Comparing the Baltic and Black Sea Regions:
Regional Security, Energy Security and Euro-Atlantic Integration

This report is based on material from the conference "European Security: Comparing Experiences from the Baltic Sea and Black Sea Regions", which was organised by the Swedish-Ukrainian Security Forum in Kyiv 24 April 2007. The Swedish-Ukrainian Security Forum is a joint cooperation network led by the Swedish Defence Research Agency (FOI) and the Centre for International Studies (CIRS), which activities have been sponsored by the Ministry of Foreign Affairs (MFA) of Sweden.

The report discusses these two regions' security along three different aspects: Regional Security, energy security and Euro-Atlantic integration. Structurally, the report covers both theoretical and practical aspects of regional security laying conceptual foundations and providing some real life applications. The report shows that, historically, the Baltic Sea and the Black Sea axis was emerging from time to time to create a framework dealing with security in the region. While these processes have always lacked institutional backing, there is an obvious need today to improve and deepen the dialog by developing a mechanism for early identification, analysis, and solving possible security threats.

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(eds.)

Comparing the Baltic and Black Sea Regions: Regional Security, Energy Security and Euro-Atlantic Integration

Proceedings of a conference in Kyiv 24 April 2007

Report title

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Abstract

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Keywords

Baltic Sea, Black Sea, region, regional security, energy, Euro-Atlantic integration, cooperation, Sweden, Ukraine, Russia, EU, NATO

Rapportens titel

Östersjö- och Svartahavsregionerna: En jämförelse avseende regional säkerhet, energisäkerhet och Euroatlantisk integration

Sammanfattning

Rapporten är baserad på material från konferensen "Europeisk säkerhet: En jämförelse av erfarenheter från Östersjö- och Svartahavsregionerna", som organiserades av Svensk-Ukrainskt Säkerhetsforum i Kiev den 24 april 2007. Svensk-Ukrainskt Säkerhetsforum är ett samarbetsnätverk, som leds gemensamt av Totalförsvarets Forskningsinstitut (FOI) och Centrum för Internationella Studier (CIRS), och vars aktiviteter finansieras av Utrikesdepartementet (UD).

Rapporten diskuterar de två regionernas säkerhet utifrån tre olika aspekter: Regional säkerhet, energisäkerhet och Euroatlantisk integration. Struturellt täcker rapporten både teoretiska och praktiska aspekter av regional säkerhet genom att lägga både en konceptuell grund och tillhandahålla konkreta tillämpningar. Rapporten visar att Östersjöregionen och Svartahavs-regionen historiskt sett av och till har lagt grunden till axel för ett ramverk för övergripande säkerhetsbyggnad. Även om dessa processer alltid saknat den nödvändiga institutionella uppbackningen, finns idag ett uppenbart behov av att förbättra och fördjupa dialogen genom att utveckla mekanismer för tidig identifiering, analys, och lösning av möjliga säkerhetsproblem.

Nyckelord

Östersjön, Svarta havet, region, regional säkerhet, energi, euroatlantisk integration, samarbete, Sverige, Ukraina, Ryssland, EU, Nato

Preface

This report is based on material from the conference 'European Security: Comparing Experiences from the Baltic Sea and Black Sea Regions', which was organised by the Swedish-Ukrainian Security Forum in Kyiv on 24 April 2007. The Swedish-Ukrainian Security Forum is a joint cooperation network led by the Swedish Defence Research Agency (FOI) and the Center for International Studies (CIRS), the activities of which have been sponsored by the Swedish Ministry of Foreign Affairs (MFA). However, the authors of this report only represent themselves and their views do not necessarily coincide with any official views of the Swedish or Ukrainian governments.

I would especially like to thank the MFA for financing this project, Ambassador John-Christer Åhlander and Björn Fagerberg from the Embassy in Kyiv for their support and assistance; Viktor Lavrenyuk, my co-editor on this report, and Mykola Kapitonenko, both from CIRS, for professional cooperation; the Diplomatic Academy in Kyiv for hosting the conference; the Konrad Adenauer Foundation in Kyiv for co-sponsoring the conference; Anders Troedsson for initiating the idea of the Forum; and my FOI colleagues Niklas Granholm and Ingmar Oldberg for support and help with this project.

Finally, of course, I would like to thank Krister Wahlbäck, Volodymyr Manzhola, Sergiy Herman, Robert L. Larsson, Gunilla Herolf and Hryhoriy Perepelytsia for their contributions to the conference and this report, and all those others who have contributed to the activities of the Swedish-Ukrainian Security Forum over the years.

Stockholm 18 June 2007

Jakob Hedenskog

Project Manager,
Swedish-Ukrainian Security Forum

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Introduction

Jakob Hedenskog and Viktor Lavrenyuk

What is the Swedish-Ukrainian Security Forum?
The idea to create a forum for cooperation between Swedish and Ukrainian researchers within the field of security policy was born at the Swedish Embassy in Kyiv in early 2005. The forum was aimed to engage two research institutes, one Swedish and one Ukrainian, to play the leading roles on either side on a regular basis, and to invite researchers from other institutes to join in on a more temporary basis depending on the actual topics to be discussed. Contact was made with the Swedish Defence Research Agency (FOI), which was asked to play the role of coordinator on the Swedish side.

To date, the Swedish-Ukrainian Security Forum has arranged two seminars with a rather narrow circle of researchers, one in September 2005 in Kyiv and one in April 2006 in Stockholm, and a larger conference in Kyiv in April 2007 (for programmes and lists of participants, see Appendices). The Ukrainian counterpart in the project for the first two events was the Centre for European and International Studies (CEIS) and for the third the Centre for International Studies (CIRS).

The Forum has four main aims: 1) To create possibilities for Swedish-Ukrainian institutional and personal contacts in the field of security policy; 2) to serve as a forum for discussion of actual security political issues; 3) to identify possible future fields of cooperation within security issues; and 4) to raise the level of mutual understanding and knowledge of each other's security situation.

The Forum has discussed a wide area of topics within the broad field of security policy, such as regional security, energy security, Euro-Atlantic integration, international operations, crisis management and the new security agenda. In total, more than 80 individuals – among them researchers, analysts, diplomats, journalists, representatives of international organisations and local NGOs – have taken part in the three activities organised by the

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Forum to date. The first two events were held on a strictly Swedish-Ukrainian bilateral basis, while at the Kyiv conference, other nationalities were also invited to take part in the discussions. Thus, representatives of ten countries took part in the event held at the Diplomatic Academy in Kyiv in April 2007.

Outlining the Report
This report basically consists of the papers presented at the conference 'European Security: Comparing Experiences from the Baltic Sea and Black Sea Regions', held in Kyiv on 24 April 2007. Reflecting the structure of the conference, the report consists of three parts – Regional Security, Energy Security and Euro-Atlantic Integration – each based on one Swedish and one Ukrainian presentation. The chapters in the report are therefore more or less identical to the papers presented at the conference. In the final chapter, some basic conclusions from the conference are presented.

In the first part – Regional Security – Krister Wahlbäck makes a historical comparison of the two European regions, the Baltic and the Black Sea regions, starting from the Vienna congress in 1815, where the layout of Europe was agreed after the defeat of Napoleon. Towards the end of his historical exposé, Ambassador Wahlbäck also gives a personal glimpse from his diplomatic career of the resurgence of history in the respective regions as a result of the demise of the Soviet system.

Volodymyr Manzhola's paper is devoted more to the current problems of security in the two regions. He notes that regardless of considerable differences in threats, the two regions are experiencing similar institutional developments, since most of the cooperation issues on the agenda are similar for all regional states. One common feature of both the regions is, of course, the role played by Russia in shaping regional development. Similar to what happened in the Baltic Sea area, Dr. Manzhola foresees a continuous weakening of Russia's position in the Black Sea Region, with a strengthening in the position of Turkey. In his opinion, this will result in an adaptation of Russian foreign policy, possibly to become more aggressive towards a number of states, including Ukraine.

The second part of the report is devoted to Energy Security. Sergiy Herman, from the Ministry of Fuel and Energy of Ukraine, shows that one of the key dimensions of the Black Sea regional cooperation, in which Ukraine plays an

active part, is energy production and supply. Protecting energy production and supply from both long-term and short-term threats and providing reliable and stable energy resource flows are at the heart of Black Sea regional stability and security.

The aim of Robert Larsson's paper is to underscore some concerns with regard to Russo-European energy relations that are seriously exacerbated by two of Russia's gas pipelines, the existing Blue Stream in the Black Sea and the proposed Nord Stream in the Baltic Sea. He argues that contrary to the claim by advocates of European-Russian integration that we are currently witnessing a situation of interdependence – a stable energy partnership serving the mutual interests of consumer and producer – the facts speak a different language. While the EU adheres to an ideology of interdependence as a linchpin of security and stability in the post-war era, post-Soviet Russia, in contrast, has a neo-mercantile attitude. To the Kremlin, the risk of becoming dependent is synonymous with becoming vulnerable. As vulnerability threatens the state and its national security, it must consequently be avoided at all costs. This is a key reason why Russia is reluctant to integrate into structures over which it has no direct control.

This Russian 'dependence-phobia' in the context of energy is manifested in a politicised struggle to diversify its energy exports by all means. Therefore, the concept of 'energy security' has been interpreted differently in the West and in Russia. While Western analysts tend to mean 'security of supply', Russia, as a producer, instead sees 'energy security' as 'security of demand'. This explains much of Russia's efforts with regard to Blue Stream and Nord Stream, according to Mr. Larsson.

In the third and final part of the report – on aspects of Euro-Atlantic Integration in the two regions – Gunilla Herolf notes that the Baltic and Black Sea regions have both been important issues for the Euro-Atlantic community, but at different points in time. The importance of the Baltic Sea region was greater during the 1990s, whereas the Black Sea region is currently enjoying an interest that it had not been awarded previously. However, while under consideration for EU/NATO membership, the Black Sea region today has more problems than the Baltic Sea region in the 1990s, with illegal migration, poverty, ethnic conflicts and separatism, not least the so-called 'frozen conflicts' in Georgia and Moldova, which are very sensitive

for Russia. In addition, the interests of the Black Sea states are often in conflict with each other, in contrast to the countries in the Baltic Sea region, which are on friendly terms and cooperate with each other.

In the final paper, Hryhoriy Perepelytsia argues that joining NATO is the only way to guarantee Ukraine's sovereignty, independence and territorial integrity. Falling into Russia's sphere of influence would instead put an end to all basic national interests of Ukraine, since Ukrainian independence is a key obstacle to restoring the Russian empire.

Part I:
Regional Security

1 Patterns of Security in the Baltic Sea and Black Sea Regions: Looking Back and Glancing Forward

Krister Wahlbäck

It is not easy to establish with certainty the extent to which today's politics in our two regions are affected by traumatic memories from the past, and how far back in time these date. However, I shall not go further back than to what I regard as the first 'modern' patterns, i.e. those established roughly in 1815, after the end of the revolutionary and Napoleonic wars.

In the *Baltic Sea* region, there was a somewhat superficial stability at that time. Russia had on the whole accomplished its goals. Together with Prussia, Moscow had defeated and divided Poland. In addition, Moscow now ruled not only over the three Baltic nations, but since its victory against Sweden in 1808-09 over Finland as well, although Finland had a promising status as an autonomous Grand Duchy under the Russian Emperor. Sweden, the traditional countervailing power to Moscow in the region, had been in decline since 1709. However, in 1812 it launched a careful but reasonably friendly policy towards Russia. Jean-Baptiste Bernadotte, the newly elected Crown Prince of Sweden, accepted the loss of Finland in return for Russian support to acquire Norway. Thus Bernadotte united the Scandinavian Peninsula and created a power sufficiently strong to hold its own against Russia, if need be with the support of the British Navy.

However this stability was fragile for three reasons. The Polish nation had not lost its spirit of independence, not even after the rebellion of 1830-31 had been crushed. The issue of German unification was not yet resolved, and the way in which this goal would finally be accomplished could well be decisive for the kind of security pattern that would emerge in the region. Finally, the old interplay between developments in the Baltic Sea region and the less stable Black Sea region was not yet over.

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The *Black Sea* region in 1815 was encountering great change. This was primarily because the processes of decline of the Ottoman Empire and expansion of the Russian Empire were by no means concluded. Russian appetite was stimulated by several factors that were absent in the Baltic Sea area. Religious fervour made Constantinople a much more attractive target than Copenhagen; besides, the Danes were traditionally friends of Russia. Through the narrowness of the Bosporus and the Dardanelles, the Sultan controlled the exit of the Black Sea, whereas the Great Belt exit from the Baltic Sea was sufficiently wide to allow for international waters. The nations of the Balkans under Muslim Ottoman rule were mostly Orthodox Christians, for which Russia liked to assume a sort of protector role. These trends were further strengthened by the advent of Pan-Slavism.

However, the British were not prepared to accept any major increase in Russian influence at the expense of the Ottoman Empire. Hence the Crimean war of 1854-56, which ended with a temporary setback for Russian ambitions. Before the Crimean war ended, it spilled over into the Baltic Sea area. The British were no more willing to accept any increase in Russian power at the expense of Sweden-Norway. Thus they encouraged Swedish ambitions of winning back if not Finland, then at least the Aland Islands. These controlled the entrance to the Gulf of Bothnia and (according to an apocryphal remark by Napoleon) they constituted "a pistol aimed at the heart of Sweden".

The British Royal Navy entered the Baltic Sea after the Swedish government had interpreted the rules of neutrality in such a way as to allow the British to use Swedish naval ports in the Baltic Sea for provisioning and maintenance. They destroyed Russian fortifications on the Aland Islands, and in the Paris Peace treaty the Russians had to agree to a ban on fortifications on the islands. The British even issued a guarantee to Sweden-Norway, by which Stockholm was formally assured of British support in return for a promise not to cede any territory to Russia. However, Sweden had been used by the British as a means of exerting further pressure on Russia to sue for peace, which duly happened before any Swedish entry into the war.

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A much greater change occurred in the *Baltic Sea* region when Germany was finally united in 1870. This feat was accomplished by authoritarian Prussia under Bismarck, not the liberal state that had tried and failed in 1848-49.

Bismarck had already defeated the Danish Kingdom in 1863-64 in order to regain the mostly German-speaking duchies of Schleswig and Holstein from Danish rule. Having crushed France in 1870 and made the King of Prussia Emperor of Germany, Bismarck's Germany constituted a new and formidable counterweight to Russia in the Baltic Sea region. In practice, however, Bismarck opted for cooperation with Russia in order to sustain their common notion of political and social 'stability'.

And in fact, there were no wars and no changes of territory anywhere in the Baltic Sea region between 1870 and 1914, even after the departure of Bismarck in 1890 had made German-Russian relations much less friendly. However, the underlying instabilities continued to grow.

This was true within the two empires. In Germany, the advance of the Social Democrats gradually undermined the authority of the Kaiser and his men. In Russia, with its absurdly authoritarian system and general mismanagement, Czar Nicholas was obviously incapable of sustaining the system in the long run, even though he managed to recover from his defeat at the hands of the Japanese in 1905.

Instability also grew in the subject nations. In Finland and the Baltic provinces, the Russians tried to suppress the movements of national awakening, and in their part of Poland they pursued the hard line chosen after they had defeated the second Polish uprising in 1863. On the whole, they succeeded for the time being. But for how long?

The decisive factors in the whole Baltic Sea area were industrialisation, increasing flows of international trade and investment, mass education, nationalism, secularisation and the advancement of democratic ideas – in short, modernisation. These processes affected different countries in the region at different speeds, but they transformed the Baltic Sea area during the decades before 1914. In spite of the frozen security system, there were good reasons for optimism about better times ahead.

This could not happen to the same extent in the *Black Sea* region, mainly, I believe, because of the unsettled fate of the Ottoman Empire. Its rulers were sufficiently strong to prevent modernisation and social progress, but not to avoid further defeats in the Balkans. The emergence of the fully independent

states of Romania and Bulgaria introduced new factors on the Black Sea shores. But it was the clash between Habsburg and Russian interests in grabbing the remnants of Ottoman rule in the Western Balkans that unleashed the First World War, and, we might say, the start of the catastrophic 'short 20th Century' between 1914 and 1991.

As for the events of Word War I, we should perhaps note that the British Navy carefully considered the Baltic Sea alternative before they decided to try the Black Sea route in order to establish direct communications with their Russian ally, thus the disaster of Gallipoli.

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In the early 1920s, the scene was entirely different from that of 1914 in both the *Baltic Sea* and the *Black Sea* regions. No less than four empires had collapsed at roughly the same time – the German, Russian, Habsburg and Ottoman. The victorious Western powers, Britain and France, were of course empires too, but with their subject peoples living outside Europe. They set up a new international security order in the guise of the League of Nations, the predecessor of today's United Nations, which was intended to ensure that the rules of international law would decide European security policies.

For a while, this seemed to succeed in the Baltic Sea region. Five independent states emerged (or re-emerged) out of the ruins of the Czar's Empire - Finland, Estonia, Latvia, Lithuania and Poland - and they were all admitted as members of the League of Nations. The new Communist Russia did its best to prevent this process, but failed. The British Royal Navy, which was now again free to enter the Baltic Sea, played some role in support of the new states.

In the Black Sea region, the picture was less bright. Ukraine enjoyed a short spell of *de facto* independence but was unable to sustain it by military force when Bolshevik Moscow took to the offensive. Ukraine was a much more important prize for Moscow than the Baltic nations, and it had been under Moscow's dominance for a much longer period. At the far eastern end of the Black Sea, Georgia, with its Menshevik or Social Democratic regime, was also reoccupied and incorporated into the Soviet Union. On the other hand, a strong and rapidly modernising Turkey emerged out of the Ottoman Empire.

The Montreux Convention of 1935, regulating the passage through the Bosporus straits, seemed to remove another element of instability.

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However, as Stalin gained absolute power in the Soviet Union in 1929, and Hitler in Germany in 1933, it was only a question of time before these two revisionist powers would upset the European order of the Western Powers.

This process started in the *Baltic Sea* region. By the Molotov-Ribbentrop Pact in August 1939, Germany and the Soviet Union agreed to divide Poland between them, which they did in September 1939. They further agreed that Finland and the three Baltic states belonged to the Soviet sphere of interest. At first, this meant that the Soviets demanded to establish military bases on the territories of these countries, which the three Baltic countries granted them. Finland, a larger and more robust country, refused and gained a defensive victory of a sort when the Soviets attacked but proved unable to crush Finnish resistance even after three months of war.

Little has been said about Sweden so far, and there is in fact little to be said, except that the Swedes had learned to pursue a policy of flexible neutrality in order to preserve their own peace. By this I mean first that they took advantage of the flexibility of some of the rules on neutrality in international law, but also that they sometimes decided to transgress these rules when they found this necessary and believed that the great powers would find it in their interest not to mind too much but rather continue to recognise Sweden's status as a neutral.

When Finland was attacked by the Soviets in November 1939, the Swedish government for once took a different line. They considered that a sovietised Finland would be so risky for Sweden's own security that the very limited assistance to a nation in war which is permitted by the neutrality rules was not enough. So Sweden did not issue any declaration of neutrality but regarded itself as 'non-belligerent' and thus free to provide Finland with much of its most modern military equipment, large financial credits, etc. Moscow knew perfectly well what was going on, but as it was not in a position to retaliate, this Swedish experiment proved successful.

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The winter of 1939-1940 also witnessed a recurrence of the old Baltic Sea-Black Sea interplay, at least on the drawing-boards of the French supreme command. Those French leaders who would have preferred to fight the Soviet Union rather than Germany initiated ambitious plans for attacking the Russian 'soft underbelly', i.e. Baku and the Caucasus, hopefully with Turkey as an ally. Nothing came out of it, of course, before the end of the Soviet-Finnish war removed the pretext.

By the peace treaty of 13 March 1940 the Finns had to cede large chunks of their territory to the Soviets, but they had gained something more important: the grudging respect of Stalin. The three smaller Baltic States were not so fortunate. In the summer of 1940, Stalin used his military bases on their territory to facilitate their occupation and annexation.

For the *Black Sea* region, the Molotov-Ribbentrop Pact had a much more limited impact. Romania was forced to cede provinces roughly corresponding to today's Moldova. Stalin probably thought that the territories he acquired by his cooperation with Hitler would serve as a useful defensive perimeter for Russia, but when Hitler attacked in June 1941, they proved virtually useless. This was partly because Stalin had neglected to take even the most elementary precautions in terms of military preparedness and state of alert. However, with regard to the Black Sea region, the most fundamental reason for the ease with which the German Wehrmacht occupied Ukraine seems to me to be Stalin's decision in the early 1930s to try and eradicate the Ukrainian peasantry and crush the national spirit of the Ukrainians by means of organised famines, killing millions of innocent people.

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However, in 1943-44, when the Red Army pushed back the Germans on all fronts, from the Barents Sea in the north to the Black Sea in the south, it was obvious that the Soviet Union would acquire a more dominant position in Europe than Russia had ever had.

This was particularly clear with regard to the *Baltic Sea* region. True, Finland was once more an exception, as Helsinki managed to jump off the German train and conclude a separate armistice with the Soviets in September 1944

which preserved most of Finland's independence. But the Baltic countries were reoccupied, and a subservient Communist Poland had been pushed westwards to Stettin (Szczecin) and Breslau (Wrocław). As for German soil, where Prussia had once been a potential counterweight to Russia, the Soviet zone of occupation (later the DDR) was now no more than a Soviet satellite. The Danish islands were at ten minutes' distance for Soviet invasion boats. The three Baltic countries were now much more heavily militarised than they had ever been under the Czars. Only in the early 1960s, when the *Bundeswehr* had grown to a respectable force, did there emerge something approaching a new balance of power in the Baltic Sea area.

In the *Black Sea* region, the new Communist regimes increased the strength of Soviet pressure on Turkey to some extent, but otherwise it seems to me that the security situation was not greatly different from that prevailing between the wars. Turkey proved able to resist Soviet pressure, and with US assistance it developed quite a potential as a military power.

Perhaps one might say that we had something similar in the Baltic Sea context if we take the liberty of combining Norway and Sweden, that is recreating the strategic unity of the Scandinavian Peninsula as it had existed before the peaceful dissolution of the Union in 1905. Publicly, these two countries pursued quite different security policies, as Norway was a founding member of NATO in 1949 while Sweden continued its policy of no alliance in peacetime, aiming at neutrality in the event of war. However, the military reality was somewhat different in view of the secret Swedish preparations for military cooperation with the West, in the first instance with Norway. The Soviets were not unaware of these realities, which made for a stronger countervailing force in the Baltic Sea area than met the eye.

In the Cold War decades, it became increasingly unrealistic to analyse the security situation of the Baltic and Black Sea regions as separate entities. They were each tied up with much wider strategic areas. In northern Europe in particular, the development of the Kola bases for the Soviet strategic nuclear missile submarines and the expansion of the Soviet Northern Fleet and its exercises in the Norwegian Sea made it increasingly clear that from a security policy point of view, the Baltic Sea area had to be analysed in this greater perspective.

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I have said hardly anything about trade and cultural contacts within our two areas. But the withdrawal of the Soviet Union from normal intercourse with its neighbours meant that for the Baltic Sea region, most of the dynamism of the pre-1914 decades disappeared in the 1920s. The economic crises and protectionist policies of the 1930s added to the difficulties. During World War II and after 1945, there was virtually nothing left as the shores were closed from Vyborg on the Soviet-Finnish border to Rostock on the DDR-BRD border. I presume that the situation was similar in the Black Sea region.

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In the late 1980s, as the decline of the Soviet system became more and more obvious, there was a resurgence of history that most people in the West had not anticipated. For my own part, I remember my surprise when I saw this happen so soon while serving with our Embassy in Helsinki in the summer of 1989. First there was the sight of sailing-boats appearing in the Helsinki harbour carrying the old Estonian national flag from the days of independence. How did they dare? A bit later, on vacation in London, I read in the British papers about controversies in Ukraine concerning the appropriate way of remembering Poltava on the 280th anniversary of the battle. Could a perspective different from that imposed by Peter the Great really have survived all these decades? Well, as I was to learn in the next few years, episodes such as these were harbingers of much weightier things to come very soon.

When looking back at the past fifteen years, I think it would be inappropriate for me as your guest to try and describe what such recent times have implied for your own Black Sea region. With regard to the Baltic Sea area, however, I think we should distinguish between two periods.

The first one, up to roughly 2004, was one of optimism with regard to Russia's interest in participating in Baltic Sea cooperation on the basis of equality. During these years, German unification, the Polish revolution, the withdrawal of former Soviet troops and the extension of EU and NATO membership were accepted by Moscow, though sometimes grudgingly. The demise of the military dimension was further illuminated by the termination of a Soviet-Finnish Pact on mutual assistance into which the Finns had been forced to enter in 1948. The new economic dynamism showed most clearly in

the early rise of the 'Baltic tiger' economies of Estonia, Latvia and Lithuania. And, most importantly, Russia took part in these processes, though at a slower pace and with more reservations than the other countries, perhaps understandably so in view of the legacies of seventy years of the Soviet system. One of the few major uncertainties seemed to be Moscow's refusal to concede that the occupation and annexation of the Baltic States in 1940 had been illegal. If this were not the case in Russian eyes, what did that signify for Russian views about their freedom of action in the future?

After roughly 2004, the signs seem more worrying to me. The Russian people are apparently prepared to accept an ever more authoritarian and nationalistic leadership. It cannot be denied that this regime has accomplished many things that ordinary people have every reason to appreciate in their daily lives. This may be mainly or wholly because of the rise in oil and gas prices, yet the man in the street is often not able to make such distinctions. While we must hope that a turn towards more political pluralism, independent mass media and a genuinely free market is indeed possible, we cannot exclude the risk that the prerequisites for a long-term authoritarian regime may exist in Russia because of the unique features of the country, in a way which we believe is out of the question in Western societies.

The new game in power politics is energy. An authoritarian but skilful and flexible regime is perhaps better equipped to play that game than 'soft' democracies. I believe that both the Baltic Sea and the Black Sea regions will have ample opportunities to watch and learn. But that is for other authors to discuss.

2 Problems of Regional Security

Volodymyr Manzhola

The problem of security is at the heart of international dialogue in both the Baltic and Black Sea regions. In both areas security cooperation is an important factor in: 1) Developing international structure; 2) strengthening institutions; and 3) framing a regional identity.

Regardless of considerably different threats, the two regions are experiencing similar institutional developments, since most of the cooperation issues on the agenda are similar for all regional states.

Similarities
- Similar approaches to defining threats;
- Presence of powerful and systemic external factors (the USA, NATO, the EU);
- Regional structures (political and/or security) *not* key mechanisms for providing security;
- Both regions part of the European security space (and recognised as such by the EU);
- Close connections with the European Union;
- Both regions zones of potential conflict in a new Cold War

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Differences

The Baltic Sea region	The Black Sea region
1. Overlapping institutions Many cooperating institutions with functional specialisation. All institutions interconnected and additive.	1. Contending institutions Few institutions competing for functions or influence.
2. Presence of a core of security cooperation. Scandinavian states 'gather' the whole region and shape the agenda of security cooperation.	2. No core of security cooperation. There are either weak links between states (Ukraine-Georgia) or many alternative variants for each country.
3. Security cooperation strongly influenced by sub-national actors and trans-national relations.	3. Security arrangements represented only at inter-state level.
4. High importance of non-military threats in regional security system (soft security).	4. High importance of traditional threats (i.e. inter-state conflicts, demilitarisation, interstate conflicts in the Middle East and the Caucasus).
5. Pluralism of security mechanisms and approaches, no antagonism among them.	5. Similarity of approaches (with the exception of Russia), accompanied by competitiveness.
6. Considerable opportunities for cooperation; economic and political potential of the regional states.	6. 'Non-independence' of the regional structure, small potential of the regional states and weak perspectives for cooperation.
Sufficient influence on regional security	*Insufficient influence on regional security*

Problems of Regional Security

Following the end of Cold War, key sources of instability and threats have shifted from a global to regional level of international politics. The danger of a full-scale interstate conflict has diminished considerably. Security threats have gained multiple dimensions and become trans-national. Threats such as terrorism, WMD proliferation, ethnic, social and religious conflicts, drug trafficking, migration, environmental problems, resource scarcity, etc. are becoming more dangerous and less predictable. Traditional fears of external

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aggression are being replaced by feelings of internal instability. Personal and social security are the top priorities for most people.

Starting from the 1990s, the Baltic and the Black Sea regions have been experiencing the formation of relatively autonomous systems of international security cooperation. The process of institutionalisation of such cooperation is under way.

The Black Sea region has always been paid much attention by international actors. This has affected not only the states of the Black Sea basin, but also states attempting to use the region in their policies. As a geographical link between Europe and Asia, the Black Sea region has often been a contested prize for great powers and empires. As a matter of fact, it still keeps that status. Conversely, the Black Sea states consider the Black Sea region as a certain tool for strengthening their position in the Balkans, Eastern Mediterranean and Trans-Caucasus, as well as for penetrating into the Middle East, Northern Africa and Central Asia.

Both regional states and institutions take part in regional cooperation. Some states exercise external pressure on that cooperation. The USA, the EU and NATO traditionally have strategic interests in the region. Unlike 'new states', they have strong positions in the region and benefit from that.

Taking into account a broad range of foreign policy instruments available to those three, we could anticipate a further domination of the external environment over the interests of regional states. That will inevitably lead to local and regional clashes, rearrangements and reshuffling of spheres of influence. Both regional and global actors will take part in that.

Bearing in mind that Caspian oil reserves are estimated to be the second largest in the world (and following the exhaustion of Persian Gulf reserves will become the world's leading oil pool), the problems of oil production and transportation in the Black Sea region will become global. New developments in oil disputes among states and trans-national corporations are already evident.

Security in the Black Sea region depends on threats from two levels: international and intra-state (ethno-religious conflicts in the region). Thus the

Trans-Caucasus (including Georgia, Armenia and Azerbaijan) is the least stable region. Among the great variety of common problems facing new independent states, one could point out the following:

- Weakness of state institutions in all three states;
- Domination of ethnic nationalism;
- Lack of democratic traditions in political and economic culture;
- Deep social and economic problems caused by the transition from planned to market economy;
- Separatism;
- Illegal trade

Prior to 1991, the Black Sea was a way of projecting Russian (Soviet) power on the Mediterranean. However, by the mid-1990s Russia was left with a small part of the coastline and a host of problems surrounding the status of the Black Sea Fleet. On top of this came regular joint exercises by Ukrainian and NATO troops and a growing influence of Turkey in the Black Sea region.

The long-lasting geopolitical scenario, however, has not changed dramatically. As 200 years ago, the geopolitical situation in the region is determined by a struggle between Russia and Turkey for Black Sea domination. In a short-term perspective, none of the regional states (without coalition alignments) will be able to compete with those two for domination.

Turkey is trying to improve its status and strengthen its position as a regional power. It is taking advantage of the decline in Russian influence in former Soviet republics to improve its economic, social and political ties with the latter. By applying that strategy Turkey is aiming at further shifting the balance of its relations with Russia.

In general, Russia's position in the region is weakening while Turkey's position is strengthening. This will result in the adaptation of Russian regional policy. Russia will possibly become more aggressive towards a number of states, including Ukraine, whose support is needed for Russia to counterbalance Turkey. Taking this into account, Ukraine, as well as other regional states, should promote conditions under which neither Russia nor Turkey would be able to exert the policy of power pressure.

One of the most ambitious plans of Ukrainian foreign policy was embedded in the declared aim of regional leadership in the Black Sea area. This may become as important to Ukraine as its European and Euro-Atlantic efforts, reflecting Ukraine's readiness to take responsibility for regional stability. Ukraine's practical efforts in this direction are undertaken within the Organisation for Democracy and Economic Development – GUAM (Georgia, Ukraine, Azerbaijan, Moldova).

The Baltic region has also experienced considerable political changes following the end of the Cold War. As a result of disintegration of the USSR, three Baltic republics (Lithuania, Latvia and Estonia) gained independence. Russia's influence in the region is now considerably lower than that of the USSR once was. In the 1990s, the Baltic states and Poland declared their intention of joining the EU and NATO. In the beginning of the twenty-first century, the four post-socialist states have reached their strategic goal.

The 1990s and the beginning of the twenty-first century have become a starting point for Finland and Sweden to review their policy of neutrality and engage more broadly in security problems of the Baltic region. The political and economic influence of Germany in this region is also increasing.

As NATO and the EU are expanding, several key post-bipolar security problems are becoming less relevant. The war against terrorism has contributed to these changes. Following the 9/11 attacks in New York, security concerns in the Baltic region are no longer territorially based and are not solely determined by the bilateral relations between Russia and Estonia, Latvia and Lithuania. Global threats of terrorism and WMD proliferation are becoming more important.

Current security problems in the Baltic region are of a more non-military nature. They touch upon nuclear security, the rights of ethnic minorities, water pollution, drug trafficking, international crime, imbalances in social standards, etc.

Comparing security arrangements in the two regions, one could claim that the situation in the Black Sea region is much more dangerous. It hosts a number of 'frozen' conflicts, while certain Black Sea states are still in the 'shadow' security zone. Soft security concerns are no less urgent for the Black

Sea region. The necessity to involve external players, first of all the European Union and possibly NATO, in cooperation is evident. The role of the Organisation of the Black Sea Economic Cooperation (BSEC) should also be increased.

Part II:
Energy Security

3 Ukraine's Energy Security and Regional Cooperation

Sergiy Herman

Being a member of both the Organisation of the Black Sea Economic Cooperation (BSEC) and the Organisation for Democracy and Economic Development – GUAM, Ukraine is an important factor in the regional stability of the Black Sea region and an active participant in regional cooperation. One of the key dimensions of such cooperation is energy production and supply. This paper briefly outlines the main priorities Ukraine pursues in the above-mentioned organisations.

Ukraine has recently joined a Declaration by Ministers of Energy of the BSEC countries. It proceeds from the statement that energy supplies in the region are vital for the whole world. Protecting energy production and supply from both long-term and short-term threats and providing reliable and stable energy resource flows are at the heart of Black Sea regional stability and security. Ukrainian officials have also declared that diversification of energy supplies and transportation routes are a common good for all regional states, provided mutual economic benefits are assured. Diversification of energy supplies is the key element of energy policy of the GUAM organisation, where Ukraine enjoys a leading role. Three out of four members of this organisation (Azerbaijan is the only exception) are energy-dependent countries and thus access to alternative energy sources is a vital security interest for them. Ukraine's activity in both organisations is in line with the country's energy strategy (through 2030).

This strategy reflects the fact that the main priorities of energy policy are diversification of supplies and transportation of energy resources in Ukraine. Steps are being taken to ensure that diversification includes the proposed Eurasian oil transportation corridor (EOTC), supplies of light crude oil from Azerbaijan, purchase of oil from Kazakhstan to be processed at Ukrainian oil-processing facilities and participation in the Nabucco gas pipeline project, which is of high priority for the European Union.

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Along with the EU, Poland is Ukraine's key partner in providing energy security. A bilateral agreement with Poland regarding the EOTC is being prepared. Poland has recently offered to sign a five-party agreement with Ukraine, Kazakhstan, Azerbaijan and Georgia to establish a new format for regional cooperation in the energy sphere. There seems to be a long way to go, so bilateral efforts are also being taken. Parts of the EOTC are located in the Black Sea region and the whole oil transportation project significantly influences both the regional and the European security.

Gas supplies are also affecting regional stability in the Black Sea region. The Nabucco project is one of the top priorities for Ukraine in this regard. Ukrainian efforts have been supported by Turkey and Hungary. Thus, the Black Sea regional cooperation in the GUAM efforts is seen as a way to minimise the dependence of member states on Russian energy resources. Azerbaijan is a key supplier of oil and gas. One should mention that energy supplies under the Nabucco project are vital for further energy cooperation in the GUAM.

Another important issue touches upon the origin of gas to be pumped into the Nabucco and Nord Stream pipelines, as well as other similar projects, and the key direction of supplies. Ukraine's opportunities are limited in this regard. Although some options are open through international organisations and on the bilateral level, the final decisions will be determined by Kazakhstan's and Turkmenistan's agreements with Russia.

Ukraine would like to directly receive both Kazakh and Turkmen natural gas. However, bilateral negotiations demonstrate that sufficient amounts of oil cannot be supplied by these Central Asian states. The installation of new oil industries will broaden opportunities for cooperation, but that will take about 2-3 years. Turkmenistan and Kazakhstan maintain strategic relations with the Russian Federation, which could involve the latter in regional cooperation.

In this situation Ukraine is heavily dependent on the EU position.

4 From Blue Stream to Nord Stream: Strategic Gains and Economic Flaws?

Robert L. Larsson

Europe is becoming a 'gasoholic', craving more and more gas every day and every year. While the resources of its traditional 'pushers' in the North Sea and Northern Africa are being depleted, there is in absolute terms an increasing reliance on gas imported from Russia.[1] Russia, which is back on the international scene as a great power with serious ambitions, has during the last couple of years realised that its energy resources are a potent tool for boosting presidential powers, the state budget and Russia's influence abroad.[2]

Although advocates of European-Russian integration claim that today we are witnessing a situation of interdependence – a stable energy partnership with the mutual interests of a consumer and a producer – the facts speak a different language. It is true that ever since the time of the Coal and Steel Union, Europe has adhered to an ideology of interdependence as a linchpin of security and stability in the post-war era. Post-Soviet Russia, in contrast, has a neo-mercantile position. To Russia and President Vladimir Putin, the risk of becoming dependent is synonymous with becoming vulnerable. Vulnerability threatens the state and its national security. Consequently, it must be avoided at all costs. This is a key reason why Russia is reluctant to become integrated into structures it cannot control. Russia's dependence-phobia, in the context of energy, is primarily manifested in a politicised struggle to diversify its energy exports.

The link between Russia's attitude and its strategic thinking lies in the aversion towards dependence on third parties (for energy transit). Since 1991,

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[1] The relative share of the Middle East is quite likely to grow more than Russia's share.

[2] That energy policy to extend Russia's influence abroad is explicitly stated in its energy strategy. See: Ministry of Industry and Energy (2003), 'Energeticheskaya Strategiia Rossii na period do 2020 goda [Russia's Energy Strategy until the Year 2020], Utverzhdena no 1234-r, 28 August, 2003.' *Ministerstvo promyshlennosti i energetiki Rossii*, Published: Last accessed: 7 February 2005, Internet: http://www.mte.gov.ru/docs/32/189.html.

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Russia has had to rely on exports to non-FSU Europe via Moldova, Ukraine, Belarus and Lithuania. These states have been rather poor and obstreperous customers, with a strong antipathy to Russia. When Russia has adopted a heavy-handed approach to its energy trade and abused its legitimate claims for payments for the sake of enforcing military, political or other concessions, the states concerned have resorted to one of the few counter-levers on Russia they have at their disposal, namely tapping Russia's exports to Europe.

Consequently, Russia has continuously advanced its mission to construct new pipelines that bypass these unruly transit states. The Kremlin and Gazprom, the Russian state-controlled gas behemoth, instead want to supply gas and oil straight to the end-consumers on the downstream markets. Two of the most important features in Russia's western direction are the Blue Stream pipeline (across the Black Sea) and the Nord Stream pipeline (across the Baltic Sea).

The aim of this paper is to sketch a synthesis of these two projects. This is done by initially outlining selected aspects of the Blue Stream project in the context of the Black Sea Region, while the strategic aspects of the Nord Stream project, initiated a decade after Blue Stream, are thereafter pinpointed in the context of Baltic Sea Region security. The main emphasis is on the latter, as it is not yet a *fait accompli*, and therefore a better topic of discussion. I argue that in both cases, the strategic priorities from the Kremlin's perspective overshadow market-based and economic priorities. This does not mean that Blue Stream and Nord Stream are purely state projects. In most aspects, they are like any other commercial project and, naturally, the stakeholders strive for profit. Nevertheless, it is worth stressing that a project of this kind would never come about unless it were strategically important to the Kremlin. Energy, security and foreign policy are linked and it is clear that the strategic choices of the energy companies are made with political backing. A prerequisite for this backing is that the companies involved are politically loyal. In this case, Gazprom is the key actor.

Since it may be contentious, or at least tedious, to make a comprehensive comparison between the two cases, the concluding objective of this paper is instead to underscore some concerns regarding Russo-European energy relations that are seriously exacerbated by the Blue Stream and Nord Stream

projects.[3]

Blue Stream and the Southern Bridgehead

By and large, the Blue Stream project was suggested in 1997 and designed approximately at the time of the Russian financial crisis of 1998. This was a time when Russia's economic weakness was embarrassingly severe and placed serious constraints on Russia's ability to wage economic wars or bolster its armed forces. The driving forces behind Blue Stream were multi-fold at this time, but they basically came down to a Russian ambition to diversify its energy export routes in order to become independent from its recalcitrant neighbours. An underlying rationale of the project was naturally to retain Gazprom's position as supreme supplier in the region and to provide additional export earnings for the Russian economy.[4] The objective of Blue Stream as such was to provide the Turkish market with natural gas.[5] In this context, it must be noted that the prelude to the decision was a long process of troublesome bilateral relations with transit states, a process that can be characterised by high stakes and dirty politics.

A few examples of Russia's often coercive energy policy can be given. One incident occurred in 1993, when Russia gave Ukraine an ultimatum, demanding Ukraine give up its remaining nuclear weapons to Russia and transfer its Black Sea fleet to Russia.[6] One week prior to the negotiations between Presidents Yeltsin and Kravchuk in the town of Massandra, 25% of Ukraine's gas supply was cut off (officially due to non-payments).[7] However, it was clear what lay behind the cut-off and that if Ukraine gave in to Russia's demands, the energy debt was to be annulled. Russia let it be known that refusal would result in further cut-offs. Kravchuk initially agreed to the Russian demands, but later changed his mind under severe domestic pressure.[8]

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[3] The author is grateful to Roland Götz at SWP in Berlin who at the Swedish-Ukrainian Security Forum in Kyiv acted as discussant and posed several key questions to the author, which helped improving this paper.

[4] Budzulyak 'Increasing gas Pipeline Life Span...'

[5] The idea of using Turkey as a hub for exports to Europe was less emphasised at first.

[6] Felgenhauer, Tyler (1999), *Ukraine, Russia and the Black Sea Fleet Accord*, Woodrow Wilson Center, Woodrow Wilson Case Study 2.

[7] Bukkvol, Tor (2001), 'Off the Cuff Politics: Explaining Russia's Lack of a Ukraine Strategy', *Europe-Asia Studies*, Vol. 53, No. 8.

[8] RFE/RL (1993), 'More Divergent Interpretations of Massandra 'Agreements'', *RFE/RL (Reposted at Friends-Partners)*, Last accessed: 19 July 2005, Internet: http://www.friends-partners.org/friends/news/omri/1993/09/930907.html.

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Another case in point was when Russia raised its export price on gas for Ukraine above the world market price at the same time as it proposed that Ukraine should join the CIS Customs Union in 1995. This has been interpreted as a covert threat,[9] but according to Professor Jonathan Stern, it was "Ukrainian political sensitivity towards Russian influence", which was a "considerable obstacle to finding any commercial solution that involves Gazprom taking some degree of ownership in Ukrainian gas transmission and storage assets".[10] Given the political blackmail by Russia on Ukraine concerning the demands on the Black Sea Fleet, it is not difficult to explain Ukraine's unwillingness to transfer power over its energy security into Russian hands. However, the prerogative of weak states dealing with a strong state is that all counter-levers at the disposal of the former are utilised in times of trouble. Consequently, Ukraine resorted to the practice of tapping Russia's transits to Europe. Internationally, Ukraine emerged relatively blameless, but its reputation received a serious blow when it was revealed that Kyiv was siphoning Russian gas.

Given this background and Russia's dependency-phobia, Russia's desire for new outlets of gas is reasonable. The directions of the compass were considered accordingly and two viable options were at hand: via the Baltic Sea or via the Black Sea. Although these options were explored simultaneously, the Black Sea option came to be chosen at first. One of its advantages was that it bypassed Ukraine and South-Eastern Europe (see Figure 1).[11] Thus, the Blue Stream pipeline was constructed from Russia, under the Black Sea, to Turkey. In addition, a strategic relationship materialised between Russia and Turkey.[12]

The capacity of Blue Stream is rather low, only 16 billion cubic metres of gas (bcm) per year, which means that during its 25-year life span it will deliver about 365 bcm. The two underwater pipelines have a length of 1229 km and,

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[9] Balmaceda, Margarita Mercedes (1998), 'Gas, Oil and the Linkages between Domestic and Foreign Policies: the Case of Ukraine', *Europe-Asia Studies*, Vol. 50, No. 2, p. 260.
[10] Stern, Jonathan P. (2005), *The Future of Russian Gas and Gazprom* (Oxford: The Oxford University Press/The Oxford Institute for Energy Studies), p. 87.
[11] Tsakiris, Theodore George (2006), *The Southern "Gate": The Geostrategic Ramifications of Ukraine's Natural Gas By-Passes on Southeastern Europe*, Athens: Hellenic Center for European Studies, N/A.
[12] Tsakiris, Theodore George (2005), *The Strategic Framework of the Russian-Turkish Relationship: Geopolitical Rivalries and Geoeconomic Uncertainties*, Hellenic Center for European Studies, N/A, and Kiniklioglu, Suat (2006), 'The Anatomy of Turkish-Russian Relations', *Insight Turkey*, Vol. 8, No. 2. There is more to this partnership than energy and it is not directly tied to Blue Stream.

given the topography of the Black Sea, the project has come to be the deepest and one of the most technically advanced underwater projects ever realised. Therefore, it was expensive[13] and the total cost reached an amount of almost $3.2 billion.[14]

Figure 1: Map of Blue Stream

Turkey's energy mix shows that the share of natural gas is about 15%,[15] and before Blue Stream, Russia supplied 60% of Turkey's gas needs and 20% of its

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[13] Saipem (2005), *Blue Stream*, San Donato Milanese: Saipem, and Budzulyak, B. V. (2006), 'Increasing gas Pipeline Life Span and reliability Through New Engineering and Laying Technologies', *23rd World Gas Conference*, Amsterdam.

[14] The environmental concerns have been many and in retrospect, there are similarities to Nord Stream where no-one has been able to estimate the impact on, for example, the fishing industry. Concerning Blue Stream, there are estimates suggesting that the monetary loss for the fishing industry (as a result of Blue Stream) would be US$29,000 during the construction phase (in 1996 prices) and then US$259,500 per year during operation. Furthermore, the costs for atmospheric pollution would reach a level of half a million roubles and another 7.28 million for an accident with discharge of methane. The problems with these numbers are obvious and the final outcome has not been verified, but they could possibly be a starting point for discussion on the topic, see further: Grishin, Nikolai (2005), *Environmental Impact Assessment of a Transboundary Pipeline in the Black Sea*, Ecoterra Environmental Assessment Agency, ECE/ENHS/NONE/2005/8, p. 10.

[15] Bacik, Gökhan (2001), 'The Blue Stream Project, Energy Co-operation and Conflicting Interests', *Turkish Studies*, Vol. 2, No. 2, p. 88.

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oil needs;[16] a share that later increased. However, it seems as if Russia's initial analysis of the Turkish market, consumption and political alignment was wrong. A key issue is that the financial calculations were too optimistic, as was the estimated domestic gas need. Russian economists warned of the problems of having a monopoly consumer, but Gazprom and the Kremlin did not listen.

The warnings had some ground. As it turned out, Turkey did not need as much gas as Russia wanted to sell, especially not at Russian prices. Turkey used its counter-lever and thus refused to buy any of the Russian gas; the whole project became something of a failure. By this bold action, Turkey actually managed to get a gas price concession, but at a political price – relations with Moscow became frosty. One additional result was that Russia's interests in the concept of 'security of demand' grew considerably, and it is still a guiding factor in its pipeline diplomacy, something that is elaborated on in the following sections of this paper.

Strategic Gains and Economic Flaws

In Turkey, both the public stand and the perceptions held by the elite were largely negative concerning the project. In fact, both the pro-Islamic fractions and right-wing nationalists pointed to the problems of dependence on Russian gas in general, and to clauses in the bilateral contracts regarding relinquishing Turkish rights and unusual tax concessions for the parties involved in particular.[17] The energy companies pushed for the project and as Turkey's energy giants are state-owned and some of the mainstream politicians advocated the pipeline, all the necessary paperwork was taken care of. The pipeline saw daylight in 2005, when it was officially inaugurated.

While dependency occasionally poses a threat to national security, other strategic concerns were perceived by Ankara.[18] Washington also opposed the idea of Blue Stream, but its opposition was not strong enough to have a real impact. A key reason for the US lack of endorsement was that Washington

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[16] Tsereteli, Mamuka (2005), 'The Blue Stream Pipeline and Geopolitics of Natural Gas in Eurasia', *Central Asia-Caucasus Analyst*, Vol. 6, No. 23.
[17] Bacik 'The Blue Stream Projects...' , p. 89.
[18] For an excellent overview of the regional security concerns, see: Cornell, Svante E.; Jonsson, Anna; Nilsson, Niklas and Häggström, Per (2006), *The Wider Black Sea Region: An Emerging Hub in European Security*, Uppsala: Central Asia-Caucasus Institute/Silk Road Studies Program.

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saw Blue Stream as a competitor to the US-sponsored Caucasian Baku-Tbilisi-Erzurum (also known as the BTE or the South Caucasus Pipeline (SCP) – see Figure 2). In the long-term perspective, Washington also had a potential Trans-Caspian pipeline in mind, but dependence on Russia was another likely factor. The Turkish business sector, in contrast, warned that Turkey would suffer a severe energy shortage unless Blue Stream was built.[19]

Furthermore, Turkey has positive relations not only with Ukraine and with Russia, but also with Georgia, while its relations with Armenia, for historical reasons, are nothing short of appalling. Complex regional patterns of relations mean that Turkey is advancing its interests in several ways that might be seen as contradictory. Turkey is a keen member of NATO, but at the same time opposes NATO deployment in the Black Sea. While it supports Georgia's defence reform to meet NATO standards, it opposes Georgia's potential membership of NATO.[20] Together with the strategic partnership with Russia, this seems to be a delicate balancing act.

In terms of energy imports, Turkey's relations with Georgia and Azerbaijan are important. One reason is that if Turkey is to become a hub of transit to Europe, the physical ability to fill existing pipelines from either Blue Stream or the BTE is a game on the margin. At the time, there was speculation on whether it would actually be possible to fill more pipelines to Europe from the Caspian Sea if Blue Stream were installed.[21] Today these concerns seem to have been too pessimistic – lack of gas is a greater problem than lack of pipelines.

Moreover, even if the financial aspects of the equation point to failure, Turkey will definitely become a key hub for energy exports from Russia, the Caspian region and the Middle East to Europe. However, Turkey does not seem to take full advantage of its new energy power position. The main advantage of being a transit state is to integrate security policy aspects into one's general security political stance on the matter, as Georgia has. According to some analysts, Turkey only benefits economically (from the transit fees), not politically.[22] This is a problem that is enmeshed into the

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[19] Ibid., p. 91.
[20] Tsereteli 'The Blue Stream Pipeline...'
[21] Ibid.

[22] Shaffer, Brenda (2006), 'Turkey's Energy Policies in a Tight Global Energy Market', *Insight Turkey*, Vol. 8, No. 2, p.

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general foreign policy position of Turkey.[23]

Figure 2: Map of BTE/SCP and BTC pipelines

As indicated, Turkey's future importance to Europe cannot be disputed. A factor that strengthens its position is naturally the BTE pipeline, but there are also plans to expand the capacity of the Blue Stream system and by this provide a major channel for Russian gas to South-Eastern and Central Europe. Thus – an initial failure could be turned into a success, which is evidence of things being neither black nor white.

Nord Stream and the Northern Bridgehead

By turning one's eye towards the northern energy theatre, it is possible to identify some recent strategic aspects of Gazprom's ambitions and endeavours to send gas to Europe. The North European Gas Pipeline, nowadays known as Nord Stream,[24] received great attention when it was announced at a trade fair in Germany on 11 April 2005 that Russia and Germany had signed an agreement on constructing the pipeline. The aim of the project is to bring Russian gas to the northern European consumer markets, especially Germany, without relying on Belarus, Ukraine or Poland.

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[23] Ibid., p. 103f.
[24] It has also been labelled the Baltic Undersea Gas Pipeline or abbreviated, NEGP, NEG or even NEP.

Besides Gazprom, the German companies EON and BASF have stakes in the project. Other companies will possibly also participate.
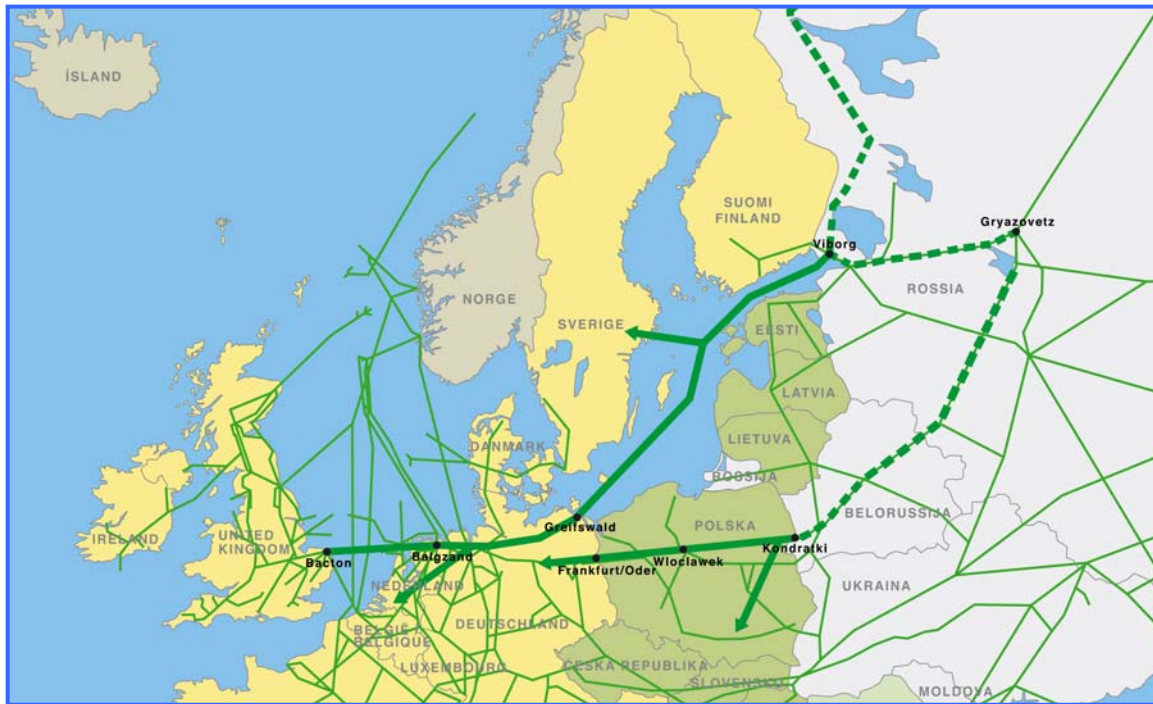
Figure 3: Map of Nord Stream

Discussions have been going on since 1993 and the initial feasibility studies were carried out during 1997, but since then, progress has been slow. In 2002, the idea was partially embraced by the EU, which boosted the project and even granted it support from the European Bank of Reconstruction and Development (EBRD).[25] The actual gas for the pipeline is Russian; the plan has been to feed the pipe from the gas fields in Western Siberia (from the Yuzhno-Russkoye deposit in particular) although it has been said that the second batch (50%) of gas might later come from the Yamal and Shtokmanskoe fields in the far north. However, there are many unclear aspects of these facts and the latest data show that Shtokman gas is not earmarked for Nord Stream.[26]

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[25] Sinijärv, Riivo (2006), 'The NEGP: Estonian Perspective', in: Kazin (Ed.) *Baltic Mosaic 2006* (St Petersburg: Baltic Research Center).

[26] Hamilton, Carl B. (2007), *Naturgasledning på Östersjöns botten: Lägesrapport 23 februari 2007 [Natural Gas Pipeline on the Seabed of the Baltic Sea: Update 23 February 2007]*, Stockholm: Folkpartiet, 23 February 2007, p. 12.

Information on the topic frequently changes. On the one hand, Gazprom has signed a deal with BASF that gives BASF a 35% holding (minus one share) in the Yuzhno-Russkoye field. In return, Gazprom increased its ownership in German Wingas from 35% to 50% (minus one share) along with a stake in BASF's production subsidiary in Libya.[27] On the other hand, Russia has declared that it does not need foreign support for taking new fields into operation and when it comes to the large Shtokman field, Russia will do it alone.[28] It is thus unclear what gas will make up the latter 50%; it will possibly be Shtokman gas after all.

The planned route of Nord Stream is from Russian Vyborg in the Gulf of Finland to Greifswald in Germany (see Figure 3). For a long time, there was a possibility of a branch also to Kaliningrad, at least according to Alexei Miller, the CEO of Gazprom,[29] and there was also talk about whether a leg would be built to Sweden.[30] According to the official website at the time, there *will be* a spur to Sweden,[31] but Sweden has not officially approved this and the company Peter Gaz, which is owned by Gazprom, has only raised the topic, but no formal request had been made at the time of this report (June 2007). In contrast to the earliest plans, Finland has not been invited to join the project in its current form, but there are suggestions of legs to Denmark, Belgium, the Netherlands and the UK. This remains to be seen. The project has been widely discussed around the Baltic Sea and some of the security-political issues that have been subject to debate in Sweden are outlined below.

It would be somewhat bizarre to claim that the projected pipeline constitutes a military threat against the states of the Baltic Sea Region, something that has actually been stated in the Swedish press. However, there are multiple military and military-political aspects and consequences that may be politically problematic to tackle. One example is that the pipeline is supposed

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[27] Belton, Catherine (2006), 'Gazprom Swaps Shares of Gas field for BASF Assets', *Moscow Times*, Last accessed: 28 April 2006, Internet: http://www.moscowtimes.ru/stories/2006/04/28/043.html.

[28] Moe, Arild (2006), 'Sjtokman-beslutningen: Forklaringar og Implikasjoner [The Shtokman Decision: Explanations and Implications]', *Nordiskt Östforum*, No. 4.

[29] RosBusinessConsulting (2005), 'Gas Pipeline to Secure Kaliningrad Supply', *RosBusinessConsulting*, Last accessed: 6 July 2005, Internet:
http://top.rbc.ru/english/index.shtml?/news/english/2005/07/04/04133414_bod.shtml.

[30] Moscow News (2005), 'Russia's Gazprom Begins Construction of a North European Gas Pipeline', *Moscow News*, Last accessed: 28 November 2005, Internet:
http://www.mosnews.com/money/2005/08/22/gazprompipeline.shtml.

[31] NEGP (2006), 'Importance', *The NEGP*, Last accessed: 29 March 2006, Internet: http://negp.info/. The early official map also showed that the Nord Stream will run over the island of Gotland – this is not the case.

to be protected by military means, both during construction and during the operation phase. President Putin has therefore promised that the Russian Baltic Sea Navy will carry out this task, which includes protection against terrorism.[32] A consequence will be that Russia's military presence in the Baltic Sea will grow, and possibly other states will follow in order to fly their flag. Naturally, there is already legal room for this, but the pipeline will give Russia a reason to step up its efforts, something that has been seen in the Caspian region.

If the current nationalistic tendencies of Russia persist, the possibility of a future situation of regional frictions with increased attention to power projections cannot be excluded. Armed hostilities are unlikely, but increasing tension may be seen. One example could be the suggested service platform, intended for managing gas flows. Should such a service platform be constructed and staffed, according to plan outside the island of Gotland, there will likely be Russian demands for protection. Legally speaking, this would fall under the jurisdiction of Sweden, but Russia's outspoken intention of protecting its citizens is often bold, as states such as Latvia and Estonia are well aware. Russia has further declared that it is prepared to carry out preventive and pre-emptive strikes anywhere in the world where Russia's vital interests are threatened by terrorism.

Obviously, the service platform will not become a 'spy base', which is another common misunderstanding; it is not even certain that it will be permanently staffed. The tower and pipeline are, however, excellent platforms for sensors of various kinds, for example radar, magnetometers, hydro acoustic systems and sonar, i.e. electronic eyes and ears that can be used both for monitoring the system and for intelligence purposes. It is not a matter of invasion planning, but it will give Russia an intelligence edge in the Baltic Sea concerning all aerial, surface and sub-surface activities – especially around Estonia, Finland and Sweden. This is a situation no state would ask for, if only for integrity reasons. Russia would hardly appreciate this kind of infrastructure near Kaliningrad or Murmansk.[33]

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[32] The fact that naval vessels and submarines are unsuitable for this assignment is not really relevant as Russia frequently conducts anti-terrorist exercises utilising systems of this kind.

[33] Technology exists today and the fact that surveillance satellites exist is highly irrelevant. The fact that Germany is a part of the project is no guarantee against misuse as Russia has a tradition of holding the reins itself.

From a security policy point of view, confidence and confidence-building are paramount features of regional relations. This is possibly why the Nord Stream consortium speaks about the integrating effects of the pipeline and that it creates interdependence and security. However, as indicated above, this is a European notion. The Russian notion, in contrast, illustrates a standpoint where independence is pivotal, while at the same time others should be dependent on Russia. Russia thus shows signs of a neo-mercantile attitude, although its pragmatic stand puts limitations on this attitude. As the rationale of Nord Stream is to decrease dependence on third states, it is rather awkward when Russia speaks about the greatness of interdependence, when it in fact hinders confidence-building in the region.

Another reason for Nord Stream's failure in confidence-building is the complete lack of transparency. Russian energy policy is plagued by corruption, secrecy and a lack of key information and data. This can be seen in the law on state secrets, but also in a non-transparent business culture where secret contract clauses are included even in relations with Western counterparts, something that upsets shareholders. The present and evolving Russian business culture fosters these practices and foreign firms consequently have shrinking room for manoeuvre on the Russian market. It would be wrong to see German participation as a guarantee for transparency. As Nord Stream legally speaking is a Swiss company, this exacerbates transparency problems, as insight into the Swiss banking sector is limited. It is highly likely that several of these concerns would prove to be unfounded if insight into the project were better.

Strategic Gains and Economic Flaws

Whether the strategic pattern is changed or disrupted as a result of Nord Stream is a matter of definition. In the light of NATO enlargement and the fall of the Soviet Union, Nord Stream is naturally of little relative importance, although a few aspects should be underlined.

Since Russia will be able to bypass transit states (Belarus, Ukraine, Poland) and send gas straight to Germany, the regional balance will be somewhat disturbed. Depletion of Russian gas reserves, increased domestic usage or inability to extract sufficient amounts of gas may limit the amounts of gas available for export. Nord Stream will add surplus export capacity in terms of

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pipelines. The result is that Russia will be able to choose whether its limited amounts of gas should be sold to Germany and the Netherlands or to Estonia and Latvia. This weakens the bargaining position of Estonia, Latvia, Lithuania, Poland, Belarus and Ukraine vis-à-vis Russia. In the short run, this will have no impact as contracts are already in place, but when they are to be re-negotiated, Russia will have the upper hand.

Furthermore, once the pipelines are in place, this will also, to some extent, allow Russia to meddle with gas flows without affecting the most important customers (in Moscow's view Germany). Further consequences are that when the level of sensitivity and vulnerability of states such as Estonia and Poland increases, their interest in seeking alternative fuel sources is boosted. Practically, this means renewed interests in shale oil and nuclear power, something that are not always appreciated among the neighbours of the Baltic Sea Region for environmental reasons.

In some ways, the increased dependency of the new EU members forces them, in an EU context, to be rather outspoken about Russia's arbitrary energy policy. In combination with an overly keen interest in transit fees and the power of the tap that transit states possess, there is a clear risk that even well-grounded scepticism towards Nord Stream will be interpreted as paranoia in Brussels. Thus if concerns are voiced in a less than diplomatic way, they may well be counter-productive.

Furthermore, Nord Stream and other advocates of the project claim that the pipeline is a common European project, not only a Russo-German project. Nothing could be more wrong. Germany is the only European owner, although Dutch Gasunie may be allowed to take a part of the German share in the future. Russia calls most of the shots, and the bulk of the gas is earmarked for Germany. The fact that certain EU Commissioners have embraced the project is insignificant, and the majority of the MPs in the European Parliament actually seem to be against it. Its so-called TEN status is neither a support for the current stretch of pipeline nor for this option vis-à-vis other projects, to mention but a few examples. The EU has only expressed support for new import routes in general.

Most importantly, when Germany allows Gazprom to create a bridgehead on its northern shores, it divides the EU and the Baltic Sea Region into two

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camps. Of the EU states in the region, only Germany and possibly Denmark have a positive view of the project. Sweden and Finland have been somewhat sceptical and Poland, Estonia, Latvia and Lithuania are openly hostile, for various reasons.[34] It would thus be absurd to see this as a common project that unites EU and the Baltic Sea Region. One consequence, from which Russia will benefit, is that this project will hamper the development of a common European energy strategy.

When it comes to the economic side of the equation, several things can be said. According to Nord Stream, it will invest $7.5 billion into the project, and it will bring profit. This is the only officially disclosed figure and it is therefore difficult to draw any firm conclusions from it. A few things can nonetheless be brought to attention.

Extraction costs for gas in Russia are around US$10-15/tcm and costs of transport amount to US$1-2/tcm/100 km. The capacity of Nord Stream is 55 bcm/year and the sales price for gas is around US$230-250/tcm. The pipeline is projected to be in operation for 50 years. This shows that the expected profitability should be secured.

However, neither a long-term business plan nor financing plan has been carried out. It seems as if US$7.5 billion is only part of the capital required for construction. Costs for e.g. operation, maintenance and decommissioning are not included. In fact, there are signs that Nord Stream is having problems in finding sufficient capital for the investment, a predicament that became obvious when the European Investment Bank started to put forward strict demands.[35] The views from four experts in Europe can illustrate the issue.

Firstly, according to Alan Riley, Reader in Private Law at City University in London, figures from BASF, one of the owners of Nord Stream, point to an estimated cost of up to US$18.5 billion.[36]

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[34] Note that Sweden has no official policy line, but politicians from all political parties and the majority of the Swedish population are against it.

[35] Sveriges Radio (2007), 'EU-bank tveksam till gasledning [EU-bank Reluctant to Gas Pipeline]', *Sveriges Radio (SR)*, Last accessed: 14 February 2007.

[36] Larsson, Robert (2007), *Nord Stream och Östersjöstaternas oeniga enighet [Nord Stream and the Un-Unified Unity of the Baltic Sea States]*, Stockholm: Swedish Defence Research Agency (FOI), 14 February 2007, FOI MEMO 1998.

Secondly, Frank Umbach, one of the leading experts on energy policy in Germany, argues that the costs may well be underestimated and may well reach €10-15 billion.[37]

Thirdly, Roland Götz, a prominent German economist, claims that a sea-based option of the same length would be more expensive than a land-based route, although transit fees would add to the cost. The present transit fees are largely secret but experts show that the transit fees paid to Poland for Yamal 1 have reached a level of €150-230 million a year,[38] a substantial amount.

Finally, Jonathan Stern, professor of gas research at the Oxford Institute for Energy Studies, knows the additional cost of building underseas pipelines compared with land-based pipelines. He states that although there is no rule of thumb in these cases, in the specific case of Nord Stream: "Gazprom could have doubled the capacity of the existing Yamal line through Belarus and Poland at an approximate cost of US$2.5 bn compared with approximately US$6.5bn which the first Nord Stream line will cost."[39]

Furthermore, if the Environmental Impact Assessment process finds that the environmental implications are serious, and thus expensive to tackle, costs will rise further. The competitiveness of Nord Stream is largely based on two factors, cheap gas and lack of competition. As stated above, the first batch of gas is expected to come from the onshore Yuzhno-Russkoye field, which has already been explored and developed (and is thus relatively cheap). As indicated, the second batch, i.e. for the second pipeline, is meant to come from the yet-to-be-developed Shtokman offshore field in the far north. It remains to be seen what will happen, but as this is a far-away and highly problematic field, it is reasonable to conclude that it will produce highly expensive gas. Therefore, at least half of Nord Stream's gas will be expensive.[40] However, it might still be possible to sell it on the European continent, as Russia has a monopoly in some areas.

Furthermore, according to Alan Riley, while competition is rather poor today, the UK is increasing its imports of LNG from Qatar and Norway and at

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[37] Hamilton *Naturgasledning på Östersjöns botten…*, p. 5.
[38] Ibid., p. 6f.
[39] Ibid., p. 6.
[40] Larsson *Nord Stream och Östersjöstaternas oeniga enighet.*

current demand levels, there could be a surplus of gas that can be sold via the inter-connector pipeline to Holland and then to Germany (see Figure 4). If this assessment is correct, which can be questioned, this gas would be much cheaper than Shtokman gas and thus the profitability of Nord Stream would be reduced. This is linked to the liberalisation of the European gas market, which could facilitate this process, and there are therefore incentives for the German parties in Nord Stream to obstruct such a development,[41] something that already appears to be happening.
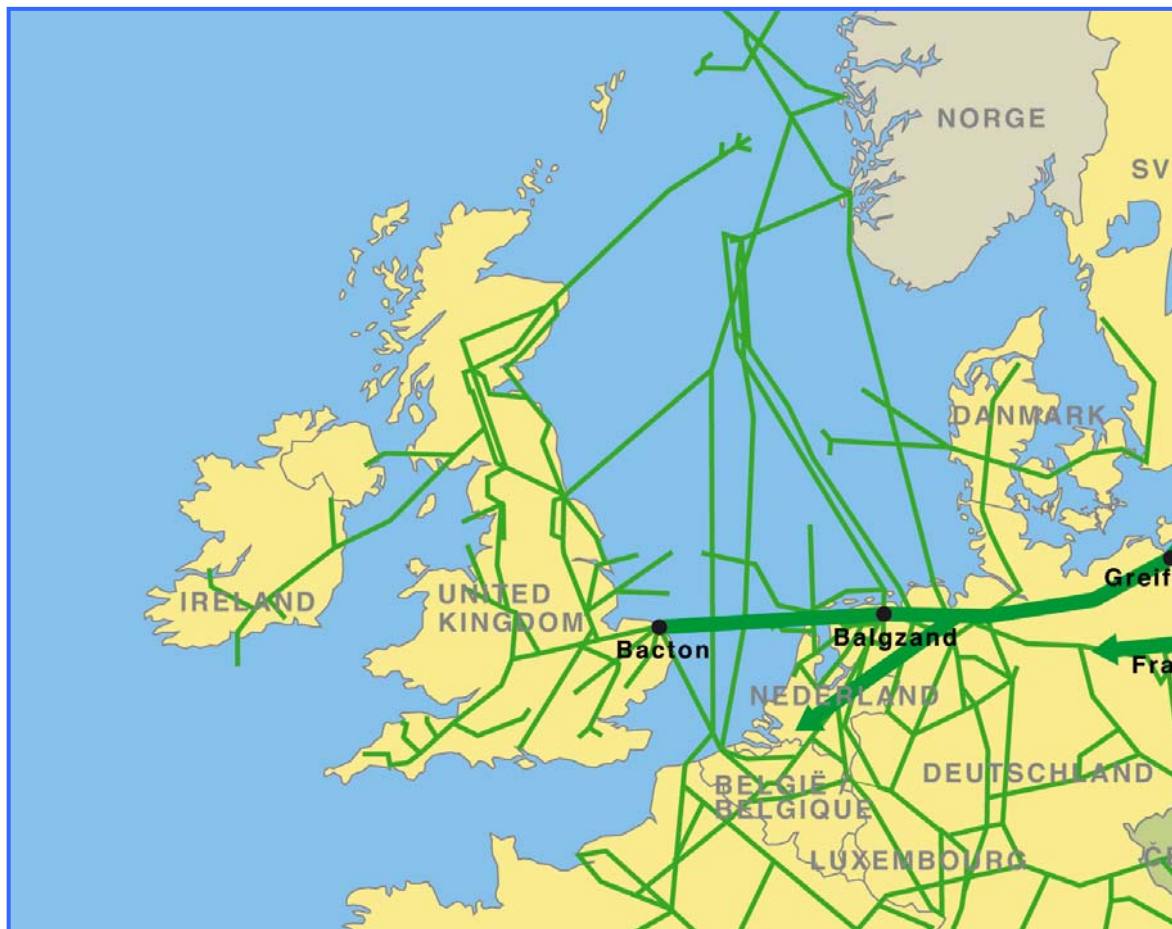

Figure 4: Map of the proposed inter-connector to the UK

Consequences for Future EU-Russian Energy Trade
The above sections on Blue Stream and Nord Stream provide a background to this concluding section where their impact on the aggregated level is

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[41] See Ibid.

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viewed in the context of energy security, Russia's energy policy and Europe's 'gasoholism'. However, before these final conclusions are presented, it is imperative to state that energy security is a broad concept and its meaning differs depending on the user. A few words on this topic are used here to frame the conclusions.

While 'energy safety' most often refers to the physical safety of issues such as critical infrastructure and transport, when it comes to 'security of supply', the core issue is whether the end user (broadly speaking) receives energy from the exporter. Threats to energy supply can, among other things, relate to domestic unrest or have geological, political, economic or physical roots, for example problems on the market or natural disasters. Problems could also be associated with the risks of inappropriate investments, technical failures, terrorism and strife in the importing state.[42] In a security policy context, however, the most important threats are those that stem from antagonistic actors. Threats can have political or economic underpinnings, for example if energy supplies are deliberately cut in order to extort political concessions.

'Energy security' encompasses all security policy aspects of energy policy and energy relations and is thus a wide concept, and consequently the terms 'security of supply' and 'energy safety' are subordinate to it. Some analysts tend to use the term 'energy security' when they mean 'security of supply', which can be somewhat confusing since through this, they may appear to have a wider scope than they actually do.[43] A narrow approach fundamentally misses security issues associated with management of the energy sector, energy relations and issues of sensitivity, vulnerability and dependence.

With regard to Blue Stream and Nord Stream, yet another concept needs to be included in the discussion if it is to be understood, namely Russia's notion of energy security – 'security of demand'. Russia is striving to secure access to consumer markets and to ensure that the consumers are buying what Russia has to offer. As indicated, this explains much of Russia's efforts with regards to Blue Stream and Nord Stream. The difference in notion is also important to

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[42] Owen, Anthony D. (2004), 'Oil Supply Insecurity: Control versus Damage Costs', *Energy Policy*, Vol. 32, p. 1880.
[43] See for example: Stern, Jonathan (2005), 'European Gas Supply and Security Issues', *European Dependence on Russian Energy*, Stockholm, 13 September 2005.

future EU-Russian trade.

It is familiar to Estonia, Latvia, Lithuania, Belarus, Ukraine, Moldova and Georgia that Russia has had an inclination to tamper with gas and oil flows at times that are politically advantageous to Russia. That this would also happen to Germany is doubtful, as Nord Stream is constructed with Germany in mind. However, Hungary and Turkey enjoy less privileged positions and can possibly expect a coercive policy line, albeit not necessarily gas cut-offs. This is why energy security in its broader meaning is more important than simply security of supplies.

Conclusions and Final Comments

It is evident that the strategic priorities of the Kremlin prevail in the Blue Stream and Nord Stream projects. Economic issues are awarded subsidiary roles and financial flaws seem to be accepted by Moscow. However, it would be wrong to presume that this situation would deter Russia from implementing similar projects. The key issue is that profit can still be made as long as expenses can be laid on end-consumers, a practice facilitated by Gazprom's strong position in parts of Europe. Nine additional conclusions can be made:

1) Russia is forming a gas cartel that might evolve into something like a Gas-OPEC. The creation was announced in Doha on 9 April 2007 of a Gas-Exporting Countries' Forum (GECF), where the world's most prominent gas producers, such as Russia, Libya, Qatar and Iran, will join forces and deepen cooperation concerning the gas market.[44] Russia will take a leading position that can be compared with Saudi Arabia's role in OPEC.[45] However, there are fundamental differences between this structure and OPEC, so similarities should not be exaggerated. Gas is traded by long-term contracts and there is no real world market price except for what is traded on the spot-market. In contrast, Russian gas is primarily traded via pipelines. It is therefore impossible for customers to turn to the open market if their ordinary supplier is unreliable. The GECF would therefore not primarily be dedicated to issues such as prices or production levels in the short-term perspective.

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[44] Medetsky, Anatoly (2007), 'Khristenko Backs Gas-Pricing Group', *Moscow Times*, Last accessed: 10 April 2007, Internet: http://www.moscowtimes.ru/stories/2007/04/10/001.html.
[45] Kupchinsky, Roman (2007), 'The Saudi Arabia of Gas', *The National Interest Online*, Last accessed: 4 April 2007, Internet: http://www.nationalinterest.org/PrinterFriendly.aspx?id=13880.

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What a gas cartel could do initially, however, is to decide on export routes and divide the market between its members, thus maximising prices in the long-term perspective.[46] The most advanced forms of cooperation will naturally take some time to develop, but Russia has been rather proactive so far and its current policy has already, and to a great extent, undermined the roles of importers.[47] It is interesting to note that the Central Asian states are not included in the GECF. A key explanation is that Russia prefers to deal with them bilaterally, as it has the upper hand.[48] This organisation will thus be a producer cartel that will have substantial political and economic clout over the EU and its members. In the context of Nord Stream and Blue Stream, the smaller states of the Baltic and Black Sea Regions will, in their negotiations with Russia, be faced with an even tougher producer than today. Price increases and other friction can be expected.
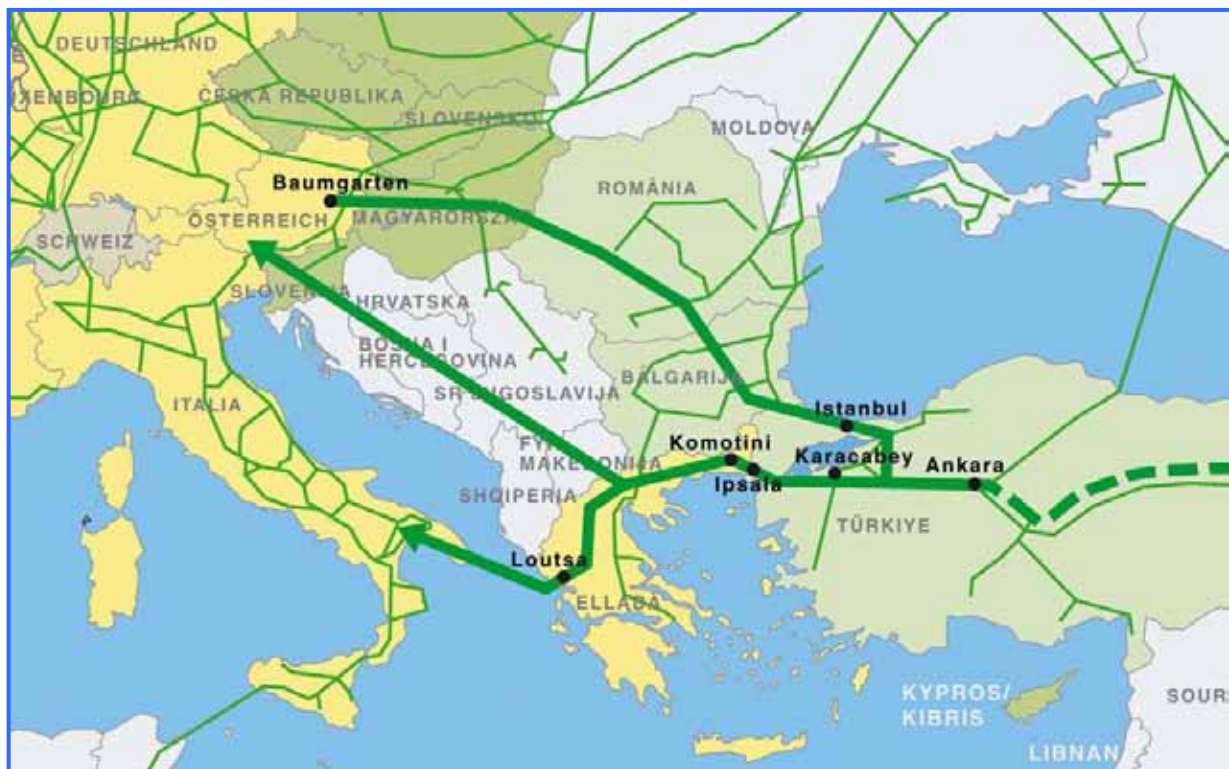

Figure 5: Possible routes of the Nabucco pipeline

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[46] Socor, Vladimir (2007a), 'Gas Supplier's Cartel: not an "OPEC", but Cartel all the Same', *Eurasia Daily Monitor*, Vol. 4, No. 62.

[47] Socor, Vladimir (2007b), 'Toward a Russia-Led Cartel for Gas?' *Eurasia Daily Monitor*, Vol. 4, No. 63

[48] Ibid.

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2) There is a new gas route to Europe in the making. The new route, called Nabucco (see Figure 5), is basically a supply route of gas from Turkey (by the company Botas) to Austria (OMV Gas) via Bulgaria (Bulgargaz), Romania (Transgaz) and Hungary (MOL). The gas is expected to come from the Caspian region (for example via the BTE/SCP) and the Middle East (including Iran and Iraq). If Nabucco is on schedule, which is doubtful, it will come into operation between 2011 and 2014. From Europe's general point of view, Nabucco is a good project as the gas may come from several different sources, not only Russia as in the case of Nord Stream. In fact, it was initiated by the European Parliament and Council of Europe in 2003.[49]

However, there have been concerns about relying on Iran as it might be subject to sanctions, but this problem could be tackled by creating a trans-Caspian pipeline from Kazakhstan to Azerbaijan (that would then connect to BTE/SCP).[50] The Nabucco project has come to be a serious competitor to Blue Stream and it shows that Turkey's dependence on Russia and Russian energy should not be taken as a token of an exclusive strategic partnership. Turkey hopes for EU membership and this may prove to be more important than pleasing Moscow. Few offers to Brussels are as good as a decent gas fix. A complicating factor is that Georgia is interested in building a gas pipeline from Supsa on its Black Sea coast to Ukraine, which in the longer term will target the Polish market, but it is doubtful whether such a project will be a serious competitor,[51] if ever realised.

Figure 5 shows a few suggested options, but the larger northern route is the most feasible option and Hungary will then be a centre of influence. However, Hungary has at best been lukewarm concerning Nabucco and it wants to push the economic burden for the project onto the EU.[52] In fact, Hungary is becoming an energy policy rogue state in the Balkans. In early March, Hungary's socialist Prime Minister Ferenc Gyurcsany flirted with Gazprom to build an extension to Blue Stream with the idea of giving Russia a back door to Europe. The reasons why Hungary's leadership did this at a

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[49] Kupchinsky 'The Saudi Arabia of Gas'.

[50] Ibid.

[51] Alkhazashvili, M. (2007), 'Interest Growing in GUEU Pipeline', *Georgian Messenger*, Last accessed: 11 April 2006, Internet: http://www.messenger.com.ge/issues/1331_april_5_2007/eco_1331_3.htm.

[52] Deutsche Presse-Agentur (2007), 'Hungarian Energy Giant Calls for EU funding for Nabucco Pipeline', *Deutsche Presse-Agentur (Reposted at M&C News)*, Last accessed: 4 April 2007, Internet: http://news.monstersandcritics.com/business/news/article_1282023.php/Hungarian_energy_giant_calls_for_ EU_funding_for_Nabucco_pipeline.

time when several other states have voiced concerns over Gazprom's expansionism are not only a strong affiliation to Gazprom, but rather a severe economic and political predicament. Budapest is yearning for cash at the same time as it needs to show its public that the government is capable of ruling. When Russia hinted at subsidised prices, Budapest gave in to the Kremlin's wishes.[53] The background story is that during the last couple of years, as a step to strengthening its position on the Central European markets, Russia has tried to take over Hungary's energy company MOL. As early as March 2006 Putin promoted the deal, but not until now has Budapest been willing to sell.[54] The bottom line is that Russia has strengthened its strategic position on Europe's southern flank in a way that was guided by strategic priorities.[55]

3) Russia has severe problems in supplying sufficient amounts of gas, much due to its protectionist approach on the upstream sector where investments are turned down and the national company's outdated extraction models are utilised. Simultaneously, domestic demand for gas is increasing. As a result, at least half of the Nord Stream pipeline's gas will be rather expensive, which will affect importers of this gas. When it comes to Blue Stream, the amounts are only fractions of those in Nord Stream and thus the impact will be somewhat smaller.

4) Neither Germany nor Turkey should exaggerate their special position vis-à-vis Moscow. During the latest gas and oil row between Belarus and Russia, Russia cut some of the supplies, which eventually affected Germany too. Russia had its reasons for cutting supplies, but it is noteworthy that Germany was not informed beforehand. No wonder Angela Merkel was upset. If Russia has problems of extracting enough gas in the coming decades, its surplus pipeline capacity could be used for choosing the best receiver at a given time; breaking existing contracts is no obstacle to this. In such a perspective, states like Ukraine and Turkey should be prepared for tough negotiations on giving Russia concessions on the transit fees.

5) None of the projects discussed here poses any real military or security threat to speak about. However, there are numerous and serious security

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[53] Kupchinsky 'The Saudi Arabia of Gas'.
[54] Ibid.
[55] This is also visible in Russia's policy towards Croatia, Bulgaria and Austria.

concerns and consequences that must be dealt with. Most of these do not stem from the steel pipes at the bottom of the sea, but instead from Russia's development away from democracy, rule of law and market practice as we know it, in combination with an inclination to utilise coercive energy policy tools.

6) Both projects are examples of Russia's ambition to penetrate consumer markets and its expansion and further plans on the downstream sectors are nothing short of overwhelming. The problem is that Russia is establishing itself as a *de facto* monopoly, non-market actor, on the European energy market where liberalisation is underway, at the same time as Russia is preventing foreign access to its own upstream sectors. This expansion creates imbalances and asymmetries that obstruct energy trade and cooperation. Germany, Turkey and Hungary are the bridgeheads of this expansion.

7) Both Blue Stream and Nord Stream are suboptimal options financially speaking. This does not mean that there will not be any profit, as the large costs of the projects will be borne by the end-consumers. They are, however, great examples of bilateral projects underpinned by strategic interests overshadowing more economically and environmentally sober alternatives.

8) While Russia's dependence-phobia, in the context of energy, is manifested by a politicised struggle to diversify its energy exports, the result of this process is negative for Europe. Europe has an ambition to avoid any kind of strategic dependence, but this is actually what is happening. The bottom line is therefore that Europe is gradually becoming technically attached to a key player who is playing by their own rules.

9) When some EU members carry out projects without acknowledging the priorities and interests of smaller members, it is a serious blow to the forces of integration and solidarity in Europe. It will become increasingly difficult to form a unified and coherent energy policy for the European Union.

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Part III: Euro-Atlantic Integration

5 Values, Interests and Geopolitical Realities: What Matters in Euro-Atlantic Security Policy?

Gunilla Herolf

Introduction

The concept of a region is by no means a fixed entity. When looking at the map a certain area may stand out as a natural region but political realities may have determined otherwise and prevented interaction, the necessary component for a particular area being called a region. The Baltic and the Black Sea regions were thus unknown phenomena during the Cold War, in the former case with a north-south boundary and in the latter with an east-west boundary separating the countries. The expression 'region' was therefore not used other than as a historical term in these two contexts until after 1989 or actually two years later, since several of the countries involved in the Baltic and Black Sea regions were previously part of the Soviet Union.

In order for a region to be considered as such there is a need for more than geographical proximity, a lack of political hurdles and some interaction. First of all, the countries themselves need to consider themselves a region. Not every neighbouring group of countries perceives this, since some kind of link between them must be recognised by all, whether it is cultural, linguistic, historical or simply a common interest in being seen as a region. Second, it is also a great advantage if other political actors recognise the area as a region, thus responding to its wishes.

The Baltic and the Black Sea regions have both become important issues for the Euro-Atlantic community, but at different points in time. For the Baltic Sea region this took place during the 1990s, whereas the Black Sea Region is now receiving unprecedented interest. The difference in time means that the Euro-Atlantic society is itself different and that Russia, another common denominator, is different as well, as are the Baltic and Black Sea region countries themselves and several of the issues relevant for these countries.

Two issues have been, and continue to be, central for the interest of the Euro-Atlantic community. One concerns the boundaries of its own institutions, i.e. the extent to which NATO and the EU may extend its membership to new countries. The other issue concerns cooperation with countries that may or may not become members. Cooperation may be related to qualifying for membership, but it may also be entirely motivated by the need to solve or mitigate a crisis. In reality the two are closely connected: Candidate states are often eager to participate in crisis management operations in order to demonstrate their capabilities and thereby their usefulness as members of the EU and NATO. One example of this is the Baltic Battalion serving in the former Yugoslavia.

This paper first describes the perceptions and considerations of the Euro-Atlantic community when it comes to membership. Thereafter it discusses the activities and complicated interrelationships between the Euro-Atlantic community on the one hand and the Baltic and Black Sea regions on the other. The emphasis is on the Black Sea in particular, but with a view to making comparisons between the two. Similarities in the motives for action are discussed, as are the considerations given to the regions by the Euro-Atlantic society. Are the EU and NATO and their member states guided by their values, by their interests or is the geopolitical reality the overwhelming motive? It is not to be expected that one of these motives will be the sole answer – the issue here is rather what is seen as the dominant explanation for the policies of the Western countries.

Institutions and the Issues of Membership

The situation in the 1990s
Over the years, institutions and membership issues have been closely associated with borders and with territorial defence. Territorial defence, as formulated in Article 5 of NATO's statutes (and in the equivalent Article V of the Western European Union), was for a long time the dominant task of NATO and the crucial issue in European security. Even after the Berlin Wall has fallen, the Warsaw Pact and the Soviet Union have been dissolved and NATO's prime occupation has turned to crisis management, the deliberations as to whether to accept new member states have been framed in terms of the possible need to defend the candidates against a future threat.

Correspondingly, in the minds of the countries seeking membership of NATO (and to some degree also membership of the EU) the security guarantees also play a role – albeit to different degrees for the different countries.

During the late 1990s and a few years thereafter, while dealing with the aftermath of some conflicts and continued engagement in other conflicts and problems in the Balkans, the EU and NATO were discussing the issue of enlargement related to the Eastern and Northern part of Europe. While Poland (not least because of German support) was in the front line, the Baltic States were not seen as prime candidates for membership of either. As former republics of the Soviet Union, they were considered highly sensitive for NATO membership, especially since the strong Russian reaction after the first NATO enlargement of 1999 (including Poland, the Czech Republic and Hungary). The famous Asmus-Nurick article in *Survival* in 1996 can also be seen in this light: The Baltic countries were seen to need some kind of protection and Sweden and Finland were considered to be in a good position to provide this for them. However, the idea that Sweden and Finland could take on an increased role in guaranteeing what was considered unachievable for NATO encountered both surprise and resistance in the Nordic countries, which, apart from declining any kind of role as guarantee states, had problems seeing the Baltic region as an isolated issue. Finding their own engagement natural, they also wanted the participation of large organisations.[1]

Combined with the hesitance towards enlargement, the tradition of viewing security as primarily based on institutional membership created a certain anxiety among some, not least in Germany, since they found the pattern of institutional affiliation too 'messy'. Some feared the development of a 'grey zone', a situation where countries not permitted to, or not willing to, join NATO would form a zone of neutrality around the Baltic Sea, which might in turn have an impact and perhaps an attraction for others, thus leading to increased tension. Part of this fear was also a misunderstanding of the Swedish and Finnish non-alignment, in which this policy was seen more as a current political agenda than a historically based phenomenon.[2]

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[1] R D Asmus and R C Nurick, "NATO Enlargement and the Baltic States", *Survival*, vol. 38, no. 2, summer 1996.

[2] See, for example, G. Herolf, "The Baltic Sea Region – A Grey Zone in the New Europe?", *Studia*

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While the EU did not contain any clauses on territorial defence, the fears among some countries in the Union were similar to those of NATO – bringing in the Baltic states would lead to a *de facto* defence commitment by the Union, since the new countries were expected to have joined the Western European Union as well, and thus become part of its commitments. Again considering the Russian reactions and the difficulties in defending these countries, extending membership to them would in the minds of some be a risky undertaking. The Russian ethnic minorities were another reason for apprehensions at a time when the Balkan wars were fresh in the minds of Western European politicians.

The situation today
While today, as mentioned above, the Euro-Atlantic society, Russia and the countries themselves have undergone many changes, many problems relating to the Black Sea Region are similar to those of the Baltic Sea region, and the views within the organisations differ now as they did then. Security factors are still important, even though the threat perspectives have made security an even wider concept, bringing in new threats, such as terrorism and climate change. An important additional component is the recent enlargement of the European Union and the consequences that this has had on the willingness to continue the process at all and under what terms.

The EU
Among the EU member states, the views on continued enlargement vary considerably. Chancellor Merkel has declared that Europe must sharpen its external contours and that outside the Balkans and for the foreseeable future, no promises should be made regarding new memberships.[3] In Germany the task of rescuing the Constitutional Treaty is widely regarded among the political parties as a pre-condition for future enlargement. In a joint statement on the German Presidency, the CDU/CSU/SPD government has declared: "The external contours of the EU need to be defined more sharply. A political entity without borders is not viable. We must not take on more than we can handle in completing the process of unifying the continent; our responsibility for the identity of Europe requires this. At the same time, a new 'iron curtain' must not be established on the EU's external borders. A form of good-

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Diplomatica, Vol LI, no. 6, 1998.

[3] "Merkel bezieht beim IBF klare Position: Keine Beitrittszusagen über den Balkan hinaus. Europäische Grundsatzrede zur Eröffnung", BertelsmannStiftung, Berlin 22 Sep. 2007.

neighbourly relations, based on shared values, should be developed that would help guarantee security and prosperity for countries that cannot be admitted as full members." [4] At the same time, the effect of saying a definite no is well understood in Germany and Germans are therefore hesitant to declare, for example to Ukraine, that it has no chance of membership.[5]

Such apprehensions are reflected in the statements of Swedish Foreign Minister Carl Bildt, who has stated the opposite to Chancellor Merkel: "There is talk about defining the borders of Europe. Drawing big lines on big maps of Eastern Europe risks becoming a dangerous process. We should know that such a process will have profound effects in those areas or nations that fear ending up on the other side of those lines. We could easily see forces of atavistic nationalism or the submission to other masters taking over when the light of European integration - however vague or distant – is put out."[6] Generally, on the issue of enlargement, the present Swedish government, like its predecessor, has taken a strong stand in favour. Not only should the countries of the Western Balkans and Turkey become members, but the door must also be held open for Moldova and Ukraine, as well as for Belarus, once the country adopts a democratic system. Ministers Carl Bildt and Cecilia Malmström go even further when reminding European counterparts of the importance of holding the door open for all European countries that may one day fulfil the membership criteria.[7] Still, as Cecilia Malmström has stated, there is obviously a limit somewhere on the number of countries that may become members of the EU. However, she claims that it is not meaningful to draw this line today.[8]

The UK holds similar views and, like Sweden, has traditionally been favourable to continued enlargement of the Union. Geoff Hoon, UK Minister for Europe, spoke in the European Parliament Foreign Affairs Committee about the foundation of the EU's extraordinary 'soft power', the reason why

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[4] *EU-25/27 Watch, No. 4,* Institut für Europäische Politik (IEP), EU-CONSENT Constructing Europe Network, see www.eu-consent.net., Jan. 2007, p. 106, and Cabinet Statement on German EU-Presidency, Berlin, 5.11.2006

[5] EU-25/27 Watch, (see ref. 4), p. 218.

[6] Carl Bildt, Minister for Foreign Affairs, "Open wide Europe's doors. Who wants to be 'absorbed' by the European Union and who can design the 'borders of Europe'"? *International Herald Tribune*, 8 Nov. 2006.

[7] Carl Bildt, Minister for Foreign Affairs, and Cecilia Malmström, Minister for EU Affairs, "Vi vill göra skillnad i Europa" ["We want to make a difference in Europe"], *Dagens Nyheter*, 30 Nov. 2006.

[8] Speech by Cecilia Malmström, "Tal på Utrikespolitiska Föreningen I Uppsala" ["Speech at Uppsala Association of International Affairs], 4 Dec. 2006, http:// regeringen.se/sb/d/7415/a/73551.

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more than any other organisation it has transformed the world around it, and referred this effect to the prospect of membership. If the EU wanted to encourage countries down the right road – which was in their interests and in the EU's, the ultimate destination should not be ruled out. The door was open for Ukraine for full membership, he said, as was the case for "all European nations"[9]

The German view is, however, more typical of the European Union today than the Swedish or the British views. France is one of the most negative countries towards further EU enlargement. Catherine Colonna, Minister for European Affairs, has expressed her concern in the following way: "The fear of an unlimited extension of the Union has awakened new concerns about the dilution of national identities, particularly at a time when our societies have a strong need for roots. It is thus necessary that the debate on the identity, the limits, the actions and the policies of Europe continues and intensifies between our countries. The political control of the enlargement process needs to be reinforced and our reflection on the absorption capacity of the Union must be clarified. The issue of the speed of the process is central."[10]

Turkey is the most contentious candidate for EU membership among governments, as well as among populations. As for Germany, Turkey is special in that the views of the coalition partners vary considerably. Chancellor Merkel, as leader of the CDU, would have preferred to re-direct negotiations to the not so clearly defined goal of 'privileged partnership', but as Chancellor of Germany she abides by the agreement to negotiate with a view towards membership.[11] For the UK Turkey is important as well, but in a positive sense. The British see it as important that Turkey becomes a member since it is of strategic importance for the transatlantic relationship with the US and for the long-term development of the wider Europe.[12]

The support that Turkey receives among European Union populations is fairly meagre, placing it last among prospective candidates, with the support of only 28% on average, whereas 61% believe that the cultural differences

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[9] Hoon tells MEP:s: EU enlargement is a success story, European Parliament, News – Press service – Info, 23 Jan. 2007.

[10] See *La Croix*, 27 October 2006 and EU25/27 (see ref. 4), p. 106.

[11] See speech by Chancellor Merkel, Chairwoman of the CDU Germany, on the CDU Party Convention, Dresden, 27.11. 2006, p. 20 and EU/27 Watch (see ref. 4). p. 107.

[12] EU-25/27 Watch (see ref. 4), p. 117.

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between Turkey and the present member states are too wide for Turkey to become a member of the Union.[13]

The tension surrounding the Turkish issue at the European Council meeting of December 2006 was evident. The conclusion of deliberations (at the GAERC meeting and supported at the European Council meeting) was to admonish Turkey to undertake some concerted efforts to intensify the reform process and to implement it with determination. In response to the Turkish policy of denying Greek Cypriot ships and airplanes admission to Turkish ports and airports – a protest against the isolation of the Turkish part of Cyprus - Turkey was also told to commit to good neighbourly relations and to the peaceful settlement of disputes.[14]

NATO

NATO has declared an open door policy on enlargement. Any European country in a position to further the principles of the North Atlantic Treaty and contribute to security in the Euro-Atlantic area can become a member of the Alliance, when invited to do so by the existing member countries. On the issue of admitting new Black Sea region members to NATO, from the US side one step further was taken as president Bush signed new legislation which reaffirms support for continued enlargement of NATO, designating Albania, Croatia, Georgia, Macedonia and Ukraine as eligible to receive assistance under the NATO Participation Act of 1994 and authorising appropriations for certain military assistance for these countries for the fiscal year 2008.[15]

As concerns Georgia, the path towards NATO membership continued when in March 2007 Georgia's parliament voted unanimously to carry on the process. In the words of the Speaker, Nino Burdzhanadze, "NATO is the priority for all Georgian people. Hope of restoring territorial integrity and protecting the country's sovereignty are pinned on this organisation. The organisation is the only guarantor of stability and peace in the region".[16] The so called Intensified Dialogue with NATO was initiated in December 2006. This dialogue covers "the full range of political, military, financial and

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[13] Standard Eurobarometer 66: Autumn 1966, Brussels 18 Dec. 2006.

[14] General Affairs and External Relations, General Affairs, Brussels 11 Dec. 2006. 16289/06 (Presse 352)

[15] See Moldova.org, Moldova's Best International Gateway, http://politicom.moldova.org/stiri/eng/41509, 11 Apr. 2007.

[16] Ibid.

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security issues relating to possible NATO membership, without prejudice to any eventual Alliance decision".[17]

For Ukraine the relationship has been carried on longer, with the Intensified Dialogue initiated in 2005, and is also pursued in several forums, including the newly established NATO-Ukraine Partnership Network for Civil Society Expertise Development.[18] The situation regarding membership is, however, less clear due to the national division on this issue. According to a poll carried out in October 2006, if a referendum had been held at that time, 54.1% of the population would have voted against Ukraine joining NATO, while 17.2% would have been in favour. However, the question also has a regional dimension, with considerable differences between the overwhelmingly Russian-speaking regions in the east and south on the one hand and the more pro-Western regions on the other.[19]

At the fifth Informal High-Level NATO-Ukraine Consultations held on 5 October 2006, NATO's Secretary Jaap de Hoop Scheffer declared that NATO stands ready to continue to assist Ukraine in managing its comprehensive reform programme, but progress will depend on the energy and commitment of the new Ukrainian government.[20]

The Criteria for Membership

NATO
According to Article 10 of the North Atlantic Treaty …"the parties may, by unanimous agreement, invite any other European State in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty".[21] While this paragraph does not contain any statement of values, the preamble to the statutes declares that the founding states…"are determined to safeguard the freedom, common

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[17] See NATO website: NATO offers Intensified Dialogue to Georgia, 21 Sep. 2006 and Georgia begins Intensified Dialogue with NATO, 14 Dec. 2006.
[18] NATO website, Inauguration of NATO-Ukraine Partnership Network, http://www.nato.int/docu/update/2007/03-march/e0312b.html.
[19] The polls are monitored by the Ukrainian Centre for Economic and Political Studies (the Razumkov Centre). See J. Hedenskog, *Ukraine and NATO: Deadlock or Re-start*, Swedish Defence Research Agency (FOI), Defence Analysis, FOI-R-2165-SE, ISSN 1650-1942, Dec. 2006, pp. 54-55.
[20] NATO website, http://www.nato.int/docu/update/2006/10-october/e1005a.htm.
[21] *The North Atlantic Treaty*, Washington D.C. – 4 April 1949.

heritage and civilisation of their peoples, founded on the principles of democracy, individual liberty and the rule of law".[22]

A more specific procedure is laid out in the 1995 *Study on NATO Enlargement*. The criteria include providing evidence that the countries each represent a functioning democratic, political system based on a market economy; that they treat minority populations in accordance with the guidelines of the Organisation for Security and Cooperation in Europe (OSCE); have resolved outstanding disputes with neighbours and have made an overall commitment to the peaceful settlement of disputes; have the ability and willingness to make a military contribution to the Alliance and to achieve interoperability with the forces of other members; and are committed to democratic civil-military relations and institutional structures.[23]

 The next opportunity to consider new countries will be in 2008. The new members would then be likely to join the organisation in 2010. The Membership Action Plan (MAP) provides a roadmap in which countries merit themselves for membership. Current members of the MAP, Albania, Croatia and Macedonia, are first in line and during 2006 there were also hopes among the previous Ukrainian government that Ukraine would enter into this group at the Riga meeting.[24]

NATO has changed from the time the North Atlantic Treaty was formulated in that it is now a global organisation, no longer restricted to the Euro-Atlantic Area. Article 10 remains the same, however, limiting the members to this region. Some argue that an extension of the geographical area of membership should be a logical step and that any like-minded country that subscribes to NATO's goals should be able to apply for membership in the alliance. This would, they claim, also give NATO a stronger position in a situation where the UN did not want to give a mandate for a certain action.[25] As things stand today, however, a country with little democratic tradition if situated in Europe would be more likely to be seen as a future NATO member than a country of high reputation situated in another part of the world and it would also receive some help towards this goal.

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[22] Ibid.
[23] *Study on NATO Enlargement*, 1995
[24] Ukrayinska Pravda, 07.03.06, http://www.pravda.com.ua/en/news_print/2006/3/7/5050.htm.
[25] I Daalder and J Goldgeier, "Global NATO", *Foreign Affairs*, Sep./Oct. 2006.

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EU

The Copenhagen criteria, defined in 1993, are strikingly similar to the Study on NATO Enlargement, which is not remarkable considering the fact that they were defined at approximately the same time and that the two organisations were facing similar problems when approaching a large number of countries eager to become members.

According to the Copenhagen criteria, in order to join the EU a new member state must meet three criteria:
- Political: Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- Economic: Existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union;
- Acceptance of the Community *acquis*: Ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

For the European Union to decide to open negotiations, the political criterion must be satisfied.[26]

With the establishment of the European Neighbourhood Policy (ENP), the same criteria are used for cooperation – whether or not under the presumption that countries are meriting themselves for membership. With the tailor-made ENP Action Plans, the similarity with NATO's Membership Action Plan is again striking, although with much smaller chances of membership in the case of the EU. Ukraine, Moldova, Georgia, Armenia, Azerbaijan and Belarus, the ENP countries in the Black Sea region, thus each has a special connection to the EU. For Belarus the ENP is, however, primarily a prospect in that the EU outlines the potential that Belarus would be able to exploit if the political conditions in the country had permitted this.[27] The ENP offers neighbours a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable

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[26] Copenhagen European Council, 1993 and strengthened at the Madrid European Council 1995.

[27] See European Commission, External Relations, http://ec.europa.eu/external_relations/belarus/intro/index.htm. See also Non-Paper, "What the European Union could bring to Belarus", paper by Commissioner Benita Ferrero-Waldner, launched on 21 Nov. 2006, in which she outlined what the EU could bring to Belarus if the country would engage in democratization and respect for human rights and the rule of law.

development).[28]

Further proposals were made in December 2006, based on an evaluation of the ENP and aimed at strengthening it. In spite of some progress, it is said, poverty, unemployment, mixed economic performance, corruption and weak governance remain major challenges. The EU must therefore present an attractive offer to the ENP partner countries, offering them improved trade and investment prospects, being more active in addressing frozen conflicts, providing more potential to mobilise funding, etc. The EU also considers it necessary to give more help to those who want to reform faster and better and to provide more incentives for those who are still hesitant.[29]

The Nature of Cooperation
Above all, over the years after the fall of the Berlin Wall the Western policy has been one of neglect towards the Black Sea region in terms of looking at the region as such rather than the individual challenges of/within the various countries. A possible reason for this is a hesitance regarding how to consider this particular area, first of all regarding whether it is a region at all and, if so, which countries are included in it. Ron Asmus and Bruce Jackson have argued that one reason for this might lie in the fact that the region is at the crossroads of European, Eurasian and Middle East security spaces. Located at the edge of each of them, the region has not been in the centre of any. Another reason has been the lack of push from the region: "No Lech Walesa or Vaclav Havel emerged to capture our attention or pound at our door. The countries of the region, different and with widely varying aspirations, were preoccupied with their own problems and at times engaged in civil war and their own armed conflicts. Any thought of joining the West in the foreseeable future seemed unrealistic or even utopian – in their eyes as well as ours." Furthermore, as stated by Asmus and Jackson, the Black Sea has been a civilisational black hole in Western historical consciousness. The West lacked familiarity and cared little – and those who knew more did not venture to deal with what was part of Moscow's claimed 'near abroad'[30]

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[28] *European Neighbourhood Policy*, 2004.
[29] Commission of the European Communities, Communication from the Commission to the Council and the European Parliament on *Strengthening the European Neighbourhood Policy*, Brussels, 4 Dec. 2006, COM (2006)726 final.
[30] Ronald D Asmus and Bruce P Jackson, "The Black Sea and the Frontiers of Freedom. Towards a New Euro-Atlantic Strategy" *Policy Review*, June & July 2004.

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By now there is more familiarity, more leaders arguing their case and more reasons to see the region as relevant for the rest of Europe. For the EU, this is related not least to the latest enlargement of the EU, in which two littoral states became members of the Union. Asmus and Jackson argue for a stronger emphasis on the region, seeing both strategic and moral reasons for it. The strategic reasons lie in its importance for the rest of Europe, the Black Sea region being the area through which many of the European problems pass – illegal immigration, narcotics, etc. It is also of highly strategic relevance, close to the trouble spots of Afghanistan and Iraq and crucial in terms of energy supply. The moral arguments rest on the West's responsibility to complete the vision of a Europe whole and free. A further responsibility is to reach out towards Russia too in this task, thereby shedding its old zero-sum approach to geopolitics.[31]

Differentiated versus General Policies

Differentiated policies
A dividing line can be drawn between the differentiated (or bilateral) policies towards the region, which predominate, and general policies, which are less common. The strongly bilateral element in the policies towards this region is not by chance, but is a consciously sought-after policy, making cooperation self-qualifying with differentiation between countries. Consequently, in most NATO and EU documents the region is not named but instead the various countries or sub-regional groups such as the South Caucasus are singled out.[32] The ENP is the archetype of the differentiated policy, seeking individualised progress for each of the countries based on their performance.

Germany, maybe partly due to its EU Presidency, has an ambitious policy for the ENP. Not giving up on the idea that the ENP also serves as an umbrella for all, Germany seeks increased differentiation and more emphasis on the eastern part of the ENP (as compared with the southern, Mediterranean, part) which, as Germany sees it, has already been given much attention over the years. Among the concrete offers are those to strengthen political dialogue

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[31] Ibid.
[32] B Middel, "Frameworks and Areas of Cooperation in the Black Sea Region", Black Sea Security Program, Harvard University, http://www.harvard-bssp.org/bssp/publications/119, 2006, p. 1.

and open institutions to observers and a deep free-trade-area.[33] The UK, like Germany, is positive to increased differentiation, to meet the particular needs of countries like Ukraine and Moldova. Harmonisation should also be brought about in selected sectors such as transport and energy.[34] The same is also true for Sweden.[35]

Considering the widely varying status and character of the countries in the Black Sea region, the principle of differentiation appears logical. First of all, two of the countries, Bulgaria and Romania, are members of the EU and NATO and are therefore in many ways more integrated with the Euro-Atlantic Community than their neighbours. Furthermore, Turkey is a long-term member of NATO and candidate for EU membership, while Moldova, Ukraine and Georgia all have a rich pattern of cooperation with the two organisations, including two EU missions, e.g. the Border-Assistance Mission to Moldova and Ukraine, established to prevent smuggling, trafficking and customs fraud across the border. The other mission, EU-JUST Themis Georgia, was carried out during 2004 and was a rule of law mission assisting the Georgian government. Armenia and Azerbaijan are members of the ENP and Russia is in a category of its own as the major power in the Black Sea region with its own complicated relations to the other countries and to the EU and NATO. The engagement in the so-called 'frozen conflicts' is, however, limited. The serious and diverse problems of South Caucasus – the Nagorno-Karabakh conflict between Armenia and Azerbaijan and the South Ossetia and Abkhazia conflicts in Georgia – are all of a complicated nature and extremely sensitive for Russia when others appear to become engaged and the possibilities of the EU making a difference are currently small.

For the purposes of qualifying for other forms of cooperation agreements, and ultimately perhaps also EU membership, a differentiated form of cooperation is necessary. Many of the countries have a long way to go before they fulfil all the criteria of Copenhagen and the various steps of the ENP, as well as the MAP. They need monitoring, support and sometimes also reproaches on the way. Even without considering the idea of membership, the differences in institutional affiliations mean that different financial and other measures are available. Furthermore, the different problems of these

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[33] EU-25/27 Watch (see ref. 4), pp. 216-219.
[34] Ibid., pp. 230-231.
[35] Speech by Cecilia Malmström, 4 Dec. 2006, (see ref. 8).

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countries mean that they need different kinds of help.

Another factor in this context is the issue of loyalty and rewards. In a speech in March 2005 the Romanian president, after having pleaded for a stronger involvement in the Black Sea region, reminded the United States of the region's services stating that "The Black Sea area… is an area whose political, economic and military relevance has been tested during the war against terrorism, when several countries like Romania, Bulgaria and Ukraine offered a valuable and concrete contribution. As you may know, Romania offered its air space and access to military facilities, in addition to providing troops on the ground – over 2,000 military – in Afghanistan, Iraq and in peacekeeping missions in the Western Balkans."[36]

A particular form of bilateral relationship is that between the EU and Russia, or, more precisely expressed, between various EU members and Russia. The fact that the EU has failed in establishing a common policy towards Russia is a problem and the energy situation, in which primarily Germany has interacted closely with the country, has exacerbated it. Russia's own policies in avoiding a common EU front have in this sense been very successful. Other aspects of Russian policy have also been a problem for the Euro-Atlantic Community. One of these is the Russian activities in building regional organisations in the economic and security fields, and thereby binding countries to itself. Another is its involvement in the various conflicts in the region, in which it has not viewed Western action in a positive light. [37]Generally the Russian policy has lately not been promising and Russia's use of the energy weapon has confirmed the apprehensions held by many in the West.

General policies
There are also examples of the Euro-Atlantic Community taking a more regional approach to the area. A new initiative within the ENP was taken by the Commission in April of 2007 concerning the Black Sea region. As indicated by the name *Black Sea Synergy*, and as emphasised by the Commission, this initiative is not aimed at creating any new structures, nor

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[36] H.E. Traian Basescu, President of Romania, "The Black Sea Area: Advancing Freedom, Democracy, and Regional Stability", Council on Foreign Relations, Washington D.C., March 10, 2005.
[37] European Neighbourhood Policy and Security: Challenges, Goals and Means, 2nd International Working Conference on ENP, Stockholm 30 Nov. – 1 Dec. 2006, 4th Session: ENP and Good Governanace: The Cases of Democratic Development and Security Reform.

does it constitute a strategy or a new form of bilateral cooperation. Both of these exist already, a strategy in the form of the pre-accession strategy with Turkey, the ENP and the Strategic Partnership with Russia, and the bilateral cooperation being the prevalent form of the ENP cooperation. The primary task is the development of cooperation within the Black Sea region and between the region as a whole and the European Union. In terms of cooperation it is intended to be a flexible framework to create greater coherence and policy guidance. One of the mechanisms to be used is to connect to cooperation undertaken elsewhere, such as allowing activities already undertaken in a regional context underpin and reinvigorate national activities.[38] The substance of the cooperation focuses on the challenges already found in the Black Sea area regarding e.g. democracy, respect for human rights and good governance, movement and security, frozen conflicts, energy, transport, the environment, etc.

The Black Sea Synergy is a geographically wide concept in that it extends outside the ENP. First of all it concerns all the 12 countries of the Black Sea Economic Cooperation (BSEC),[39] thus including seven countries that are not members of the ENP. It is also directly connected to the BSEC since promotion on the regional level is carried out through this organisation, whereas the Black Sea Forum[40] is the link to the non-governmental civil society level. Second, the ambition is also to include other regions, the reason being that many of the activities are strongly linked to neighbouring regions, notably the Caspian Sea, Central Asia and South-Eastern Europe. The Black Sea Synergy, as the name indicates, also aims to enhance synergies and build on the experiences of existing regional initiatives linking the Black Sea region to the EU, such as the Danube cooperation,[41] and seeks to take advantage of, for example, lessons learnt in the Baltic Sea Region. [42]

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[38] Commission of the European Communities, Communication from the Commission to the Council and the European Parliament, *Black Sea Synergy – A New Regional Cooperation Initiative*, Brussels, 11.04.2007 COM (2007) 160 final, p. 3.

[39] They are Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Serbia, Turkey and Ukraine.

[40] The Black Sea Forum for Partnership and Dialogue is a Romanian initiative of June 2006, with the idea to hold annual presidential-level summits and thematic or sectoral-cooperation meetings.

[41] This is an initiative developed by Austria, Romania, The European Commission and the Stability Pact to broaden and deepen Danube cooperation and give to it clear political and economic dimensions. See Black Sea Synergy… (see reference 38), p. 3.

[42] Ibid, p. 4.

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Interaction within the Region

At the same time it is clear to many that the necessary steps towards the creation of a cohesive region that can act on its own cannot be achieved by a policy imposed by others. In order to achieve this, a Euro-Atlantic policy in which the countries of the region are encouraged to act on their own and are treated as a region rather than individually is one essential part. Obviously this is also a wish from the region. Some countries now seek to put forward the region itself, seeing regional cooperation not only as a way to forward integration and cohesion, but also as a means to increase the importance of the region vis-à-vis and within the Union.[43]

However, this policy also demands much from the countries in the region. The Lithuanian Minister for Foreign Affairs, Antanas Valionis, drawing comparisons between the Baltic Sea region and the Black Sea region, argues that action must come from within the region rather than through EU- and NATO-imposed cooperation schemes: "We can only applaud the action taken by Georgia and Ukraine, which has resulted in a new-quality partnership of GUAM, based on shared goals and common values. The other Black Sea nations, too, represent a region 'in action' through such initiatives like this Forum. However, compared with the future tasks, the current level of cooperation is still insufficient. The countries of the Black Sea Region have to cope with a wide array of challenges that inhibit their European transformation."[44]

The EU and NATO must help where they can, according to the Foreign Minister, through mechanisms such as the ENP, its Action Plans or the NATO Membership Action Plans. However, the EU and NATO cannot replace a lack of dialogue between the Black Sea nations. Sharing regional experience between the Baltic Sea and the Black Sea regions is one idea. Focusing the common efforts on building civil societies in the emerging democracies by developing people-to-people contacts is another and, last but not least, cooperation should be increased between Europe and the United States on the Black Sea Agenda, thus pooling the expertise and efforts.[45]

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[43] B Middel, 2006 (see reference 32), p. 1.
[44] Intervention by H.E. M. Antanas Valionis, Acting Minister of Foreign Affairs of Lithuania, Black Sea Forum for Dialogue and Partnership Summit, Session: The Wider Black Sea Region in European and Global Context, Bucharest, Romania, 5 June 2006.
[45] Ibid.

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Strong sensitivities towards American involvement have come to the fore in the newly established closer relations between what might seem to be an unlikely couple, Turkey and Russia, both of which see a stronger American influence in the Black Sea area as detrimental. Formally they have based themselves on the 1936 Montreux Convention, which gives Turkey control over the Bosporus and the Dardanelles when opposing American plans of expanding the Active Endeavour mission into the Black Sea from the Dardanelles. The reason for this is that it is allegedly not possible for the warships of non-littoral states to pass through the straits. Turkey has instead proposed two other naval force structures with NATO connections: the Black Sea Naval Task Force (Blackseafor) composed of Turkey, Russia, Bulgaria, Romania, Georgia and Ukraine, which deals with search-and-rescue operations, humanitarian assistance, mine countermeasures and environmental protection. The other is Operation Black Sea Harmony, launched by Turkey in 2004 with the same goals as Active Endeavour – to monitor commercial ships, board suspicious vessels, and deter criminal and terrorist activity and the transport of weapons.[46]

A complicating factor is the very large number of regional initiatives and organisations. While intuitively this might be seen as a positive sign, in this case they counteract each other to a high degree, not only when considering the Russian attempts to build up regional organisations in order to cement its own power in the area. Some of the organisations complement each other and others are in competition, being backed by different countries outside the region, but on the whole there are too many of them. The Baltic Sea Forum, formed with the intention of coming to terms with this plethora of ideas and ambitions, may hopefully give some structure by providing an informal setting for debate involving all the regional actors.[47]

The Crucial Issues for the EU and NATO
For both the EU and NATO, the enlargement situation is becoming more problematic. At some point a boundary must be drawn. As seen from several examples in this paper, countries, independently of whether they are positive or negative to further enlargement, hesitate to be too precise on this, since

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[46] "Turks Oppose U.S. Black Sea Force Move", DefenseNews.com, 13 March 2006.
[47] D Triantaphyllou, "The EU needs to act urgently in the wider Black Sea region" New Europe, The European Weekly, 16 July 2006.

they know that the consequences will be negative and they have seen the very positive effects of previous enlargements in terms of increased stability. The enlargement issue also influences the efforts to come to terms with the problems in the area, since when countries do not have the membership perspective as an incentive for change, the possibilities for the EU and NATO to influence the countries in question are considerably reduced.

Another issue when dealing with a region as sensitive as the Black Sea region is the need to act in a way that does not create animosity in the area but to find a role that rests on legal grounds. This was underlined by the US Ambassador to Turkey when stating the US government's approach to Black Sea security, declaring that it takes two important realities into account. The first was the fact that the United States is not a littoral state, which affects what it can do and how it might do it. The second was the fact that the US had been allied to littoral Turkey for over five decades and to littoral Bulgaria and Romania for not quite ten. This meant that the US had been present in the Black Sea since Turkey joined the Alliance in 1952. In spite of this long history, the US was, however, not seeking to establish a permanent naval presence in the Black Sea, he stated, but was rather committed to engage with its allies and friends to enhance security and cooperation throughout the region.[48] The American policy is now to support the Black Sea Harmony operation, a policy that is positive for Turkey and lessens its concerns over a dominating United States in the Black Sea.

While a Russian fear for what they may interpret as an expanding West can be understood, the Turkish apprehension is less so due to its NATO membership. The Turkish policy has been explained by a fear that its full control of the strategic Straits might vanish. In addition, the Turkish resistance to the US Iraq invasion is still a factor that influences relations between these two countries. As declared in a Turkish newspaper after expressing the satisfaction with the American decision: "As long as Ankara accommodates both the US and Russia's interests in the Black Sea – extremely difficult but possible – then Turkey may continue to breathe easy for a while longer."[49]

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[48] R Wilson, "U.S. Policy in the Black Sea Region", *Turkish Policy Quarterly*, 13 April 2007.
[49] Lale Sariibrahimoglu, "US Black Sea Strategy has the Potential to Revive Ankara's Concerns", *Today's Zaman*, 13 April 2007.

Closely connected to the legal issues is the necessity for the EU and NATO, if they want to succeed in cooperation, to consider the need to work with the regional organisations on matters that are crucial to the countries in the region. This far, the agenda has primarily concerned the issues important to the Western countries. Active Endeavour, for example, was a direct consequence of September 11, and addressing the threats related to it. The initiatives of the region that have been viewed in a positive light, such as the Black Sea Harmony and Blackseafor, have also concerned such issues. However, what is considered to be a threat for Western Europe may be irrelevant for the countries in the Black Sea region or even viewed in the opposite perspective. In the words of Rumer and Simon: "In fact, for some countries in the Black Sea region, illegal migration is not so much a part of their problem as part of their solution to poverty, legacy of conflict, and ethnic tensions. Separatism, ethnic conflict and day-to-day physical survival are far more pressing issues for the region's average inhabitants, as well as their leaders."[50]

However, in this context it must be remembered that the interests of the Black Sea countries are often in conflict with each other. The Euro-Atlantic community will need to devote much work to developing cooperation projects that can be endorsed by all or a majority of the littoral states, and above all to support the efforts made by the countries themselves. In this endeavour the engagement of Turkey and Russia, the two primary actors in the region, will be central.

Another crucial issue lies in the links between the short term and the long term and between the region and the global scene. The complicated politics and one of the many close connections to global policies is exemplified by the fact that the relationship with Russia spills over into other very important areas. If Western states take a strong stand on Georgia, this will have an impact on the support that they might receive from Russia within the United Nations in other areas of great importance, such as the policies towards Iran and North Korea, where they are highly dependent on getting this support.[51]

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[50] E.B. Rumer and J. Simon, *Toward a Euro-Atlantic Strategy for the Black Sea Region*, Institute for National Strategic Studies, Occasional Paper 2, National Defense University Press, Washington, D.C., April 2006.

[51] A Cohen and C Irwin, "U.S. Strategy in the Black Sea Region", Backgrounder #1990, The Heritage Foundation, 13 Dec. 2006.

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Another problematic issue is to reconcile the different goals and interests of the member states within the EU and NATO. For some countries energy supply may be of overriding importance and these countries may therefore be prone to demand that issues related to such values as human rights should not be treated with the same rigour that other countries demand. For the US, the global scene and the war against terrorism may be seen as overriding in importance. In addition, previous policies play a role in the reactions they have caused in influencing further cooperation in the area. As mentioned above, the American decision to invade Iraq has led to strong negative feelings in Turkey and in Russia, with implications in the Black Sea region too.

The Baltic Sea Region Compared with the Black Sea Region
Compared with the Black Sea region, the Baltic region was free from acute problems when under consideration for membership. The main hurdle in the eyes of others was its geographical closeness to Russia and the risks in terms of future crises entailed in letting its countries be included in the EU and NATO. Another positive factor was that the four candidates for membership and integration, Estonia, Latvia, Lithuania and Poland, were on friendly terms and could cooperate with each other. Their two unsolved problems were both with Russia: the issue of disputed borders and that of minorities inside the country. This made it easier to deal with the problems compared with a situation in which there were disputes among the candidates. The evaluation of the problems was also the same: the Baltic countries abstained from their border claims in order to qualify for membership.

The issue of protection has been vital in both regions. For those seeking membership, NATO and the EU have together provided both the security and the financial perspectives (even though no initial rewards). Just as expressed by the speaker of the Georgian parliament, NATO was the reassurance for fairness and protection in the future for the Baltic countries.

An essential difference is that in the case of the Baltic Sea, the view was generally much more positive towards NATO and EU membership. The EU and NATO therefore met a strong and united wish for membership from the Baltic, which is not the case in the Black Sea region.

Today, for present EU and NATO members, existing borders are as relevant an issue in popular opinion as they are for governments. Fear of immigration, with cheaper labour undermining wages, is one of the reasons for reluctance for further enlargement. However, the issue is wider than that since it is also connected to the increased rift between the elite and grassroots in Europe, in which the general public do not feel that they have influence over the policies adopted by their politicians.

Values, Interests and Geopolitical Realities?

Values, interests and geopolitical considerations are factors that may well coincide with each other and lead to the same decision vis-à-vis the relevant issues. However, there might also be situations in which adherence to the intention to apply for EU or NATO membership would point in one direction, while interests and geopolitical considerations would point in the other.

Both the EU and NATO state certain values to which countries wishing to join the two organisations should adhere. Clearly it would be more or less impossible for the EU to work if one or several member countries did not respect the fundamental values of Western societies. For NATO the situation is different, with Turkey being a member of NATO while not a democracy. However, it would be difficult today in another situation for NATO countries to accept a country applying for membership without fulfilling this criterion. Still, while this is the overriding picture, difficult questions are bound to arise in which Western countries will surely have to weigh their demand for energy against other aspects of Russian and other countries' policies.

Interests are a recognised part of policies. Despite the convictions of government, arguing for membership of/cooperation with a country for moral reasons would not be seen as sufficient to motivate the population. This is especially so within the European Union, where as seen above enlargement fatigue is widespread. In particular, during a period such as the present when there is a considerable rift between the elite and grassroots of the European Union, it is more important than ever to argue for an issue by proving that it will serve national interests. This can cause problems, since it may be difficult to demonstrate that what is a cost in the short run will be beneficial for all in the long run. Another problem may lie in the different

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'currencies' – if enlargement (at least in the short run) might add to the costs in terms of money, it will pay in many other ways in the long run. Engaging in cooperation which addresses the countries in the region, not only those in the West, may be another difficult policy to accept by those who do not see the necessity for creating confidence among cooperation partners in order to receive long-term benefits.

Is there a geopolitical component to the Baltic and Black Sea policies of the Euro-Atlantic Community? One might think that this would be natural when countries to a high degree follow their interests. Strikingly, there seems to have been very little geopolitical thinking. The West has attended to problems in a piecemeal fashion and not until recently have the wider implications of the importance of the region become apparent. The reason is probably that identified by Asmus and Jackson: the Western countries have been so busy taking care of acute problems that there is little time left for strategic thinking.

Looking at the arguments for a Black Sea policy that benefits the region, it is easy to motivate it when considering the ways in which it also benefits the Euro-Atlantic Community. The reason is not strange – the logic that is convincingly described in the European Security Strategy (ESS) of December 2003, according to which European countries share both the threats and the means to solve them, is also fully applicable to an area extending out to the Black Sea region. Some of the problems are considerably more difficult but that does not make their resolution less urgent - and it must be together with the Euro-Atlantic Community.

6 NATO and Ukraine

Hryhoriy Perepelytsia

The transformation and enlargement of NATO are key developments in post-bipolar Europe. They shape a new Euro-Atlantic system of regional stability, which not only reflects the results of the Cold War, but also provides European states with security. Ukraine is one of the states able to benefit from these processes.

The end of the Cold War symbolised the triumph of democratic values on the European continent. NATO has succeeded not only in preserving democracy in Europe, but also in spreading it throughout the whole continent. However, this political and ideological triumph resulted in an internal crisis within NATO: the weakening of transatlantic ties between Northern America and Europe. The Cold War victory led to reorientation of American foreign policy toward building a new world order, while Europe has articulated its own geopolitical agenda. For the first time, the national political and economic interests of European states dominated over their alliance commitments.

Central and Eastern Europe thus attracted much attention from the Western European states. They competed for influence, economic benefits and political advantages. The EU as an institution reorientated towards the East, while weakening its transatlantic ties. The EU enlargement to the East has quickly emerged on the agenda. Putting it forward will result in an increased geopolitical role of the Union in the world. However, the United States also diverted attention to Central and Eastern Europe. American influence in the region meant strengthening of the American presence in Europe in general, as well as improving the position of NATO in Europe.

The Alliance's new strategic goals in Europe include:
- Preserving internal stability and securing transatlantic ties;
- Political and economic expansion into post-communist countries of Central and Eastern Europe;
- Adequate responses to new challenges and threats to European

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security.

Following the break-up of the Soviet Union and the Warsaw Pact, a vacuum of power emerged in Central and Eastern Europe. The capabilities of Central European states in providing and generating security have been considerably weakened. In some states the fall of communist governments led to internal political instability, which provoked violent conflicts. The new democracies were weak and required support for the development of their civil social institutions. The situation in Eastern European countries and the former Yugoslavia was even worse.

While new security challenges appeared, the institutional capabilities of the security systems in the region were weakened. Threats of new types, such as trans-national migration, terrorism, ethnic and religious conflicts, etc. were hard to meet. That led to a growing realisation of the necessity to develop regional security cooperation and to join NATO as the most effective security institution.

Neither the EU nor the OSCE were able to effectively solve the security problems of the Central and Eastern Europe. Conflicts in Bosnia and Kosovo proved a low level of readiness of all regional organisations except NATO. Thus the Alliance regained its strategic role and was able to adapt to meet new challenges.

Ukraine's relations with NATO have always been the result of compromise. Balancing between NATO and Russia, Ukraine takes into account numerous concerns. The current relations with NATO are guided by the Ukraine-NATO Charter on Partnership. Russia's position is also important.

Russia is not going to join NATO. However, it is in Russia's strategic interests to play a leading role in shaping a new architecture of security arrangements in Europe. That is why the process of NATO enlargement was heavily criticised by Moscow. While most European states that applied for NATO membership are most interested in adapting their security systems to the standards of NATO, Russia pursues broader goals of political dialogue on security problems.

NATO's enlargement is in Ukraine's interests, since it brings stability and

security. The new NATO member states are Western neighbours of Ukraine, which opens up more opportunities for integrating into European security systems. Following this scenario, the Alliance will be interested in preserving Ukraine's sovereignty and territorial integrity.

Broadening security concerns have increased the significance of political instruments in NATO activities. The Alliance's priorities include the protection of democracy and freedom, thus making it an important tool for the Central and Eastern European states in preserving their democratic changes.

Through Membership Action Plans (MAPs), NATO paved the way for the new members from the Central and Eastern Europe. The alliance's structure and functions were updated accordingly. However, the 9/11 attacks shifted priorities in defence, giving way to non-traditional and asymmetric threats. These attacks also dramatically changed priorities in American foreign policy. As that happened, three key trends in European security surfaced:

1. NATO is no longer a unique institutional platform for solving the practical problems of American security.
2. The USA is rapidly pursuing a 'military revolution', leaving its European allies far behind. That puts the participation of NATO allies in future military operations under question.
3. The USA and Europe no longer share all views on security concerns and ways of their neutralisation.

Ukraine had to respond to these developments. Various partnership formulas were no longer sufficient, since Ukraine's capabilities in fighting global threats are limited. That is why, unlike Russia, Ukraine could not count on such formulas. A compromise formula was developed by the Council on Security and Defence of Ukraine in 2002 in the Ukraine's strategy towards NATO. This strategy includes the long-term goal of joining NATO and the simultaneous process of internal transformations to meet NATO standards.

Meanwhile, two waves of NATO enlargement have changed Ukraine's role in regional security cooperation. Ukraine's key tasks in this regard are the following:

- Successful completion of economic and military reforms;
- Transformation of relations with NATO into 'candidate country' format.

NATO interest in Ukraine's membership will depend on the attainment of those goals, as well as on the support from new members and the USA. Russia's position and Ukraine's dependence on the Russian economy will also be taken into account.

Joining NATO will guarantee Ukraine's sovereignty, independence and territorial integrity. Falling into Russia's sphere of influence will put an end to all basic national interests of Ukraine, since Ukrainian independence is a key obstacle to restoring the Russian empire. These perspectives shape the geopolitical interests of Ukraine towards NATO. Membership would also secure Ukraine's national identity and unity, preserve and develop democratic culture and help to guarantee the rights of ethnic minorities. Europe would also benefit from solving a geo-strategic dilemma in Europe, which would enhance closer cooperation among all European actors and the USA.

Conclusions

Jakob Hedenskog and Viktor Lavrenyuk

The scope and focus of the Kyiv conference of the Swedish-Ukrainian Security Forum included regional and energy security matters, as well as Euro-Atlantic integration – those most pressing issues that have been on the decision-makers' agenda throughout Europe, and in the Baltic and Black Sea regions in particular. In different times various aspects of security prevailed in the two regions, but they both undoubtedly share to a certain extent a common history and characteristics. For this reason, and also taking into account the geographical proximity and the factor of the common great power in the East (Russia), a certain approach has crystallised in international relations that highlights the commonality of the processes in the two regions and their purported shared interest that can currently be translated into implicit benefits of possible strategic partnership.

Thus, the Kyiv conference of the Swedish-Ukrainian Security Forum has provided a comprehensive analysis of most current trends affecting not only Ukraine and Sweden, but also the neighbouring Baltic states, Poland, Moldova, Georgia and Russia. Quite importantly, the Kyiv conference has approached the discussion in an open and transparent manner, providing an opportunity for the representatives of the countries in the regions and various international organisations to express their thoughts and hear the views of the speakers. The conference has attracted a remarkable amount of attention from the NGO community, government agencies and foreign missions.

Structurally, the Kyiv conference covered both theoretical and practical aspects of regional security, laying conceptual foundations (historical and theoretical discussions by Krister Wahlbäck and Volodymyr Manzhola) and providing some real-life applications (Sergiy Herman, Robert L. Larsson, Gunilla Herolf, Hryhoriy Perepelytsia).

Ambassador Wahlbäck's paper gives a crisp comparative perspective on how

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relations in the two regions have been evolving since the early nineteenth century. The paper argues that great powers (empires before World War I) and Russia in particular have been dominating the region and influencing the balance of power. Valuable insights are shared on the origins of Swedish neutrality and the role Ukraine played in cementing Russian control over the region. When speaking about modern times, Ambassador Wahlbäck identifies two distinctive periods shaping regional security: (1) Pre-2004 (optimistic), with many hopes for symmetric relations with Russia and thus a more dynamic security-building process; and (2) Post-2004 (authoritarian), which has seen the Russian leadership return to power politics, with energy being at the core of its foreign policy arsenal.

Dr. Manzhola in his paper 'Problems of Regional Security' compares the two regions from the institutional and functional perspectives. According to him, while the two systems experience roughly similar developments on the institutional side, the regions are being influenced by regional powers (the EU and Russia). The United States and NATO exert considerable pressure on the countries, regional security frameworks are not fundamental to building security, etc. The functional aspects differ rather significantly, however:

- The core of regional security cooperation is non-existent in the South, while it remains quite strong in the North;
- The Baltic region is more preoccupied with soft threats, while a more conflict-prone Black Sea region worries about traditional (interstate) conflicts.

Dr. Manzhola concludes that despite the differences, the external environment has been extremely important for the security arrangements in the two regions and most likely will be the crucial factor causing instability and potential clashes in the future. This opinion has been reinforced by the fact that energy exports from Russia are becoming increasingly intertwined with politics. Given the enormous oil and gas deposits in the Caspian basin, the Black Sea transportation routes will undoubtedly become the focus of both Russia and the EU, thereby giving another dimension to potential security disagreement.

The focus of the Kyiv conference then shifted in a natural progression to the current issues in energy security, where Sergiy Herman and Robert L.

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Larsson gave exhaustive assessments of current trends in this sphere.

The Herman study reveals that a great deal of regional cooperation has been going on surrounding the Black Sea. This mostly relates to the efforts to envision and implement reliable energy supply routes that would satisfy both Europe and individual states (such as Ukraine), which are starting to feel insecure because of provocative Russian gestures. Therefore, the Organisation of the Black Sea Economic Cooperation (BSEC) and Organisation for Democracy and Economic Development – GUAM have been increasingly associated with energy security and the resulting cooperation among the member states. While these processes scarcely have an immediate bearing on the Baltic region, they are all manifestations of a joint effort to create a predictable and effective security framework that would resolve the energy issue by diversifying sources and supply routes.

Robert Larsson's presentation considerably expands the scope of the discussion by introducing a whole set of energy supply alternatives that are being evaluated in Europe, particularly Blue Stream, Nord Stream and Nabucco. Even though none of these, in Mr. Larsson's opinion, poses a direct threat to regional security, the underlying root cause of the problem rests with Russia and with its deviation from democracy and the rule of law in particular. In this sense the previously voiced argument of the external environment shaping regional security was once again reiterated.

Consequently, taking into account numerous instances of external influence and ample evidence of global powers at play in the Baltic and Black Sea regions, the whole discussion would not be complete without bringing in the Euro-Atlantic dimension of regional security. Unlike all the above-mentioned security developments in the two regions, the Euro-Atlantic integration represents a much better structured approach to achieving high-level security goals.

The papers by Gunilla Herolf and Hryhoriy Perepelytsia both create a logical framework revisiting some underlying NATO and EU institutional principles and security approaches, as well as Ukraine's cooperation strategy with the Euro-Atlantic community.

With a difference of only some 15 years, the Baltic and the Black Sea regions

were destined to go through an uneasy choice of selecting their model of cooperation with NATO, the world's strongest political and military alliance. The very presence of a force of such magnitude has influenced the security arrangements in the two regions and to a certain extent altered the balance of power. With NATO expansion already an unavoidable fact, the more coherent Baltic region (with a regional security core already in place) was lost for Russia. This left Moscow with the only option of focusing on the southern flank and re-establishing its sphere of influence there.

So, whereas even several years ago it appeared that Ukraine would become a NATO member in the foreseeable future and a public discourse was held on when this should happen, now the prospects for Ukraine's Euro-Atlantic integration seem somewhat dimmer.

The EU option looks even fainter for Ukraine. It should be mentioned, however, that Sweden and other countries of the Baltic Sea region have been favouring Ukraine's accession to the Union, but this issue is simply too far from its implementation stage, given Ukraine's economic performance and political turbulence.

Some of the issues raised during the Swedish-Ukrainian Security Forum conference in Kyiv surely facilitate such a transition and will eventually lead to a democratically mature nation that plays a key role in contributing to the security of the Black Sea and Baltic Sea regions. Even now Ukraine has already started to take on leadership roles in its interactions with Georgia, Moldova and Belarus, strengthening democratic processes in those countries. In its turn, Sweden has been an active advocate of structuring the states of the two regions into a more viable formation, capable of withstanding external threats and tackling internal security risks. Some of the presentations at the Kyiv conference have unambiguously shown that historically, a Baltic Sea or Black Sea axis has emerged from time to time to create a framework dealing with security in the region. While these processes have always lacked institutional backing, there is an obvious need to improve and deepen the dialogue by developing a mechanism for the early identification, analysis and resolution of possible security threats.

Appendices

Appendix 1: Programme and List of Participants of the 1st meeting of the Swedish-Ukrainian Security Forum, Kyiv, 13 September 2005

Programme:

09.00 – 09.15   **Welcoming Words**
                       Ambassador John-Christer Åhlander

09.15 – 09.30   **Introduction and Presentation**
                       Jakob Hedenskog (moderator)

09.30 – 10.30   **1st Session: European and Euro-Atlantic Integration**
                       Lisbeth Aggestam: "The 'Big Three' and European Foreign Policy: A Force for Good?"

                       Dmytro Vydrin: "Russian Factor in European Integration of Ukraine"

                       Discussion

10.30– 11.00   **Coffee Break**

11.00 – 12.30   **1st Session: European and Euro-Atlantic Integration (contin.)**
                       Oleksiy Semeniy: "Analysis of the European Policy of Ukraine: Achievements and Mistakes, Perspectives for the Future"

                       Oleksandr Sushko: "Implementation Perspectives for Ukraine – EU Action Plan and Governmental Road Map on this Issue (in the context of current changes in the Government)"

                       Discussion

12.30– 13.30   **Lunch**

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13.30 – 14.30	**2ⁿᵈ Session: Regional Security**

13.30 – 14.30   **2nd Session: Regional Security**
Olexandr Potekhin: "Ukraine's Security in the Context of Russia's Foreign Policy Strategy"

Jakob Hedenskog: "Russia's Policy towards Ukraine and the CIS after the Orange Revolution: New Priorities?"

Discussion

14.30 – 15.30   **3rd Session: International Operations**
Hryhoriy Perepelytsia: "GUAM in the Context of Sub-regional Security Problems' Solving"

Niklas Granholm: "International Operations from Side Task to Main Task: A Swedish View"

Discussion

15.30 – 16.00   **Coffee Break**

16.00 – 17.00   **4th Session: The New Security Agenda**
Anders Troedsson: "Putting the Human Individual at the Centre of Security Analysis and Policy: Rationals, Critique, Models"

Karen Brounéus: "What's Reconciliation got to do with it? Securing Peace after War"

Discussion

17.00 – 18.00   **Concluding Discussion:** How to Develop the Forum?

18.00 Approx.   **End of Conference**

19.30   **Dinner at the Swedish Ambassador's Residence**

Participants:

Aggestam, Lisbeth   Senior Analyst, Swedish Institute of International Affairs

Åhlander, John-Christer Ambassador of Sweden to Ukraine

Brounéus, Karen   Ph.D. candidate, University of Uppsala

Chaly, Valeriy   Director of International Programs at the Ukrainian Center for Economic and Political Studies named after Olexandr Razumkov

Granholm, Niklas   Senior Analyst, Swedish Defence Research Agency

Hedenskog, Jakob   Analyst, Swedish Defence Research Agency, Project Manager for the Swedish-Ukrainian Security Forum

Nemyria, Hryhoriy   Director, Centre for European and International Studies

Perepelytsia, Hryhoriy Deputy Director of National Institute for Security Studies

Potekhin, Olexandr   Ex-Minister Plenipotentiary of the Ukrainian Embassy in Washington

Semeniy, Oleksiy   Manager for external relationship, CJSC "Sofia Kyiv"

Sushko, Oleksandr   Director, Center for Peace, Conversion and Foreign Policy of Ukraine

Tokar, Lubomyr   Senior Analyst, National Institute of International Security Problems

Troedsson, Anders   Ph.D. Candidate, University of Lund

Vydrin, Dmytro   Director of European Integration and Development Institute

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Appendix 2: Programme and List of Participants of the 2nd Meeting of the Swedish-Ukrainian Security Forum, Stockholm, 19 April 2006

Programme:

08.30 – 08.45	**Registration**
08.45 – 09.00	**Welcoming Words**
	Jakob Hedenskog (moderator)
09.00 – 10.00	**1st Session: Euro-Atlantic Integration**
	Hryhoriy Nemyria: "Prospects of Ukraine's Euro-Atlantic Integration after the Parliamentary Elections"
	Discussion
10.00 – 10.15	**Coffee Break**
10.15 – 11.30	**2nd Session: European Crisis Management**
	Maria Oredsson: "The EU as a Crisis Management Actor"
	Niklas Granholm: "EU Battlegroups in Context: Some Underlying Dynamics, Military and Political Challenges"
	Discussion
11.30 – 13.00	Lunch at Sjöofficerssällskapet, Långa Raden 8
13.00 – 14.15	**3rd Session: Regional Security**
	Oleksandr Sushko: "Security through Democracy or Security vs. Democracy: Alternative paradigms in the Eastern Europe"
	Discussion

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14.15 – 15.30	**4th Session: Energy Security**
	Oleksandr Chalyi: "Ukraine and Europe's Energy Security"
	Robert Larsson: "Sweden and the NEGP - a Pipeline too far?"
	Discussion
15.30 – 15.45	**Coffee Break**
15.45 – 17.00	**5th Session: International Operations**
	Birger Heldt: "UN-led vs. non-UN-led Peace-keeping Operations: Some Empirical Findings"
	Viktor Lavrenyuk: "Ukraine's Participation in Peace-keeping Operations"
	Discussion
17.00 – 17.30	**Concluding Discussion:** How to Develop the Forum?
	End of Conference
19.30	**Dinner at Kastellet**

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Participants (including dinner guests):

Bjurner, Anders	Ambassador, Ministry for Foreign Affairs of Sweden
Cederberg, Jörgen	Desk Officer, Ministry of Defence of Sweden
Chalyi, Oleksandr	Vice President, Consortium "Industrial Group", former First Deputy Minister of Foreign Affairs
Granholm, Niklas	Senior Analyst, Swedish Defence Research Agency
Hedenskog, Jakob	Analyst Swedish Defence Research Agency, Project Manager for the Swedish-Ukrainian Security Forum
Heldt, Birger	Research Advisor, Folke Bernadotte Academy
Larsson, Robert L.	Analyst, Swedish Defence Research Agency
Lavrenyuk, Viktor	Director, Center for International Studies
Nemyria, Hryhoriy	Director, Centre for European and International Studies
Oredsson, Maria	Analyst, Swedish Defence Research Agency
Sushko, Oleksandr	Director, Center for Peace, Conversion and Foreign Policy of Ukraine
Swiecicki, Jakub	Programme Director, Swedish Institute of International Affairs
Taran, Alexander	Colonel, Defence Attaché at the Embassy of Ukraine to Sweden
Terpytskyi, Eduard	Chargé d'Affaires, Embassy of Ukraine to Sweden
Westerholm, Anna	Desk Officer, Ministry of Foreign Affairs of Sweden

Appendix 3: Programme and List of Participants of the 3rd Meeting of the Swedish-Ukrainian Security Forum, Kyiv, 24 April 2007

Programme:

09.00 – 09.30	**Arrival of Guests, Registration**
09.30-09.45	**Welcoming Words** Borys Humenyuk, Rector, Diplomatic Academy of Ukraine John-Christer Åhlander, Ambassador of Sweden to Ukraine Nico Lange, Director, Konrad Adenauer Stiftung, Ukrainian office
09.45 – 10.45	**High Representative's Opening Speeches** Borys Tarasyuk, former Minister of Foreign Affairs of Ukraine Michel Duray, Head of NATO Information and Documentation Centre, Kyiv
10.45 – 11.00	**Coffee Break**
11.00 – 12.15	**Panel One: Regional Security** *Moderator:* Jakob Hedenskog, Swedish Defence Research Agency (FOI) *Speakers:* Krister Wahlbäck, Ministry of Foreign Affairs, Sweden "Patterns of Security in the Baltic Sea and Black Sea Regions: Looking Back and Glancing Forwards" Volodymyr Manzhola, Institute of International Relations, Head of International Relations and Foreign Policy Department "Current Issues in the Baltic and Black Sea Regional Security"

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Discussant:
Niklas Granholm, Swedish Defence Research Agency (FOI)

Discussion

| 12.15 – 13.15 | **Lunch** |

| 13.15 – 14.45 | **Panel Two: Energy Security** |

Moderator:
Mykola Kapitonenko, Center for International Studies

Speakers:
Robert Larsson, Swedish Defence Research Agency (FOI)
"From Blue Stream to Nord Stream: Strategic Gains and Economic Flaws"

Sergiy Herman, Ministry of Fuel and Energy of Ukraine
"Ukraine's Energy Security and Regional Cooperation"

Discussant:
Roland Götz, German Institute for International and Security Affairs

Discussion

| 14.45 – 15.15 | **Coffee Break** |

15.15 – 16.45   **Panel Three: Euro-Atlantic Integration**

Moderator:
Bo Huldt, Swedish National Defence College

Speakers:
Gunilla Herolf, Stockholm International Peace Research Institute (SIPRI)
"Values, Interests and Geopolitical Realities: What Matters in Euro-Atlantic Security Policy?"

James Greene, NATO Liaison Office in Ukraine
"Integration and security issues in the Baltic and Black Sea Regions: Experiences and Opportunities"

Hryhoriy Perepelytsia, Foreign Policy Institute at Diplomatic Academy of Ukraine
"NATO and the Black Sea: Possible scenarios"

Discussant:
Igor Zhovkva, Service of the European and Euro-Atlantic Integration of the Secretariat of the President of Ukraine

Discussion

16.45 – 17.00   **Closing Discussion**

17.00   **End of Conference**

19.30   **Dinner at the Swedish Ambassador's Residence**

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Participants:

Adamenko, Dmytro   Chief Advisor, Department of Cooperation with Europe and North America, National Security and Defense Council of Ukraine

Åhlander, John-Christer Ambassador, Embassy of Sweden in Ukraine

Belitser, Nataliya   Expert, Pylyp Orlyk Institute of Democracy

Belov, Pavel   Counsellor, Embassy of the Russian Federation in Ukraine

Birchenko, Oleksandr   Deputy Editor in Chief, "Atlantic Panorama"

Bondarenko, Vladyslava First Secretary, Directorate General for NATO, Ministry of Foreign Affairs of Ukraine

Bozhko, Serhiy   Research Associate, Institute of international relations

Demyanchuk, Alexander Head of the Political Science Dep., Kyiv-Mohyla Academy

Dragan, Pavlo   PhD fellow, Institute of International Relations

Drewelowsky, André   Project Assistant, Konrad Adenauer Stiftung

Duray, Michel   Director, NATO Information and Documentation Center, Kyiv

Dzherdzh, Serhiy   Chairman, Ukraine-NATO Civic League

Fagerberg, Björn   Second Secretary, Embassy of Sweden in Ukraine

Fedonyuk, Sergiy   Dean, Faculty of International Relations, Volyn State University

Fesenko, Volodymyr   Director, Center for Applied Political Research "Penta"

Garmash Oleksandr   Chief Specialist, Department of Military Policy and Strategic Planning, Ministry of Defence of Ukraine

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Götz, Roland　　　　　　Researcher, German Institute for International and Security Affairs

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profit independent Ukrainian research organisation. Established in 2001, CIRS is committed to providing the public with answers on the most pressing issues in the Ukrainian foreign policy, fostering a public debate that helps better assess Ukraine's performance in world politics, ensuring the equitable dissemination of information related to the foreign policy of Ukraine, and providing the decision makers with insights on vital issues in international affairs.

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Jakob Hedenskog and Viktor Lavrenyuk, the editors of this volume and project coordinators of the Swedish-Ukrainian Security Forum, pose outside the Kyiv city Rada.
(Photo: © Robert L. Larsson)

Snapshots from the Kyiv Forum

The Diplomatic Academy in Kyiv. In the front is the monument to Princess Olga, St. Andrew, and Cyrill and Methodius.
(Photo: © Jakob Hedenskog)

In session, around the table from left to right: Nataliya Prokopovych, Niklas Granholm, Borys Tarasyuk, Jakob Hedenskog, Nico Lange, Borys Humenyuk, John-Christer Åhlander among others.
(Photo: © André Drewelowsky)

Borys Tarasyuk, Jakob Hedenskog, Nico Lange, Borys Humenyuk, John-
Christer Åhlander and Michel Duray
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Gunilla Herolf, Hryhoriy Perepelytsia, Bo Huldt, James Greene and Igor
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Krister Wahlbäck, Borys Tarasyuk and John-Christer Åhlander
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