within the single chain of defense arrangements with the most powerful European Nations – simply saying – the most vulnerable countries to the Russia’s threat should be tied in a common defense arrangement with the most powerful nations of Europe. I’m wondering, if such a concept is realistic at all? France and especially Germany apparently do not care on these issues too much. This is why the sub-regional security alliance across the Baltic Sea region and Eastern European Domain is so important, and its matters.

The sub-regional security alliance should have its ultimate reach to the wider Eastern European Domain. Should there be a connection with the B9 arrangement? Of course!

The worst-case scenario for the Eastern and Central Europe is full or major dismiss of the capabilities of Germany and possibly France in defending whole region of Europe in face of Russia’s Invasion. In other words – if Germany and France would openly declare their non-commitment to the Eastern Europe Defense which actually is happening.

Only reliable partner remains U.S. and spirit of the free Eastern European and Baltic democracies to fight! Northern Europe with emerging friendship and attachment of Finland and Sweden would come as a hopeful ally for the victory over the tyranny.

Europe must not only to counter the Russia’s threat but also be ready for Chinese encroachment, which is happening already. If we take the Transatlantic approach turn our American friends should realize – the more successful we in Europe are in countering the Russia’s threat on the Eastern Flank, the more successfully we can address the challenges of Chinese malign influence.
Consolidation of resources and defensive capabilities across the region is an ultimate task for the regional partners. I see the main two directions in this regard – this consolidation should be succeeded within the wider Baltic Sea region and within the eastern direction, which must include Baltic countries and Poland. Poland and Baltic countries should synchronize their defenses as much as possible. It should also include Finland and Sweden.

The three Baltic countries should fully synchronize their defenses – operational planning, and within developing capabilities, especially air defense and for maritime security. Budgeting and planning should be synchronized in order to proceed with joint procurement projects, which would allow to build up more solid air defense and naval capabilities.

The idea for Finland and Sweden in becoming NATO members should materialize in fully harmonized regional security and defense system among the partnering countries across the Baltic Sea.

If we are looking on the other – non-military domains of the security alliance, developing offensive capabilities within the cyber domain is necessary in order to enable preemptive operations within this domain, if necessary. Full energy independence from Russia should be succeeded in Europe.

Russia’s financial capital should be minimized and zeroed in Europe, especially eastern and central Europe. The same goes to the informational channels and projects of the cultural diplomacy, which should be monitored more strictly and cut if necessary. Societal resilience should be further strengthened in the Baltic countries and Poland, that society is prepared against the hybrid threats, provocations or for the crisis situations, including possible offensive by Russia.

Although the integration of defense within the existing small member states of NATO is not standing contrary to the principle of collective defense, the security cooperation among the Baltic States since the restoration of independence of these countries has been very limited, mainly due to the differences in the defense systems of these countries and in political guidelines. What about to change these practices now?

From the level of operational and institutional cooperation among the Baltic States and the greater Baltic Sea region depends grand capacity of the three countries and the whole region to respond in the event of hybrid offense or conventional offensive. I would bet for us to be ready. Are we now?
Although small in size, the Baltic states stand tall in the transatlantic relationship as allies who uphold our shared values of freedom, human rights and the rule of law, democracy, and market economies. Each country’s principles, its success in building a strong and resilient democracy and free markets, and its determination to support democratic development throughout Europe and beyond, make each a valued ally in NATO. Baltic voices are also important in European councils when Europeans debate whether they want an outward-looking, Atlanticist Europe that can be America’s counterpart on a range of regional and global challenges, or an inward-looking Europe that seeks to protect itself from outside challenges and attempts to pose as America’s counterweight. The Baltic democracies and their diasporas remain vigilant and vocal opponents of authoritarian states such as China and Russia.

The role of the Baltic states looms particularly large today, as the transatlantic alliance acts to stop Russia’s further invasion of Ukraine and to deter it from taking any steps that could endanger NATO allies. Our first and main task is to help Ukraine win. Putin’s aggression is more than an attack on Ukraine; it is an assault on basic principles and structures underpinning European and transatlantic security – no forceful change of borders, the right of countries to choose their allegiances, equal security for all countries. These principles go to the heart of what the transatlantic alliance stands for. Putin’s war also tests the ability of democracies to refute his efforts to establish contrary principles, such as his claim that Russia has an inherent right to defend ethnic Russians and Russian speakers, regardless of their citizenship or of territorial boundaries. Such a generalised right would wreak havoc in a world where most states are multi-ethnic.

Our priority task is to back Ukraine politically, economically, and militarily, including with higher-end military armaments and equipment than NATO allies have thus far been willing to provide, and to be prepared to counter Russian escalatory actions, whatever and wherever they may be. Allies must also follow through on NATO’s June 2022 Madrid summit decision to move from small tripwire forces in the Baltic states and Poland, and provisions for reinforcement, to robust forward defense and deterrence by denial all along the alliance’s eastern flank—the operational implication when allied leaders say they will ‘defend every inch’ of NATO territory. This change will require more US and European troops deployed to NATO’s east, new infrastructure by host nations to receive those troops, a new command structure, and a revised concept for military operations.

In the economic sphere, the priority should be to maintain, and where possible strengthen, sanctions against Russia, and to take joint or complementary steps to address the inflationary pressures and supply chain disruptions currently roiling our societies.

Over the longer term, the transatlantic partners have a strong common interest in facilitating Ukraine’s evolution into a successful Western-oriented state able to support the aspirations of its people. That means supporting anti-corruption efforts, helping Ukrainians strengthen their democratic institutions and the rule of law, and to provide the assistance they will need to recover and rebuild.

One of the many consequences of Putin’s further invasion of Ukraine is the complete transformation of Northern Europe’s security landscape. The decision by Finland and Sweden to join the alliance will connect the entire High North outside of Russia in a NATO strategic space, facilitating NATO support to the Baltic states and raising the threshold of risk for Moscow should it contemplate any further aggression.

One particular concern is the ongoing crisis in Belarus. The Baltic states have helped their Western partners focus on the stakes and understand better the dynamics in that country. We share a strong interest in a peaceful transition of power in Belarus to a government chosen in democratic elections that enables better ties with its neighbors, acceptance of European human rights norms, and sovereign independence from Russia, and that stops being a conduit for invasion, corruption, human trafficking, drugs, and other negative flows.

The Baltic region has again moved to the forefront as a critical space for all transatlantic partners in the aftermath of Russia’s ongoing aggression against Ukrainian region of Crimea, and in light of the ongoing challenges of the open-ended Soviet succession. There is a unity in this region of Europe that is unmatched elsewhere on the continent.
The limits and impact of small states in the Ukraine war

The war in Ukraine confirmed that we live in a new era of great power competition. Small states often pay the highest cost in conflict and competition between great powers. This is one reason small Eastern European states have supported Ukraine with such intensity. While most of the media pays attention to the military aid given by the United States and Germany, the support from small states is noteworthy. With the war approaching the one-year mark, now is a good time to look at the impact small states have had in supporting Ukraine.

Small states often struggle to make a difference in international affairs. They lack material resources and instead rely on creativity, international norms, and agenda-setting to exert an influence. Small states can make a difference by forming coalitions and pooling resources. The sad truth is that small states do not influence international affairs all of the time, but when small states act smartly, they can make an impact some of the time. Regarding support for Ukraine, small Eastern European countries have made a significant impact in helping Ukraine defend itself from Russia. The impact of small states can be divided into two categories, material and non-material.

Small states have sent a significant amount of military aid to Ukraine. In 2014 then Ukrainian president Poroshenko lamented the limited nature of the military aid given from the West when he said you couldn’t win a war with blankets. This time, small states were committed from the beginning to giving Ukraine the equipment that was needed. Tanks, air defence systems, armed personnel carriers, infantry fighting vehicles, anti-tank weapons, self-propelled howitzers, multiple launch rocket systems (MLRS), and air defence systems are all some examples of what small states have given Ukraine. Many of these donations did not receive the media attention that donations from the United States received. What makes these contributions significant is that small Eastern European states had exactly what Ukraine needed. Soviet calibre weapon systems and ammunition that could be used without extensive training and that would not require the establishment of new supply chains. These weapons systems kept Ukraine in the fight until the US and other Western countries decided to also commit to donating heavy weapons systems to Ukraine. This leads us to non-material ways small states have made an impact.

In addition to having the kinds of weapons Ukraine needed, small Eastern European states were consistently the first to send heavy equipment to Ukraine. This changed the discourse and helped set the agenda. Estonia was one of the first countries to commit to sending heavy equipment when it announced intentions to send D-30 122 mm howitzers to Ukraine already in January before the war began. The Czech Republic was the first country to send tanks in early April. Many small states do not have significant military stockpiles to donate but some have resorted to creative strategies to support Ukraine. Lithuania made headlines by coordinating a crowdfunding event that raised 5 million dollars to purchase the Turkish-made Bayraktar drone. Crowdfunding has since been used by other small states to help offset limited financial and supply capacities.

The Baltic states in particular have donated a significant amount of military aid to Ukraine when looking at the aid in proportion to their GDP. This can be called being a standard bearer. Being the best is a way to give legitimacy and attention to small states. It also can be a way to pressure other states to be better by asking the question: If Estonia can give this much why can’t others do more?

But there are limits to what small states have been able to do as well. Small states were often only willing to give their military systems away if larger Western countries promised replacement or upgraded systems. There was also a limit to the amount of ammo and systems small states had to give. While Soviet calibre weapon systems kept Ukraine in the fight, eventually Ukraine had to transition to NATO calibre systems, including the 155 mm artillery systems. To roll Russia back completely Ukraine will need the weapon systems that most small states don’t have. Long-range, high-precision systems and other systems in large quantities. F-16 fighter jets, main battle tanks, infantry fighting vehicles, and the 300 km range ATACMS missiles for HIMARs. As the war drags on Ukraine will also continue to need significant budgetary assistance. The longer the war goes on there is a threat that large states will tire of supporting Ukraine and small states might not have much left to give. As the contributions of large states become more and more important small states will have a harder time influencing the agenda. But there will still be room for small states to continue to make an impact. In July when large European countries pledged no new heavy weapons systems to Ukraine, it was Latvia that stepped up by donating 6 M109 self-propelled howitzers.

It remains to be seen what kind of impact the Ukraine war will have on great power competition, but a Ukrainian victory would ensure a better and safer world for small states. For policymakers in small states, it is time to dig deep and get creative to ensure that Ukraine wins.
Geopolitics and integration in the Baltics

In a provocation piece for *Space & Polity*, I highlight the important role diasporas can play as progenitors of interstate conflict (Birka 2022). I note the applicability of this to the Russian–Ukrainian conflict, labeled by Russia as an "extraordinary" measure necessary to protect Russia's sovereignty, and framed as having everything to do with its diaspora, or "compatriots", in Ukraine.

The Baltic States are hosts to a very high numbers of ethnic Russians, who remained in the Baltic States after the collapse of the Soviet Union. Latvia’s population is roughly 26 per cent ethnic Russian, Estonia’s population is roughly 24 per cent, and Lithuania’s population is roughly 5 per cent ethnic Russian. The percentage of Russian speakers, or those who use Russian for daily communication, is even higher. In Latvia, Russian speakers are nearly 34 per cent of the population, in Estonia about 30 per cent, and in Lithuania 8 per cent. For years scholars have suggested that ‘continued Russian diasporic presence poses great possibilities for the Kremlin to exercise its influence there’ (Coolican 2021: 5).

The task of social integration of Russian speakers in the Baltic states, especially in Latvia and Estonia, has been an unresolved and, oftentimes, neglected issue (Mužnieks, Rozenvalds, Birka 2016). Some progress was made in the early 2000’s, as a response to international pressure for integration and social inclusion policies. However, since the joining of the international organizations, very little progress has been made in promoting integration, social cohesion, and feelings of belonging. More or less, the issue has been side-stepped by respective national governments, allowing for the titular and Russian speaking communities to co-exist in their own linguistic and cultural environments.

However, with the onset of the war in Ukraine, and the backlash to Russia, many previously ignored issues have come to the forefront and have been swiftly addressed. For example, Soviet monuments and symbols have been removed, there has been a purge of Russian state-controlled media from national airwaves and access to other Russian state-leaning media outlets restricted, the economic sector has reoriented itself towards the West, all three Baltic nations have decided to move forward with schooling only in the titular language and have become more stringent regarding language knowledge requirements.

What has, in my opinion been missed, is the opportunity to use the current environment, Russia’s war in Ukraine, and the resulting decisions made to limit Russian influence and do away with Soviet nostalgia, to speak with, explain, and create mutually inclusive dialogues with the Russian speakers in the Baltics. This should have been the moment when the divergent versions of history are reconciled by examining the war in Ukraine. The decision to move forward with only one language of instruction explained as the best course of action for the integration of children into the Baltic societies and as a way of securing their future in the European Union. The complete economic reorientation towards the West used as an opportunity to offer a common vision of future prosperity. The current way of doing things, without talking and explaining decisions, however, seems very much to be “Our way, or the highway”.

Given the above, the survey data collected in April 2022, by the Friedrich Ebert Stiftung regional office in Latvia, on the attitudes and opinions regarding foreign and security policy is worrying. Two months after the start of the war, 49 per cent of the Russian-speaking respondents stated that social cohesion in Latvia has weakened as a result of the war. Further, 40 per cent of respondents of both Latvian speakers and Russian speakers agreed that the attitude of Latvian speakers towards Russian speakers has worsened. In the same survey, the only demographic group of Russian speakers to support Ukraine in the conflict - with a weak majority of 51 per cent - were 18-24 year olds. The majority of Russian speakers in Latvia were unable or unwilling to express support for either side, with 17 per cent openly supporting Russia.

In light of Russia’s invasion of Ukraine, the claims of “compatriot” protection made as the basis for that invasion, the unvoiced or undecided allegiances of the Russian speakers in Latvia, and the perceived worsening of the co-habitation environment, issues of integration and social cohesion are more important than ever in the Baltics. However, integration policy, with the aim of promoting a sense of belonging to the Baltic States among Russian speakers, cannot focus solely on linguistic policy as a means of civic and cultural integration.

As I have previously outlined, sense of belonging in integration policy can only be achieved by working simultaneously in four interconnected dimensions (Birka 2014). First, is the membership promotion or cultural integration facet, which happens through language learning and the internalization of values, norms, and belief systems for belonging to the group. Thus far, the Baltic’s have only focused on language, with very little work done in promoting norms, and in reconciling interpretations of history that contribute to the foundation of the belief system. In parallel, structural integration promoting action has to take place. Structural integration requires access to the decision making processes, and social and economic benefits of the group. This calls for individuals to believe that their voice and needs are on equal par with others, that their voice matters in group decision-making, and that access to and distribution of goods take place on equivalent terms. As such, work needs to be carried out in combating Russian-speaker’s perceptions of discrimination, their inclusion in decision making dialogue regarding their future and the future of the Baltic States, and offering a common vision of future well-being. Finally, there is the emotional component of integration, or social and identificational integration, where the emphasis is on shared experiences, frequent and positive contact resulting in a “we-feeling” toward the group or the collective. Again, I believe the current geopolitical context, makes this the opportune time to talk about and work through all the above mentioned facets of integration. This is no easy task, but investing in Russian speaker integration in the Baltics, in the development of a common vision for the future of the Baltic region, might be as important as, or possibly more important than, all the GDP defense spending commitments made to NATO.
Russia’s invasion of Ukraine on February 24, 2022 has come as a shock by the fact itself and the increased uncertainty of the future security. At the same time, the political discourse in Lithuania has been quick to remind that the war has already started in 2014 by the annexation of Crimea and the armed conflict in Eastern Ukraine. No wonder the Government of Lithuania sent surface-to-air missiles Stinger ahead of the invasion, being among the first NATO members to provide military assistance to Ukraine. This has echoed already noticeable transformative changes in Lithuania developed since 2014 when the matter of national security has topped the political agenda.

An analysis of the political discourse in the post-Crimean situation has shown that Lithuania's self-perception has been mobilized on the basis of self-preservation as a small state: security of its territory and a sovereign political subject in the Western political family. Such self-perception has come as a result of openly naming Russia a direct military threat to Lithuania in this asymmetric and antagonistic relationship. Though Russia has been the Other to Lithuania since early 1990s, its attacks against Ukraine's sovereignty in 2014 have led to straightforward recognition of national security threats posed by Russia, reconfirmed again in 2022.

These external shocks and increased existential anxiety have become a litmus test to redefine and reflect Lithuania's own positioning as well as relations with partners and neighbors. For years, the perception of a small border country has been associated with a certain level of helplessness and reliance on security shelters provided by Western organizations, first and foremost, NATO (military security) and the EU (economic security). Since 2014 these tendencies have changed in a way that smallness has no longer been accepted as an argument for weakness, but as an imminent condition which requires greater responsibility and action by Lithuania rather than an excuse to seek shelter.

The most evident example of such a change – the way NATO has been perceived. After the annexation of Crimea and then the later Russia’s invasion of Ukraine, the strong confidence in NATO has been suggested within the political discourse focusing on shared security concerns regardless of the size or location of the country. In other words, NATO and its emerging presence in the so-called Eastern flank (first, the Enhanced Forward Presence battalions established in 2017 and, second, plans for the NATO brigades agreed in the Madrid Summit) have become an integral part of Lithuania's self-perception and the post-Crimean identity in foreign and security policy.

Therefore, compared to earlier years, the annexation of Crimea sparked the realisation that foreign and security policy has to be readjusted and Lithuania must take independent actions, namely by focusing on national defence capabilities, higher defence spending, better and more rapid military modernisation, civil resilience and better cooperation with the regional and international partners. For example, in 2016, military conscription was reintroduced after more than a decade of building a professional army. In later years, the National Security Strategy was updated (2017 and 2021) and interparliamentary party agreements on defense policy (2018 and 2022) were signed.

One of the dominant transformations – rapid increase of defense spending. In 2013, Lithuania spent 0.77% of its GDP on defense, while in 2018 the country exceeded the agreed goal of 2% by allocating 2.01% of GDP (from 267.3 to 873 million euros). Though the gradual increase has been planned since then, the Russia's invasion of Ukraine last year pushed the Government and the Parliament to make a bolder decision resulted the defense spending of 2.52% of GDP in 2023. The decision was also taken with a possibility for an increase of up to 3% of GDP, making Lithuania one of the leading NATO investors in defense.

In the current light, the political discourse leads to framing Lithuania as an advocate for rules-based norms, a supporter of democracy and a smart host of multinational military presence, able to concentrate on its national interests and to mobilize necessary resources. Particularly in the debates on the NATO brigade, there are noticeable endeavors to emphasize country’s self-determination, usually called homework-to-be-done, based on heavily investing in necessary infrastructure, training area and military equipment. This also signals continuous reconsideration of self-perception, again highly affected by regional insecurity. At the same time, the question of sustainability and resilience remains – how the growing instability and tensions would affect the political course and the security agenda.
Some Russian policy makers and media influencers believe that Russia’s revanchism should not stop with Ukraine but should include the Baltic States. From that perspective, this is a logical step as the Baltic States were once part of the Russian and Soviet Empires. However, whereas the Baltic States of the 19th and 20th centuries had no strong allies to protect them from Russian aggression, they are currently members of NATO and the EU, allied with some of the globe’s strongest militaries and economies. The United States (US) was a key catalyst in Baltic membership of both organizations and, as a historical and current rival to Russia, many hope that the US would protect the Baltic States in the event of Russian aggression.

However, others worry that the US cannot be entirely trusted to fulfil NATO’s Article 5 guarantees. Increasing US domestic opposition to NATO, or any US involvement in European conflicts (including the current war in Ukraine), means that US protection from possible Russian aggression is by no means guaranteed. This threat puts the Baltic States at a distinct risk as there is also no guarantee that European member of NATO would unite sufficiently to protect from an aggressive Russia. Such a series of events, even if not imminent, suggests that the Baltic States ought to be doing all in their power to strengthen the Transatlantic relationship.

The Baltic States have been doing much through NATO, EU and bilateral diplomatic channels to strengthen that relationship. Yet, there is more they can do. Fortunately, their own history provides something of a road map, based on the premise that governments change and, when they do, new faces and ideas can fill a void. Specifically, after the collapse of the Soviet Union, many Baltic expatriates returned from Western countries with the knowledge, and the desire, to build the Baltic States into the democratic, free-market states they are today.

Now the script has shifted. Currently, the Baltic States (especially Estonia and Latvia) have a significant minority whose primary language is Russian. This Russian minority is currently experiencing democracy and free market economics, and many of them would return to Russia in the event a change in the Kremlin. However, this is where the situation differs. Whereas the Baltic expatriates were largely welcomed in Western countries (even if not unconditionally, at least they were not widely ostracized), the Russian minority in the Baltic States (whether recent expatriates or soviet-era non-citizens) is experiencing governmental and societal messaging that they are not welcome, including restrictive citizenship, language and education laws.

However, the Baltic governments can make policy changes that could influence their own, Russia’s, and Transatlantic security going forward. I suggest two measures. First, the Baltic States (governments and civil society) should actively welcome the Russophone minority. This should include Estonia and Latvia following Lithuania’s lead and granting citizenship to anyone who lived in the countries at the time of the Soviet collapse, regardless of country of origin, or primary language. The governments should also be even more proactive in welcoming people whose first language is Russia by recognizing Russian as an official, though secondary, language, while also making a more concerted effort to provide Estonian/Latvian language acquisition. They should also liberalize Russian-language educational. Indeed, the Estonian and Latvian governments ought to offer Russian-language education, thereby ensuring the dissemination of pro-Western messaging to Russian-speaking students.

Second, the Baltic States ought to include the United States in this effort. The United States diplomatic missions in the Baltic capitals, in conjunction with Baltic governmental and civil society representatives, ought to pro-actively engage Russian-speaking political and civil society entities. Let the US do its part to win the hearts and minds of the Russian expatriates. Furthermore, the Baltic governments ought to petition the United States (and other NATO/EU governments) for resources for these changes. The Baltic governments may not have a sufficiently large purse for these changes, but with relatively small contributions from the US and other allies, these changes become much more practical.

Eventually, Russia’s current regime will change. When it does, the Baltic States are ideally placed to influence the direction the Kremlin takes if they are willing to reverse the script from the past 30 years and welcome and nurture the Russian speaking minority. This could help ensure long-term security for the Baltic States and the entire Transatlantic system, and even a promising future for Russia.
ANDREY MAKARYCHEV

War in Ukraine and new practices in Estonia’s foreign policy

In the academic literature wars and military crises are usually discussed as states of exception that are used by sovereign authorities to apply extraordinary and often coercive measures. Indeed, Estonia - as well as all other countries affected by Russia's intervention in Ukraine - introduced multiple bans, limitations and restrictions, including the de facto closure of the border with Russia even for Russian holders of Schengen visas, cancellation of cultural events with participation of Russian artists, refusal to matriculate Russian students in Estonian universities, and rejection to issue work permits for holders of Russian passports.

Yet in the meantime, exceptional circumstances can boost what is known as productive power that generates novel political experience and practices. I will dwell upon four of them.

First, Estonia that accommodated more than 60,000 Ukrainian war refugees is facing a new experience of cultural and societal integration. Even after the war ends, Estonia might host a sizable Ukrainian community willing to educationally, linguistically and professionally integrate in society, and do so faster than the old generation of local Russophones. A new Slavic minority with a high level of loyalty to their new home country might be beneficial for Estonian model of multiculturalism, and might also have a positive demographic effect, especially for underpopulated areas.

Second, the influx of Ukrainian war escapees strengthened coordination between Estonia and Finland in immigration policies. A major novelty in this respect was an agreement to relocate some of the refugees from Estonia to Finland, in case if – and when – Estonian resources to host them are exhausted. It appears that in this domain the Estonian – Finnish cooperation is more fruitful than in the case of bilateral negotiations on liquified gas terminal which so far did not bring the expected outcomes.

Third, the war reinforced the rationale for a new regional – and still informal – platform for security policy coordination between the three Baltic states and Poland. On a symbolic side, in April 2022 the four heads of states visited Kyiv as a group to express support for President Zelenskiy and solidarity with the Ukrainian people.

Fourth, Estonia is a leader in initiating the legal procedure of using the frozen Russian financial assets for economically rebuilding Ukrainian infrastructure. Although the feasibility of confiscating Russian funds has been challenged by some Estonian legal experts, the activity of the Estonian government in this terrain received support from Brussels.

This new initiative ought to be seen within the framework of a wider Estonian strategy of “ramping up mobilisation of its own resources and calling on” allies to follow suit. Other examples of this approach include Estonian leadership in qualifying the war against Ukraine as genocide and terrorism, and in preparing legal and political backgrounds for an international tribunal on Russia's military crimes.

These new foreign policy practices might be discussed as parts of a broader phenomenon dubbed by Benjamin Tallis “the new idealism” – “an increasingly morally grounded geopolitics … that prioritises human rights and fundamental freedoms, liberal democracy, collective self-determination for democracies and, above all, the right of their citizens to a hopeful future”. In Central Europe and the Baltic states this “neoidealism” was very much inspired by Ukraine’s heroic resistance to Russian invasion and made possible significant innovations in Estonian foreign policy.

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A piece in a puzzle - China’s EU policy

Beijing seems to be reopening channels of communication and changing its tune towards the EU. Late last year, European and Chinese leaders met on the sidelines of the G20 summit in Bali while Chancellor Olaf Scholz and EUCO President Charles Michel visited Beijing with similar trips by President Emmanuel Macron and Prime Minister Giorgia Meloni set to follow. After almost a year of remaining vacant, Beijing filed the position of Ambassador to the EU in appointing Fu Cong, who came to the city with a message of resuming dialogue. All the while, Chinese foreign policy analysts also call for boosting exchanges, partially to leverage the tensions between the EU and the US over European concerns about the Inflation Reduction Act (IRA) and economic costs linked to fallout of the Russian invasion.

While resumption of exchanges at this geopolitically turbulent time is welcomed, the change of diplomatic tune does not warrant a strategic adjustment on China’s side. The EU should therefore retain a safe dose of skepticism towards this reopening (as argued already in August) as it recalibrates its China strategy – highlighted by the October Foreign Affairs Council. It is therefore the right time to ask a question about what Beijing’s key guiding objectives in its relationship with the EU are.

Piece of a puzzle

The EU is not the partner of key concern for China. Beijing primarily regards the relationship through a lens of strategic competition with the United States. And as outlined by President Xi Jinping during the 20th CCP Congress, a major foreign policy concern is now to bolster the security of the CCP’s regime by preventing US-led containment in an international situation increasingly characterized as posing “risks and challenges”.

For China, the relationship with the EU is but one piece of a larger puzzle with geopolitical competition with the US at its core. That competition has clearly defined the foreign policy of the PRC especially over the past years. Beijing seeks to keep the EU invested enough in the relationship to prevent full transatlantic alignment on China, preferably at a limited cost. By referring to the supposed non-occurrence of a “fundamental divergence of interests” and to the 2003 definition of the relationship as a “comprehensive strategic partnership”, both a staple of Beijing’s rhetorical playbook, China aims to maintain the unbalanced relationship that has characterized EU-China relations in the past decades with unequal market access and promise fatigue driving the EU’s gradual adjustments of its China policy.

What China wants

The wider geopolitical picture explains why China wants to maintain that status quo and struggles to propose an attractive and concrete agenda to the EU. Its objectives are primarily defined in negative terms with preventing unwanted scenarios and extending the status quo for as long as possible. The three key objectives are:

1. Limit the EU’s willingness to join the US and other G7 actors in restricting China’s attempts to reshape the international rules-based order
2. Minimize the build-up of restrictions of access to European technology against the backdrop of US expanding such restrictions until China has developed domestic capacities
3. To the greatest extent possible, retain open access to the European single market during a transition to a greater reliance on domestic consumption and exports to developing markets

Beijing attempts to keep the EU engaged primarily through rhetoric adjustment rather than substantial actions. Beijing’s supposed discouragement of Russia’s threat to use nuclear weapons is carefully worded to the extent of being hollow, especially against the background of its political proximity to Moscow. Similarly, Beijing continues to endorse the “correct understanding of the strategic autonomy” by the EU – understood as limiting dependence on the US. However, so far, no indications of market opening for European actors beyond rehashed support for Comprehensive Agreement on Investment or addressing other points of EU’s concern – such as Beijing’s tacit support for Moscow, economic coercion towards Lithuania, the human rights situation in Xinjiang – remain absent from Beijing’s rhetoric shift. But beyond these politically sensitive measures, the EU’s taste for multilateral solutions offers more non-controversial ways for Beijing to demonstrate goodwill – be it on the framework to restructure external debt of developing countries, international food security issues, multilateral solutions to address the challenges of climate change or WTO reform. The absence of serious positive contribution by China to take practical steps, put down proposals and seek compromise to achieve progress on these issues says much more than any diplomatic messaging could.

Beijing’s willingness to jeopardize relations, by choosing to retaliate against perceived infringements of its red lines such as EU’s human rights sanctions or support for Taiwan, illustrates that the goal is not necessarily to convince the EU but to arouse their interest enough to prolong the status quo. With the economic considerations of the war in Ukraine and IRA, Beijing feels that the EU has become squeezed and the ground for “China engagement” narrative has become more fertile.

Stuck in a quagmire

Given Beijing’s assessment of the EU being divided on its level of assertiveness towards China and on the degree to which it is and should be aligned with the US, Beijing does not need to implement a particularly proactive policy towards the EU. Rather, it simply needs to combine a set of sticks and carrots to delay any unwanted changes in the relationship for as long as possible. At the same time, the insufficient strategic trust and EU-China misalignment captured in the term “systemic rivalry” leaves China disinterested in pursuing an agenda of large-scale strategic cooperation.

The EU leaders should therefore be realistic about the scope of what can be achieved in its relationship with China, especially given that issues of unresolved challenges of unequal market access, strategic diversification, and differing visions of the international order simmer under the surface of the ongoing fragile stabilization. The EU needs to ask itself a question of what strategic vision of engagement with China it sees further down the line.
Transnational migration in an era of power contestation

There is a broad consensus in political and academic circles that the world is moving from an era of globalization to an era of power contestation. “Globalization” indicates a rule-based progression that is driven by economic and technological advancement and is leading humanity toward a common destiny. Power contestation, in contrast, follows no consensus or clear rules, and military might and ideological dogma, rather than the market and technology, shape international relations. The new era is no longer defined by connections and sharing across societies, but by divisions and rivalry.

With the fall of the Berlin Wall, international migration quickly became an integral part of globalization. This migration was “transnational” for, in the late twentieth century, migrants did not simply uproot themselves from home, settle down in the destination country, and cut off old ties. Instead, they kept moving back and forth between home and destination, and increasingly among multiple destinations. They developed transnational spheres of living through globally spanning relations based on family, business, education, and religious and other practices.

So how could transnational connections change in an era of power contestation? I propose that a kind of “subcurrent transnationalism” will increasingly emerge, in which transnational relations will no longer be in the spotlight, but which will contain critical forces for change.

The rapid increase in international migration from China, itself a symbol of post-Cold War globalization, provides a telling example to illustrate this hypothesis. Ordinary Chinese citizens were first allowed to apply for private passports in 1986, while the right to a passport was legally guaranteed in 2007. The state had decoupled outmigration from political concerns, regarding it as a matter of individual choice. And the results were profound. By the 2000s, China had become the world’s largest source of investment immigrants, students and tourists.

As power contestation with the US intensified in the late 2010s, this trend began to reverse. Outmigration became “re-politicized”. In 2017, the Chinese government began to tighten regulations around the outflow of money and people, particularly employees in the public sector. According to data from the Chinese State Migration Bureau, 335,000 passports were issued in the first half of 2021, two percent of the number issued in the same period in 2019. Officially, the government attributed the reduction to COVID, stating that citizens should not risk their wellbeing by going to countries with inferior political systems which were incapable of dealing with the pandemic.

But such restrictions on migration are unlikely to reduce, let alone stop, transnational mobility from China in the long run. Quite the contrary, the desire for outmigration among the educated is continually reaching new heights. This sense of urgency became evident when, in 2018, the Party amended the constitution and lifted the tenure limit on the presidency. During the COVID pandemic, this sense of urgency became even more evident. On WeChat, the social network used by virtually everyone in mainland China, searches for the term “emigration” (yimin) jumped by 440 percent on 3 April 2022, the day the government officially reaffirmed its commitment to the disastrous zero-COVID policy.

For many Chinese, the government’s brutal implementation of the policy illustrated its fundamental disregard for human needs and feelings. With regulations tightening, middle-class Chinese have been seeking ways to migrate. Some have moved to Thailand, Cambodia and Ecuador, or other countries with less strict visa controls, using them as a stepping stone to other destinations. Others have resorted to human smuggling networks, something unthinkable for most middle-class families until the recent past.

I assume that transnational mobility and relations resulting from the act of fleeing will become less visible than in the past. Governments locked in power games are unlikely to celebrate transnational connections. The US has tightened controls over scientific and technological collaboration with other countries, especially with China. In response, China has cut back diasporic engagement programmes, and even downgraded the importance of English language courses in schools. Transnational connections may be scaled back from large-scale commercial initiatives and institutional collaboration in the era of globalization to familial and inter-personal relations in an era of power contestation. But there is another, more important reason for transnational relations becoming “subcurrent”—this generation of Chinese migrants are eager to put down strong roots in the destination country rather than moving around as global “astronauts” chasing opportunities. Among the most determined Chinese emigrants are professionals with young children. In normal circumstances, they make unlikely emigrants—they have promising careers, own expensive property, and enjoy extended family relations and a secure environment. But they are deciding to sacrifice material benefits to go abroad, where they believe their children can grow up with agreeable values such as freedom, dignity and mutual respect. This is very different from student migration in the 2010s which was, from the outset, oriented toward returning to China. In other words, if migration during the era of globalization was primarily driven by migrants’ pursuit of economic value, migration after globalization is being driven more by normative values, by migrant perceptions of what is good, important, and worthy.

Although transnational connections may be down-scaled, that does not mean migrants will become less transnationally committed. For instance, though forbidden from returning home, exiles are often deeply committed to their home societies. Due to political repression, a number of activists, artists, journalists, scholars and other highly committed citizens have felt compelled to leave China since the late 2010s. Indeed, as one activist told me, the heart of China’s feminist movement is no longer in the country, as most leaders have already migrated to North America and Europe. There they make use of these new freedoms to develop global networks and organize public discussions through podcasts, online meetings, and art projects, all of which primarily target an audience in China.

Subcurrent transnationalism is not unique to China and its diaspora. Many educated middle-class potential emigrants in India, Turkey and Russia—to name but a few prominent examples—face similar repression. They may be desperate to leave, but they are also profoundly committed to their home societies. We have seen this happen, although in different...
forms and to different degrees, with the US and the UK too. An exile sentiment is widespread among those who disagree with the Trump and Brexit agendas, and some have moved abroad as a way of keeping their cherished values alive. Further, anecdotal evidence suggests that young people from different countries who share an exile mentality are establishing contact with one another, spreading subcurrent transnationalism far beyond a simple two-way relationship between home and destination into a broader network of like-minded people. As the world slides into an era of dull, dangerous and damaging state-centric power, let us hope that such subcurrent transnationalism can make the 21st century world more liveable.
The EU and its troubled relations with Russia and China

No one denies that 2022 was a year that severely affected the EU's relations to Russia and China. Russia's unprovoked invasion of Ukraine constitutes the most severe security crisis for European countries since the Second World War; its breach of the principles of the European security architecture poses a tangible and immediate challenge to European security interests. As for China, its refusal to integrate into the rules-based international order presents a strategic conundrum for the EU and its member states. Although the EU's relations to Russia and China were already deteriorating, the war in Ukraine has put the strategic challenge to the forefront of the EU's burgeoning foreign and security policy. The EU has hitherto responded with unexpected resolve to the challenges arising from Russia's belligerence whether directly by supporting Ukraine's war efforts with military aid and sanctions, or by withstanding the weaponization of the energy dependence on Russian gas and oil. In regards to China, bilateral relations reached a new low during the 'war summit' of April 2022 and there are few signs of any real improvement since. This implies that the EU now needs rapidly to mature as a strategic actor, which will be no small feat for an organization whose global actorness has long been questioned. In the following, the nature of the main strategic challenges posed by Russia and China to the EU will be explored. To conclude, the paper will review the EU's response thus far and discuss the main impediments to its emergence as a global strategic actor.

The strategic challenges of Russia and China

As strategic rivals, Russia and China pose challenges that are both similar and different. On a fundamental level, the gravest challenge is the one posing the rules-based international system by not playing by the book of liberal institutionalism and disregarding universal values and norms. In the case of Russia, its disrespect for the principles of the European security architecture is very stark in its invasion of Ukraine as it persistently denies the inviolability of borders and the right for countries to choose their own security arrangements. It has also resorted to the weaponization of raw materials, utilizing relations of economic dependence to influence politics in Europe. In the case of China, the challenge is more multifaceted and possibly more intractable, not least due to its economic and political weight. China has resorted to politicizing economic relations using positive and negative economic statecraft in sophisticated ways to shape international relations to its advantage. Positive statecraft is used through the Belt and Road Initiative which has engaged some EU member states. Negative economic statecraft targets both countries and companies. Examples include punishing Lithuania for allowing Taiwan to open a trade office in its name in Vilnius and the Swedish clothing firm H&M for speaking up against human rights violations in Xinjiang. In security terms, China often highlights the absence of strategic issues between the EU and Russia and China's denunciation of the international rules-based system through their adherence to power politics and disregard for common rules and principles, as enshrined in international law and practices of multilateralism. The fact that Russia and China purposively undermines bodies such as the UN's Human Rights Council further weakens the liberal values that the EU stands for. The shift in the internal order away from liberal institutionalism towards a rule by power makes it more difficult for the EU to assert its standing as a normative actor.

The EU's quest for global actorness in a deteriorating international climate

The EU has after years of hesitation announced that it must become a geopolitical actor. What does that mean in practice? Regarding Russia, the war in Ukraine has pushed the EU and its member states to take action that would have earlier been considered unthinkable. In 2022, the EU enacted a string of sanctions, authorized the financing of military equipment and has come together to drastically reduce the dependency on Russian gas and oil. European companies have left the Russian market and, with support of European governments, barred Russia from the Swift payment system. The road towards a future EU membership for Ukraine has been opened and previously military non-aligned EU member states, Finland and Sweden, are applying for membership of NATO. Going forward, Europe, via the EU, will have to take the forefront in the rebuilding of Ukraine and a new European security architecture based on cooperation between NATO and the EU will be built. Restoring bilateral relations with Russia is still far away.

Russia has become a pariah state in many parts of the world. The future of Russia holds many dangerous scenarios, not least a possible break-up or prolonged internal chaos with grave implications for the EU and its member states. China poses a more complex picture for the EU. On the one hand, relations between China and the EU have deteriorated a great deal in in the last five years since the President von der Leyen described it as a triptych – partner, competitor, rival – and pronounced her presidency of the Commission to be a geopolitical one. Since then the EU has moved to protect against economic coercion, set up a Human Rights Sanctions Regime and used it against Chinese individuals, pushed forward its role as security provider in the Indo-Pacific region, and set up a Community for Democracies. At the same time, it tries to balance the demands from the US to follow its increasingly tough posturing towards China. Also, it has not ruled out eventually ratifying the suspended Comprehensive Investment Agreement with China. Overall, the EU sees China as an economic competitor and a strategic rival – a stance which has only deepened since the war in Ukraine. Nonetheless, it knows that it needs to handle its relations with China in a way that is in line with its own identity as a normative power, but at the same time does not aggravate tensions to a point of no return.

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The biggest paradox of Russia-China relations revealed by the war in Ukraine is that incremental developments have not led to a strategic breakthrough. While the Sino-Russian relationship can be considered at its peak over the last three decades, it is still a partnership with limitations.

Overall, for almost a year of Russia's aggression against Ukraine, Moscow's relations with Beijing have improved.

Politically, China demonstrated unwavering loyalty to Russia, not uttering a single word of criticism in the public domain, mirroring instead narratives produced by the Russian propaganda. Beijing has accepted Moscow’s justifications for the use of force and unambiguously blamed the US and NATO for the outbreak of the war. The Chinese media and netizens have spread Russian conspiracy theories, related for instance to alleged US biological laboratories in Ukraine. Beijing seized every opportunity to peddle the critique of US ‘hegemony’ and portray itself as a neutral third party.

Militarily, joint exercises continued. For the first time, Russia and China conducted two joint bomber patrols, one in May and another in November. During the latter, the aircraft staged landings on each countries airfields. In December, both navies organised regular maritime exercises. On top of this, Chinese troops took part in the Vostok-2022 Russian strategic exercises. All those military undertakings took place in East Asia. China was able to demonstrate to both the US and Japan that Russia was ready to support China's military brinkmanship in Asia. Due to Moscow’s growing reliance on its southern neighbour, Beijing did not feel compelled to reciprocate in Europe.

Economically, Chinese companies have seized emerging opportunities in the Russian market. Chinese energy behemoths and independent refineries alike increased the amount of oil they purchased from Russian producers, benefitting from substantial discounts. As a result Russia once again surpassed Saudi Arabia as China’s number one supplier. Chinese companies were able to replace their Western counterparts that created the vacuum leaving the Russian market in a number of sectors. Bilateral trade turnover in 2022 was close to reaching the magical threshold of US$ 200 billion (according to the Chinese side, it was US$ 190 billion). In the Russian Far East, the railway and road bridges over the Amur River finally opened, following decades of delays.

Whereas Sino-Russian relations follow the pattern of an ever-closer cooperation, the main limitation is the absence of China's strategic support for Russia, support which might be costly for Beijing, especially in its relations with Western states. Beijing has not offered substantial financial or economic assistance, nor has it come out to help Moscow bypass Western sanctions. No major investments, mergers or contracts have been announced. Having switched off the Nord Stream gas pipeline and effectively cutting off its European customers from Gazprom's resources, Russia desperately needs a new pipeline (even if its construction is going to take time). China, however, seems to be in no hurry in supporting the project of a trans-Mongolian pipeline.

This policy stands in contrast to Beijing’s response to Russia's annexation of Crimea. At that time, China and Russia were able to agree on the Power of Siberia gas pipeline, while Chinese loans paved the way for Novatek’s Yamal-LNG project.

Russia’s war against Ukraine has put Beijing in an uncomfortable position. On the one hand, China is tempted to capitalise on Russia's weakness. Western sanctions have been gradually depriving Russia of access to partners, capital and advanced technologies. China might be particularly interested in gaining stakes in Russian energy companies as well as in the Russian upstream. Russia's weakness might enable Beijing to entrench its influence in the Russian energy sector, including the ownership in Rosneft or Gazprom as well as in the most promising oil and gas fields.

On the other hand, support for Russia would generate a number of risks for Beijing. Economic assistance for Russia would make Chinese companies subject to secondary sanctions. China is much more exposed to the world and globalisation process than Russia. The Chinese economy still relies on the openness of the global economy. Moreover, Beijing is keen on driving the wedge between the US and the European Union. The Chinese leadership continues to maintain the image of ‘bad Americans and good Europeans’, blaming the US rather than European member states – for all the West’s ‘sins’. China’s tangible support for Russia may bring the US and European states closer together and strengthen trans-Atlantic unity, a result Beijing has been trying to avoid for the last two decades.

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Geopolitics of energy and energy transition anno 2023

The war in Ukraine in 2022 brought new insights around energy. For years, energy specialists had been arguing for a greater focus on energy diversification, with mixed success. There is now an increased political realization that there is a need to diversify both functionally in terms of types of energy and geographically in terms of origin of sources. In addition, renewables are gaining geopolitical importance in Europe. Governments must now also catch up on strategic thinking about the energy mix. Geopolitics can help.

Geopolitics is the scientific field of study belonging to both Political Geography and International Relations, which investigates the interaction between politically acting (wo)men and their surrounding territoriality (in its three dimensions; physical-geographical, human-geographical and spatial). During the last fifteen years, ‘geopolitics of energy’ became central to the international political position of countries and regions. This can be defined as “a condition in which a country or several, or most of its citizens and businesses have access to sufficient energy resources at reasonable prices for the foreseeable future, free from any serious risk of major disruption of service”. Next to security of supply issues (important for consumer countries and territories), there exists also security of demand (important for producer countries and territories). The reliability of supply is closely connected to the functioning of energy markets. The only actors which this definition of ‘energy security’ does not completely address are transit countries and regions, for instance the predicament of countries such as Ukraine, which had already in the past major pipelines (Brotherhood, Yamal) running over its territory from the East (Soviet Union and later the Russian Federation) towards the markets in the West. The war in Ukraine since 2022 has given new political urgency to energy security, for instance via diversification strategies, both functional (gas, nuclear, renewables) and geopolitical.

Another consequence has been that energy transition has speeded up. In December 2022, the International Energy Agency (IEA) of the Organization for Economic Cooperation in Europe (OECD) released an interesting report on ‘Renewables 2022’. The IEA expects renewable capacity to expand much faster over the next five years than what was expected just a year ago. For the period 2022-2027, renewables are expected to grow by almost 2,400 GW, equal to China’s entire installed capacity in 2022. This is an 85% acceleration from the previous five years. At almost 30% higher than in 2021, this is the IEA’s biggest ever upward revision for renewables. This is mainly due to China, the European Union (REPower EU), the United States (Inflation Reduction Act) and India.

Between 2023 and 2025, renewables will become the largest source of global electricity generation, surpassing coal. Their share in the energy mix is expected to increase by 10 percentage points, to 38% by 2027. Electricity from wind and solar PV will more than double over the next five years, accounting for almost 20% of global electricity generation by 2027. Global wind capacity will almost double, with offshore projects accounting for a fifth of the growth. More than 570 gigawatts of new onshore wind capacity is expected to become operational in the 2022-2027 period. Growth of offshore wind power is accelerating globally, while Europe’s share of installed offshore capacity falls from 50% in 2021 to 30% in 2027 as China’s provincial policy supports faster expansion and the United States soon becomes a significant market. China is expected to have almost half of new global renewable energy capacity by 2022-2027. In the US, the Inflation Reduction Act provides unprecedented long-term visibility for wind and solar PV projects.

Only if the European Union thinks more strategically in the coming years about how this scaling-up will affect our energy diversification, will it be possible to reap benefits in geopolitical terms. We need to put our eggs in multiple baskets both functionally (technologies) and geographically (resources). If not, we are causing a next future energy crisis. Moreover, a lesson from 2022 is that in recent years we did not invest enough in excess ‘fossil capacity’ (oil, gas, nuclear). Such insights should guide governments’ and companies’ energy policies in 2023 and beyond. In addition a regulatory framework is needed which does not constantly change (and thus significantly complicates investment decisions).

Read the IEA report ‘Renewables 2022’ via https://www.iea.org/reports/renewables-2022

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Right now the Baltic States, like the rest of Europe, are experiencing the worst energy crisis in a generation. Russia’s invasion of Ukraine has created an unprecedented natural gas crunch across the continent, which has pushed millions into energy poverty and brought Europe to the brink of a recession.

All the while, the Baltic governments have spent billions of euros to cushion consumers from massive price spikes. These financial interventions — in addition to gas supply diversification efforts — undoubtedly helped to mitigate some of the negative consequences of the energy crisis. However, there is much more that can be done to make the Baltics more resilient to supply shocks.

While there is no magic bullet that could solve the energy crisis, there are at least three things that could help Lithuania, Latvia and Estonia to simultaneously meet their supply security and climate goals.

First, go all out on renewables. In the grander scheme of things, it matters fairly little if countries opt for solar, onshore or offshore wind, hydro or even biogas. All these technologies have their strengths and weaknesses, either from a cost, scalability or intermittency perspective. However, the most important thing for the Baltics is that the more renewable energy they produce at home, the less energy they will have to import from abroad.

At first glance, nuclear energy, and especially small modular nuclear reactors (SMRs), might also seem like a good fit for the Baltics. However, the greatest drawback with nuclear is that large reactors may take decades to come online and virtually all of them suffer from massive cost overruns. Meanwhile, the first commercially feasible SMRs are unlikely to hit the market before the late 2020s or, even more realistically, the early 2030s.

Second, electrify everything. Direct electrification provides the cheapest and most efficient way of reducing carbon emissions in the Baltics. It also goes hand in hand with the initiative to double down on renewables. Much of it can be accomplished by shifting towards electric vehicles for transportation and installing heat pumps for buildings. Meanwhile, in the industrial sector the greatest potential for electrification is in low or medium-temperature heat processes, such as drying or food production.

Despite the hype, because of higher costs and lower efficiency, indirect electrification through fuels like green hydrogen makes most sense in sectors where very high temperatures are required. In the Baltics these might include, but are not limited to, fertilizers, cement and other heavy industries. Similarly, high density power-to-X fuels such as e-kerosene or e-ammonia would have the greatest positive impact in hard-to-abate sectors such as aviation and shipping.

Third, go big on energy efficiency. Energy efficiency is the unsung hero of the clean energy transition. After all, the cheapest energy the Baltics will ever get is the one they do not use. According to the International Energy Agency, the reduction in running costs between the most efficient and least efficient homes or cars can be commonly as much as 40 percent and up to 75 percent. This means that it can cost certain consumers much more to heat the same area or travel the same distance.

There are plenty of ways on how to save energy, but smart meters and insulation provide some of the quickest returns. Smart meters, which are essentially small, networked computers, can provide more detailed information about electricity consumption habits. By some estimates, greater awareness can help to reduce electricity use by some 10 percent. Meanwhile, depending on the type and age of housing, the insulation of buildings can slash heating costs by up to 50 percent.

Granted, few of these ideas are inherently new or original. The Baltics are already busy improving their energy systems and many of those initiatives have long proceeded the Russian invasion of Ukraine. In fact, Estonia is already one of the leading European Union countries for smart meter deployment.

Some of these proposals also overlook other important issues that are closely related to the clean energy transition — the challenge of integrating renewables and balancing the grids, the fragility of supply chains, and the future availability of critical materials. Yet, despite all of that, these three pathways still provide the Baltics with the clearest path of meeting their energy and climate goals.

It is hard to overstate the negative effects of the energy crisis for the public and private sectors alike. Equally, it is difficult to predict how and when exactly it will end. Yet, if there is one thing that is clear, it is that the current crisis provides the Baltics with the window of opportunity to fast-track their energy transition and become better prepared for what the future might bring.
The great reshuffling of the gas market

While natural gas remains a source of energy with varying levels of relevance in the Baltic Sea region it can be expected that LNG supplies as a source of natural gas will grow in importance until at least 2030, but in some countries in the region even beyond that. Thus, the ability to import LNG remains an outstanding issue for those countries, where natural gas holds an important role in the energy portfolio for district heating, electricity production and industrial use.

Energy sector and economy was quite stable and recovering from the effects of the COVID pandemic when natural gas prices began increasing in the second part of 2021. EU countries began worrying about the unusually low level of natural gas storage reserves in the EU increasingly mentioning that Gazprom is not storing enough gas in Europe prior to the heating season. On February 24, 2022, it became clear that the real cause and reason for unusually high gas prices was a careful and ruthless preparatory work done over several years by those in power in Russia, which also happened to be the single biggest supplier of natural gas to the EU.

After February 2022 few have doubts about Russia using energy resources, and natural gas in particular, as a weapon of war. The fact of not filling up storages in Europe in 2021, constructing Nord Stream subsea pipelines of exactly the annual capacity of gas transit via Ukraine, artificially causing the hike of gas prices and threatening to cut supplies to Europe if Europe would not obey Russia’s demands vis-à-vis its brutal war campaign against Ukraine shows explicitly, why Europeans are switching away from Russian gas supplies.

With Russian invasion in Ukraine there was fear that the engineered energy crisis will derail Europe’s energy transition aspirations. However, this served as a major disruptive event triggering fundamental changes. Not only did it boost an unprecedented interest and investment in renewable energy, it shifted energy supply sources and routes away from Russia and embraced LNG as the new major source of supply of gas. This also escalated plans to go ahead with the development of new LNG infrastructure to improve or strengthen the security of supply.

In the Baltic Sea region, it is the Baltic States and Finland who have experienced the biggest changes. Estonia, Latvia, and Lithuania banned import of Russian gas, including LNG, from January 1, 2023, onward. Thus, the three countries have gone from being 100% reliable on gas supplies from Russia to 0% of gas from Russia in just slightly over one year’s time. The new LNG import terminal together with the Balticconnector subsea gas pipeline, connecting Finland and the Baltic States in a single regional gas market, has allowed Finland also to replace Russian gas with gas from other sources.

Looking for new suppliers and new supply routes has been the main task of governments in 2022 and finding new gas (LNG) suppliers has been one of the biggest challenges for all gas companies in the region. Most of LNG in the region in 2022 came from the US, but cargos were coming in regularly from other sources, too. Even the long-standing regional gas incumbents serving the role of Gazprom’s lobby in the region have shifted away from Russian gas completely as of the beginning of 2023 to obey the law and live up to society’s expectations.

There were eight existing or planned LNG import terminals in the Baltic Sea region at the end of 2022. Some of the planned ones, like Skulte LNG in Latvia, got a major boost once a political go-ahead was given to the project in September 2022 granting it the status of a project of national interest, which allows quicker review procedures over the course of development of the project. Inkoo LNG terminal in Finland has begun its operation, while in Estonia the Paldiski LNG terminal has been finalised and the Tallinn Muuga terminal is still in the plan. This makes it the Baltic States and Finland having altogether 5 LNG import terminals. Add two terminals – Swinoujscie and Gdansk – in Poland and the region seems to have serious LNG import capacity up from no terminal at all just ten years ago.

By the end of 2020, the share of natural gas in final energy consumption in Poland and Lithuania just slightly surpassed 13 and 11% respectively, while being just under 9% in Estonia and Latvia and circa 3% in Finland. Still, record-high gas prices in Q3 2022 did have impact on district heating and power production costs. However, natural gas prices have decreased since mainly due to mild weather conditions and reshuffling of stakeholders on the gas market in the region and globally. Most importantly, governments and the market have worked together successfully to increase the security of energy supply.
On May 23rd 2022, Lithuania declared itself fully independent of Russia energy. While there has been a significant reorientation in energy strategy throughout the Baltic region since the February 2022 invasion of Ukraine, Lithuania’s shift has been particularly dramatic. Particularly notable is that, compared with other regional states who either gradually reduced imports or had gas imports suspended by Russia, Lithuania’s approach was pro-rather than reactive.

Lithuania’s proactive stance has roots in its historical experience. As scholar Danius Auers wrote in 2015, history “lives, breathes, provokes and mobilises Baltic publics to an extent almost unimaginable in neighbouring Western European democracies.” The country, according to President Gitanas Nausėda, has “never had a comfortable, calm and predictable neighborhood.” While their European counterparts spoke of positive transformation through trade with Russia, the NATO frontline states maintained a significantly more cautious view of Russia. From the Lithuanian perspective, Russia has remained a primary – and often existential – security threat.

This narrative is reflected in the energy sector, where energy, sovereignty, and territorial integrity have been strongly intertwined in the Lithuanian geopolitical imagination. After independence, Lithuania formed an “energy island” with the two other Baltic states – isolated from European energy systems and entirely dependent on Russia to fulfil its energy needs. Nausėda has referred to dependence on Russian gas in particular as an “existential threat” to Lithuania. Vilnius experienced Russia’s weaponization of energy in the 1990s when Moscow repeatedly disrupted oil supplies to the Baltic countries to gain economic and political concessions. These attempts to employ energy as a coercive measure to reassert Russian control over the Baltic region laid the groundwork for Vilnius’ political behaviour today.

Whereas Germany had argued that energy ties with Moscow would stabilize relations and reign in Moscow’s more hostile tendencies, Lithuania has always insisted that such attempts would backfire. This belief informed the country’s energy diversification agenda and its fierce opposition to the Nord Stream projects it considered inherently geopolitical. Vilnius could not, according to the country’s energy minister, “close [its] eyes to Russia’s attempts to consolidate its geopolitical influence through energy projects”. Since the invasion of Ukraine, the Lithuanian prime minister has reaffirmed that the state had warned its “good friends in Germany” to limit deep relations with Russia, because “one day they will regret it.”

The state’s proactive approach was also facilitated by a strong diversification policy that aimed to wean Lithuania from Russian energy dependence. This campaign accelerated after Russia’s invasion of Crimea in 2014, when the state commissioned a liquefied natural gas (LNG) terminal in Klaipėda. This energy security insurance policy, questioned by some, paid off following the invasion of Ukraine in 2022: having already significantly diluted its previous 100% dependence on Russian gas, the state was able to eradicate it entirely with increased imports through Klaipėda.

Lithuania’s LNG project can also be viewed through a wider geopolitical lens. It not only diluted energy dependence on Russia, but also drew the state closer to its key ally, the United States. A widely held view throughout the Lithuanian political classes is that the US military presence in the region is a key guarantor of territorial sovereignty: the 2020 parliamentary resolution defining Lithuania’s long-term foreign policy direction defines it as “an indispensable ally.” The US has long played an important role in facilitating energy independence rhetorically; that it is also a key producer and exporter of LNG adds a new dimension to geopolitical cooperation between the states. Upon receiving the first shipment of LNG from the US, Lithuanian Foreign Minister remarked that energy trade was “one of the strategic areas for cooperation.” This partnership meant increased US supplies were integral to replacing Russian gas in April.

The importance of multilateral geopolitics and regional cooperation should not be discounted. The integration of Lithuania and the other Baltic States into European electricity grids ended the previously total dependence on Russian imports, while EU funding for those grids, Klaipėda, and, most recently, the Gas Interconnector Lithuania-Poland have contributed to a significant diversification of Lithuania’s energy imports. Beyond representing a tangible form of integration in Europe and a significant geoeconomic collaboration with the Nordic States and Poland, these infrastructures were integral in providing alternative energy sources and thus facilitating the termination of the Lithuanian-Russian energy relationship.

Against the backdrop of Russia’s war on Ukraine, numerous European leaders, including the German Foreign Minister, have acknowledged that they failed to pay sufficient attention to repeated warnings from the Baltic states about Russia. With Russia now perceived as a significant threat to Europe, it will be interesting to observe if and how other EU capitals follow the proactive example set by Lithuania.
Looking for a place to land: The regional meanderings of Russian journalism

Putin’s invasion of Ukraine has scattered Russians around the world. A new and vocal opposition has emerged, especially among Russian journalists who do not want to be isolated from events in Russia but instead wants to engage with their fellow citizens who have remained in the country.

One of the prime destinations of travel has been the Baltic States. All three countries share a border with Russia and have significant Russian-speaking populations (a leftover from their former days as part of Soviet Union). Moreover, all three countries have been integrated into the west as members of the EU and NATO. In other words, they have achieved all of the advantages of western freedom, economic integration, and national security that makes them an attractive place for a Russian opposition in exile.

In particular, Russian journalists gravitated to the Baltic States. The Nobel Prize-winning newspaper Novaya Gazeta set up shop in Latvia soon after it was declared a foreign agent by the Russian government and shut down. The independent Russian language newspaper Meduza also established itself in Latvia, while the independent media website medizona decamped to Vilnius. Finally, the Latvian government granted a broadcasting license to the liberal Russian-language TV station Dozhd (Rain) in the aftermath of Putin’s media crackdown and Russia’s invasion of Ukraine.

What was perceived largely as a welcome mat, however, has now been unceremoniously removed, when the Latvia’s National Electronic and Mass Media Council closed Dozhd for national security reasons while simultaneously revoking its license and kicking it off cable. As a result, a critical source of independent Russian journalism has been silenced at a time when fact-based news directed to Russians is at a premium. What precipitated this action? And what does portend for the Russian diaspora in the Baltic States and other countries that still want to remain relevant and provide alternative sources of news.

The TV Dozhd affair arose from a series of misunderstandings, miscues and ill-chosen words that quickly escalated into a major scandal. An off-hand comment by a correspondent about helping serviceman and providing equipment and elementary amenities “at the front” was perceived as expressing sympathy to the invading Russian forces in Ukraine. The correspondent was immediately fired. A further mistake occurred when a map on Dozhd displayed Crimea as part of the Russian Federation even though Russia’s annexation of this Ukrainian territory has never been recognized by the international community. Dozhd subsequently was fined 10,000 euros for showing the map.

Dozhd journalists were not immediately asked to leave the country after the revocation of its license, and its listeners can still gain access to the channel through YouTube. But the larger question remains – can the Russian journalism serve as viable source of opposition and potential bridge to a post-Putin world, whenever that might occur.
Russian media manipulation and illusion of choice

The Russian state sees the domestic media field as an intrinsic part of its operation, not differentiating between public and privately owned mediums, utilising them as a vehicle for propaganda narratives. In this regard, the changes in Russian media attitudes do not reflect the true focus of journalism, as with independent free media, but state attempts to manipulate public opinion.

Since the launch of Russia’s ‘special military operation’ in Ukraine in February, prominent political talk show hosts have regularly beaten the drum in support of Russia. Although it’s easy to dismiss them as extremists with a limited reach among younger Russians, these hosts have been able to maintain their older audience, for whom television is still their main source of information, and are a good indicator of the Kremlin’s position and the general attitude of the media.

Pro-Kremlin propagandists have been producing content along the lines of that seen related to Ukraine since at least the invasion of Georgia in 2008, and this experience has provided plenty of opportunities to develop their technique to reach and attract the greatest audience and coat their propaganda with a veneer of respectability. Aware of the generation gap and growing understanding of bias, many Russian propagandists have shifted to social media, mainly Telegram, and video hosting platforms. And while this may seem an attempt to engage greater audiences, it hides a sinister tactic to offer an illusion of choice to the Russian public. Television is broadcast into the living room, whereas the viewer has the choice of selecting a hosted video, making a seemingly impartial choice. Herein lies the plot, with the majority of propagandists becoming avid internet sensations. Investigations by FBK and others have repeatedly uncovered bought bot-like activity driving viewing figures of propagandist videos. Although investigators linked fake views to financial accountability before February 2022, there is a wider question of whether the Russian media manipulation has become susceptible to accepting the falsehoods and conflicting information offered, sometimes within a single reportage. The notorious “strategic retreats” being a great example of this manipulation.

While there are voices within Russia that still present a viable independent viewpoint, the overall exodus of free Russian media which has happened since the introduction of the “foreign agent” status, limiting funding and visibility, as well as the greater exodus since the start of the February 2022, there is a wider question of whether the Russian media should be considered as a source of information at all.

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Kremlin information influence campaigns in Estonia intensified first just before the first Russian attack against Ukraine in 2014. Since 2019, intensity and variability of attacks has been in rise again. What are the aims, centre of gravity and critical variables of this systematic hostile activity?

The information influence campaigns conducted by the Russian Federation form an aspect of a wider, hybrid warfare front. Also, this front has been set up against the wider West, not merely Estonia. Hence, these country-specific campaigns have rarely separate aims apart from those informing the long-term goals of undermining the cohesion within the West, both between the countries, as well as within separate societies and especially separate language groups. Thus, while messages in Russian are aimed to hail Russian political and military power, messages in Estonian are aimed to disintegrate and disseminate Western culture and society.

What motivates the Kremlin for its activities is the still alive imperialistic consciousness that allows it to perceive itself of being besieged by the West (often called Global Anti-Russia or collective West by the Kremlin). Ever since the post-Cold War settlement Russia has felt that the West has gradually overtaken regions that historically belong to its ‘sphere of special interest’. The enlargements of NATO and the EU are the matters at hand. But more than that, the Kremlin believes that events like the Arab Spring and the coloured revolutions among the former Soviet Union member states are initiated and conducted largely by the West. While there is hardly any substance to support these beliefs, the conduct of the West can in certain aspects be seen as dangerous. What particularly frustrated the Kremlin was the removal of Muammar Gaddafi by the Western coalition. Ukraine as an ancient Slavic-Russian territory fits to this Russian narrative well. Especially since the legal president Yanukovitch was forced out of the country.

This perception has made the Kremlin to get into a retaliatory revisionist mode and, step by step, it has tried to claim back ‘its own’ or at least limit the spread of the Western influence, by demanding security guarantees. Suffice it to mention separatism in Moldova, Georgia, Ukraine and later open conflicts in the latter two. Russian practice and theory have evolved hand in hand. In 2013 one could see the publication of its best known theoretical version by General Valery Gerassimov (“Gerassimov Doctrine”). Along its proposed lines, mirroring supposed Western hybrid action, the Russian federation uses several tools to allow it to place pressure on the Western world in an asymmetric manner, including soft power, cyber-attacks, espionage, economic tools, and information-influence campaigns.

When it comes to influence and propaganda activity, the Kremlin uses several manipulation tactics like disinformation campaigns, fake news, and disseminating specially constructed narratives towards target audiences in the West. These channels and their content are harnessed primarily within Russia’s neighbourhood where there are still substantial Russophone (or Soviet nostalgic) populations which have not yet been successfully integrated into local societies in the post-Soviet space, among them Estonia. With this population segment being part of Western institutions, Estonia proves a worthy target when it comes to being able to show the inherent corruption and ineffectiveness of the West as a whole.

Eventually, what makes the measures it uses relatively effective, are the internal socio-economic and ideological divisions within the Western nations originating from the time of 2007 global financial crisis. Of particular importance are so-called strategic narratives1, instruments which manipulate with stories which exist within the collective memory of a group of people. Those narratives are put working towards strategic aims.

By the example of Estonia in 2020-2021, a grand total of seventeen narratives were found and categorised by narrative tracking computer program Exovera. The five most relevant of these are as follows: 1. NATO is a hostile and fragile relic. 2. The west is corrupt, imperialistic, discriminatory, and in decline. 3. Russia is powerful, but also a victim of the aggressive West. 4. Estonia as well as other Baltic states are plagued by poor governance. 5. Russophobia and fascism are present in Estonia2.

During parallel observations with the Zignal narrative tracker platform, the four most popular pro-Kremlin narratives in Estonia in 2021 have been as follows: 1. The west is weak and divided; the west is not better than Russia. 2. Liberal values are not succeeding. 3. Migration pressure will disintegrate western societies. 4. Russia is the world’s main protector of traditional values3.

For the spread of disinformation, the Kremlin uses several tools, channels, and measures, such as: Pax Russica and the compatriot policy; Russian media; Social media; Pro-Russian activists and pro-Russian NGOs and clubs; Business connections between Estonia and Russia; The prevailing political environment; Cyber-attacks; Targeting democratic systems. Specific means and tools differ depending from language groups. Estonian speakers are mostly addressed by the alternative online portals. Older Russian speakers are addressed by Television channels, younger by Telegramm channels and Twitter.4

Is the Future of the Baltic Region in the Clouds?: The digital transformation of the Baltic sea region in the current geopolitical context

In the current and future geopolitical context, the Baltic Sea states face significant decisions on the use of technology that will impact both their security and economies for the coming decades. The economy and security of the region are now more closely tied than ever as the environment has significantly shifted with the application of Sweden and Finland to NATO, plus the suspension of Russia from regional formats such as the Council of Baltic Sea States due to the Russian war of aggression in Ukraine. With strategic decisions regulating the use of technology and digital transformation being made in the EU and NATO, what issues should the region address to maintain and advance the highest level of technological advancements to benefit both the economy and security?

Digital transformation decisions do not have boundaries between civilian and military decision making as the modernization of critical infrastructures lies at the intersection of both sectors. Physical and cyber threats to transport, banking, media, education and other essential services and entities require a common civilian and military approach on prioritising basic national principles on digital adoption to reap benefits across all relevant sectors. Until now, digital regulatory issues have grown in complexity and have been addressed separately from national security, leaving national security concerns separate from what have been seen as economy and privacy decisions on the issue that underpins a digital transformation - the use of data.

The use of data and data sharing is a political commitment on a national level with international repercussions. Nations must urgently learn to take advantage of their own data and regionally adopt an approach to sharing within critical sectors. The benefit of a digital transformation is centred on data; he more the better. Without enough shared data, the complexity of the rapidly advancing security and economic environment cannot be addressed. The Baltic Sea region is a tightly knit economic and now security zone- a unified approach on data use is necessary as the individual nations of the region do not have the scale of resources when compared to other, much larger European nations such as France or Germany, who are contemplating national focused decisions on data.

The use of data is a heavily politicised question that must be immediately addressed. In parallel, three key areas across the civilian and defence sectors should be prioritised in the context of both military and economic governmental decision making on digital transformation for the future:

First and foremost, governments must prioritise an agile digital transformation. This is by far the highest priority as technology changes quickly. Adversaries and competitors embrace new technology as quickly as possible, thus Baltic Sea nations must do the same. In facing the design, development and delivery of various instruments of government, this path must be prioritised as digital by design and transformative by practice.

Secondly, the Baltic Sea region needs to lead on speed for technological change. During the COVID pandemic, the private sector multiplied exponentially its speed of cloud adoption. Governments did not. The private sector’s survivability and economic success or failure was determined by its ability to adapt quickly to new digital tools and services. While governments have their own nuances, adversaries have taken advantage of the massive increase in data and digital surface area generated by remote workers and tech use to infiltrate NATO Allies and their governments. This region needs to speed up its procurement and adoption of technologies to be proactive vs reactive in its defence and economic competitiveness.

Lastly, with a common security and economic environment, forge closer ties need to be established between civilian and military sector on digital transformation issues. Legal and regulatory challenges stemming from privacy concerns and economic development within and outside of the region strongly tests the collective strength of the EU, NATO and the region. The military needs better visibility of the European regulatory environment, transatlantic data transfer and ownership challenges, European digital sovereignty, and the impact on national and Alliance security. By combining sectors across civilian and defence sectors, the region can be better informed and prepared to provide the required complex digital solutions for the future.

By prioritising these three strategic areas and evaluating how they can be applied to all areas of development and implementation of a shared approach to digital transformation in the civilian and military sectors across the Baltic Sea nations, the region will reach a higher level of economic prosperity and security in a rapidly changing and complex environment.

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Cyber-warfare kindles a wave of Lithuanian deep tech

When Lithuania implemented the fourth package of EU sanctions in June 2022, in effect stopping the transit of sanctioned goods into the Kaliningrad exclave by rail, the Russian regime retaliated with threats and cyber-attacks, rallying distributed denial-of-service (DDoS) attacks via a Telegram group. But instead of causing a state-wide outage, it contributed to a national retaliation across all sectors, potentially opening new geoeconomic opportunities for the country’s tech ecosystem.

Hybrid: Propaganda-driven cyber ops
Seemingly responding to orders, Killnet, a hacking group linked to Kremlin, took up the job and demanded to continue the transit of goods into Kaliningrad, while directing DDoS attacks on the Lithuanian tax authority, police, and state energy group, Ignitis, among others.

Edvinas Kerza, the former Lithuanian Vice-Minister of Defence and the current Head of Ignitis Group’s Business Resilience function, says the attacks failed to disrupt the group’s operations. “It turned out to be a superb training exercise – for continuity processes as well as our people, and our machine-learning algorithms.”

Cyber security experts see such warfare as a hybrid, because of the drive to generate propaganda in Russia, rather than seek more tangible damage. “The attacks originated on a particular Telegram group of around 90,000 activists, who could all download a particular software that helps direct DDoS. Initially, Killnet had offered this on the “software-as-a-service” principle. For about 1350 USD, a client could use the group’s services to DDoS a business competitor. Someone at Russian FSB must have seen the potential, and deployed this on a national scale, later bragging about the supposed “take-down of Lithuania” on the same group,” says Mr Kerza.

Total defence and the cyber state of emergency
The origins of cyber resilience go back over a decade. In the wake of the 2007 Russian cyber-attack on Estonia, Lithuania put cybersecurity high on its political agenda and decided to build up relevant capabilities: adopting the Cyber Security Law in 2014, launching the National Cyber Security Centre in 2015, preparing the Cyber Security Strategy in 2018, and establishing Vice-Ministerial position for Cyber Security within the Ministry of National Defence. Within a few years, Lithuania has become one of the leading cyber states: ranked 4th globally and 2nd in the EU in the ITU Global Cybersecurity Index, with the highest scores in the legal, technical, organizational, and cooperation domains.

Today, Lithuania follows two parallel directions: building up national cyber security capabilities and strengthening mutual interstate assistance capacities. The Lithuanian Armed Forces have a cyber security unit and run integrated drills annually, such as “Amber Mist”. Cyber security scenarios have also become an integral part of the military as well as the mobilization exercises.

Lithuania also initiated and leads the PESCO CRRT and Mutual Assistance in Cyber Security project, and is also among the leaders of one of the five Counter Ransomware Initiative (CRI) clusters. On February 22, 2022, the Lithuanian-led EU CRRT was activated in response to Ukraine’s request to help Ukrainian institutions “to cope with growing cyber threats”. However, Russia’s invasion of Ukraine on February 24, 2022, impeded the mission.

Given the country’s track record, Mr Kerza recommends Lithuania tackle the ongoing Russian cyber-attacks with an innovative crisis response model – a digital state of emergency: “heads of state should not be afraid to proclaim a state of emergency in the cyber domain. As we comprehensively guard our physical borders, we should defend the cyber “border” as well.”

Geopolitical insurance and spillovers into deep tech
Dominykas Milišius, Co-founder of Delta Biosciences, a deep tech start-up, and Investment Partner with Baltic Sandbox Ventures fund, argues that this round of cyber warfare against the Baltic nations (and even the US Congress) failed to exact any serious disruption.

On the contrary, the wave has further mobilised the private sector and civil society to engage with national security efforts and has steered the country towards building more dual-purpose technology. “Lithuania could turn this geopolitical crisis into a geoeconomics opportunity: by building up the national deep tech ecosystem that regularly produces world-class IP, attracts international investment, and builds trust with allied nations and ecosystems.”

“And we have already started: while Baltic investment into deep tech bordered 10%, below the European average of 25%, at least two new VC funds, focused on deep (and dual purpose) tech, are being launched this year. Additionally, more local founders have started considering developing science- or engineering-based solutions, with even more deep tech start-ups set to mature out of Pre-Seed and Seed stages”, argues Mr Milišius. 

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Russian cyberattacks in war and peacetime

How does Russia’s approach to cyberattacks differ in war versus peace? What might these differences say about Russia’s vaunted cyber arsenal going forward?

Russia’s 2022 re-invasion of Ukraine reveals that its cyberattacks during war are more frequent than during peacetime and more targeted toward critical infrastructure. However, they are otherwise similar to those launched at other times. In smaller quantities, cyberattacks act as warnings; in medium amounts, as part of a sub-military hybrid war strategy; or on a large scale, as attempts to disable critical infrastructure during armed combat. Since the techniques are remarkably similar, Russia’s intentions may be discerned primarily by their frequency and their context, whether accompanied by diplomacy, disinformation, or military action.

Russian cyberattacks in wartime

On April 27, 2022, Microsoft’s Digital Security Unit issued a report that analyzed all known Russian cyberattacks on Ukraine in the first months of its 2022 re-invasion. The report concluded that three Russian intelligence agencies (GRU, SVR, and FSB) “have conducted destructive attacks, espionage operations, or both, while Russian military forces attack the country by land, air, and sea.” The objective was “to disrupt or degrade Ukrainian government and military functions and undermine the public’s trust in those same institutions.”

Cyberattacks accelerated dramatically from 15 in December 2021 to 125 in March 2022 (see Table 1 of the report). Russia reportedly began preparing Ukraine cyberattacks in March 2021, at the same time that Russia began to deploy troops along its border with Ukraine. Preparatory cyberattacks aimed at collecting military and foreign policy intelligence and gaining access to critical infrastructure. By contrast, Microsoft concludes that “destructive attacks signal imminent invasion.” It noted that Russia unleashed the destructive WhisperGate wiper (that deletes hard drives and renders computers unbootable) on a limited number of Ukrainian “government and IT sector systems” when diplomatic talks between Russia, Ukraine, NATO, and EU nations failed on January 13, 2022.

On the eve of war on February 23, 2022, Russia’s GRU threat group, Iridium, unleashed another destructive wiper, FoxBlade, on hundreds of Ukrainian military and government networks simultaneously. Microsoft observed connections between specific military actions and cyberattacks. For instance, cyberattacks were geographically concentrated around Kyiv and in Donbas, and targeted Ukraine’s nuclear power company around the same time that Russia occupied Zaporizhia.

Russian cyberattacks as a substitute for war

Russia also deploys cyberattacks without planned military action. Examples include Moscow’s cyberattacks against Estonian banks, government ministries, and parliament in 2007 and on the 2016 US presidential election. In these instances, Russia accompanied its cyberattacks with civil actions, protests, and disinformation campaigns. Russia’s 2007 cyberattack on Estonia, for instance, sought to prevent the relocation of a Soviet-era monument commemorating the Red Army’s “liberation” of Estonia. For many Estonians, the monument represented the Soviet Union’s decades-long subjugation of the country during the Cold War. For Russia, it was a symbol of Soviet sacrifice in defeating the Nazis in World War II.

When diplomacy failed, cyberattacks began. A few weeks after Estonia decided to relocate the Soviet-era statue from the center of Tallinn to a military cemetery, unidentified hackers launched a series of distributed denial-of-service attacks. These attacks coincided with protests by Russian-speaking Estonians that lasted 22 days. At its height, Estonia’s ambassador to Russia was attacked during a press conference in Moscow. The combination of disinformation, staged protests, and cyberattacks created anxiety and disillusionment among Russian-speaking Estonians.

Similarly, Russian cyberattacks contributed to an atmosphere of distrust, polarization, and social fragmentation in the 2016 US presidential election. A group of 12 Russian military officers gained unauthorized access into the computers of the Democratic National Committee, Democratic Congressional Campaign, the Hillary Clinton campaign, and two Republican candidates, and disseminated information online. This damaged the victims’ chances of winning the election and contributed to Americans’ declining faith in democratic institutions.

Russian cyberattacks as a threat signal

Russia also has deployed cyberattacks as a poignant warning or threat, often to put more force behind diplomatic actions.

For instance, on April 8, 2022, while Ukrainian President Zelensky gave an invited address to the Finnish Parliament, the Finnish foreign and defense ministries were hit by a distributed denial of service attack. Finnish government systems were back up in an hour, but given the circumstances, this cyberattack appears to have been designed to signal Russia’s displeasure with Finland’s plans to join NATO and its support of Ukraine.

Three distinct uses of cyberattacks

In conclusion, Russia uses cyberattacks as a method of disrupting societies and organizations. While in wartime, Russia deploys cyberattacks with greater frequency and the attacks are often more destructive, the central difference appears to be the accompanying actions. Wartime cyberattacks accompany military action. In political or hybrid war situations, cyberattacks accompany disinformation and civil actions. At other times, cyberattacks accompany diplomatic warnings against other countries and international organizations.

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Maritime cybersecurity in the Baltic Sea

The waves of digitalisation are now touching the maritime industry that is transformed, along with other components of the society. While this transformation brings expected generic benefits like, dematerialisation of transactions, faster and more reliable operations, improved cooperation between actors, etc., there are specific factors driving the maritime sector. By 2050, up to 17% of global CO2 emissions are projected to come from seaborne activities. Moreover, these activities are deploying over the sea, an environmentally sensitive area. Internet of things instrumentation in maritime infrastructure provides fine grain data needed to optimise resource consumption and reduce the ecological footprint. Autonomous ships and port infrastructure offer a major evolution in this direction. The maritime infrastructure is becoming a major cyber-physical nexus where the cyber world is intersecting with the physical space and impacting it.

Cybersecurity is a major issue for digitalisation. While digitalisation of maritime industry can potentially benefit the whole economy, it also brings risks of major disruptions in case of cyber-attacks. Maritime systems are complex interdependent systems with components of different nature, e.g., energy, propulsion, navigation, refrigeration, etc., that used to be « water tighten » with functionality separation. However, the advent of digitalisation opened the hatches, e.g., if not well protected, a PLC in refrigeration might, if hacked, access to the navigation control and be misused to physically hijack a ship. Maritime communication links are potential doors accessible to malicious actors to harm maritime infrastructure, or vessels that are in autarky when at sea and must guarantee safety at all instants. This calls for cautious while integrating digital components in maritime systems. Cybersecurity threats target the whole range of maritime infrastructure, e.g. ports, communications systems and ships. These cyber-attacks can be of familiar types, e.g. phishing, malware, social engineering, brute force, denial of service, ransomware, etc. But they also target more specific maritime elements, e.g. AIS spoofing, GPS and positioning attacks, process attacks on autonomous ships, SCADA attacks on Command & Control systems, etc. Mitigating these attacks needs fundamental research activity.

The digitalisation will bring deep structural changes to the maritime industry. Autonomous ships and harbours will change the way seafarers are working; vessels or infrastructure have to be designed differently; a large part of cargo documentation and business processes, at the core of maritime transport will undergo major changes. These changes entail evolution of the education and the careers of seafarers. Addressing these issues are difficult for any industry, but they are even more complex for the maritime one, with its longstanding traditions and the large number of stakeholders. This mandates evolution of seafarer education.

From Hanseatic league times, the Baltic Sea and the crossing maritime traffic have been strategic. But, the new strategic configuration after Russian invasion of Ukraine, and Finland and Sweden joining the NATO, have put nowadays this region in geopolitical focus. The explosion in the NorthStream pipelines in 2022, unfortunately confirmed the worries about the vulnerability of maritime infrastructure. In this context, maritime cybersecurity is of utmost importance. In particular, accounting for the recent history of cyber-activity in the region. This calls for a high level of preparedness and coordination for maritime actors in this region.

However, there are challenges for providing a cybersecurity maritime environment in the Baltic Sea. There is a lack of human resources, that is caused by the joint effect of the attraction of already rare cybersecurity specialist to other traditional areas of cybersecurity, and the absence of dedicated education programs aimed into improving the competences of seafarers to cybersecurity issues. Collaboration between Baltic countries and stakeholders is also weak as most actors are following the logic of economic competition, rather than a constructive cooperation in cybersecurity. EU initiatives like the CISE, that enable the sharing of classified and unclassified information, are increasingly important to ensure cybersecurity. The level of readiness of maritime companies to cyber-risks is also alarming. Even ransomware, that can be mitigated relatively easily through regular back-ups, are still a major issue affecting an increasing number of maritime actors. More generally, there is a lack of coordination structures at the regional level for gathering expertise, at technical, organisational and strategic levels. Such structures should become the top priority of Baltic Sea neighbours’ governments and stakeholders if they wish to counter the Russian cyber-activism.
Russia’s strategy in the Middle East after Ukraine

With the war in Ukraine entering its second year and increasingly heating up, the geopolitical and geo-economic contest between the West and Russia is both deepening and widening. While all eyes are currently focused on the European theatre, as well as on the Baltics and Balkans, it is the Middle East that is once again set to become one of the major battlegrounds between the West and Russia.

As a result of the serious global supply chain disruptions, not least in energy markets, caused by the worldwide pandemic and especially the war in Ukraine and resulting sanctions regime, the strategic importance of the Middle East as a key supplier of crucial oil and gas resources to the global economy, and bordering some of the most important strategic maritime routes, has once again exponentially increased.

Despite already starting to reengage more broadly with the region for over a decade prior to the Syrian war, its decision to insert itself directly into this conflict in 2015 marked the definite return of Russia to the centre stage of Middle Eastern geopolitics. Russia has since used the Syrian conflict as a staging ground to re-engage with all the main players in the region, and has established itself as a formidable power broker and integral participant in regional geopolitics.

This is increasingly paying off, as can be gleaned from Turkey’s recent decision to engage in high-level talks with the Russian and Syrian governments in order to finally resolve the Syrian crisis. It can be seen in the fact that not a single country in the region decided to join the western-led sanctions regime against Russia. It was apparent when the Saudi Finance Minister Mohammed Al-Jadaan declared at the recent World Economic Forum that Saudi Arabia is open to trading in currencies other than just the US Dollar, thereby threatening to undermine the petrodollar system. Moreover, it is evident from Russia entering into a strategic partnership with the UAE, cooperating increasingly closely with Egypt, or joining in a de facto energy alliance with Saudi Arabia as part of OPEC+. Perhaps most important of all, especially for the longer term, with Turkey, Saudi Arabia, Algeria and Egypt, and likely also the UAE, seeking membership in the Russia-China led BRICS alliance that, at the behest of Russia in particular, is now considering creating its own gold-backed BRICS reserve currency, the success of Russia’s renewed engagement in the region is obvious for all to see.

Despite these significant diplomatic wins, it is important to also understand Russia’s broader strategic goals in the Middle East – and how the above developments are likely to help Russia pursue them. Russia’s strategic designs for the region go well beyond merely challenging US power in another important global theatre and reducing as much as possible US strategic dominance in the region. There are in fact two long-term strategic considerations that appear to motivate Russia’s substantial re-engagement with the region, and which flow from Russia’s overarching grand strategic aim of creating a more multipolar world order, but one in which Russia will represent a geopolitical pole in its own right, and not just in partnership with strategic partners such as China.

Russia’s first goal in the Middle East is to secure its southern flank for a prospective military confrontation with NATO in Europe. Although Russia’s focus in this regard has been first and foremost on its three main southern seas, i.e. the Caspian, Azov, and Black seas, Russia has also viewed these as critical routes allowing it to project power into the Mediterranean and the Middle East (as well as the Balkans) and even the Indian Ocean. But since Russia’s ability to project naval power into these areas could potentially always be curtailed by Turkey and NATO, which could deny Russia access from the Black Sea to the Aegean and Eastern Mediterranean via the Strait of Istanbul and the Dardanelles Strait, Russia has been trying to gain enhanced access to ports and bases in the Mediterranean (in particular in Algeria, Libya and Egypt), but also in the Red Sea (especially Saudi Arabia and Sudan, but also Eritrea, Djibouti and Somaliland) as well as the Gulf of Aden (Yemen) and the Arabian Gulf (Iran and the UAE).

The second aim that Russia appears to be pursuing in the Middle East is its intention to carve out its own sphere of influence, large and significant enough to allow it to further deepen its burgeoning strategic partnership with China, but from a position of strength rather than that of a mere junior partner. Since the size and potential strategic value of Russia’s own Eurasian Economic Union project is insufficient, it has increasingly looked to the Middle East as a launch pad for its efforts to carve out a more significant sphere of influence for itself. Achieving its goals in the Middle East would also put Russia in a situation where it could threaten to cut off the still crucial regional energy supplies from reaching both Europe and, if necessary, also China. This explains the time, money and effort that President Putin has expended on engaging the region’s leaders, helping to negotiate and mediate in regional conflicts and rivalries, providing economic and other assistance, but also on creating new trade routes, for example in the form of the International North-South Trade Corridor, which it building to increase connectivity and trade between itself, Iran and India.

What Russia has lacked in terms of prior strategic positioning in the Middle East, but also in the form of money and military capabilities, it has made up through active, skilled and persistent diplomacy. If the US and its NATO allies want to avoid a scenario where most of the world’s leading second and third-tier regional powers eventually decide to join an increasingly potent Russia-China and emerging market BRICS alliance, it is high time for a much more active, imaginative and less ideology-driven Western diplomatic effort in the Middle East and beyond.
Turkey’s ‘New Geopolitics’

In the post-Cold War era, Turkey no longer faced a Soviet threat and its strategic importance as a ‘frontline state’ lost relevance. Following its early failure in securing European Union membership, Turkey’s focus has been to acquire autonomous levers of geopolitical and geoeconomic power. Since the 1990s, Turkey has tried to take advantage of its geographical position to emerge as Europe’s gateway into the Caspian energy resources, and similar motives have informed Turkey’s involvement in the pipeline and energy geopolitics of the Eastern Mediterranean. In the aftermath of the Turkish parliament’s vote denying United States the use of Turkey as staging ground for invasion of Iraq, the US policy was seen as destabilising Turkey’s security environment. Under the rubric of the ‘zero problem’ neighbourhood policy, AKP-led government projected Turkey as a stakeholder in fostering a stability in the Middle East. Also, Turkey’s economic rise was seen as dependent on facilitating regional economic integration.

As the Arab uprisings and the US retreat from the Middle East paved the way for an interventionist policy by multiple regional actors, Turkey aligned itself with pro-democracy Islamist forces in Egypt, Libya to Syria. Turkey’s failure in toppling Assad regime, its three military operations in northern Syria justified in terms of tackling the Kurdish threat have put Ankara at odds with the United States, which supports Syrian Kurdish fighters as key partner in the fight against the Islamic State in Syria and Iraq. Over the last two decades, while the US Middle East policy has traversed democracy promotion through military intervention to limited engagement in countering transnational Islamist terrorism and a low-risk policy of sanctions and diplomacy to deal with nuclear threat from Iran, Turkey has fashioned itself as a quintessential regional power. It has utilised ideological instruments of Islamism and pan-Turkism, proxies and also hard power to deal with what sees it as security challenges and actively participate in regional power-play with Saudi Arabia, Iran and Russia. Turkey’s backing of Azerbaijan in the Second Karabakh war in 2020 not only underscored prowess of Turkish-made drones, but more importantly advantageously positioned Turkey to cultivate geoeconomic influence in the Caucasus and Central Asia at the expense of Russia and Iran. More recently, twin goals of safeguarding economic growth and national security, have led Ankara to seek dialogue and de-escalation with its regional rivals.

In another testimony to how Turkey’s geopolitical identity no longer ‘anchored’ in the West, the last decade under the AKP-led government was marked by an ‘authoritarian turn’, with 2017 constitutional changes undermining judicial and legislative independence, and the ‘disinformation law’ further controlling freedom of expression. Turkey has all but abandoned its liberal democracy project in favour of ‘civilisational state’, which at once questions the universality of Western liberal democracy, while reviving historical and religious-cultural narratives of national self. As Richard Sakwa argues, civilizational states such as Russia, India and Iran share a vision of world as geopolitically multipolar and as containing a multiplicity of civilisations.

In the current global context, where the NATO has come in full support of Ukraine against the Russian invasion and the US has resorted to sanctions and tightening of anti-China coalition, Turkey is keen to avoid being ensnared into zero-sum great power confrontations. Like other regional powers such as India, Iran and even Saudi Arabia, Turkey seems to have recognised the Russia-Ukraine war as a European conflict, which has posed serious challenges in terms food, energy security and also presented economic opportunities. Turkey has not joined the Western sanctions against Russia, instead it has put in place alternative banking arrangements for uninterrupted tourism, trade and investment ties with Russia. Furthermore, by strengthening Organisation of Turkic States, which has adopted a transportation cooperation agenda centred on the Trans-Caspian International Transport Route (TITR) or the ‘Middle Corridor’, Turkey aims to strengthen its own transit role in east-west connectivity given the ‘northern corridor’ connecting North-East Asia with Europe via Russia came to an abrupt halt with Baltic states and Poland closing their border with Russia. Even as Turkey continues to expand cooperation with China within the BRI framework, AKP-led government, to placate its Turkic nationalist constituency has engaged in public criticism of Beijing on its treatment of Uighur minority. Going forward Turkey, as an autonomous strategic actor, will continue to play a complex game of cooperation and competition in various sub-regions including Black Sea and the Eastern Mediterranean, Central Asia-Caucasus and the Middle East.
Turkey starts a pivotal new year characterized by the centenary of the Republic's foundation and presidential as well as parliamentary elections, some reflections are in order about the state of play of its socio-economic situation. There are reasons to be concerned about the consequences of the country's economic condition.

Let's first consider some macro-economic indicators and subsequently boil these down to their impact on day-to-day policy making. In November 2022, the Turkish Central Bank (CBRT) cut interest rates for the fourth time in as many months. The benchmark monetary policy rate now stands at nine percent. This rate cutting cycle appears in marked contrast to most other G-20 countries, with the exception of Russia and China. It stands to reason, if it is opportune for the CBRT to be seen in the company of these two countries at present. The outlier status of the CBRT is a constant feature of the institution since President Recep Tayyip Erdoğan repeatedly called for interest rate cuts over the course of the past two years.

Against this background, two developments stand out. For one, the official annual inflation rate reported by the Turkish Statistical Agency (TUİK) reached 64.3 percent in December 2022. For two successive months consumer price inflation (CPI) increased at a slower pace after reaching a record level of 85.5 percent in October. The December decline was the fastest in the past 22 years. But any suggestion of a success story unfolding would be premature. Inflation having plateaued at such an elevated level underlines how much it still has to decline before reaching levels that Turkey could share with neighbouring countries in Southeast Europe. The underlying trend of price inflation in Turkey remains far too high for any comfort to emerge among citizens and businesses. Even if CPI reaches annualized 30 percent during the first quarter of 2023, it still constitutes a mountain to climb (or come down from!)

Another macro-economic indicator also lost momentum, potentially pointing to darker clouds ahead in 2023. Third quarter GDP in 2022 fell to 3.9 percent year-on-year from a staggering level of 7.7 percent in Q2 2022. The Q3’s reading may in fact be related to the CPI developments during the first half of 2022. Many private households and businesses were preoccupied with navigating the rising costs of inflation, thus putting investments on hold and curtailing consumer expenditure.

Despite the first signs of declining price pressures in the Turkish economy, the level of over 60 percent points to the risks of CPI becoming structurally entrenched in terms of expectations among consumers and businesses. To what degree this process is already under way is reflected in another macro-economic indicator, namely the dramatic, multi-year decline in the value of the Turkish lira vis-à-vis the USD. After having lost 44 percent in nominal value during 2021, the devaluation of the domestic currency against the benchmark USD continued unabated in 2022, declining a further 29 percent.

In an economy that is heavily tilted towards dollarization, the combination of currency volatility and entrenched price inflation has painful consequences. Real wage losses on a monthly basis characterized the experience of large constituencies of the Turkish population in 2022. The decline in disposable income among the citizenry can hardly be compensated by various minimum wage increases executed by the government in Ankara or auxiliary wage increases by those businesses that have the financial means available, e.g. export-oriented companies with foreign currency revenue.

**Outlook 2023**

Whatever the outcome of the forthcoming double elections in Turkey, a revised policy roadmap will be necessary. Domestic economic challenges and geopolitical tensions exclude the notion of business as usual. Even if Erdoğan were to be re-elected, key issues demand short- and medium-term adjustments. These include:

- There is a plausible urgency to identify measures aimed at reducing price inflation. This will require a critical decision making process inside the central bank when and by how much a policy of interest rate hikes commences. The rational for such a policy reversal will be key because it would mark the return to institutional independence of the monetary authorities.
- As a net energy importer, Turkey was directly affected by the considerable price swings we witnessed during 2022. Fossil fuel imports from Russia increased consistently. Moscow and Ankara agreed that part of the Russian bill can be paid in rouble. The outreach to Russia, including the construction of nuclear reactors and to China regarding a coal-fired power plant is viewed with alarm in Washington, Brussels and Berlin. Ankara’s rejection of economic and financial sanctions against Russia adds to this widening policy cleavage.
- With regard to the region of Southeast Europe, bilateral relations between Turkey and Greece will be key. A return to dialogue and the de-escalation of rhetoric emanating from Ankara is the least that NATO members are hoping for. NATO, the U.S. administration and to a lesser degree the EU have leverage vis-à-vis Turkey, e.g. as regards arms procurement, hard currency needs and commercial trade. Repeated efforts to see a break in the clouds where none existed in 2022 are in high demand for 2023.

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Should the peaceful Arctic be exempt from sanctions?

E and NATO states imposed a series of restrictive measures against Russia following its invasion of Ukraine in February 2022, thereby manifesting the international community’s resolve to weaken the aggressor economically and pressure it into changing malignant behaviour — the core goal of sanctions. However, the Russian government, largely due to global wariness of conflict escalation, secured some exemptions from sanctions. One such exemption is the Norwegian Arctic archipelago of Svalbard, where Russia enjoys special rights.

When Norway closed its ports for boats sailing under Russian flag, it made Svalbard an exception, allowing access to the port of Barentsburg for fishing boats, research vessels, ships delivering medicines, food and even those exporting coal, thus demonstrating respect for the equal treatment principle enshrined in the 1920 Svalbard Treaty. Nonetheless, the closure of mainland ports and border disrupted the previous Russian practice of transporting freight to Russian settlements in Svalbard by road via the Storskog border checkpoint to the port of Tromsø before being delivered to Barentsburg by Norwegian container ships — the route being less expensive than accessing the archipelago directly from Russia by air or sea, which still remained available options.

Russian authorities described the closure of Norwegian mainland ports and border as a blockade, invoking breaches of international commitments, citing humanitarian and human rights violations of Russian citizens in Svalbard and threatening retaliatory measures. Oslo succumbed to the Kremlin’s intimidation, eventually permitting Russian goods destined for the archipelago to cross the Storskog border checkpoint, subject to examination by Norwegian authorities. Such a concession did not prompt any positive change in Russia’s policy. On the contrary, the Russian government prohibited internationally-registered vehicles, including those registered in Norway, from crossing the border to Russia through Storskog.

Moreover, the Russian Foreign Ministry accused Norway of an increased military presence in Svalbard, referring to a coast guard vessel that had entered Longyearbyen before sailing towards the coast of Barentsburg – the only operating Russian coal mine settlement on the archipelago, and one that, like the rest of the territory, is under the jurisdiction of Norway. Such a denunciation came two months after a Russian state-owned ship paraded the Russian and Soviet Navy flags along the same shore of Barentsburg, thereby once again displaying the hypocrisy and a complete disregard to yet another Western futile attempt of preventing a spill-over.

This raises the following question: were exemptions made for Svalbard necessary in order to prevent conflict escalation or did they undermine the credibility and effectiveness of collective sanctions altogether? Furthermore, should these exemptions be removed, and could sanctions be legitimately strengthened in response to Russia’s relentless violations of international law?

Sanctions are coercive foreign policy tools, exerting financial, economic, political or personal pressure on targeted states and individuals in order to compel them to cease wrongful conduct and ensure non-repetition. Under international law, legitimate sanctions fall under one of two legal categories: acts of retorsion and countermeasures. Retorsions are ‘unfriendly’yet lawful actions. Even if they derogate from international commitments of sanctioning states, such derogations are allowed by a treaty in question. If this is not the case, sanctions would amount to an internationally wrongful act, but one that could still be justified as a countermeasure pursuant to the Articles on Responsibility of States for Internationally Wrongful Acts.

Russia’s accusations that Norwegian authorities breached the Svalbard Treaty by closing mainland ports and disrupting the more convenient route for transportation of Russian goods to the archipelago have no legal basis. Svalbard was explicitly made an exception to the restrictive measures. Therefore, the treaty has no relevance for this particular matter. The disruption of Russia’s preferred route could be considered ‘unfriendly’ and thus constitute a retorsion — a conduct consistent with international obligations and hence indisputably lawful.

What is more, according to the principle of proportionality applicable to restrictive measures aimed at compelling the targeted state to comply with international norms, sanctions should be revised as that state’s actions change. Considering Russia’s intensified wrongful behaviour, including the annexation of regions in Eastern Ukraine, any concessions to sanctions, such as allowing Russian vessels to sail around Svalbard and dock in its ports for reasons other than humanitarian needs, not only compromise the very goal of sanctions but also leave opportunities for Russia to further exploit the soft-natured response to its hostility.
Kaliningrad: The barometer of East-West relations in the Baltic Sea region

Kaliningrad, formerly Königsberg, remained detached from the Russian mainland after the dissolution of the Soviet Union and the regaining of independence of the Baltic States. Kaliningrad, a part of the Russian Federation, is slightly smaller in area than Slovenia. About one million Russians live in the Kaliningrad region, which means slightly fewer people live in Kaliningrad than in independent Estonia.

Due to Kaliningrad’s location, the region is heavily dependent on foreign trade. The shares of the Kaliningrad region in the Russian Federation’s economy, population and foreign trade are excellent indicators to describe Kaliningrad’s dependence on foreign trade. That is, Kaliningrad makes up only 0.6-0.7 percent of the Russian Federation’s GDP and population, but the region’s share of Russian imports was more than five times at least in 2018.

After the sanctions imposed on Russia by the EU and some Western countries since the spring of 2014, it is worth taking a look at what is happening to the economy of Kaliningrad and the people of Kaliningrad at the moment. Since access to information and the reliability of information have substantially weakened since Russia started its senseless war of destruction in Ukraine a year ago, the figures presented in this article should be treated with caution.

According to statistics, industrial production in the Kaliningrad region has dropped by almost a fifth between January and October of last year compared to the same period in 2021. The decrease in industrial production is mainly due to the decrease in the manufacture of electronics (over 50%) and automotive production (some 20%), which is due to problems in getting the necessary parts for the assembly of electronics and cars in the region. It is worth noting that industrial production did not decrease in the corresponding period in the Russia Federation as a whole.

Although Kaliningrad’s industrial production has dropped considerably, it is somewhat surprising that the unemployment rate in the region has not increased, in fact it has actually decreased. At the end of last year, the unemployment rate in the Kaliningrad region was 3.0 percent (the ILO method), while it was 4.9 percent on average in the previous four years. Temporarily, it is of course possible that unemployment will not increase after industrial production has decreased because, already in the Soviet era, companies used to hold tightly to their workforce, whether there was a need for work or not. On the other hand, there may have been an order from the regional administration that companies may not reduce their number of personnel despite the companies’ financial problems. However, it is worth remembering that market forces can be fooled for a short time, but in the longer term it is certain that the unemployment rate in the region will start to increase if there is not an improvement in manufacturing.

Even though Kaliningrad’s industrial production has been hit hard, the services side has yet to see a similar decline. Due to the coronavirus pandemic, foreign tourism to Kaliningrad practically stopped. However, on the other hand, the increase in domestic tourism has replaced the lost income from foreign tourism. In December 2022, tourism to the Kaliningrad region shrank by only about five percent.

Inflation in the Kaliningrad region was ten percent last year, which is in line with the situation in Russia as a whole. In fact, the increase in prices in the Baltic States has been even stronger than in Kaliningrad. The difference is apparently due to the fact that the price of energy in the Baltic States has risen faster than in Kaliningrad.

The Kaliningrad region is traditionally a barometer of East-West relations. In other words, when these relations have been positive, the Kaliningrad region has developed faster than the rest of Russia. Correspondingly, when those relations have been strained, Kaliningrad’s economy and the people of Kaliningrad have suffered. Since relations between the West and Russia are now worse than ever in the era of modern Russia, and the foreseeable future will not bring about any change for the better, Kaliningrad will suffer.

The deterioration in relations means that the war in Ukraine will ravage foreign companies and cause at least some of them to stop operating in the region. The current situation is not easy for foreign tourism either, as the restrictions on Russian tourism in the EU are most strongly reflected in the Kaliningrad region. Whereas in the past when foreign tourists and capital flowed into the Kaliningrad region, it is now likely that the Kaliningrad region will become a military outpost into which missiles will be aimed at the West will flow instead of Western investments. The situation is difficult both for the Kaliningrad region and for the NATO, which surrounds the region. In this context, it should not be forgotten that the distance from Kaliningrad to Brussels is less than 1,200 kilometers, which is a distance that Russia’s supersonic missiles can cover quickly (in less than 10 minutes).

Kaliningrad is no longer an opportunity but a threat, which is why I believe that the Kaliningrad region will also come up in the discussions of the National Baltic Sea Forum of Finland. The forum will be organized for the 15th time in Turku in mid-June. This year the forum will focus on security and safety in the Baltic Sea region. The program and registration information can be found in the link below.

Link to the 15th National Baltic Sea Forum of Finland
Welcome to Turku and Finland to build the common security and future of the Baltic Sea region.

P.S. It is not particularly likely that Chinese enterprises will find a foothold in the Baltic Sea region in Kaliningrad, but this development should also be closely monitored, as China became Russia’s largest trading partner in September of last year.