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Dear Reader,

Almost one thousand year ago the world became aware of Lithuania's existence for the first time. In the thirteenth century, a centralized Lithuanian state had been created, and the name of our country has remained on the world's political scene ever since.

During this millennium, the shape of Lithuania's statehood, its power and success in responding to historical challenges have varied. After having become a major European power in the Middle Ages, in the eighteenth century Lithuania lost its independent statehood, which was recovered, albeit with some dramatic interruptions, only in our century.

The centuries of Lithuania's statehood, the country's diplomatic experience and responses to the challenges of history constitute a rich object for academic research and analysis. Of course, this experience is being analyzed - a number of national as well as foreign academic volumes and scholarly papers appear annually, in which Lithuania's foreign policy and diplomacy are examined during different periods of history.

Still, important as they are, these publications are somewhat random and lacking a "common denominator." To put it differently, it would be beneficial to have a continuous publication about Lithuanian foreign policy, which would serve as a forum for exchanging academic and political insights as well as different views. Also, such a continuous publication would address not just the lessons of the past - even more importantly, on the basis of the current situation analysis, it would provide an opportunity to address policy planning as well as different scenarios, their relative strengths and weaknesses.

1998 is a jubilee year for Lithuanian diplomacy - eighty years the independent state of Lithuania was reconstituted, on 16 February 1918, and the Ministry of Foreign Affairs was founded on 7th November of the same year. It is somewhat symbolic that a publication, in which the history of Lithuanian foreign policy will be explored, present problems discussed and concepts for our future analyzed, appears this year.

Reflection and even the critical clash of different opinions, projects and points of view is a necessary attribute of policy as well as of every conscious action. I believe this publication will be a public forum, where foreign policy makers, politicians and those who implement policy will be able to change views with national and foreign academicians doing research in the areas of foreign policy and diplomacy.

NATO and Lithuania

What is blocking entry through an open door?

Linas Linkevičius

Western officials now tend to emphasize that NATO enlargement is not an isolated act, but rather a process. Yet it is apparent that this process did not start in 1997, in Madrid with the signing of a declaration and the invitation of three Central European states to begin accession negotiations. NATO enlargement began with the very signing of the Washington Treaty on April 4, 1949. From that moment on, the door to NATO has not been closed.

Nevertheless, the assertions of Western political leaders that the door was open should be regarded as symbolic at best. According to Article 10 of the Washington 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..." But the spirit of the times dictated a somewhat different atmosphere. Already then, at "NATO's cradle," there were attempts to stop the establishment of NATO by enlisting the help of very serious analysts. Many at the time were tormented by the same question that is posed today, namely, whether the extension of security guarantees will enhance security or further increase tension.

The decision to create the Alliance has justified itself and passed the test of time, if only because no third world war has erupted. There were anxious expectations then, as there are now, that those entering the "NATO club" should be providers of security and stability, and not merely recipients of the same. Such thinking was prevalent during the first round of enlargement, which, however, does not date back to 1997, but rather to 1952, when Greece and Turkey acceded to the Washington Treaty. Have Greece and Turkey justified the hopes placed in them? They have in a strategic respect, by facilitating the expansion of the Alliance. In terms of their "individual contribution" to stability, they likely have not, bearing in mind their bilateral relations.

Incidentally, it is very interesting to examine how NATO members meet the basic criteria for membership which are applied to the aspiring members. These criteria have not been officially set forth in writing, but some officials are inclined to list a number of them. The following are considered to be basic requirements for state candidates: democratic development, in particular human rights guarantees; normalized relations with neighboring countries; market economic reforms; compatibility with NATO standards and civilian control of the armed forces. Active participation in the partnership process is also valued. It can be confidently asserted, however, that some NATO members do not meet all of these requirements. This allows us to make the assumption that accession criteria will not invariably be objective, but rather political.

The second stage of enlargement occurred in 1955. Germany's accession to the Alliance was, in a sense, a psychological, political and even geopolitical turning point for Europe.

Some analysts were absolutely convinced that Germany should remain neutral, and that this state of affairs would guarantee stability in Europe. It was asserted that the Germans had a long way to go in recovering from their wartime wounds. And there were arguments that accession to NATO would forever bury any remaining illusions of German unity. Yet the outcome was very different. Once again, the sphere of strategic influence of the Alliance expanded. Also, the values that NATO propagates received an enormous impetus through the accession of one of Europe's largest states. Spain joined NATO relatively recently in 1982, after its recovery from the wounds of a totalitarian regime. Spain's accession seemed at the time to represent the crowning of the process of Western strategic unification.

But looking at the expansion process from a historical point of view, we must conclude that the current stage of expansion is not something essentially new or very unexpected. It is a logical, consistent chain of events - in reality the fourth stage of enlargement.

The Paradox Of "Dual" Strategy

As Lithuania engages in intensive dialogue with NATO (the term intensive dialogue is used to describe the ongoing Lithuanian-NATO consultations regarding Alliance enlargement), it accentuates two parallel goals: the improvement of Lithuanian defence capabilities (focussing on autonomous development) and compatibility with NATO forces (emphasizing Alliance membership). It may sometimes appear that these are different goals, but in fact they are directly and closely linked.

The key argument confirming this is inherent in Lithuania's security strategy. We often point out that Lithuania is not in a position to guarantee security on its own (i.e., autonomously), bearing in mind its size, resources, economic strength, and geopolitical situation. Lithuania, however, is obliged to take steps in preparing a defence against possible aggression, with or without the help of allies. But a readiness to defend oneself does not translate into security guarantees.

Hence the importance of international contacts, intensive cooperation in the security and military spheres as well as active participation in the Partnership for Peace process. Although international contacts do not provide direct security, they do create an "implicit" security shield. Given that we lack the resources to fully satisfy our defence requirements and develop our armaments, we must work with our partners to create a clearly-oriented and qualitatively new security environment. Our efforts in drawing into Lithuanian territory a maximum number of NATO training exercises, port calls and seminars, while simultaneously training our own forces and improving our military infrastructure will bring about a qualitatively new situation. Of course a qualitatively new relationship will not immediately follow. Quality usually lags behind quantity. But the integration process that has commenced will be irreversible.

We must learn to suitably evaluate and take advantage of the opportunities which the so-called enhanced partnership affords. To quote former US Secretary of Defence W.Perry, "Enhanced PfP should encompass all NATO activities except Article 5 of the NATO

Treaty, which refers to common defence." Nobody has provided a clearer and more advantageous (for Lithuania) interpretation of the enhanced PfP concept, nor has this been reiterated in any NATO documents. Conversely, nobody has refuted the logic of Perry's formulation.

This means that Lithuania's representatives must try to fully engage in as wide a spectrum of NATO operations, planning and training processes as their capabilities will allow. If we will be sufficiently receptive, we will acquire enough information and skills to meet the requirements of Article 5. According to NATO experts, it is not at all that simple to strictly distinguish which NATO activities fall outside the purview of Article 5 and which cross the unfortunate "red line," particularly with regard to the planning process. This especially applies to the possible activities of the partners within the command posts of the new NATO structure.

A sceptic might counter that posting one officer at SHAPE or ACLANT, or assigning one platoon to the SFOR mission will not guarantee Lithuania's security. But it is doubtful if we have any other choice. Thus it is only through active participation in these international military cooperation projects that we could strive for compatibility with the Alliance and hope to see our partnership status mature into NATO membership.

One State, One Vote?

This principle truly is not new and applies to most of the democratic organizations known to us. The right to vote is shared equally within the United Nations, the OSCE and NATO, without regard to a state's size, population or level of development. As so often happens in life, however, fraternal does not always mean equal. The representatives of Iceland and Luxembourg probably will not take offence if we note that their voices are not as audible as those of Germany or France, not to mention the US. Audibility is frequently measured in terms of a state's contribution to the common NATO budget. Without questioning the legality or justice of this circumstance, it would nevertheless be appropriate to focus our attention on certain value issues. Large states should not be distinguished from small ones by assuming that their independence is greater or more genuine than that of the smaller partners. It is doubtful if this view is compatible with the Western values towards which we are actively orienting ourselves and which we are determined to defend without regard to whether we are accepted into the Alliance or not.

This question can be posed even more starkly. For example, there are active discussions in the West (which reverberate in the East) regarding the military indefensibility of the Baltic states. Military indefensibility is then cited as a reason why it difficult to agree to the Baltic states' accession into NATO. One completely forgets that accession to such a subtle Alliance is determined by political and not the so-called "objective" criteria, which we mentioned earlier. The military indefensibility argument was not an obstacle in the case of West Berlin until 1990, nor in connection with the Island of Bornholm. And there are other examples in the history of the Alliance.

Now would be an appropriate time for the Alliance to concern itself not only with the problem of territorial indefensibility, but also with the question of the indefensibility of values. After the Madrid summit, the question of why the Alliance was being enlarged without regard to security needs was posed in Brussels, Washington and other European capitals. No one doubts that the security needs of the Baltic states are greater than those of other "realistic" candidates.

It would be useful to discuss Russia's voice separately. Although Russia is not now and probably will not be a member of the Alliance, it nevertheless expects to exert maximum influence on NATO activities. The North Atlantic Council has not replaced and likely will never supplant the Permanent Joint Council. Nevertheless it is evident that Western politicians will always consider Russia's voice as significantly more important than that of Lithuania. To put it more graphically, our key to NATO's door is guarded in the Kremlin in the minds of many Western political figures. Lithuania is guided by universally recognized norms in dealing with Russia and understandably places great value on the July 29, 1991 Lithuanian-Russian Treaty on the Basis of Interstate Relations, which recognizes OSCE principles and the right to choose one's own security guarantees.

It is difficult to compare the market for commodities with a security "market". But this analogy helps to illustrate the principle of free competition and choice which is firmly established in the democratic world. Bearing in mind its geopolitical position, our state clearly comprehends that collective security guarantees are essential for security. It is important to emphasize collective, as opposed to unilateral security guarantees, which Russia recently offered the Baltic states in a somewhat untraditional manner. Nor were unilateral security guarantees a subject for negotiations in preparing the joint US and Baltic states charter. Hence the choice of the form of guarantees is rather well-founded and clear.

With regard to choice among differing models of security, we really see no alternative to NATO, since there is no other organization of this kind. We thus have to gain our neighbors' respect for our right to choose. I believe that stability in our state depends on choosing a security model that is acceptable to us. Perhaps someday Russia's political leaders will understand that Russian security will be preserved not though a military balance of forces or various deterrence factors but by stability among its neighbors.

In 1996, when I was Minister of National Defense, I had occasion to meet with US Deputy Secretary of State Strobe Talbott. He is considered to be the Clinton Administration's Russian expert and someone who is a sensitive observer of US-Russian relations. It appeared to me that I succeeded in intriguing him with the proposition that unilateral concessions and excessive fear of Russia's radical forces serve only to strengthen the latter's position domestically and, conversely, to weaken the arguments of the younger generation of Russian political leaders.

It is probably difficult, or even impossible, to quickly change the perception of the older generation of Russian officers that NATO is an aggressor. It is probably impossible to

eliminate the "sphere of influence" mentality among those who encumber their vital interests in a specific territory with the proclivity to dictate unilaterally advantageous economic relations and a certain security policy orientation. The new generation of Russian leaders comprehends that the future of the Kaliningrad region and its development are primarily dependent on economic ties and foreign investment, which have nothing in common with the presence of the military in this region. Unfortunately, this perception is emerging more slowly than the realization that the Kaliningrad region is losing its strategic importance.

Thus, an orientation towards the new generation, adherence to universally recognized principles of good neighborly relations, as well as a consistent and determined defense of legitimate state interests all have a decisive influence on Lithuania's stance in dealing with Russia and integration into NATO. Only thus can we assure indivisible security within a Europe, whole and free. Only when relations among states and their communities shall be determined by the mutual interests of those involved and not by the dictate of outside forces, shall we enjoy indivisible security.

It would be useful to discuss the question of "dividing lines" separately. Political leaders enjoy juggling this term when they continually speak out against drawing "new dividing lines." But we drew our dividing lines on March 11, 1990, when we re-established our independence, and nobody will convince us that this was wrong. It would be difficult to deny that this term is associated more often with externally-imposed influence and is only tenuously connected with national self-determination. The clearest example known to us is the division of Europe, which the Molotov-Ribbentrop Pact inaugurated and whose consequences we still feel today.

That is why calls to refrain from "drawing new dividing lines" do not sound very convincing to us, since they are unlikely to make matters worse. But perhaps we might try working not with lines, but with space, which is determined by cooperation and the balancing of interests. Every state has at least the theoretical right to look for a suitable place within its environment, or perhaps to even disassociate itself from a sphere it finds unacceptable, for example, a security sphere. But one should not refer to this as a line so long as the relationship between the states and their mutual interests is determined without external force or pressure. These "dividing lines" obviously will differ from the old ones, however, their essence will not be subject to a negative assessment. We cannot abandon all of the lines dividing one state from another, for example, state borders.

Forecasting Russian Political Developments

In analyzing Russian foreign policy of recent date, one may conclude that it has failed to keep pace with the spirit of the times. Russia has had trouble getting into the rhythm of Western initiatives, at times hurrying to react to accomplished facts and thereby losing the initiative. This is what happened with NATO enlargement. Russia's counter-arguments did not persuade the advocates of enlargement, for in truth, there practically were no arguments. Russia found itself in a psychological quagmire in trying to

overcome its lost status as a "super power" and inferring possible humiliation in the actions of its political opponents.

At the same time one should not overlook Russia's new, positive tactics concerning the Baltic states. Russia's official rhetoric in 1995 even included threats of military force in the event that the Baltic states should join NATO. Today, however, Moscow "contents itself" with raising the prospect of reviewing Russian-NATO relations. This would at least mean that Russia will stop pushing the Balts towards NATO and drop its harsh anti-Baltic political rhetoric in favor of positive cooperation. Following the old line, Russia itself appeared to be furnishing the Balts with their arguments favoring NATO membership. This change could have been dictated by positive intentions, or by the realization that drastic political measures (not to mention those of a military nature) could do more harm to Russian interests than the Baltic states' membership in the Alliance.

Clearly, the conviction that NATO threatens Russia is losing its hold over sober-minded Russian political figures. This is beginning to influence the feelings of Russian military officers, particularly in view of the growing number of their own domestic and social problems. Unfortunately, we will be obliged to wait a long time before there is universal acceptance of the proposition that NATO enlargement will not adversely affect the interests of third countries. Although Moscow is moving away from total negation and criticism toward cooperation, it nevertheless has not forgotten to categorically deny the possibility of NATO integration by the Baltic states.

Therefore it really is too early to consider Russian policies as predictable. By way of illustration, we could mention the letter of Russian Deputy Foreign Minister A.Avdeyev addressed to the Duma, in which he asserted that the Baltic countries had not been occupied before World War II because the international legal norms at the time did not prohibit threats of force. Admittedly, a few days later the Russian MFA clarified that the Lithuanian-Russian agreement of 1991 recognized the fact of annexation. But who can deny that similar declarations, or even actions (given appropriate circumstances) might not recur? After all, the deputy foreign minister's view should not be considered as an insignificant personal opinion.

Thus the predictability and stability of Russian policies will depend on the relationship between Russian domestic political forces, Western behavior in strengthening or weakening Russian democratic forces and, to a certain extent, on the policies of the Baltic states. Certainly, Russian isolation would harm not only Russia but also Europe.

Only by involving Russia in concrete cooperation enterprises can we convince Moscow that NATO enlargement is neither practically nor theoretically directed against Russian security interests. Possible areas of cooperation may be found within the NATO/EAPC format. Examples might be economic and scientific cooperation, the fight against terrorism, environmental protection and crisis or catastrophe management. Concrete cooperation in the implementation of security priorities (such as military cooperation) would be unlikely. But even here it would be possible to implement effective confidence and security-building measures. Obviously, if we are to achieve positive and predictable

results, we must concern ourselves not only with our dignity, but also that of our partner, Russia. There are many untapped opportunities in this kind of dialogue, and time is our common ally.

Three Levels of Cooperation.

Perhaps it would not be entirely appropriate to characterize relations among states in such a schematic manner, but a certain "layering" might still be acceptable. Let us look at the matter from a Lithuanian perspective. The most intensive level - let us call it security cooperation - links our state with its strategic partners. Specifically, we are referring to those who openly support and assist our integration into NATO. We barely keep any secrets from our strategic partners, and we share our doubts and plans with them in the most open manner. Without any doubt, this embraces a rather concrete "format" of states. We could mention the US, Denmark and Poland. I could emphasize that partner states embrace this level of cooperation through their own decisions concerning our country's security priorities.

The second level of cooperation expands on the above-mentioned "format" and encompasses states which actively cooperate with Lithuania on a variety of projects and training programs. These states assist Lithuania in its efforts to achieve compatibility with Western standards. They include Sweden and Finland, which respect our decision to integrate into the Alliance, but do not openly support our strategic goal. All of them, of course, understand that we will utilize the support they provide to achieve the above-mentioned goal.

The third level of cooperation would have the least in common with concrete cooperation, but would be quite meaningful with regard to confidence and security building measures in the region. This level would embrace a large number of states, including those who openly oppose our strategic goal, such as Russia. I do not think that this kind of classification implies any discrimination or disrespect towards our partners. On the contrary, the classification reflects concrete choices each state makes with regard to its position on Lithuanian integration into NATO.

In this respect, the level of participation in various cooperation projects and initiatives, such as the Friends of the Balts, BALTBAT, BALTRON, BALTNET and others, says a great deal about where each state stands. Let us assume, for example, that a group of Lithuanians is digging a ditch, which is regarded as having strategic significance. The Danes (representing the first level of cooperation) arrive on the scene with an excavator and proceed to help with the digging. The Swedes (representing the second level) are reluctant to help dig, but they do bring drinking water. The Russians, however, are opposed to our digging the ditch, yet they can come and see that the ditch is not a threat to them.

The Danish Phenomenon

Lithuania has signed formal military cooperation agreements with eight NATO states. The first to sign an agreement with us was Denmark. It is impossible to call this a chance occurrence because our cooperation with Denmark has been developing at an accelerating rate from the very beginning to the present. I am convinced that this has been determined not only by Denmark's official policy, but also by our partners' personal attitudes. Writing from my own experience, I would like to cite the example of the Danish Minister of Defence, H. Haekkerup. He has stated on more than one occasion that he is personally committed to Lithuania's integration into NATO. Listing all of the joint projects and initiatives would require a great deal of time and probably a separate study. But it is essential to mention some of the joint endeavors, which served as "icebreakers" for a whole series of international cooperation programs, if we wish to discuss the process of Lithuania's integration into the Alliance.

We have already dealt with the significance of international cooperation in building our armed forces, pursuing interoperability with NATO and investing in the training of our personnel. All of this can be accomplished not so much through theoretical studies as by practical cooperation.

At first we were confronted by a double problem. On the one hand, it was very difficult to identify with precision our requirements and priorities. On the other hand, a no less serious problem emerged regarding the coordination of various assistance programs. A large number of visiting foreign delegations started offering us aid in nearly identical areas. We had neither the experience nor sufficient information to effectively manage this flow of assistance.

The first to tackle this undertaking were the Danes, who assumed responsibility for heading the BALTBAT project. For the first time, representatives of the most influential Western and Nordic states sat down at the same table not for an ad hoc political purpose, but to undertake concrete, joint efforts with the partners at a political and military level. Appropriate steering groups were established which held monthly meetings and discussed very concrete questions at a professional level. Thus it is with good reason that the BALTBAT project is currently regarded as a model of multilateral, regional, political and military cooperation.

I will cite another example. We know perfectly well that on-the-job training is considerably more effective than courses in study halls and seminars. This especially holds true for military training. Episodic joint training with NATO forces is far from meeting even the minimal requirements of the Lithuanian army. In 1994, during a visit by the Danish Defense Minister to Lithuania, I accompanied Minister Haekkerup on a Lithuanian Air Force helicopter flight from Vilnius to the port of Klaipeda. In the course of our conversation, the Minister proposed inviting a Lithuanian peacekeeping unit to take part in a peacekeeping mission in Croatia as part of a Danish battalion. Even before the helicopter landed, we had drafted an informal agreement, which I understand the Danish press called the "helicopter agreement." Although there were no prior written projects, we made a decision. Perhaps there is no need to explain the extent of the political and financial responsibility which the Danes took upon themselves.

Responsibility for training the troops and the attendant risk was assumed not only by Lithuania but also by Denmark. Moreover, the necessary legal norms had not been established in Lithuania, which caused me considerable difficulties with the Lithuanian parliament (Seimas).

Despite these difficulties, six Lithuanian peacekeeping platoons successfully carried out their mission, as did a Lithuania company (LITCOY). The troops participated not only in the "Blue Helmets" peacekeeping operations, but also in the NATO-led IFOR and SFOR missions. Thanks to Danish support and cooperation, many of these soldiers, after acquiring combat experience and receiving UN and NATO decorations, returned with their experience to their military units in Lithuania. Many are now serving in the Ministry of National Defense, Staff Headquarters and the defense attache corps.

Lithuanian-Danish cooperation acquired an even greater significance after the deaths of Senior Lieutenant Normundas Valteris and his Danish comrade, Arne Andersen, during a joint patrol in Bosnia. These first lessons in Danish military science will stand out in our military history as milestones in the development of our military forces.

Lithuania's Active Integration Into NATO: A Chronology

If one were to search for indications of Lithuania's active stance regarding NATO integration, it perhaps would be possible to begin with the March 11, 1990 Declaration of Independence, which set in motion the process of developing a new Lithuanian security orientation. Having just rejected the Soviet Union's "security space," Lithuania nevertheless found that it lacked an elaborated national security strategy. Doubts were expressed in the Supreme Council (the name of the parliament until 1993) concerning the necessity of a Lithuanian ministry of defense. More than one political figure weighed the possibility of embracing neutrality, which supposedly would cost the state less and serve national interests more effectively. But the course of events quickly put everything in its place, and before long, not a single political grouping of any significance remained in favor of Lithuanian neutrality.

If we were to limit ourselves to a chronological approach, we would have to list the March 1992 visit of NATO Secretary General Woerner to the three Baltic states as perhaps the first clear indication of the future of Lithuanian-NATO relations. A true avalanche of events bore down on Lithuania in 1994, following the January 4 dispatch of a letter from Lithuanian President Algirdas Brazauskas to the Secretary General of NATO, which expressed the general will of all Lithuanian political forces and the firm resolve of Lithuania to join NATO. It is interesting to note that previously there was no established practice of writing such letters of application. Nevertheless, this letter was without any doubt the first clear signal from Lithuania, a kind of starting shot.

From that moment on, Lithuania was to react to all new NATO initiatives within the twinkling of an eye. For example, the January 10-11 summit of Alliance heads of state and government in Brussels announced the Partnership for Peace initiative and invited the partner states to sign the Framework Document. That very month on January 27 (a

day later than the Romanians) the President of Lithuania signed this document. The following summer when the possibility of setting up contact bureaus at NATO headquarters appeared, Lithuania was one of the first to seize this opportunity. Lithuania's one-room bureau was established in a three-floor wing of the main NATO complex. After the death on August 13 of Secretary General Woerner, this wing was named in his honor. Lithuania's NATO contact bureau was led at the time by Vygaudas Ušackas, a counsellor at the Lithuanian embassy in Brussels.

On June 10, during a session of the NATO Council in Istanbul, MFA Secretary A.Januška, handed in Lithuania's PfP Presentation Document. Beginning in September, Lithuania became actively engaged in PfP activities and participated in all PfP training programs of that year. On November 30 NATO formally adopted Lithuania's first individual partnership program. I would like to emphasize that all this transpired within one year. In January of 1995, Lithuania sent its first representative to Mons (located about 80 km from Brussels) at SHAPE. Captain Valdas Šiaučiulis began serving there at the Partnership Coordination Cell, which currently hosts representatives of 27 states.

In the three years prior to 1996, the Lithuanian Ministry of National Defense signed eight military cooperation agreements with NATO states: the US, Great Britain, Germany, France, Denmark, Norway, the Netherlands and Turkey. An intergovernmental agreement was signed with the latter state. The government of Lithuania was one of the first to respond to an invitation from NATO to establish diplomatic missions in Brussels by adopting the appropriate decision on August 1, 1997. On November 12, 1997, Lithuania's Mission to the North Atlantic Treaty Organization began its work.

Certainly a chronological account of events cannot fully reflect the content of the integration process, particularly since there is no larger any need to record every day-by-day routine event. The Partnership Work Program, on which the partner states "drew" for their needs within their Individual Partnership Programs, ballooned from a few pages to a substantial book. Participation in training, which at first served as a kind of political barometer reflecting the level of activity of states, now has become a commonplace within the context of a multitude of events. In fact, the quantity of events is beginning to adversely affect their quality. Lithuania nevertheless has been regarded as one of the most active PfP participants from the very beginning. NATO integration is now seen not only as the responsibility of the Ministry of Foreign Affairs and the Ministry of Defense, but rather as an extensive process encompassing the whole state. Now is a good time to begin serious thought about this in Lithuania.

How to Engage State Institutions

As I mentioned before, Lithuanian participation in NATO-organized events and programs has been appropriately noted at a political level. Their quantitative aspect has reached a saturation point, and the time has come for serious consideration of the quality of these programs. It is doubtful if we can expect to obtain any additional indulgence on the part of NATO. After the Madrid Summit, it was generally believed that the maximum had been achieved. Aside from inviting three states to initiate accession negotiations, the

Madrid Declaration indirectly mentioned the Baltic states as aspiring to NATO membership. NATO is currently preoccupied with the three candidates.

Our task, however, is to create a clear, rational and all-encompassing strategy of integration into the Alliance. For this we need no new official status or rights. What we require is active engagement by the state and an all-encompassing integration process. Nobody is surprised to learn that the foreign affairs and defense ministries have monopolized the integration process in a certain sense. With respect to coordination of this process, their engagement is welcome. Nevertheless it is obvious that Lithuania has not yet exhausted all of its possibilities of cooperating with NATO in a broader sense, including economic, scientific, transportation, communications and coordination of armaments policies. I would like to believe that the November 1997 visit by Lithuanian ministry and agency officials to NATO headquarters signals the start of engagement of Lithuanian institutions in the integration process understood in a broad sense. This would underscore the qualitative dimension of integration into the Alliance.

We need more than slogans and exhortations to maintain our chosen course. We must intensify our work and more effectively utilize opportunities and the growing support of the partners, without waiting for additional rights or enhanced status. We simply have no other choice. For we may suffer from a variety of draughts, if we stay stuck for long at NATO's open door.

The 1991 Treaty as a Basis for Lithuanian-Russian Relations

Darius Mereckis and Rimantas Morkvėnas

Preface

By signing the Lithuanian-Russian Border Treaty of October 26, 1997 and the treaty concerning the delimitation of the exclusive economic zone and the continental shelf in the Baltic Sea, Lithuania became the first country in the post-Communist era to have fully settled its border issues with the Russian Federation. This latest development has to be viewed in the context of the eight-year normalization process of Lithuanian-Russian relations which began just after the restoration of Lithuania's independence in 1990.

By declaring the restoration of its sovereignty, Lithuania also was the first country to openly challenge the Soviet Government in Moscow. Lithuania's independence declaration only widened the split between the "reformers," who generally understood Lithuanian aims, and the "old guard" who did not. In August 1991, after the "old guard" coup attempt against the Soviet President Mikhail Gorbachev failed, the Soviet Union came under heavy international pressure (many Western countries never recognised 1940 Lithuania, Latvia and Estonia subjugation under the Soviet rule) and had to recognise Lithuanian, Latvian and Estonian independence. An important role at that time was played by the largest constituent part of the USSR - the Russian Soviet Federated Socialist Republic. On July 29, 1991, even before the Soviets recognised Baltic independence, Russian President Boris Yeltsin and Lithuanian leader Vytautas Landsbergis signed the Lithuanian-Russian Interstate Relations Treaty, which has been a guiding document for the two countries relations ever since.

Following its return to the international community, Lithuania has chosen integration into the Western and global political, economic and security structures as its top foreign and security policy priorities. Seeking to ensure its continuation of its prewar statehood, and in search of Western security guarantees, Lithuania rejected the possibility of membership in the Commonwealth of the Independent States. In negotiations with Russia on former Soviet troop withdrawal, Lithuania also refused to sign any political agreement that could have implied some sort of legitimacy for the Soviet troops' continued presence.

Today Lithuania is openly seeking membership in the European Union and NATO, seeing in that an opportunity for dialogue, rather than an obstacle in its relations with Russia. Consequently, a principled foreign policy approach and clarity of the direction chosen has not prevented Lithuania from developing good, business-like relations with Russia on the basis of the 1991 Treaty.

The Restoration of Independence and the 1991 Treaty

The Independence Restoration Declaration, adopted by the Lithuanian Supreme Council (parliament) on March 11, 1990, came as a surprise to the Soviet leadership in Moscow. Politically this showed that the USSR was losing its grip on the territories annexed in 1940. On March 15, following several days of confusion the Congress of People's Deputies, presided over by Gorbachev, declared the decisions of the Lithuanian parliament to be void.[1]

The Lithuanian political leadership, headed by Landsbergis, had sought unsuccessfully to avoid an outright confrontation with Moscow. The statement of the Congress of Peoples Deputies' was followed by a blockade of natural resources, mostly gas and oil. The aim was to show that Lithuania was unable to function without Soviet energy supplies and thus keep the Soviet Union together.[2] Yet Lithuanians could not be persuaded to change their decision. The logic of the Independence Restoration Declaration was based on the fact that Lithuania's 1940 incorporation into the USSR had been accomplished by force and therefore was in violation of international law. This position was also based on the fact that the United States, the United Kingdom and other Western democracies had followed policies of not recognizing the Baltic states as constituent parts of the Soviet Union.[3] The only compromise that Lithuania offered to Moscow was a "moratorium" on the legal consequences of the Restoration Declaration. This moratorium, however, was proposed with the condition that the Soviet leadership would agree to initiate bilateral negotiations - consequently it never came to be. Although the blockade was partially lifted, failure to begin the negotiations and the Soviet armed attacks on its government institutions had forced Lithuania to search for ties with the "other Moscow." The use of force in the Lithuanian capital, Vilnius, especially during the bloody Soviet crackdown on unarmed civilians by Soviet special forces on the 13th of January 1991, made any dialogue with the Soviet central authorities impossible. Gorbachev condoned military actions while blaming Lithuania for the consequences.

Seeking and receiving international sympathy (through personal visits and statements of support) at the time amounted to some degree of international recognition. The active work of "information bureaus" established in the major European capitals and the pre-war diplomatic legations maintained in Washington and at the Holy See was critical in contacts with the West. This also led to increased contacts within the USSR. Reformist politicians and former dissidents in Russia proper were sympathetic to Lithuania's struggle. The president of the Russian Republic, Boris Yeltsin, formerly a high Communist official sacked from the Politburo for his "extremely reformist" views, was also keen to counterbalance Gorbachev by supporting the Baltics. Seeing an opportunity to fracture the Soviet monolith, the Lithuanian leadership sought closer ties with Yeltsin. Preparations for drafting a Lithuanian-Russian treaty had already begun in 1990 when leaders of the three Baltic states and Russia met in Jurmala, Latvia. Russian-Latvian and

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[1] Senn, Alfred Erich, *GORBACHEV'S FAILURE IN LITHUANIA,* New York: St. Martin 's Press, 1995:92.
[2] Ibid., 99.
[3] For facts on the 1940 annexation of the Baltic states see Kavass Igor I., Sprudzs Adolph, *BALTIC STATES: A STUDY OF THEIR ORIGIN AND NATIONAL DEVELOPMENT; THEIR SEIZURE AND INCORPORATION INTO THE USSR* . Third Interim Report of the Select Committee on Communist Aggression. House of Representatives, Eighty -Third Congress, Second session, 1954. Williams S. Hein & CO,.Inc. Buffalo: New York, 1972.

Russian-Estonian Treaties were signed in January, 1991. They included an agreement of the Parties on the need for cooperation, outlined the rights of the Russian-speaking populations and confirmed the independence of Latvia and Estonia. The Lithuanian-Russian Treaty, signed on July 29, 1991, went further. In preparing to negotiate with the Russian republic, Lithuania had set up a state delegation (just like the one it had for the negotiations with the USSR). Among other things, the negotiations concentrated on the questions of whether to make a reference to the 1920 Lithuanian-Soviet Russian treaty, and whether to condemn the 1940 Soviet occupation. Neither was acceptable to the Russian side yet a compromise was reached by "forgetting'" the 1920 Treaty but "mentioning and condemning the 1940 annexation."[4] This, undoubtedly, was an important achievement for Lithuania at the time. Significantly, the Russian parliament had ratified the treaty in 1992 after the dissolution of the USSR when Russia had officially accepted the rights and responsibilities as successor to the Soviet state. The Russian-Estonian Treaty was also ratified in 1992, while the Russian-Latvian Treaty, due to the Russian parliament's refusal, remains unratified.

Main Principles of the 1991 Treaty

As was already mentioned, the importance of the 1991 Treaty stems first of all from its preamble in which Russia recognized "the 1940 annexation violating Lithuania's sovereignty." The other significant statements include Article 1, regarding the recognition of mutual recognition based on the March 11, 1990 Declaration adopted by Lithuanian parliament, and the Russian parliament's declaration on sovereignty made on June 12, 1990. The article also contains a pledge to restrain from the use of force as well as to respect each others' "territorial integrity and inviolability of borders." Thus the first article has obliged Lithuania and Russia to recognize each others' current frontiers and political status as established in 1990.

Article 2 of the Treaty maintains that the Parties "recognise each other's right to independently realize their sovereignty in the area of defense and security (...) as well as through systems of collective security." Having such principle in the treaty with Russia has greatly strengthened Lithuania's policy of NATO integration.

Article 4 concerning the rights to citizenship was primarily initiated by Russia. Upon the restoration of independence, almost 9 percent of Lithuania's population were ethnic Russians. In the law on citizenship, adopted a year prior to the independence declaration (on Nov. 3, 1989) all people residing in Lithuania had been granted a two-year period to apply for citizenship. As a result of this policy a majority of ethnic Russians and Poles (almost 7 percent of the general population) has chosen to become Lithuanian citizens. Article 4 in the Lithuanian-Russian treaty, therefore only confirmed Lithuania's commitment to equal treatment of both its native and non-native residents in granting Lithuanian citizenship.

[4] Lansdbergis, Vytautas *LÛÞIS PRIE BALTIJOS* Vaga: Vilnius 1997:257.

Also important for Russia was Article 11 concerned with "the preservation of favourable conditions for the economic and national-cultural development of the Kaliningrad Oblast." In accordance with this article Lithuania has assumed a responsibility not to impede the development of this exclave.

In Article 17, in order to oversee the implementation of the Treaty the Parties have agreed to a bilateral consultation procedure. Currently the intergovernmental consultation committee on the Lithuanian side is chaired by the Foreign Minister and, on the Russian side, by the Deputy Prime Minister.

The general time frame for the Treaty's validity was set for ten years, except for Article 1 which is applicable indefinitely. After the period of ten years one of the Parties is allowed to discontinue the Treaty; otherwise it continues to be valid for yet another ten-year period.

Relations with Russia: Early Developments

From the very outset of the restoration of independence Lithuania has sought to stabilize its security situation. Initially that included removal of the Russian troops, managing transit and, later on, seeking integration into NATO.

On September 8, 1992 the Lithuanian Minister of National Defense, Audrius Butkevičius, and his Russian counterpart, Pavel Grachev, signed a timetable on the withdrawal of former Soviet troops from Lithuania. The timetable, however, did not contain the political text - an agreement, which was supposed to be signed by the President of the Supreme Council of Lithuania, Vytautas Landsbergis, and the Russian President Boris Yeltsin. Yeltsin refused to sign the agreement on the basis of the need for its further development. The Lithuanian position, especially the claim that Russian troops had been stationed in Lithuania illegally, and that Russia had to pay compensation for the damages inflicted by the troops since 1940, has drawn harsh criticism from Russia. On several occasions Russia accused Lithuania of purposefully delaying the signing of the agreement until the last troops were withdrawn. Russia had even threatened to halt the withdrawal, yet the troops, as stated in the timetable, were completely withdrawn from Lithuania on August 31, 1993. Thus Lithuania, unlike Latvia and Estonia, which had also signed political agreements with Russia concerning troops withdrawal, managed to avoid juridical confirmation of the Russian troops' status.

Another security policy issue for Lithuania was the military transit question. After reunification in 1990, Germany, together with the six eastern *Länder,* inherited the garrisons of Russian troops which now had to be withdrawn. Withdrawal was to be completed a year after the Russian troop withdrawal from Lithuania, and since the troops being moved out of Germany used Lithuania's Klaipėda port ferry connection with Germany's port of Mukran, some arrangement needed to be made for their transit through Lithuania. The agreement on transit was signed on November 18, 1993 and was supposed to be void after the Russian troops had left Germany but not later than the end of 1994.

The other, and even more significant aspect of the military transit problem, was the ongoing transit from the Kaliningrad exclave - Russian territory bordered by Lithuania, Poland and the Baltic Sea but lacking a land connection to Russia proper. Russia sought to have a specific bilateral agreement determining the rules and procedures of military transit from Kaliningrad via Lithuania. The Russian draft of such an agreement implied unrestricted military transportation by rail, road and air. Lithuania was in favour of having unified internal rules regulating all, not only Russian, military transit. Such rules would have to be respected by all countries transporting their troops or equipment across Lithuania. In the course of negotiations Russia did not hesitate to use economic pressure by delaying ratification of the 1993 Lithuanian-Russian Agreement on economic cooperation, threatening to cut gas and oil supplies, and doubling the duties on Lithuanian goods imported to Russia. Although Lithuanian Prime Minister Adolfas Šleževičius announced on September 29, 1994 that his government has adopted the Rules on Military and Dangerous Cargo Transit, they never came into effect. Instead, Lithuania and Russia agreed that the November 1993 rules for Russian troop withdrawal from Germany be annually re-applied to military transit from Kaliningrad. According to these rules military transit from and to Kaliningrad is carried out by rail, while each case of transport has to be pre-approved by the Lithuanian authorities.

Concerns Over Kaliningrad

Kaliningrad District is yet another important issue of Lithuanian-Russian relations reflected in the 1991 Treaty on Interstate Relations. The northern part of the area formerly known as East Prussia, originally settled by Baltic peoples, Prussians and Lithuanians, and since the 13th century ruled mostly by Germans, went to the USSR as WW II bounty. East Prussia's capital, Königsberg, was renamed Kaliningrad and became the administrative center of an *oblast* within the Russian republic. After Lithuania regained its independence the district became an exclave surrounded by Lithuania, Poland, and separated from Russia proper by the territories of these states, as well as Belarus and Latvia.

Amid some speculation on the future of this area (due to its rich Lithuanian cultural heritage, the region was formerly known as 'Little Lithuania' or Lithuania Minor) political realities have led both Russia and Lithuania to take special notice of Kaliningrad in their bilateral relations. In Article 11 of the 1991 Treaty reference is made to a special agreement concerning Kaliningrad. The agreement, signed at the same time as the Treaty, reflects both Parties' recognition of existing borders, guarantees the rights of national minorities, sets legal preconditions for transit of energy, goods and people to and from Kaliningrad, and provides for Lithuania-Kaliningrad cooperation in culture, the economy and trade. In 1995 Lithuania also agreed to establish visa-free travel for residents of Lithuania and Kaliningrad District, thus making an exception in the general Lithuanian - Russian visa agreement.

Such differentiated treatment of Kaliningrad District in Lithuania's relations with Russia stems from both the proximity of this region to Lithuania and its unique prospective role

as Russia's gateway to Europe, as well as a gateway to Russian markets. Sometimes, however, ideas on Kaliningrad as some sort of "fourth Baltic state" are raised both by the local administration seeking greater autonomy as well as by some international observers.[5] Certainly the main concern Lithuania has regarding Kaliningrad is the high concentration of Russian troops in the area. It is estimated that Kaliningrad military bases now contain up to 100,000 troops as well as a huge quantity of military equipment.[6] Understanding that in order for this region to be economically viable, foreign investments and trade will be needed, Russia allowed a Special Economic Zone (SEZ) to be established in 1996. The establishment of the SEZ was also met favourably by Lithuania, which assumed that this will allow a move towards the creation of a new, less military and more business-oriented identity of Kaliningrad. As an expression of these new trends, trade with Kaliningrad in 1997 increased about 2.5 times when compared with 1996. In general, Lithuanian-Russian economic ties are based on the 1993 Treaty on Trade and Economic Relations. Since 1995 Lithuanian-Russian trade volumes are constantly growing, and in 1997 reached $ 2.29 billion, superseding the 1993 high of $2.03 billion. Currently Russia is Lithuania's largest trading partner, followed by Germany - the largest partner of the EU countries (trade turnover: $1.48 billion).

Lithuania's Integration into NATO

The second article of the 1991 Lithuanian - Russian Treaty recognizes the right of both Parties to independently implement their sovereignty in the areas of security and defense. The article also specifically mentions the possibility of the Parties' participation in collective defense systems. Lithuania, thus, was clearly in line with the provisions of this article when, on January 4, 1994, Lithuanian President Algirdas Brazauskas made an official request for Lithuanian membership in the North Atlantic Treaty Organisation.
This step, preceded by multiple Lithuanian official visits to NATO headquarters in Brussels, as well as NATO official visits to Lithuania, was an expression of Lithuania's pro-Western orientation, evident form the very outset of the restoration of independence. The Lithuanian Law on the Basics of National Security, adopted by the Seimas (Lithuanian Parliament) on December 19, 1996, among other measures ensuring national security, mentions integration into the EU, WEU and NATO.[7]

Soon after the request for NATO membership Lithuania began active co-operation with NATO within the NACC, PfP and, later, EAPC frameworks. Aside from Lithuania's early accession to the Partnership for Peace program itself, cooperation efforts proceeded, including the 1994 signing of a Security Agreement between Lithuania and the Alliance, Lithuania's 1995 accession to the Partnership Planning and Review Process, the Lithuanian-NATO Individual Partnership program, as well as Lithuania's newly formed armed forces units' participation in a number of PfP military exercises. For its

[5] Radjab, L. *KALININGRAD:BOOMING BUSINESS IN THE FOURTH BALTIC STATE?* Exposure, Oct. - Nov.-Dec., 1997:28 -31;
[6] Redman, Nicholas H. *KALININGRAD: RUSSIA'S BALTIC EXCLAVE* Briefing Paper No. 25 September 1995, The Royal Institute of International Affairs.
[7] *NACIONALINIO SAUGUMO PAGRINDØ ÁSTATYMAS*, Valstybës Þinios, 1997 Nr.2-6

part Lithuania was also very active in responding positively to NATO enlargement incentives by thoroughly preparing a Lithuanian Discussion Paper on NATO Enlargement and presenting it to the Alliance's Secretary General Javier Solana during his visit to Lithuania in April 1996. Since 1996 Lithuania has also intensively pursued a bilateral dialogue both with NATO member countries individually as well an expanded dialogue with the Alliance directly. Through intensive talks within a "16+1" formula Lithuania has presented to the Alliance its views concerning the NATO enlargement process, has discussed the degree of tactical preparedness of Lithuania's armed forces and its further development, and has set the agenda for future deliberations.

Meanwhile, Russian reaction to NATO enlargement was highly negative. The anti-NATO position in Russia was strengthened following the 1993 Duma elections, when a large number of votes went to the nationalist Liberal Democratic party and the Communists. Aiming for (and in the UN case achieving) the role as sole successor of the USSR, Russia demanded more influence in the international arena as well. Having in 1994 grudgingly acceded to the Partnership for Peace Program, Russia also had to come to terms with the first round of enlargement planned in 1999. Yet in June 1996 Russian Foreign Minister Yevgeny Primakov told NATO foreign ministers that Russia would not object to Alliance's enlargement including the Czech Republic, Hungary and Poland, provided there would be no expansionof military structures and the Baltic countries would be left out of NATO.[8] Even after the signing of the Founding Act between NATO and Russia on May 27, 1997, NATO is still seen by Russia as a "closed military group with its secret strategic plans."[9] Although such opinions are predominant among the Russian political elite, there are other views in Russia as well. According to an internal opinion poll, 70 percent of Russians believe that integration into NATO is an internal affair of Lithuania, while only 22 percent think it will damage Lithuanian-Russian relations.[10]

1997 Agreement as a Natural Extension of the 1991 Treaty

Russian opposition to NATO enlargement, however, did not preclude further development of Lithuanian-Russian ties. On October 26, 1997, Lithuanian-Russian relations reached another milestone. On that day a large Lithuanian delegation led by President Algirdas Brazauskas was in Moscow, where the Lithuanian and Russian presidents signed historic border agreements. As a follow-up to the 1991 Treaty, they signed the 1997 Treaties Concerning the State Borders and the Exclusive Economic Zone and Shelf Delimitation, - this was an important political statement on the improving "quality" of Lithuanian-Russian relations. Speaking strictly in juridical terms the 1997 agreements simply specified the exact location of the boundary between the two countries. Even before the signing there were only a few disputed places along the 290 - km frontier. Unlike the Lithuanian border with Belarus, some parts of the border with

[8] Keesing's Record of World Events:1996

[9] Shustov, V. *Ê ÂÂÐÏÄ ÁÃÇ ÐÀÇÄÄËÈÒÄËÜÍÛÕ ËÈÍÈÉ* Ìåæäóíàðîäàÿ Æèçíü, 1998.1:32

[10] Öåíòð Ìåæäóíàðîäíûõ Ñîöèîëîãè÷åñêèõ Èññëåäîâàíèé *ÎÁÙÅÑÒÂÅÍÍÎÅ ÌÍÅÍÈÅ Â ÐÎÑÑÈÈ Î ÂÑÒÓÏËÅÍÈÈ ËÈÒÂÛ Â ÍÀÒÎ (ÐÅÇÓËÜÒÀÒÛ ÂÑÅÐÎÑÑÈÉÑÊÎÃÎ ÏÐÎÑ)* , 1997

Kaliningrad, which is Lithuania's only border with Russia, date back to as early as the 15th century. Yet, politically, the 1997 Treaty is clearly an important achievement.

Upon returning to Vilnius the Lithuanian delegation also brought a packet of President Yeltsin's security proposals for all three Baltic countries. These proposals were primarily aimed at keeping the Baltics away from NATO. In addition to Russian security guarantees, they also included proposals for multiple civil and military confidence-building measures. Although Lithuania, as well as Estonia and Latvia, were not ready to trade in the prospect of transatlantic links in return for Russian guarantees, the positive tone of the proposals was well received both in Lithuania and the West.

Conclusions

Looking to the future, there seems to be much evidence to predict positive trends in Lithuanian-Russian relations. Both countries are eager to normalize their mutual ties and this is reflected in the numerous treaties and agreements spanning the time period from the 1991 Treaty on Interstate Relations to the 1997 Treaty on Border Delimitation and beyond. On numerous occasions Russian officials have stated that Lithuanian-Russian relations are good and friendly. The two countries also share similar experiences of economic liberalization and privatization processes, and they recognize and value democratic ideals. Certainly different cultural backgrounds and experiences of the past have to be taken into account as well. Russia still sees the West as its opposite, or at least as a different entity. Lithuania is identifying closely with the Western experience and sees itself as an inseparable part of Europe. The NATO and EU are seen by Lithuania as the framework of modern Western society.

In the context of European enlargement processes Lithuania sees itself as ready for membership in both the EU and NATO. Identification with European values, the democratization and liberalization of the country, the high pace of economic growth and the rapid development of defense capabilities makes Lithuanians confident that they are prepared to participate in European processes. Furthermore, Lithuania's geographical location makes it an important player in the field of European security. As a country which borders the Baltic, Lithuania is involved in close partnerships with Poland, Latvia, Estonia and the Nordic countries. All of these states, together with Russia and Germany, are also members of the Council of the Baltic Sea States - a regional forum concerned with human rights, economic, cultural and ecological cooperation. In this setting Lithuania's good relations with Russia are very significant. The present and upcoming rounds of NATO enlargement provides the possibility for the Alliance's opening into the Baltics. The suggested inclusion of Lithuania as the first from among the Baltic states during the second round of NATO enlargement, would serve both as a precedent for including Latvia and Estonia and, in fact, not damaging the Western-Russian ties.

Lithuania supports the development of Western-Russian cooperation. It is in Lithuanian's interest to ensure that the Cold War situation will never be repeated, oand that Russia not isolate itself from the rest of the world. Basing its policy towards Russia on the principles of the 1991 Lithuanian-Russian Treaty, Lithuania is confident that its

integration into the EU and NATO will increase further its contribution to the dialogue between Russia and the West.

IS LITHUANIA A NORTHERN OR CENTRAL EUROPEAN COUNTRY?

Evaldas Nekrasas

During the rebirth period,i.e. during 1988-1990, when Lithuania was trying to comprehend who it was and where it stood in the global scheme of things, the main issue for Lithuanians was to determine their country's coordinates along an East-West axis. This was quite natural because Lithuania was seeking to regain what it thought was its proper place, after being forcefully torn away from the Western world and incorporated into the Eastern world. After Soviet liberalization and the Lithuanian national renaissance made it possible to talk about Lithuania's future in public fora, there began discussions about Lithuania's prospective shift towards the West. Even before the re-establishment of independence, scholars who were writing about Lithuania's place in Europe, including the author of this article, considered it entirely natural that Lithuania would shift westward in a political and cultural sense. Nevertheless, it was apparent that Lithuania's integration into an ever closer European community of nations would represent a difficult task psychologically for a nation which was attempting to free itself from a different "community of nations." (see Nekrasas, 1990) In essence the road led from one Union towards another Union, but the people apparently were determined to proceed.

The process of shifting confronts a nation or a state with various tasks and issues, without regard to the geographical direction in which "movement" takes place, whether it is west, east, north or south. It would therefore be appropriate to identify at least the most important problems before beginning an investigation into some questions related to Lithuania's self-identification, including the determination of the country's geo-political location, the establishment of foreign policy priorities and, finally, even the setting of the direction of economic and cultural development. In discussing these complex questions it evidently would be useful to differentiate among the following: (a) Where have we been; where are we now and where are we going? (b) What kind of people are we; how do we perceive ourselves to be and how do others perceive us? (c) What do we already have; what do we wish to achieve and what can we realistically expect? (d) To what extent is our place in the world predetermined by others and how free are we to choose where we wish to be? It would be useful to take into account all these aspects in discussing Lithuania's geopolitical as well as cultural identity, but this should best be left to a major monograph, and not to an article of limited scope. We will, however, take into account at least the circumstance that these aspects are *different*.

In fixing Lithuania's coordinates on the East-West axis, we must state that, with some reservations, Lithuania was a part of the Western world from the introduction of Christianity to the third partition of the Lithuanian-Polish state in 1795, and from 1918 to 1940 (See Bumblauskas, 1996, for a discussion of the reservations.) Of course it is necessary to specify what this article considers to be Western, for the concept of the West has many meanings. One of the most important is the following: The Western world includes the countries which have assumed the religious, cultural and, in part, political inheritance of the Western Roman Empire. The contemporary boundaries of this world certainly are not identical to those which Emperor *Theodosius* drew in the year 395, when he divided up the empire between his two

sons. But the subsequent devlopment of the Ancient and Medieval World, in which religion played a conspicuous role, had a profound influence on the contemporary world. For even the confrontation line between communism and liberal democracy during the Cold War had a certain connection to the boundary drawn more than one thousand five hundred years ago. And in 1500 A.D. the eastern boundary of the Western world, or Western civilization, was definitively set and coincided with the eastern limits of the expansion of Western Christianity, as Huntington would say. (See Huntington, 1993, 1996) We may argue with Huntington on the most varied of issues, but we must admit that this line coincides almost ideally with the eastern boundary of the European Union and the most realistic candidates for EU membership. In this regard the present division of Europe (from which we cannot escape in the near future) is clearly more natural than, shall we say, the division of 1980.

Thus Lithuania was a part of the Western world, both from the end of the XIVth until the end of the XVIIIth century and at the beginning of the XXth century. It was forcibly "transferred" to the Eastern world, and that is why it is not strange that from the rebirth period Lithuania sought to return to the Western world as soon as possible. To be sure, there was no lack of resolve previously, for example, during the uprisings of 1831, 1863, 1941 or the armed resistance of 1944-1952. But this time fate was better disposed towards Lithuania. To be more precise, Lithuania took advantage of favorable political conditions in 1990, as well as in 1918. The difference between these two critical moments was that in 1990, Lithuania took advantage not so much of opportunities but rather very actively created a new situation not only in Lithuania, but also in all of Europe.

The re-establishment of independence in 1990 represented a major step towards the West and initiated a process which acquired great momentum. Today we can confidently say that, in this respect, our geographical standing is sufficiently clear. One again, we are in the Western world in a cultural, political and economic sense. During the eight years which have elapsed since the re-establishment of statehood, we have made notable progress in integrating into European and trans-Atlantic structures. The entry into force of the Lithuanianuropean Union Association Agreement on February 1, 1998, is a prominent milestone on the road to the West. Although Lithuania has so far not been invited to begin negotiations with the EU regarding full-fledged membership, almost no one doubts that the negotiations will start before long (how long is another question). Being in the geographical center of Europe, we are economically and politically in the West. It is crucial not only that we clearly comprehend this, but also that others see our place there. In this respect there is not much difference between reality, our aspirations and our possibilities. Even Russia, which is trying to retard our integration into trans-Atlantic security structures, essentially does not doubt that Lithuania is a Western country.

In Lithuania almost everybody is in agreement regarding Lithuania's Western identity, with the exception of the small number of S. Salkauskis adherents (who maintained that Lithuania is *between* East and West), the radical nationalists, a handful of Eurosceptics and one or two surviving pagans (whether real or imagined). But this accord leaves another question open: in which part of the Western world are we, wish to be or can be? The answer to this question - the most important aim of this article -

cannot be presented by simply pointing to Lithuania's location on a political or some other kind of map. Self-identification - not only of an individual, but also of a nation or a state - always involves a *choice*. We must ask ourselves what we wish to belong to, and the word *belong* absolutely does not mean (or does not necessarily mean) being a part of another state. We are primarily concerned with the question: with which region does Lithuania identify itself: where does the country seek, or should seek, good friends, or at least its best neighbors; with whom does Lithuania primarily strive to develop relations; whom can it rely on most and whom does it consider most important.

This question can be treated as a psychological or culturological issue, but it also has a very significant political dimension. We quite often become a part of that which we most want to be and strive to be. Regional self-identification is in part conditioned by geography, history, religion and culture. Many believe that these things cannot be changed. It would seem that Lithuania cannot conceive of itself as a Mediterranean Sea state simply because it is not one. But even in this apparently obvious case it is advisable to be careful. The social world, which comprises the political and, more specifically, the international and foreign policy spheres, is less clearly defined than nature. It is *contrived* both intellectually and spiritually as well as practically and politically. History is not only something that was. It is subject to re-writing and re-interpretation. Different nations see it entirely differently. This is asserted not only by specialists of history or social science, but also by far more practical people. Not so long ago, Jan Widacki, former Polish Ambassador to Lithuania, quite accurately noted that, in the long history of Lithuanian-Polish relations, the two peoples perhaps agree on only one event, namely the Battle of Zalgiris (Grunwald) (See Widacki, 1997, p. 40). Yet even in this instance their views are not completely identical. The Poles believe that the allied forces were led by Jogaila (Jagiello), whereas the Lithuanians are convinced that Vytautas was the real commander. It may seem that geography constrains the search for identity even more than history. Yet even geography cannot lock up anything in a steel cage. Lithuania is not a Mediterranean state. Being a Western country, however, Lithuania is at the same time a part of Mediterranean civilization because the sources of Western civilization lie in ancient Greece and Rome. Moreover, Lithuania once extended to the Black Sea, in other words to the Mediterranean Sea basin. Besides, countries and peoples change their territories. Lithuania's territory today is quite different from what it was in the time of Vytautas the Great. After World War II, the territory of our neighbors the Poles was pulled a couple of hundred kilometers westward as if it were a blanket. In this century there were proposals to move Lithuania even further away - to America or Africa. Serious authors (see Pakstas, 1991, p. 94-95) discussed a plan to create a Lithuanian province in North America, a "New Lithuania," which would surpass that of the old homeland ten times over in its territorial extent. Although this may prompt us to smile, we should recall that these discussions were made meaningful by the approach of World War II. The War threatened to totally destroy the Lithuanian people. In fact, a significant part was destroyed, and a third ended up in America and Siberia, a land whose climate our pre-war geopoliticians considered to be less suitable than that of British Columbia, Alberta or Saskatchewan.

Thus regional identity is not a given for all time, but rather is chosen, at least in part. After picking out our coordinates on the east-west axis, we can also sketch them out

on the south-north axis, even without setting forth as our goal the transfer of Lithuania to Lapland or Madagascar. Realistically, of course, the range of choices is narrower, and the alternatives are identified in the title of this article. Therefore, is Lithuania (can it be, or ought to be) a northern or central European country?

To answer this question we must return to the previously-discussed question of Lithuania's shift (return) to the West. The crux of the matter is that the choice between northern and central Europe as the basis of regional self-identification is directly related to how we set the trajectory of movement to the West. A Western orientation was immediately adopted as a strategic goal of the Lithuanian people and the state, and was even enshrined in the Constitution of the Republic of Lithuania in a somewhat peculiar formulation as "non-accession to post-Soviet Eastern unions." More significant problems, however, arose in connection with the choice of trajectory.

The metaphor of two roads leading to Europe - one through Poland, the other through Scandinavia - was used more than once following the restoration of independence to illustrate the dilemma of choosing the appropriate foreign policy course. Poor relations with Poland during 1990-1993 ruled out the first alternative, the shorter road. A number of circumstances determined the status of Lithuanian-Polish relations. First of all, during the interwar period, relations were very tense on account of the Vilnius dispute. After regaining its independence a second time in 1990, Lithuania seemed to return psychologically to that era (even re-establishing briefly the validity of the 1938 Constitution). Although the political situation in 1990 was completely different and the *de facto* boundary between the two states was firmly established, old resentments surfaced on both sides. Some political forces in Poland could not accept that Vilnius belonged to Lithuania, thereby increasing Lithuanian distrust of Poland, which was so characteristic of the interwar period. Even official Poland viewed the re-establishment of independence in 1990-1991 with some reserve, at a time when many countries were expressing their fervent good will, which we may add, cost them nothing. Lithuanian independence following the Act of March 11 was viewed with considerable hostility by some Lithuanian Poles. We may also refer to them as *Lithuanians of Polish descent*, as Pope John Paul II did when he visited Lithuania, thereby provoking a great deal of dissatisfaction on the part of both Polish and Lithuanian radical nationalists. In part because many Lithuanian Poles spoke Russian as their native tongue and also because many did not have an especially favorable regard of Lithuanians, Lithuanian Poles viewed Lithuania as a more alien state than the Soviet Union. They perceived that the Republic of Lithuania was *forced upon them*. Neither did they wish to study the Lithuanian language, which most of them had not learned. In these circumstances, Gorbachev's and Moscow's skillfully cultivated anti-Lithuanian campaign in the Vilnius region could be developed without great difficulty. The Soviet Union considered this region and the Polish minority in Lithuania as a political card to be played against Lithuania in attempting to prevent its final departure from the alleged "Great Fatherland." This campaign was directed by the CPSU Central Committee and the CPSU regional heads in the Vilnius and Salcininkai districts. Overnight these local leaders managed to transform themselves from rabid internationalists to fervent Polish nationalists. Their straightforward goal was the creation of a politically autonomous Vilnius region, which the USSR could utilize against Lithuania much like Moscow utilized the Trans-Dniestr republic

against Moldova. Some anti-Communist political forces in Poland supported this Communist activity. Many in post-Communist Poland readily believed the Polish Communists of the Vilnius region when they complained about the evil Lithuanians' persecution of Poles in Lithuania. One needed merely to cast a glance at Moscow, however, to comprehend who was dictating these complaints. A wave of anti-Lithuanian resentment welled up in Poland in the fall of 1991, after the Supreme Council of the Republic of Lithuania dissolved the Vilnius and Salcininkai district councils (which represented the majority Polish inhabitants) for anti-Constitutional activity. In a letter written to Vytautas Landsbergis in December of 1991, Polish President Lech Walesa described Lithuanian-Polish relations as "close to critical."

Nevertheless, both countries agreed that it was imperative to improve bilateral relations. The August 1991 putsch, which led to substantially diminished support for the Polish Communist leaders in Lithuania by Moscow, permitted both countries to begin a slow process of rapprochement. On January 13, 1992, in Vilnius, Lithuanian Foreign Minister Algirdas Saudargas and Polish Foreign Minister Krzysztof Skubiszewski signed a general Lithuanian-Polish Declaration, which became the foundation for the subsequent bilateral political agreement. Although weakened, especially after new elections to the above-mentioned councils, the Lithuanian Poles' old and new political leaders' complaints regarding violations of Polish rights in Lithuania continued, however, to burden Lithuanian-Polish relations. Negotiations on the signing of an inter-state agreement were also complicated by Lithuania's unrealistic attempts to include in the agreement a condemnation of General Zeligowski's 1920 march on Vilnius, the occupation of Lithuania's capital and the later incorporation of the entire Vilnius region into Poland as illegal acts. Thus relations between the two states were not good either during 1992 or 1993.

For this reason, the road leading through Poland seemed closed. Given the Scandinavian countries' much more favorable attitude regarding Lithuania and the apparently self-evident Lithuanian view of the Baltic states as fraternal countries, it seemed clear that the Scandinavian road to Brussels would have priority. To be sure, this road would take a major detour through Latvia, Estonia, Finland, Sweden and Denmark. It was namely the choice of this road which determined the attempts at strengthening Lithuania's identity as a northern European country.

The northern European countries supported Lithuania's goal of independence from the very beginning of Lithuania's conflict with the Soviet Union. As early as the spring of 1991, Iceland became the first state in the world to recognize the re-establishment of Lithuanian independence. Denmark and Norway actively aided Lithuania. It is true that Sweden at first was somewhat more passive, but it later tried to compensate for its initial lethargy in various ways, including by becoming the first foreign state to open an embassy in Vilnius. Although the major Western states supported Lithuania in 1990-1991, they, and especially the US, were concerned with preserving the strategic balance of power and feared an uncontrollable collapse of the Soviet Union. Their freedom of maneuver in the international arena was thus constrained. Germany in particular felt constrained (and still does today), since it felt gratitude towards Russia (somewhat exaggerated, one might say) for German unity and avoided irritating Moscow at all costs. The Nordic countries were much freer because they did not feel such a great responsibility for the global balance of power. They perceived

their real interests on the Eastern shore of the Baltic Sea much more clearly than during the pre-war years and began expending efforts in support of Lithuania, Latvia and Estonia regarding their political, economic and cultural development as well as their integration into Europe.

Obviously, choosing the road to Europe through Scandinavia required closer cooperation among the three Baltic peoples. Baltic cooperation was strengthened by the establishment of links between Sąjūdis and the popular fronts of Latvia and Estonia during the Rebirth period. The re-establishment of Baltic independence prompted the establishment, or re-establishment, of common institutions (some of them were created in the interwar period but were later liquidated by the Soviet Union) and the signing of quite a few cooperation agreements. A number of factors hindered interwar cooperation among the Baltic nations, despite the similarity of their fate (they all freed themselves from Russian "protection" in 1918). The most important evidently were not connected to differences in levels of cultural and economic development, or to religious heterogeneity, but rather were related to Lithuania's conflict with Poland over Vilnius, in which Latvia and Estonia did not wish to involve themselves. Latvia and Estonia felt that good relations with Poland were of greater importance than good relations with the much smaller and less influential Lithuania. Close links with Lithuania would have harmed relations with Poland. That is why it was difficult to even think of serious integration among the Baltic states at the time. Given the above, the establishment of the Baltic Entente in 1934, one with even very limited objectives, should be seen as a major diplomatic victory (especially for Lithuania). Nevertheless, the perception of a common Baltic identity remained quite dim in all three countries even after the creation of the Baltic Entente.

In 1988, the situation began to change. The three Baltic nations renewed their struggle to free themselves of the Soviet Union's "protection." The circumstance that this was being undertaken a second time in the 20th century strengthened the feeling of Baltic identity. Only Lithuania re-established its state in 1918, for the Latvians and Estonians had not previously established states of their own. The commonality of the historical fate of all three nations was much more apparent at the end of the XXth century than in 1918. Now all three nations were striving to restore independence. Working together in re-establishing and protecting independence became a key condition for achieving national goals. Significant milestones marking this cooperation before 1990, were the struggle for Baltic economic autonomy in the USSR Congress of People's Deputies, the abrogation of the Molotov-Ribbentrop Pact, the introduction of the supremacy of republic legislation over Soviet laws and the change of the status of national languages. "The Baltic Way" not only demonstrated to the whole world the determination of the three nations to be free, but also served as an obvious expression of Baltic solidarity. Baltic identity began rapidly strengthening because the most important political goals of the three states coincided after the re-establishment of independence in 1990. These included: the elimination of the remains of Moscow's control, international recognition, the withdrawal of the Russian army and the creation of market economies and political democracy. Many Lithuanians began to conceive of Baltic identity as self-evident, and some Lithuanian political leaders regarded Baltic integration as an essential precondition for integration into the European Union.

The development of cooperation among the three Baltic states was accompanied by the expansion of cooperation between all of them and the Nordic countries, which slowly became ever more institutionalized in accordance with the 5+3 formula (5 northern European plus 3 Baltic countries). The Nordic countries' good will vis-a-vis the Baltic countries was clearly visible, although it was not entirely altruistic. Contacts of the most varied kinds and at different levels expanded rapidly. Lithuanians began seeing themselves as a part of the Baltic-Scandinavian (Balto-Scandian) region. The broader Nordic identity began to complement Lithuania's Baltic identity.

This was a completely new phenomenon in the history of Lithuania and the Lithuanian mentality. Lithuania had never before considered itself a Nordic country. It took a step towards the north in the XVIth century when it acquired territory corresponding to present-day Latvia and southern Estonia following the Livonian War. Nevertheless, Lithuania apparently was not too committed to keeping these lands, for it did not especially regret their subsequent loss. Instead, the Grand Duchy of Lithuania was more interested in pursuing expansion towards the east and south: the north was only a brief episode.

Lithuania's unfolding Nordic identity, which first emerged in 1990, was based essentially on a political foundation. In particular, religion distinguished Lithuania from northern Europe. And as history clearly shows, purely political links between different nations usually are not very durable. No doubt the three Baltic nations' common fate in the XXth century, their incorporation within the Russian Empire during the XIX century and the beginning of the XXth and a certain level of Russian cultural influence brought the three nations closer together than at any other time before. Undoubtedly they were more similar to each other in 1990, following 50 years of Sovietization, than they were in 1918. This similarity eased their collaboration.

Soon, however, problems complicating the three Baltic countries' relations started to proliferate. Although the Vilnius problem was no longer a burden, other disagreements became apparent. Their similar economic specialization made them competitors in international markets. The Estonians and Latvians feared that Lithuania, as the largest of the three, might start dominating the Baltic alliance. Each country was apprehensive - and not without reason - that the others might pursue their interests at the expense of the "Baltic Sisters." Lithuania was criticized for its "separate" negotiations with Russia regarding Russian troop withdrawal from Lithuania and for giving Latvia and Estonia insufficient support when Russia exerted pressure on them. The Estonians use every opportunity to trumpet their superiority in the Eastern Baltic and their success in carrying out economic and political reforms, while pointing to the inability of Latvia, and especially Lithuania, to keep up. The Latvians squabbled with the Estonians and Lithuanians in attempting to expand their economic zone in the Baltic Sea at the expense of their neighbors.

Friction between the Baltic states, the declarative nature of the activities of their common institutions, or simply their inactivity, their inability to put into practice many signed tripartite agreements considerably cooled the earlier enthusiasm about their integration. Efforts to link the three Baltic countries in the equivalent of the

Benelux Union (named Eslalija, for example) appeared increasingly unrealistic. It gradually dawned on everybody that Baltic integration was not a precondition for integration into the EU (this has become even more obvious after Estonia was invited to begin negotiations with the EU).

Given the above, Lithuania's foreign policy orientation began to shift during 1995-1996. The northern road to Europe, leading through Latvia, Estonia, Finland, Sweden (perhaps Norway) and Denmark appeared long and rutted. It was evident that certain stretches of the road would be difficult to master. The Lithuanians turned 180 degrees and saw that the second road which at first appeared closed was essentially open. Moreover, it is incomparably shorter. We are obviously talking about the road through Poland.

After four years of tension, the *Treaty on Friendly Relations and Good Neighborly Cooperation between the Republic of Lithuania and the Republic of Poland* was finally signed in 1994, and ratified the same year. The psychological shock which many Lithuanian Poles (or Lithuanians of Polish descent) experienced following the restoration of Lithuanian independence passed, or at least wore off substantially. They began to recognize the Lithuanian state, obtained Lithuanian citizenship and learned some Lithuanian. Some of them now genuinely regard themselves as Lithuanians of Polish descent, as the Pope had requested. The problem of Lithuanian Poles no longer embitters Lithuanian-Polish relations. Poland never officially disputed Soviet sovereignty over Vilnius and the Vilnius region in the post-war era. After Lithuania and Poland re-established diplomatic relations, Poland *de facto* recognized this region as belonging to Lithuania. The 1994 treaty dotted the final i's. With this, Lithuania achieved one of its most important diplomatic goals of the XXth century, which absorbed more of Lithuania's attention in the pre-war period than the preservation of sovereignty. Some in Lithuania are inclined to believe that the "Republic of the Two Nations," i.e. the common Lithuanian-Polish state which arose after the 1569 signing of the Union of Lublin, formally ceased to exist only after the 1994 treaty entered into force. This treaty truly has historical significance for Lithuania. It is not surprising that Lithuanian-Polish relations started to improve dramatically after the signing of this document. The political changes in Poland over the past few years resulted in the loss of power of certain political figures who were not especially well-disposed towards Lithuania. This outcome had a particularly favorable impact on the later devlopment of both countries' relations. Four years ago, Lithuania already clearly perceived that Poland was a very serious candidate for membership of both the European Union and NATO (subsequent events confirmed this). Thus good and, even better, *exceptionally good* relations, are of vital significance to Lithuania as it pursues strategic foreign policy goals. And, what is more, it appeared to some influential political leaders that Lithuania's attachment to the Baltic geopolitical region (i.e., of Lithuania, Latvia and Estonia) is more of a hindrance than an advantage in pursuing an independent foreign policy: Lithuania in seeking NATO membership could gain more by accenting its individuality (and its ties to Poland) rather than its Baltic nature. In this way, Lithuanian foreign policy adopted an informal and unofficial position concerning the necessity of dismantling the Baltic geopolitical region (encompassing Lithuania, Latvia and Estonia). This position supplanted the dominant view of the importance of Baltic integration. In a formal sense, of course, this does not contradict the goal of strengthening cooperation among the three countries. But

separating cooperation from regional integration, which is an effective means of strengthening a geopolitical region, and moving instead to dismantle it, obviously reduces the level of tripartite and bilateral cooperation.

At an official level the inclination to dismantle the Baltic geopolitical region is reflected in the Lithuanian proposal to include at least one Baltic state (presumably Lithuania) in the first phase of NATO enlargement. Strangely enough, Lithuanian officialdom was displeased when the European Union began assisting in the dismantling of the Baltic geopolitical region by inviting Estonia to begin accession negotiations, but not Latvia and Lithuania. Lithuania's predictably unsuccessful efforts to sign bilateral US-Baltic Charters instead of a quadrilateral Charter of the US and the three Baltic states were a clear manifestation of the position in favor of leaving this geopolitical region. Adhering to this stance, Lithuania (and admittedly the other Baltic states) are not undertaking any decisive steps toward strengthening the Baltic Council of Ministers. On the other hand, there are clear signs that Baltic cooperation is developing and that some integration processes are continuing, especially in the military field. One need only mention three acronyms - BALTBAT, BALTRON and BALTNET - by way of illustration.

At this point it would seem natural to pose three questions: 1) Does the Baltic geopolitical region exist at all, and if so, is Lithuania capable of dismantling it? 2) How will Lithuania benefit from its dismantling? 3) What are the negative consequences for Lithuania of leaving the Baltic geopolitical region?

We will try to provide concise answers. First of all, the Baltic countries do not meet all of the political science criteria of a geopolitical region. Viewed historically (we shall limit ourselves to the XXth century), the three Baltic countries are merely a part of the interwar Eastern Baltic region, whose status was also doubtful. This region was composed of Finland, Estonia, Latvia and Lithuania; Poland was sometimes included in this grouping as well. Aside from geographical considerations, the Eastern Baltic region was also united by interwar geopolitics: it was the zone where the interests of the Soviet Union and Germany (and to a lesser extent those of the other major powers) intersected.

The present region of the three Baltic countries, like the former Eastern Baltic region, does not have long-term prospects. It should become a part of a broader region in an integrated Europe (let us leave aside the question of *which* region for the end of the article). But if we narrow the focus of the analysis to several years, we must state that the region, or subregion, of the three Baltic countries is a fact of international political life at the end of the XXth century. The region exists not so much as a consequence of the efforts of the Baltic states, but rather because it represents a point (or unit) of intersection of the interests and policies of the major world powers. In this respect, the changes in the geopolitical status of the region over the past few years have been truly remarkable. Formerly a Russian sphere of influence, it has become an arena in which the interests and policies of very important and varied actors in international politics (first of all, the US, NATO, Russia and, to an extent, Germany) intersect. The Baltic countries succeeded in attracting the attention of the West and changing to a certain extent its previously sceptical view of the importance of the Baltic countries. Assuming that this is a significant foreign policy achievement of the

Baltic countries, one must ask if the attempts to dismantle the geopolitical region may not be counterproductive. Can we assume that those in the West who "worry" about the Baltic countries will care only about Lithuania? The geopolitical situation of the Baltic countries is much more favorable than it was in the interwar period, not least because they have been far more united in the international arena in recent years than during the 1918-1940 period.

If the Baltic geopolitical region is not only (perhaps not so much) a product of the Baltic countries' conscious policy, but rather a construct of the major actors on the international scene, then it is doubtful whether Lithuania will succeed in dismantling it, even with Estonian assistance. (Estonia's orientation toward Finland somewhat resembles Lithuania's present orientation toward Poland, although the Estonians envy the warmth of the Lithuanian-Polish relationship and the accompanying institutionalized links.) Perhaps it would be especially difficult to change the US position. The US, with its worldwide interests, would find it hard to pursue separate policies vis-a-vis small and proximate countries, without regard to whether they are Baltic or Benelux states.

Let us, however, assume for the sake of argument that Lithuania succeeds in taking apart the Baltic geopolitical region and convincing Western countries that they should regard the Baltic countries individually. What would be the consequences of such a change? Certainly they would not all be favorable. The greatest potential achievement might be the resulting opportunity to join NATO without regard to Latvian and Estonian prospects. The value of dismantling the geopolitical region might also be great if we accept as true the supposition that NATO will not agree to Estonian membership because it does not wish to create a military-strategic situation which would threaten the security of Russia's second-largest city and former capital. As for Latvia, membership in NATO is complicated by the significant political, and especially economic influence, of its large, Russian minority and, indirectly of Russia. Given that Lithuania's relations with NATO are of longer duration and more intensive than those of Latvia and Estonia, that the influence of Russians and of Russia is weaker, and also that the Kaliningrad region is not as important to Russia as St. Petersburg, then one can assume that Lithuania's acceptance into NATO is more likely than that of Latvia and Estonia.

This assumption, which has apparently been an important factor in Lithuania's recent foreign policy, may be questionable. Firstly, the envelopment of the Kaliningrad exclave by the territory of NATO countries (the result of Polish and Lithuanian NATO membership) can hardly be a much more acceptable outcome to Russia than NATO's proximity to St. Petersburg. (Should Estonia become a member of NATO, its border would be separated from St. Petersburg by a distance of about 100 kilometers, and Estonia along with NATO could pledge to refrain from stationing weaponry representing a direct threat to St. Petersburg). Secondly, accepting Lithuania alone among the Baltic states would not have the military-strategic significance for NATO which would result from accepting all three Baltic states. The Baltic countries' prospects for NATO membership evidently would improve only in the event that NATO would evolve even more distinctly along a political rather than a military course following the entry of Poland, the Czech Republic and Hungary. Improved relations between Russia and the West would also be an important precondition.

One may suppose that the dismantling of the Baltic geopolitical region would be advantageous in another respect, namely, by allowing closer cooperation with Poland. One should also note that Lithuanian-Polish rapprochement would enhance Lithuania's prospects for NATO membership. The problem of Lithuanian-Polish relations merits separate treatment. Yet it is clear even without delving into the matter that Lithuania's inclusion in the Baltic geopolitical region did not prevent Poland from identifying Lithuania as a strategic partner (incidentally, this term, which Polish President Aleksander Kwasniewski repeated in February of 1998 in Vilnius, illustrates the enormous changes which have occurred since the end of 1991, when President Walesa termed bilateral relations as close to critical). Thus it is not at all evident that Lithuania's policy of rapprochement with Poland requires it to loudly proclaim that Lithuania is not a Baltic and Nordic country, but rather a Central European state in the narrow sense of the word.

If Lithuania were to succeed in convincing the world that the Baltic countries should be treated individually and not as a geopolitical unit, it would lose some advantages. The 5+3 formula linking Nordic and Baltic countries could be changed to a 5+2 formula, which would exclude Lithuania. Responding to the objection that this is not likely, one could note that this unlikelihood bears witness to the indestructibility of the Baltic geopolitical region.

Should Lithuania "drop out" of the Baltic geopolitical region and fail to achieve NATO membership, despite all its efforts, then its security could be adversely affected by the possible loss of "soft" Western security guarantees which currently derive from Lithuania's inclusion in the relatively important Eastern Baltic region. Moreover, Latvia would become increasingly isolated if Lithuania were to pursue ever closer ties to Poland while Estonia oriented itself more and more towards Finland. Russia might take advantage of Latvia's isolation and strengthen its influence, which would worsen Lithuania's position (the Russian-speaking pensioners' demonstration in Riga in March of 1998 and, most significantly, the reaction to it within Russia are not particularly promising).

But let us return to Lithuania's relations with Poland. Rapprochement with Poland, termed a strategic partnership, is perhaps the most notable shift in Lithuanian foreign policy following the rejection of neutrality, which was the *declared* policy during the first few years after the restoration of independence (it was impossible to officially seek NATO membership because Lithuania had not been recognized internationally and the Russian army was stationed on its territory). Although Lithuania's relations with Latvia and Estonia were termed a strategic partnership back in the Sajudis period, and there is nothing to prevent a country from having several strategic partners, the idea of partnership with Poland was closely associated with the concept of abandoning the Baltic geopolitical region. Poland, and a friendly Poland in particular, is considerably more important to Lithuania than Latvia and Estonia taken together. Especially significant is Poland's demographic, economic and military potential as well as its prospective influence within NATO, the EU or CEFTA, taking into consideration Lithuania's interest in joining these institutions. Very close political and military relations with Poland are of significance in looking for a counterweight to Russian pressure. More intensive economic cooperation between Lithuania and

Poland might also encourage greater foreign investment into Lithuania. Poland's special relations with Germany and France (the so-called Weimar Triangle) show the importance which the West attaches to Warsaw.

Thus partnership with Poland opens up new and promising prospects. Bearing in mind the long-term history of bilateral relations, however, one is willy-nilly confronted with the following question: what motivates Poland in emphasizing the importance of its partnership with Lithuania? As history shows - and this applies not only to the history of Polish and Lithuanian relations - the love of one state for its neighbor, in particular a much smaller neighbor, is quite often motivated by rather egoistic impulses. Good or even very good relations with Lithuania are obviously useful to Poland in seeking the same goals which Lithuania is pursuing, namely, integration into NATO and the EU, since good neighborly relations are a precondition for integration. However, as Poland draws nearer to Lithuania it appears that Warsaw is also pursuing unilateral interests which are not directly connected with membership in NATO and the EU.

Poland is clearly interested in strengthening its influence in the Central and East European region and in attaining unquestioned leadership here. Having long been directly dependent on the Soviet Union, Poland now wishes to influence or even control events in the region. At present the region in which Poland's influence (or at least attempted influence) is most apparent includes Ukraine, Moldova, Romania, Hungary, the Czech Republic, Slovakia and Lithuania. Of course Poland would like to draw Belarus into this region, but Russia's strong influence is an obstacle. Poland is also interested in Latvia, Estonia and Bulgaria.

Not all of the countries of this region view Poland's desire to be dominant here in the same light. Hungary and the Czech Republic view this prospect with some suspicion and without enthusiasm. By contrast, the current president of Romania made Warsaw the destination of his first visit abroad. The strengthening of Polish influence in Slovakia is checked by Russia although not to the same extent as in Belarus. In Ukraine the prospects for expansion of Polish influence are quite good (both countries recently forgave each other the damage each inflicted on the other during the war and post-war years). In the future, however, as Ukraine strengthens economically and politically, bilateral relations will develop only on the basis of a dialogue among equal partners. Of all Poland's neighbors, Lithuania seems to be the country where Warsaw could most easily expand its influence. That is why Poland is proceeding to do this, and quite successfully. The present is an especially favorable time in which Poland can develop an independent foreign policy, given that Germany still limits the use of its political power and has economic problems arising from the unification of eastern and western Germany. Some Western countries apparently are quite well-disposed towards the rise of Polish influence in the region, where they do not wish to see Germany or Russia exercizing too much direct influence.

The intensification of Lithuania's relations with Poland generally improves the international standing of Vilnius, although this is sometimes done at the expense of Lithuania's ties to Latvia, Estonia and, at the same time, to the detriment of relations with the Scandinavian countries. Lithuania might thereby face a certain danger of becoming too dependent on Poland, as it did a long time ago. Perhaps this danger is

not so great. But it is worth considering when discussing Lithuania's foreign policy orientation and regional self-identification. Moreover, Lithuania could end up in an uncomfortable position if Poland were to someday begin attaching less importance to the bilateral relationship. However, fears of a cooling in relations triggered by the 1997 Polish Sejm elections and the Lithuanian Presidential election of 1998 apparently proved groundless.

Lithuania's relations with Poland were formerly complicated by a shared past. Now, however, it is becoming an excellent basis for partnership. The shared past ensured the presence of cultural, and in part, psychological intimacy. Having received Christianity from Poland, Lithuania is very close to its neighbor in a religious respect at present. The Pope's affection towards Lithuania, which is based on known family ties, and the common worship of the Madonna of the Dawn's Gate are clear manifestations of this intimacy, as is a certain conservatism shared by the Church hierarchies of both countries. In the past, Lithuania was threatened by total Polonization of its language and culture. But the Lublin Union also had other consequences. Polish culture made a considerable impact on Lithuanian culture. Our cultural heritage coincides in part with that of Poland's. St.Anne's Church and the nearby standing sculpture of Adomas Mickevicius (or Adam Mickiewicz) as well as the old buildings of the University of Vilnius standing close by are spiritual treasures for both the Lithuanians and the Poles. The Old Quarter of Vilnius does not differ that much in its spirit from the Old Quarter of Krakow. In visiting one or the other, we are still in Central Europe.

There is no doubt that in a cultural sense Lithuania is closer to Central Europe than to Northern Europe. But this statement does not mean that we must respond to the question posed in the title of this article by asserting that Lithuania is not a Nordic, but rather a Central European country. For the question concerns not only culture, but also politics, the past as well as the future. The circumstance that Lithuania was not invited to a recent summit of Central European leaders gives added impetus to the question of whether Lithuania really is a Central European country in a political respect.

We mentioned earlier the negative consequences of rejecting Lithuania's Baltic, hence also its Nordic, identity and limiting cooperation within this region. In recent years, Lithuania may have appeared somewhat indecisive in searching for its political identity. It appeared indecisive not only because other countries shifted their policies toward Lithuania. In our opinion, Lithuania also defined the region (or subregion) in which it sought this identity too narrowly.

The reader may assume that the author is intent on proving that Lithuanians are Europeans. Furthermore, the better Europeans we will be, the sooner will the European Union accept us as members and thereby confirm our true identity. No, we are not going to talk about this. We are interested not in a European, but rather a sub-European regional identity. And in answer to the question of whether Lithuania is a Northern or Central European country, we reply as follows: *Lithuania is a Baltic Sea region country*.

Obviously this statement must be explained. It appears to be a reply to a somewhat modified version of the question posed in the title. But the significance lies elsewhere. It apparently would be more important to briefly examine two *contrary* arguments before answering this question. The first would be the following: this reply is obviously mistaken because Lithuania was historically never a maritime state. And since it is not a maritime state, Lithuania cannot belong to or identity itself with a region which is linked together in one totality by a sea. The second *opposing* argument would be the following: the author is making an excessively obvious statement by maintaining that Lithuania is on the Baltic Sea, that all of it belongs to the Baltic Sea basin in a hydrographic sense and that politically Lithuania has been a member of the Council of Baltic Sea States since its establishment in 1992.

Let us begin with the historical argument. In truth, Lithuania lived through the greater part of its history without giving any thought to the sea. It is true that before 1923, when Lithuania assumed control over the Klaipeda region, it never had any coastline of any significant length, excepting the era of Vytautas the Great. And when it did have such a coastline, it was on the Black Sea and not the Baltic. The Lithuanian Baltic coast encompassed merely several kilometers near Palanga, which, moreover, it did not always control. For along this coast ran the only overland communications route linking two separate orders of the Teutonic knights. And besides, Samogitia did not always belong to Lithuania.

Seen from a modern vantage point, the complete disinterest of the Grand Duchy of Lithuania in seeking an outlet to the Baltic Sea and annexing Klaipeda even when it would not have been difficult to do so (for example, after the Battle of Zalgiris), was a basic and systematically repeated foreign policy mistake. By contrast, Russia considered gaining an outlet to the Baltic as its *most important* foreign policy goal for more than a century before Peter the Great finally succeeded in founding St. Petersburg. And this goal retains its importance to Moscow even in the present. But the vantage point of the past was influenced by two basic circumstances. Firstly, Lithuania expanded towards the Southeast because it met with virtually no resistance there. At the same time, the orders of the Teutonic Knights represented a far more serious military and political force than the Slavic principalities. Secondly, even when Grand Duke Vytautas defeated this force, he was still interested in preventing the Teutonic Order from becoming too weak to serve as a future ally against his ally of the moment, namely, Poland. Classical balance of power policy precluded total defeat of a strong opponent. That is probably why the 1411 Peace of Tornau provided for the cession of Samogitia, but not of Klaipeda from the Teutonic Knights.

Beginning in 1569, after Lithuania and Poland joined together to form a common state, there were attempts to attain maritime country status. However, the Lithuanian-Polish state's efforts to wrest at least some control of the Baltic Sea from Sweden in the XVIIth century ended unsuccessfully. The Baltic Sea thus remained a "Swedish Sea" for a long time. And at the end of the XVIIIth century, the common Lithuanian-Polish state itself ceased to exist.

After Lithuania "recovered" Klaipeda in 1923, it lacked sufficient resources to develop its fleet, although steps in that direction were taken. However, Klaipeda did see development in the Soviet era as the most important Soviet ice-free port in the

Baltic Sea. A significant part of the Soviet fishing fleet was based here. When Lithuania took possession of it in 1990, it wound up with a truly impressive collection of fishing vessels.

Practically nothing remains of this fleet today (here we are not concerned with telling the story of its disappearance). Nevertheless, the *commercial fleet* and the port of Klaipeda are growing. An ever increasing number of ferry links connect it with the Baltic harbors of other states. And as time goes by, it becomes increasingly apparent that Lithuania *is* a part of the Baltic Sea region. The bulk of our trade is with the countries of this region. The greater part of foreign investment into Lithuania derives from the states of this region. Cooperation with the Baltic Sea countries is developing in all spheres: the Baltic Sea increasingly unites us with them.

One successful form of cooperation among the countries of the region is the *Council of Baltic Sea States* (CBSS). Frankly speaking, however, this organization is overshadowed in Vilnius by other organizations, namely, the European Union and NATO, whose membership Lithuania regards as strategic goals. Nevertheless, as Lithuania seeks integration into the most important European and Euro-Atlantic structures, it should not forget that regional cooperation is a very important dimension of these structures. Looking at the problem from this point of view, we must note that the Baltic Sea region is a natural part of Europe (perhaps more so than any other). The Baltic Sea is surrounded on all sides by European states. A shared civilization significantly eases cooperation among states, and in this respect, the Baltic Sea region surpasses the Mediterranean Sea region, for example. It is thus not surprising that cooperation among the countries bordering the Baltic Sea is even now closer than that of the Mediterranean Sea countries. More importantly, its prospects are much better. The potential for expanding cooperation is affirmed by historical experience. The Hansa League developed its activities here, and we will point out that the League's merchants were quite active in Lithuania.

Germany and Russia, two of Europe's most powerful and influential countries, belong to the Baltic Sea region. We should note that, for the first time in its history, Lithuania will preside over two of the largest states of Europe by virtue of its chairmanship of the Council of the Baltic Sea States, though only in a formal sense and relatively briefly. The circumstance that Lithuania's historical relations with these two nations were quite complicated adds an ironical dimension and flatters Lithuanian pride.

For now Germany is not participating in European political affairs as actively as it might, given the country's size and economic power. We clearly perceive this on the Eastern Baltic coast. Having proclaimed itself as the Baltic states advocate, Germany administers only very careful doses of its political support for them. We have already pointed to one reason for this state of affairs. The other reason is that Germany and France have good-naturedly agreed to a division of roles, whereby the former has become the economic leader of Europe, while the latter predominates politically. At present Germany is satisfied with this arrangement. Whether it will remain satisfied in the future is another matter. For the moment, Germany appears to be a sleeping giant who is reluctant even to stretch out energetically for fear of alarming those who once had experienced its power. But Germany's power (political and otherwise) is truly formidable, and Lithuania must take account of it. As Lithuania establishes its

priorities with the Central European states, it must not forget that Germany is the largest and most influential *Central* European state.

There is no need to prove the importance of Russia to Lithuania. Thus the CBSS, of which we are full-fledged members *now*, and not merely aspiring members, is especially useful to Lithuania. The other CBSS states represent a good counter-weight to Russia. Certainly it may appear to some that little Lithuania could not possibly feel comfortable in the company of such large states as Russia and Germany. But there exists an informal agreement within the CBSS which stipulates that, on a practical level of cooperation, these states shall be represented primarily by administrative units such as provinces, regions and cities which border on the Baltic Sea. That is why Lithuania does not feel so small within the CBSS. At the level of practical cooperation within the CBSS, Lithuania's largest partner is Poland, which is linked to Lithuania by friendship and strategic partnership. The provinces of *Schleswig-Hollstein and Mecklenburg-Vorpommern* are more interested in intensive cooperation with Lithuania than Germany as whole.

With regard to Russia, the same should be said about St. Petersburg as well as the Leningrad and Kaliningrad regions, which represent Russia at a practical cooperation level in the CBSS. The CBSS provides Lithuania with an opportunity to engage in intensive multilateral cooperation with these important Russian regions, thereby promoting their successful economic and cultural development as well as more rapid integration into Europe. All of this is useful to both sides in a security context, too.

Almost all of the Baltic Sea region countries share the same or at least similar political goals. They are either members of the European Union or they actively seek accession. With regard to the latter, so far only Russia, Norway and Iceland distinguish themselves from the rest of the CBSS members. In addition, the European Union Commission takes part directly in CBSS activities. This makes the region singularly attractive to Lithuania. We have many good friends here who back our goals, which so far certainly are not universally supported. To be sure the region is still not very closely integrated as a geopolitical unit, which somewhat complicates Lithuania's identification with it. If we call ourselves Balts, we first of all have in mind ethnic-linguistic considerations. Secondly, we think of one of the three nations inhabiting the Eastern Baltic coast. And finally, we conceive of the community of nations of the entire Baltic Sea region. Nevertheless, the progress achieved towards integrating this region is manifest. A conference discussing theoretical aspects of the this problem was held in May of 1991 in Tallinn. Interestingly, it was entitled "A Region in the Making?" Today nobody would place a question mark after this title. The existence of the region is an indisputable fact. It has many aspects - including political, economic, ecological and cultural - because regional cooperation encompasses many forms and methods. Of course, the CBSS contributed substantially to regional integration.

The goals of the CBSS are more limited than those of the EU. In the words of the Declaration of the first Conference of Foreign Ministers of the Baltic Sea States, "The Ministers for Foreign Affairs of Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Russia, Sweden and the representative of the European Commission have assembled in Copenhagen on 5-6 March 1992 at the invitation of

the Danish and German Foreign Ministers in order to revitalize, strengthen and put into relief existing cooperation among the Baltic Sea States." The Declaration set forth these goals in seven chapters of the second part of the document whose titles reflect their essence: (1) Assistance to new democratic institutions; (2) Economic and technological assistance and cooperation; (3) Humanitarian matters and health; (4) Protection of the environment and energy; (5) Cooperation in the field of culture, education, tourism and information; (6) Transport and communication.

These goals have not changed much since 1992. In 1992, the CBSS could not have pointed to cooperation in the security sphere as one of its goals. The member states of the CBSS, which were later joined by Iceland, had quite different notions of how to guarantee security. There is no unanimity of views now, but the differences have lessened. Sweden and Finland at the time were neutral countries in the classical meaning of the term. Lithuania, Latvia and Estonia did not declare NATO membership to be their foreign policy goals. And Russia viewed the North Atlantic Treaty Organization with even greater hostility than at present. Neither was political cooperation among the CBSS states stated as an explicit goal in the 1992 Declaration. Nevertheless, the regular meetings between political leaders and senior officials, which received their impetus from the Copenhagen Conference, represented increasingly close political cooperation. And another important aspect is worthy of mention. The participants of the 1992 Copenhagen Conference even then noted in their Declaration that cooperation in the above-mentioned six spheres: "will strengthen the cohesion among these countries, leading to greater political and economic stability as well as a *regional identity* (underlined by author)."

Thus an official document of 1992, which bears the signature of the Foreign Minister of Lithuania, already discussed regional identity of the countries belonging to the CBSS. There is no doubt that Baltic identity (conceived in a new and broder sense than that of the three Baltic states) is growing stronger. The CBSS contributes to its development not only directly as it goes about discharging its tasks, but indirectly as well as the CBSS performs its role of an umbrella organization. Regional identity, the feeling of belonging to the same totality, is perhaps reinforced to a greater extent by daily contacts among people, firms, institutions, local governments and non-governmental organizations than through meetings of senior officials and declarations. Such contacts are intensifying and thereby becoming more significant. Many are being institutionalized. The number of such institutions in the Baltic Sea region is increasing perhaps more rapidly than anywhere else in Europe, which illustrates the region's dynamism and prospects. The following are only a few of these institutions: the Union of Baltic Cities, the Conference of Baltic Sea Rectors, the Association of Baltic Sea Chambers of Commerce, Agenda 21 for the Baltic Sea and the Baltic Sea Commission. This list can be extended considerably. The CBSS serves as an umbrella organization for cooperation of a great variety of individuals, including parliamentarians and secondary school students. It is clear that individual contacts are especially effective in bringing people closer together. Schoolchildren from Vilnius who have an opportunity to live with the families of schoolchildren in Odense can begin to comprehend that Lithuanians and Danes are members of the same regional family of nations. Exchanging private visits and building up family contacts are an excellent way of fostering a feeling of togetherness and identity. At present, quite a few Lithuanians who regularly travel to Stockholm, Warsaw and

Copenhagen do so almost as though they are going to their second homes. This feeling has been reinforced by the notable progress that has been achieved in the field of transport and communications, particularly in linking the eastern and western parts of the Baltic Sea region.

On July 1, 1998, Lithuania will begin its chairmanship of the CBSS. It intends to place special emphasis on CBSS members' cooperation in strengthening civic security, especially the fight against organized crime and illegal immigration as well as civil defense. Of particular importance to Lithuania will be the creation of technical systems in the Baltic Sea which could monitor the movement of ships and aircraft as well as ecological conditions and be especially helpful in emergencies. The development of transport and telecommunications should also be promoted through the opportunities afforded by the CBSS. We believe that Lithuania could take advantage of its new possibilities within the CBSS to support the creation of the Baltic energy ring and to invigorate the flagging efforts of the countries in building the Via Baltica. Implementation of projects like the Baltic energy ring would doubtlessly contribute to the enhancement of "soft" security for Lithuania. In general, the CBSS is important to Lithuania also from a security standpoint, despite this institution's extremely peaceful orientation.

The CBSS may well be the most successful European regional organization. It helped to overcome the legacy of the Cold War and significantly enhanced regional security and confidence. The CBSS format is useful in solving problems which otherwise might be difficult to deal with in a bilateral framework. Further development of its activities would be aided by the establishment of a permanent secretariat, especially since the beginnings of one already exist *de facto* in Stockholm. The official establishment of a secretariat would not require great outlays. Lithuania could make use of its position as CBSS chairman to advance the solution of this question. Admittedly one CBSS country is not particularly fond of this secretariat, but it is perfectly obvious that it would strengthen the CBSS. All these who favor enhancing CBSS cooperation should understand that a permanent secretariat would represent practical support in intensifying CBSS activities. Doubtless a secretariat would increase the prestige and influence of the CBSS.

The CBSS is an organization, whose utility has still not been properly apprehended in Lithuania. Lithuania *is* a Baltic Sea region country. The advantages of the CBSS are manifest, both with regard to finding good friends and Lithuania's place in Europe. Independently of the readiness of Lithuanian political leaders to attribute particular importance to the CBSS, Lithuania is increasingly orienting itself toward the sea. It is rectifying historical errors by becoming a maritime state. This is demonstrated as well by the rapid development of Klaipeda, which has an excellent opportunity to overtake Kaunas at some point and become the second most important city in Lithuania. The Baltic Sea region practically encompasses all of the countries which are important to Lithuania, with the exception of the US, and frees Lithuania from making wrenching choices between Central and Northern Europe. The advantage of this region is that it embraces both the Baltic region in a narrow sense (i.e., Lithuania, Latvia and Estonia) as well as Poland. Maintaining good relations with the other countries of the Baltic Sea region certainly will not be an obstacle to developing relations with Poland. Lithuania's orientation toward the Baltic Sea region permits it to pursue a more

balanced foreign policy than an orientation toward one or another state in the region. As a CBSS member, we can set off for Brussels by taking two roads, a northern and southern, and thereby improving our chances of reaching it sooner. Having mentioned the US, we should note that even this country is endeavoring to join the CBSS, although so far without success. It is paradoxical that there are politicians in Lithuania who underestimate membership in the CBSS, while at the same time, the world's most powerful state is eager to join, even though it is separated by 4000 nautical miles from the nearest point in the Baltic Sea, the Kattegat narrows.

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Lithuania and the United States

James W. Swihart

When Lithuanians think of the United States they usually recall American moral support for Lithuania's independence during the 50 years of Soviet rule along with American ideals of a free and democratic society which helped guide Lithuania when it regained its independence. The United States is understandably and naturally seen as the principal partner to balance Lithuania's big neighbor in the East.

Both of these considerations - the U.S. as important to Lithuanian security and as a source of inspiration for Lithuania's democratic ideals - remain important for both countries. But as Lithuania deepens its democracy and consolidates its independence and security, both countries will have to adjust their views of the other and learn more about each other.

Lithuania in particular will have to balance its special ties to the United States, bolstered the sizeable community of Lithuanian - Americans, with it integration into Europe. These goals are not mutually exclusive, but will require a sense of how the United States and Europe differ in their perspectives toward their societies, histories and futures. Lithuania can benefit from both perspectives, if it understands the strengths and weakness of both principal pillars of "Western" culture.

First and foremost, Lithuania is culturally a European country, and the United States is not, however profoundly it has been influenced by European culture. Today Lithuanians are rediscovering their bonds to Europe, especially Central Europe and forging new ties as they prepare to join the European Union.

The United States and Europe share a larger common civilization, to be sure, and European culture has enriched and continues to enrich the United States. But the U.S. is primarily am immigrant country, and at the end of this century continues to adapt to new waves of immigration mostly from non - European countries. The U.S. is not a nation in European sense of a people sharing and preserving a unique and original language and culture, but a state of citizens bound together by agreement to certain principles and rules embodied in the U.S. Constitution and subsequent laws and court decisions.

Americans tend to live in the future and neglect the past. This makes us forgetful of history, which often makes us unaware of the special circumstances and perspectives of others. But it also makes us adaptable, creative, and ready to reach out to former adversaries, as we now do to Russia in its struggle for reform.

We are a country of innovators. "change" is probably the most overused word in the public vocabulary. For other countries, this means the U.S. often seems to be the source of modern troubles as well as modern miracles. For a small country that has struggled to preserve its distinct culture, Lithuania might fear the sheer force of American predominance in technology, finance, commerce and communications. That fear would be misplaced. The United States is not a country bent on shaping or dominating others, but a vast laboratory of experimentation with new ideas, not all of

which are worthy or successful. Those that are successful - like the Internet - tend to catch on elsewhere sooner or later precisely because they benefit all societies.

Lithuania can benefit form the ideas generated in the United States without fear of losing its unique culture and history. Paradoxically, the more the world seems bent on ever - closer integration, the more its distinct peoples strive to preserve their identities. It is no coincidence that regionalism, even nationalism such as Spain, Italy, Britain and others has grown along with the movement toward European integration. Freed of political domination by a foreign state, Lithuania is joining other European and western countries in the great enterprise of European and global integration, while celebrating and preserving its distinct national culture. It need not fear modern European, or American, influence. As long as it is not ruled by a foreign state, every country absorbs from others what it finds useful, and preserves what is best in its own tradition.

For example, perhaps inspired by the United States, Lithuania took the far - sighted decision after the restoration of independence to be a state of citizens, with equal rights under the law for people of diverse ethnic roots. This not only spared Lithuania a great deal of trouble, but corresponds to the contemporary reality that no open society, particularly a prosperous one, can seal its borders. Like it or not, Europe in the past couple of decades has been experiencing movements of peoples on a large scale, such that most of its major capitals have become international centers made up of people from all over the world. For many Europeans, this new phenomenon has been disturbing, even unwelcome. Americans understand that migration, preferably legal and in reasonable numbers, is both inevitable and beneficial in bringing energy and diversity to our societies. With increasing prosperity, Lithuanians too will find themselves living in a more and more diverse society.

Owing to our history as a country of immigrants seeking their fortune in a vast land with little government, Americans place great value on self - help - forming voluntary associations to advance their causes and interests. Today, the U.S. teems with non - governmental organizations (NGOs) dedicated to every imaginable purpose, including U.S. - Baltic and Lithuanian - American ties. Lithuania has also built up a considerable number of NGOs since 1990, many of which have been helped by official and private American organizations. Here the United States can continue to play an important role in working with Lithuanians to find counterpart organizations and individuals with a common purpose, from environmental protection to university research.

As Lithuanians get to know more about the United States they may understandably become dismayed that Americans know so much less about Lithuania. Partly that stems from the nature of American society, which is future - oriented and not steeped in national traditions and history. Partly it is the inevitable difference between a small country of 3.7 million and a huge country of 270 million people. Nevertheless, Lithuania shares very important common ideals and interests, above all a belief in freedom, democracy, and human dignity. Lithuania’s struggle to restore these ideals to its people was heartening to all Americans. The two countries enjoy close and warm relationship because their peoples understand one another’s ideals. Relationships between governments are important, but in the end what makes

Lithuania and the United States partners is the shared vision of their peoples and the conviction that independence and democracy require sacrifice and constant renewal.

With its size, resources and military strength, the United States today plays a commensurately large role in the world. There is hardly a dispute on the globe in which one, or usually both parties, does not look to the Unites States to help find a solution. From Northern Ireland to the Middle East to Bosnia the United States finds itself asked to balance local interests and work for solutions in the interest of all. This is not a role which the American people find easy. Yet it is one which they often support. America bears a tremendous responsibility for the working of the international system, for stability among the major powers, for preventing the threat of weapons of mass destruction, and for resolving conflicts around the world, where it can. The U.S. is today the only country (except perhaps the Vatican) whose interests are truly global… from Latin America, to Europe, to the Middle East, to Asia. Europe has interests nearly as broad, but has not yet unified into an entity capable of a single, coherent foreign and security policy with the means to pursue its common interests on a global level. That leaves the United States alone for the foreseeable future. I hope and believe the American people will not shy away from this great responsibility, and will use American power wisely. Lithuania, and many other countries that have struggled to find their place in the world, certainly relies on America's steady purpose in the world.

Lithuania's membership in the European Union: possible effects on Lithuania's external trade policy

Ramūnas Vilpišauskas

Introduction

Since the beginning of 1990's, membership in the EU has been a priority goal of foreign policy of Lithuania as well as other associated countries of Central and Eastern Europe. Although the main motives for joining the EU are of political and security rather than economic nature, the economic implications of EU membership for newly accepted countries will be very significant. The prospect of membership in the EU is already influencing the legal systems of applicant countries through the legal approximation thereby shaping their transition patterns and economic models to be achieved. The economic processes in the applicant countries are influenced by economic relations with the EU, although characterized by a large asymmetry in terms of relative share of trade and FDI flows. The integration into the EU not only implies significant allocation, accumulation and location effects for a new member-state as a result of removing barriers to the free movement of factors of production, but also requires adoption of its external economic policy rules and instruments that are necessary for the single market to function efficiently.

One of such areas of the acquis that a new member-state has to adopt once it joins the Union is a Common Commercial Policy (CCP) which was among the first to be harmonized at the EC level. The significance of joining the CCP for a candidate country comes from the relative weight of the EU in the world economy. In 1996, the EU accounted for 40 percent of world exports of goods and services, and for 20.4 percent of world GDP[1]. The weight of the EU is also reflected by its role in the multilateral organizations such as the World Trade Organization (WTO) where it acts as one of the major negotiating actors, and by its complex external commercial policy instruments applied to the different groups of non-member states. Moreover, for such a small country as Lithuania with annual foreign trade turnover equal to around 100 percent of GDP[2], foreign trade plays an important role for domestic economic activity and economic growth. Thus, the adoption of the EU external economic policy will structure the framework for future foreign economic relations of Lithuania as well as have an impact on the nature of its economic policy regime in general.

This article aims at preliminary evaluation of the possible effects of EU membership on Lithuania's external trade policy regime in terms of both legal structure that embodies historical and political preferences of the EU, political implications and economic effects which might result from the changes in the regime. The latter are usually evaluated with the help of trade creation and trade diversion concepts and help to assess possible liberalization and welfare effects. The working assumption is that Lithuania will become a member of the EU around 2006. The article will start with a brief discussion of the EU external commercial policy and its instruments, then

[1] International Monetary Fund. World Economic Outlook. Washington, D.C.: IMF. - October 1997. - P. 135.

[2] This ratio of foreign trade and GDP, according to the official estimates of Lithuanian Department of Statistics, is observed for the last several years.

proceed with presentation of Lithuania's foreign trade regime and will conclude with analysis of possible membership effects. It will be argued that the adoption of EU's external economic policy regime is a gradual process with adoption of the acquis in some areas as a precondition for the membership, and with further changes made after the accession itself. This implies the spread of the costs and benefits involved, and the prospect of joining the CCP is already influencing Lithuania's foreign trade relations. For example, the range of problematic issues involved in Lithuania's negotiations for the WTO membership - mainly in the areas of agriculture and audiovisual products - illustrates that Lithuania has already become a virtual hostage to the EU and US trade disputes.

While the membership in the CCP will strengthen Lithuania's position in international trade negotiations as well as provide the institutional setting for participating in further development of the common commercial policy, the adoption of the common external tariff might both create trade in certain sectors and divert trade by increasing the degree of protectionism which will probably be the case in agricultural sector. The overall long-term economic effects depend on the balance of these processes that in turn will be influenced by a number of factors on global, regional, intra-EU, and Lithuanian domestic levels presented below.

It is noted quite often by analysts that the EU itself is a "moving target", and therefore any future oriented research and prognosis should take into account the changing character of this organization. Thus, in the case Lithuania joining the CCP and its possible effects, the nature of the effects will eventually depend on the development of the Common Agricultural Policy (CAP), balance of liberal and protectionist forces inside the EU, implementation of the Economic and Monetary Union (EMU), and general economic developments in the Common Market. It should be noted, that the processes mentioned - restructuring of the CAP, for example, - are likely to be influenced by the enlargement itself.

Another important factor that is likely to have an impact on the possible effects of Lithuania's membership in the CCP is multilateral liberalization taking place in the framework of the WTO as well as further inclusion of other trade related areas such as competition. A possibility exist that there might be another round of trade negotiations completed before Lithuania is accepted to the EU (presently, the EU is pushing for the start of the next trade negotiations - so called Millennium round). Besides, the EU is in the process of implementing the obligations agreed in the Uruguay round, including significant tariff reductions. Moreover, the world and regional trade policies might experience certain changes which might affect EU's external trade regime and economic effect of preferences given to certain groups of countries.

Finally, the economic and political economy effects of Lithuania's membership in the CCP depend on the conditions on which Lithuania is accepted to the WTO. They also depend on how many neighboring associated countries will be or become members of the EU by the time Lithuania is accepted. It is neither intended nor probably possible to evaluate approximate quantitative impact of the factors mentioned above, however, being aware of them makes it easier to structure thinking about the main area of this

analysis as well as to realize the complexity of the issues the negotiation process and the membership itself involves.

Legal basis for the CCP

Article 3 (b) of the Treaty of Rome includes among the activities of the Community a common commercial policy. The means of achieving it are set out in the Articles 110 to 115. Article 110 which remains in its original form underlines that the EC's commercial policy reflects the customs union established between the member states, and emphasizes that the aim of that customs union is "to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on world trade and lowering of customs barriers"[3].

Article 113 is probably the most frequently used Treaty provision in the exercise of the EU powers in the field of external relations. It provides that the CCP is to be based on uniform principles, particularly in regard to changes in tariff rates, the conclusion of tariff and trade agreements, the achievement of uniformity in measures of liberalization, export policy, and measures to protect trade such as those to be taken in the event of dumping or subsidies. The provisions of the Article are broad enough to include not only international agreements but also internal rules of EU law - regulations, directives, and decisions. The Court of Justice has drawn attention to open nature of the CCP and taken into account the changing nature of the world trade. The EU has exclusive competence in the field of the CCP, and member states are no longer competent to act on their own as far as commercial policy measures are concerned. For example, international agreements are negotiated by the Commission under authorization of the Council, and the Council makes decisions by a qualified majority.

Instruments of the CCP

The commercial policy comprises internal rules of EU law (referred to as autonomous measures), and bilateral and multilateral agreements concluded with third countries (referred to as contractual or conventional arrangements)[4]. The internal EU rules relating to the CCP could be divided into two aspects: the common customs tariff (CCT), and other measures such as export regime, import regime and the commercial defense instruments. This distinction reflects that found at the basis of the multilateral WTO system of international trade regulation, that is the distinction between tariff and non-tariff measures. Although these rules are adopted by the EU on unilateral basis they are not divorced from international rules.

The CCT was established on 1 July 1968 as a part of the customs union among six founding EC members. Except for 70 'sensitive' items, the six countries agreed to determine the common external rate for each tariff category by taking an arithmetic average of the rates in that category previously applied by France, Germany, Italy, and the Benelux customs union. The CCT comprises two tariffs: an autonomous tariff and a conventional one (MFN status). The level of conventional duties is negotiated

[3] Macleod, I., Hendry, I. D., Hyett, S. The External Relations of the European Communities. - Oxford: Clarendon Press. - 1996. - P. 266-267.
[4] Macleod, I., Hendry, I. D., Hyett, S. - Opt. cit. - P. 274.

in the context of the GATT (now WTO). As a result of the Uruguay Round, the CCT will be lowered by an average of 37 percent, with a final average rate for industrial products at a 3.6 percent[5]. Most of Union's external trade, however, is with countries that have preferential bilateral agreements with the EU such as an Agreement on Free Trade and Trade Related Matters signed between the EU and Lithuania. Usually preferential trade agreements reflect Union's political priorities and historical links with other states. Under the generalized system of preferences (GSP), tariff preferences are accorded to developing countries, and act as a developmental policy instrument. In general, the EU has marginally higher tariff rates than Japan and the United States. The main concern, however, is non-tariff measures applied by the Union which have become the major focus of attention recently.

EU members apply common rules of export and import regime. The basic rule is that exports from the EU to third countries are unrestricted. The same rule applies to imports into the EU although there are special rules for certain cases, for example imports from so-called State-trading countries and economies in transition except where the EU has preferential agreements (only very recently Russia was removed from the list of State-trading countries).

It is maintained that the commercial defence instruments are among the most significant commercial measures the Union can take in respect of imports and exports[6]. The aim of most of these instruments is protection of the EU market from imports, either because of sudden disruptions caused by such imports (safeguard measures), or because the imports are 'unfairly traded' (anti-dumping and countervailing duty measures)[7]. Measures also can be used to react against trade barriers enforced by third countries or to assert the Union's interest and to protect domestic markets or exporting interests. As the EU is still in the process of defining its indentity and forging solidarity among its members, the impact of trade on the economies of member-states and regions is a key parameter in determining the use commercial defence instruments and trade policy in general[8].

The contractual commercial policy includes agreements concluded between the EU and third countries and EU's participation in multilateral agreements. Although member-states maintain bilateral agreements in the wider area of economic co-operation, the EU has exclusive competence in the field of commercial policy. 'Tariff and trade agreements' mentioned in the Article 113 comprises a variety agreements including participation in the WTO agreements (the Dillon round of GATT in 1961-62 was the first one when the EC's stature as an international interlocutor was recognized), commercial and economic co-operation agreements, free trade agreements, customs union agreements. Some of these, including association agreements with Central and Eastern European countries, are mixed agreements and are based on Articles 235 and 238. The range of agreements concluded by the EU with third countries because of their variety and different degrees of preferences are

[5] Wolf, M. H. The Dog that Failed to Bark: The Climate for Trade Policy in the European Union, in Schott, J. J. (ed.) The World Trading System: Challenges Ahead. Washington, DC: Institute for International Economics. - 1996. - P. 127.
[6] Macleod, I., Hendry, I. D., Hyett, S. – Opt. Cit. – P. 278.
[7] Ibid.
[8] El-Algraa, A. M., The Economics of the European Community. – London: Harvester Wheatsheaf. – 1994. – P. 450.

described as 'the pyramid of preferences'. The highest preferences are negotiated with the members of the European Economic Area, lower degree of preferences is provided for in the association agreements with Central and Eastern European countries, Mediterranean states, Lome Convention members, with Commercial and Economic Co-operation agreements providing for even less preferences. The USA and Japan are not included into the preferential arrangements of the EU although the idea of a Trans-Atlantic Free Trade Area has been discussed (supported by the United Kingdom, Germany, and the Commissioner L. Brittan, and opposed by France), and the Union has been showing an increasing interest in East Asia.

The other significant characteristic of CCP is differentiation of trade regime according to different commodity groups. The sectors protected most highly by external barriers are agriculture, textiles, apparel. In addition, the EU gives special protection to certain sectors that have relatively low trade barriers in such partners as the USA and Japan: autos, certain electronic products, and cinematic films. The strong differential treatment across sectors is reflected in trade agreements where so-called 'sensitive' sectors as a rule have less liberal trade regime. This is true for EU's trade relations with both developed and developing countries. The liberalization of trade in such areas as agriculture and textiles was also differentiated from the trade liberalization process in industrial goods negotiated with Lithuania and other Eastern and Central European countries.

This brief overview provides with the main features of EU's external economic policy regime. The CCP was devised because it was seen as a neccesary component of the customs union and the common market of the EC members-states. Its concrete shape has developed in response to a number of internal and external political, economic, technological, ideological and personal factors such WTO agreements, EC enlargement, domestic sectoral groups, economic performance of the EU economies, prevalent economic ideology, personality of Commissioner responsible for the external trade policy. In the nearest future, the interplay of these forces will also influence the character of the CCP, with the WTO negotiations and Eastern enlargement expected to be relatively significant in this respect. The changing multilateral agenda was reflected in the Treaty of Amsterdam where it was stated that the Council would have power to decide to give the EU powers to negotiate and conclude agreements on trade in services and intellectual property signals the importance attached by the EU to these areas of external economic relations. The Eastern enlargement is likely to provoke discussions similar to those that followed the annoucement of the Single Market Programme. The main question is whether further process of integration is establishing a 'Fortress Europe', an inward-looking and difficult of access to the outside world, or it contributes to liberalizing the economic relations with the outside world[9]. The impact of the enlargement on the EU's external economic policies will in turn influence the economic dynamics of its new member-

[9] There are rather diverging views expressed concerning the effects of the Single Market Programme on the EU's external economic policies. For a variety of views see Hanson, B. T. What Happened to Fortress Europe?: External Trade Policy Liberalization in the European Union. International Organization. - 52 (1). - Winter 1998. - P. 55-85; Scott, N. Protectionism in Western Europe in Salvatore, D. (ed.) Protectionism and world welfare. Cambridge: Cambridge University Press. - 1993. - P. 396-418; Wolf, M. The Resistible Appeal of Fortress Europe. - London: Centre for Policy Studies. - Rochester Paper 1. - 1994.

states. The discussion of this question follows below, after the introduction of Lithuania's external trade regime.

Development of Lithuania's foreign trade regime

In Lithuania as well as in other CEECs, foreign trade liberalization represented important external dimension of transition process. It was connected with price liberalization, as imports were expected to help to align domestic prices with world market prices, and increase domestic competition. Besides, it was to become one of the main sources of providing the country with hard currency. It was supposed to encourage export-led economic growth and provide for imported capital goods to revitalize the economy. Finally, reorientation of foreign trade from former Soviet markets to Western countries and its reintegration into the world economy, besides being a central part of country's transition to a market economy, had important political and security implications for Lithuania[10].

Before the transition, foreign trade in Lithuania was conducted by state agencies, and it was strictly regulated by quotas and licenses. As a result, entire foreign trade system had to be built, and by now significant foreign trade liberalization and reorientation can be observed.

Lithuania has undertaken a number of unilateral and contractual measures to liberalize its foreign trade regime. Already by the end of 1992, virtually all goods were priced according to international prices. In 1993, a new trade law was adopted under which remaining quantitative restrictions on exports were eliminated. On the import side, a nearly uniform tariff structure with low rates was introduced. The liberalization culminated in the acceptance of the obligations of Article VIII of the IMF's Articles of Agreement establishing formally current account convertibility.

The liberalization of foreign trade did not represent a linear process, but could rather be characterized by uneven dynamics. Some import tariffs were introduced during the process amending the tax system and introduction of a value added tax; some tariffs were raised after initial liberalization, for example, agricultural import tariffs were raised from average of 25 percent to 44 percent in July 1994[11]. There were several reasons presented for the stop-and-go process of foreign trade liberalization: (1) the limited transparency of trade policy measures; (2) low degree of involvement of anti-protectionist forces such as user industries in trade policy making; (3) pressures from various interest groups, power of which was stemming from their position in the home market[12]. The latter factor seems to be important also in explaining the current foreign trade policy, and the negotiations of Lithuania's membership in the WTO which are be discussed below.

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[10] Čičinskas, J., Cornelius, P. K., Treigienė, D. Trade policies and Lithuania's reintegration into the global economy in Buračas, A. (ed.) Lithuanian Economic Reforms: Practice and Perspectives. - Vilnius: Margi raštai. - 1997. - P. 347-385.

[11] International Monetary Fund. Lithuania - Recent Economic Developments. IMF Staff Country Report No. 96/72. - August, 1996. - P. 32.

[12] Čičinskas, J., Cornelius, P. K., Treigienė, D. - Opt. cit. - P. 359.

Despite the protectionist forces mentioned, and partly due to the obligations under international agreements the process of tariff reduction was advanced relatively far by now. The trade-weighted average tariff in 1995 was at 4.3 percent with a large majority of products zero-rated[13]. According to some estimates, the weighted average tariff for industrial goods presently is approximately 2-3 percent with average tariff for agricultural goods around 12 percent being one of the lowest in the region[14]. In 1997, the estimated exports constituted around 44.6 percent of GDP, while estimated imports were equal to around 56.7 percent of GDP[15] illustrating a relatively open character of Lithuanian economy.

Lithuania applies certain non-tariff measures like stamp tax for certain imports (alcohol, oil products), and threshold prices for sugar, oil, and grains that are incompatible with WTO rules of import/export regulation. These issues and agreement on agriculture support programs (tariff quotas, domestic support and export subsidies, minimum purchase prices) continue to present obstacles for joining this organization. While during the negotiations Lithuania was considering applying for transition periods in areas such as sanitary and phitosanitary measures, technical barriers to trade and trade related aspects of intellectual property rights, it has recently been agreed to apply standard provisions from the moment of accession.

Recently steps were taken to introduce the legal basis for the trade defense instruments in Lithuania. The draft law on Antidumping was finalized in the beginning of 1998, and the draft laws on safeguards and countervailing measures are being prepared. Important impetus for preparation of these laws was given by the negotiations of the WTO membership, while at the same time they are drafted taking into account the provisions of the relevant laws in force in the EU.

Unilateral liberalization was paralleled by the efforts to conclude free trade agreements with Western countries. The most significant of them - The Agreement on Free Trade and Trade Related Matters with the European Union - was concluded in July 1994, and entered into force on January 1, 1995. It aims at establishing free trade area between the EU and Lithuania progressively within a transitional period of up to six years on a basis of asymmetry. Some sectors - agriculture, textiles, and fisheries - are regulated by separate rules. The Free Trade Agreement provisions later were incorporated into the Association Agreement which was signed by Lithuania and the EU in June 1995, and came into force on February 1, 1998. Quantitative restrictions for Lithuania's exports of textiles to the EU were removed by the beginning of 1998.

Lithuania has free trade agreements signed with a number of other countries. Trilateral free trade agreements in industrial goods and in agricultural products among the Baltic states are in force. Lithuania has bilateral free trade agreements concluded with EFTA states, Poland, Czech Republic, Slovakia, Slovenia, Ukraine, and Turkey.

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[13] The EU Commission.. Agenda 2000. Commission Opinion on Lithuania's Application for Membership of the European Union. - Brussels. - 1997. - P. 19.

[14] Figures provided by officials of the Ministry of Foreign Affairs in the seminar on the WTO and Lithuania's accession to it, January 27-28, 1998.

[15] IMF staff projections.

Lithuania applies preferential customs duties when goods imported into its territory originate from the countries with which free trade agreements are in force. Presently, trade with countries that fall into this category constitute around half of Lithuania's foreign trade turnover. Conventional customs duties are applied to products originating in a number of countries including neighboring states such as Russia, and Belorus as well as Canada, Australia, the USA, and Japan (the latter two apply unilaterally the Generalized System of Preferences to Lithuania). Finally, around 4 percent of foreign trade is governed by autonomous customs duties, including trade with such countries as Israel and Mexico.

Significant foreign trade reorientation has taken place since the beginning of the reforms. According to the Lithuanian Department of Statistics, Lithuania's trade with the EU in 1991 accounted for only 2 percent of total Lithuania's foreign trade volume. In 1997, the share of the EU in Lithuania's foreign trade reached 41 percent of total foreign trade turnover[16]. The share of Lithuania's trade with Western countries increased at the expense of trade with Commonwealth Independent States (CIS) which has declined from 85% in 1991 to 36% in 1997. However, Russia accounted for the most significant share of Lithuania's foreign trade equal to 24.3 percent in 1997 with Germany being in the second place with 15.8 percent. Most of Lithuania's exports (46.4 percent) went to CIS, while major share of imported goods came from the EU (44.7 percent). Country's imports from the EU last year increased by 37 percent, and exports to the CIS rose by 16.7 percent[17]. Major part of Lithuania's foreign trade flows are with the Baltic sea region countries reflecting the influence of geographic, historical, and, to a certain extent, political factors.

The analysis of dynamics of Lithuania's foreign trade flows is not relevant to the topic of this article, and is of interest only inasmuch as it might illustrate the potential effects of adopting the CCP after joining the EU. The discussion given above provides a background for the analysis of the possible implications for Lithuania after adopting the CCP of the EU.

Pre-accession measures

One of the principal effects of accession to the EC/EU is that from the date of accession the provisions of the Treaties and the acts adopted by the EC's/EU's institutions before accession bind a new member-state. These provisions apply to this state under the conditions laid down in those Treaties and in the Act of Accession. The basic principle underlying each accession so far, and constituting what is called 'the classical method of enlargement', has been that the existing body of Community law and practice applies to a new member-state, subject to temporary transitional exemptions and special arrangements to accommodate their concerns. These transitional and other arrangements negotiated by a candidate country are laid down in the Act of Accession.

In terms of external economic relations, the general rule is that agreements entered into before the date of accession by any of the Communities with one or more third

[16] Lithuanian Ministry of Economy. Prognosis of Lithuanian Republic's economic and social development in 1998-2000. - Vilnius. - January 1998. - P. 27. Preliminary estimates.
[17] Vilnius Bank. Lithuanian macroeconomic Review. - No. 17. - March 1998. - P. 8.

countries or international organizations are binding on a new member-state. A new member-state is required to adjust its position in relation to international organizations and those international agreements to which one of the Communities or the other member-states are parties to take account of their rights and obligations arising from their accession to the EU[18]. This general rule is given detailed effect in the Act of Accession in the light of the circumstances of the acceding member-state, and the transitional arrangements might deal with the specific aspects of the CCP, including quantitative restrictions on goods, the Generalized System of Preferences, association and trade and co-operation agreements, and relations with particular regions and groupings of third states. Provisions are also made for the negotiation of amendments to the Communities' agreements with third countries, and for the application by the member-states of the existing agreements[19].

These rules forming a part of the classical enlargement method will most probably be applied during the accession process of the CEECs, and the concern of the EU with the applicants ability to assume the obligations of the membership seem to prove this. Therefore, with these principles in mind, it is possible to discuss likely impact of Lithuania's membership in the EU on its external economic relations, allowing for a possibility of several scenarios depending on the constellations of internal and external factors outlined in the introduction. However, before these scenarios are discussed, the measures taken in Lithuania in light of future accession to the EU and adoption of its external economic policy regime will be outlined.

In the Agreement on Free Trade and Trade Related Matters between the European Communities and Lithuania, there are provisions expressing the willingness of the parties to the agreement to liberalize trade on the basis of GATT principles. The same commitment was expressed in the preamble to the Association (Europe) Agreement. In the Article 29 of the Europe Agreement the parties make reference to the Article VI of the GATT relating to the meaning of dumping and in case of it agree to the possibility of taking appropriate measures in accordance with it. In the section of the Europe Agreement related to the movement of workers, establishment, and supply of services, parties agreed to progressively adjust the provisions taking into account the respective obligations of the parties under the GATS. The Article 64, made reference to the Articles VI, XVI and XXIII of the GATT which are to be applied before the rules of the EC concerning the competition policy (Art. 85, 86 and 92 of the EC Treaty) are adopted in Lithuania. Article 65 of the Europe Agreement makes reference to the GATT provisions concerning the restrictive measures relating to imports to be applied in the case of balance of payments difficulties.

These are usual provisions that are often a part of economic agreements and reflect the acknowledgment of internationally accepted principles. They show the commitment of Lithuania to adhere to GATT/WTO principles and to act as a reliable partner in the international economic affairs. However, not being a member of the WTO and not having the legal framework and expertise necessary to apply external economic policy instruments, Lithuania in practice has not been able to make use of these provisions. Another, probably more important, implication is the resulting pressure to construct commercial defense instruments that are not functioning in

[18] Macleod, I., Hendry, I. D., Hyett, S. – Opt. Cit. – P. 228.
[19] Ibid.

Lithuania. In a more general sense, the Free Trade Agreement and Europe Agreement presented an initial framework for economic integration - free trade area in industrial goods - into the EU both by means of negative integration and by providing for the adoption of certain trade related policies by Lithuania. This implied the adoption of EU's policies and the institutions responsible for them, and the setting of standards that have priority status for Lithuanian policy-makers who have been acting as policy-takers in respect of the EU. This process was reinforced by the adoption of the White Paper.

There were no provisions in the White Paper related specifically to the Common Commercial Policy. But there were measures indicated to be taken by the applicant countries in harmonizing the customs procedures. During Stage I, parallel to the creation of the free trade area with the EU, Lithuania started the implementation of measures related to the harmonization of legal norms with the Community Customs Code. Lithuania has established the Combined Nomenclature of the EU, adopted the new system of cumulation of origin between European countries, and currently is implementing a long-term programme to harmonize product standards and the procedure of establishing compliance of these standards with those of the EU. Stage II outlined in the White Paper concerns the adoption of the full Community legislation with a view of joining the customs union upon accession.

In the Opinion on Lithuania's Application for the Membership of the EU, issued in the summer of 1997, the Commission noted that Lithuania should be able to meet EU requirements in the field of trade and international economic relations in the medium term[20]. In the field of development policy, Lithuania would need to make significant progress if it is to meet EU requirements within the next few years. The most critical assessment was made in relation to the adoption of the Community customs rules. It was maintained that Lithuania would need to continue major efforts to align its organization and staff to the duties that have been carried out by a modern customs administration. If it did so it may be able to meet EC requirements in the medium term.

The recent initiative of the Commission has been the development of the Accession Partnership to re-enforce the preparations of the applicant countries for membership in the EU. The program will be implemented in Lithuania by adopting the National Program for the Adoption of the Acquis drafted by Lithuanian authorities. This programme and its priorities are based on the conclusions of the Opinion, and are divided into two groups - short and medium term. It is expected that Lithuanian authorities will take further measures reinforcing institutional and administrative capacity in the field of customs functions during the year 1998. It should be noticed that Lithuanian authorities had to change original priorities and their grouping after the Commission presented its own suggestions. It was justified by the need 'to facilitate further dialogue' with the EU, and once again illustrated the policy-taker status of Lithuania. This implies that in general, as well as in the area of external economic policy, the program may reflect the priorities based on the interests and concerns of the EU rather than priorities of Lithuania and its transition needs. In its turn this means that even before becoming a member of the EU and joining the

[20] The European Commission. Agenda 2000. Commission Opinion on Lithuania's Application for Membership of the European Union. - Brussels. - 1997. - P. 81-83.

customs union and the CCP, Lithuania will have a major part of the relevant acquis adopted. Those priority aspects of the acquis are primarily related with measures in the area of customs administration and implementing Community Customs Code as these are a necessary precondition for the efficient functioning of the customs union. However, the harmonization in the area of the CCP is taking place in the negotiations of Lithuania's membership in the WTO. This provides an illustrative example of the efforts of the current external economic policy-making in Lithuania to align its position in multilateral negotiations with that of the EU, and to take account of a future membership in the CCP.

In September 1992, Lithuania got an observer status to the GATT. The process of Lithuania's accession to the GATT/WTO has started in the beginning of 1994 and lasted for more than four years. The negotiations included a number of bilateral and multilateral meetings during which Lithuania's foreign trade regime and related external economic policy matters were presented, problematic areas were identified which currently are the level at which the customs duties for agricultural products are to be 'frosen', export subsidies and domestic support in agriculture, and trade regime in audiovisual products. Inspite of the importance of the WTO membership for Lithuania, for a number of reasons the accession negotiations lasts for more than four years although Lithuanian part showed attempts to readjust its position on certain issues. There are different categories of reasons for this, including difficulties related with the transition nature of Lithuanian economy - unclear long-term patterns of comparative advantage, for example, - and concerns of the major WTO members not to create a precedent for derogations from the rules when Russia negotiates the membership.

Probably the most important factor is a protectionist stance that the Lithuanian part has chosen in terms of agricultural policy, and the level of appropriate ceiling binding and export subsidies as well as the general binding of customs duties. The level at which the tariffs are 'frozen', and can not be exceeded after a country joins the WTO is chosen depending on tariffs applied before the membership. This means that Lithuania would have relatively low customs duties as 'a point of departure' in future WTO negotiations. This, however, is not in the interest of agricultural interest groups in Lithuania, and through the institutional structure of forming the bargaining position of Lithuanian part these sectoral interests determine the protectionist stance of Lithuanian negotiators.

The other important factor is a perspective membership in the EU, and the CCP and agricultural support regime to be adopted by Lithuania. Joining these common policies of the EU might result in a general increase of customs duties for industrial products applied by Lithuania (although this will depend on a number factors and commodity groups), and most probably will result in a higher degree of protection in the agricultural sector[21]. In such a case other WTO members have a right under the Article XXIV (6) of the WTO to demand for compensation to cover the costs that

[21] This argument was already used by agricultural interest groups in Lithuania trying to secure preferable level of protection. In December 1997, the heads of the sugar factories declared that sugar production and protection level in Lithuania should meet the requirements applied in the EU. This statement was directed against intentions of Lithuanian authorities to amend the law to comply with the WTO rules.

result from the increase in the level of external protection. Taking into account the disputes of the USA and the EU, particularly France, over the issues of trade barriers to trade in agricultural and audiovisual products during the Uruguay Round, there is a high possibility of the USA (and maybe some other countries) demanding compensation. Moreover, such claims were made during the earlier enlargements of the EU. According to some estimates, after the accession of Sweden, Austria and Finland, because of the increase of tariffs in sectors where the EU's external tariff was higher than in the new members compensations received by the USA alone amounted to between 150 - 200 million USD[22]. Thus, Lithuanian authorities are in a paradoxical situation where the membership in the WTO is an unofficial precondition for the accession into the EU, but at the same time trying to take into account the requirements of the membership in the Union's CCP presents one of the main difficulties during the multilateral negotiations. Although Lithuanian negotiators arranged meetings with the EU Commission before a number of bilateral and multilateral meeting at the WTO to co-ordinate the position of Lithuania, and consequently revised initial offers, so far this have not resolved the problem. It is likely that in the future, the obligations under the Europe Agreements will be more important for Lithuanian authorities than WTO rules.

The points presented above clearly illustrate that the membership in the EU and its external economic policies is not a single-decision process. It is a gradual process the impact of which on Lithuania' external policy regime and well as related domestic policies is already felt or will be felt before the actual date of entrance into the EU. For example, the range of problematic issues involved - mainly in the areas of agriculture and audiovisual products - illustrates that Lithuania has already become a virtual hostage to the EU and US trade disputes. The gradual nature of the process makes the economic benefits and costs of the process to be widely spread, and more difficult to identify. However, certain effects related with the adoption of the CCP by Lithuania after accession to the EU can be distinguished and discussed.

Accession and possible effects of joining the CCP

As it was noted before, accession to the EU means adoption of the acquis related with the CCP by the new member-state. While applicant country might negotiate the transitional arrangements in certain areas depending on their effect on the efficient functioning of the single market, the end result of the accession most probably will be adoption of the related acquis in full as it is laid down in the Treaties.

Thus, after joining the EU, Lithuania will have to adopt the autonomous as well as conventional arrangements of the CCP. First, this implies the adoption of the CCT applied by the Union at the time of joining it. At present, the weighted average rate of external tariff for industrial goods applied by Lithuania is lower than the one applied by the EU, although it differs depending on the commodity groups and customs duties for some (furniture, for example) are higher in Lithuania. The final impact, however, will depend (1) on the level at which tariffs applied by Lithuania are binded when it becomes the WTO member (if this happens before joining the EU); (2) the decisions on further trade liberalization agreed in the next WTO round (if it takes place before Lithuania's accession to the EU). As a result of joining the CCP, both possibilities of

[22] Dent, C. M. The European Economy. The global context. - London: Routledge. - 1997. - P. 107.

having to raise and decrease the general level of customs duties on imports of industrial goods remain. Trade creation (or diversion) effect will also depend on a number of countries that join the EU together with Lithuania because the larger share of foreign trade is conducted inside of the customs union of the EU, the larger are the possibilities for trade creation and welfare gains for consumers.

The different situation will most probably be in agricultural sector where the level of protection in the EU is likely to be higher than in Lithuania by the time the latter becomes a member of the EU. Thus, the accession is likely to increase the level of protection in Lithuania, divert trade and result in welfare loses for consumers. As it was discussed in the previous section, the increase of external protection is likely to cause the discontent of other WTO members and provoke claims for compensation. At the same time, benefits might be derived by agricultural producers in Lithuania, however, this largely depends on the CAP reform, and possible transition periods before participation in the CAP support programs.

One of Union's unilateral measures reflecting its historical links and developmental politics is application of Generalized System of Preferences which Lithuania will have to adopt. That implies granting tariff concessions and access to the market for a number of developing countries, and contributing to the European Development Fund which provides financial aid under Lome convention. This implies adoption of the policies that are not relevant for Lithuania, and are not based on economic grounds and political concerns of its population. Meanwhile, accession will mean abolishing of GSP regime applied to trade with Lithuania by the USA and Japan.

Finally, the customs duties collected at the border of Lithuania will be collected to the EU budget after joining the CCP and the customs union. This will deprive Lithuanian government from using customs duties as a source of budget revenues.

Membership in the EU also implies common application of external non-tariff measures. Lithuania will adopt common rules for export and import regimes applied by the EU members. This will require abolishing remaining export duties that presently include six commodity groups, mainly timber products. In general, it would imply adopting EU's special rules, for example special barriers for imports for State-trading countries which presently include relatively important trade partners of Lithuania - Belarus and Ukraine, and result in trade diversion. Upon accession Lithuania will have to refrain from all subsidies that are incompatible with the common market and to submit all state aids to a constant review by the Commission which acts as a sort of 'anti-subsidy policy force'[23].

As it was mentioned before, the commercial defense instruments are among the most significant measures the EU can take in respect of imports and exports. Adoption of these instruments by Lithuania might have a significant impact on its foreign trade regime. The use of these instruments is not established in Lithuania yet, therefore the application of anti-dumping duties, countervailing and safeguard measures adopted by the EU might increase the level of protection in Lithuania. However, as the EU Commission has noted, experiences from previous accessions has shown that the

[23] Bofinger, P. The Political Economy of the Eastern Enlargement of the EU. - Discussion Paper No. 1234. - London: CEPR. - August 1995. - P. 7.

automatic extension of existing anti-dumping duties to the new member state prompts third countries to raise problems in terms of the compatibility of this with relevant WTO provisions[24]. It was also noted that automatic extension creates a potential for third countries for circumventing EU's commercial defense measures when before accession substantial quantities of the products subject to measures are exported to the territory of the future member-state, and after the accession are released for the free circulation in the EU"s customs territory. Therefore, it is likely that only commercial defense measures applied by the EU after Lithuania's accession might be extended to Lithuania. For these reasons the likely impact of protectionist measures might be less significant. However, there are no signs that the EU might be inclined to decrease the use of such measures, and as it was noted in the WTO Report 1996, the EU 'continues to be one of the most frequent users of anti-dumping procedures'[25]. Lithuania would not probably adopt the protectionist measures in certain areas without joining the EU, like, as some have noted, it was "a safe bet that without Community, the United Kingdom and Germany would not have footwear protection today, that UK agricultural protection would be lower, that Denmark would not have an arrangement on Japanese cars, etc."[26]. On the other hand, initiating protectionist measures at the EU level with its bureaucratic procedures might prevent local interest groups in Lithuania from frequent recourse to these measures. Moreover, it is suggested that EU membership entails a major shift in the balance of power between national lobbies strengthening the power of such groups as consumers and exporters whose interests are often neglected in political decisions on trade policy[27].

Joining the CCP implies adoption of agreements concluded by the EU and third countries and multilateral agreements to which the EU is a part. Simultaneously preferential agreements between Lithuania and third countries, for example, the free trade agreement with Ukraine, will have to be terminated. Thus, Lithuania will adopt 'the pyramid of preferences' in a form of a range of preferential agreements with between the EU and third countries that characterise EU's policy of 'managed liberalism'. It will involve both trade creation and trade diversion for Lithuania. (1) It will mean abolishing all remaining barriers to the movement of factors of production with current associated countries which will be or become members of the EU at the time as Lithuania. (2) It will involve reduction of non-tariff barriers to trade with EEA countries. (3) It might result in increase of barriers to trade with the associated countries that stay outside the EU, especially in the field of agriculture. The preferential agreements between Lithuania and them in force at the moment will have to be terminated which. (4) Barriers to trade with Eastern European countries that have commercial and economic co-operation with the EU might increase. However, if free trade agreements between the EU and CIS are negotiated, the trade diversion effect for Lithuania might be less significant. (5) If plans to create a free trade area among the EU and Mediterranean states until the year 2010 succeed, Lithuania will gain free access to this region. (6) Lithuania will join Lome Convention if it is extended after the year 2000 for the next decade. The effects of this are likely to be

[24] The European Commission. Agenda 2000. - Opt. cit. - P. 81.
[25] Cited in Pelkmans, J., Carzaniga, A. G. The Trade policy Review of the European Union. The World Economy. Global Trade Policy 1996. - Oxford. - 1996. - P. 89.
[26] Winters, L. A. The European Community: a case of successful integration? in De Melo, J., Panagariya, A. New Dimensions in Regional Integration. - London: CEPR. - 1994. - P. 211.
[27] Bofinger, P. - Opt. cit. - P. 9.

insignificant because of a small share of trade relations with these countries. (7) If the plans to create a Trans-Atlantic Free Trade Area succeed, Lithuania will gain free access to the NAFTA. The net welfare effects for Lithuania's consumers will depend on the balance of these factors. However, it is likely that more trade will be created, especially if most of the Baltic sea region countries become EU members, and a free trade agreement is negotiated among the EU and the CIS which are responsible for a significant share of Lithuania's foreign trade. The positive effects might arise in a form of dynamic gains from becoming a member of the largest common market area in the world.

A rather evident positive effect derived from the participation in the CCP will be the increase in negotiating power in international negotiations. Of course, the use of this power in terms of international liberalization depends on the balance achieved inside the EU, or the Council of Ministers, in particular. However, small countries which are big traders have usually more liberal regime, therefore it is possible that Eastern enlargement of the EU might strengthen the case for liberalism. Besides, the problem of 'regulation without representation' faced by the EFTA states would be resolved, and Lithuania will be able to participate in the EU decision-making process instead of acting as a passive policy-taker. Although it is unlike that in such a way Lithuanian representatives would be able to exert major influence on the process, it would provide a stable forum for exchange of views, expression of opinion by way of voting, and getting the decisions passed by way of forming coalitions and bargaining.

The accession is a process based on a mutual adjustment of the EU and the new members states. Although the new member state accepts the obligations related with the existing acquis of the Union, the enlargement itself changes the dynamics inside the EU institutions and influences the outcomes of the policy-making process. This seems to be especially the case after the Eastern enlargement. Therefore, the question is how that might affect EU's external economic policy. While there is a possibility that the enlarged Union might become more inside-oriented because of the increase of its diversity and resulting necessity to cope with it, the argument might be turned around to say that widening of the EU will contribute to more open and liberal external economic policies. The analysis of possible impact of membership of Lithuania's external economic policy illustrates quite clearly the complexity of the issues involved in the accession process of one state.

In a place of conclusions

Analysis of possible membership effects helps the applicant countries to be aware of the positive as well as problematic issues involved. Anticipating the effects of joining the common policies and institutions of the EU contributes to the clarification of the position before and during the negotiations. Even taking into account that the new member-states will have to adopt fixed acquis - with or without temporary derogations and transitional arrangements - awareness of both specific and broader issues involved in the process might increase the bargaining power and gains from the membership. Rephrasing one statement, if Lithuanian authorities are interested in quick negotiations once they start, they should have a clear-cut negotiations strategy based a several carefully selected priorities[28].

[28] Inotai, A. Prospects for Joining the European Union. Foreign Policy. - vol. 3. - 1997. - P. 44.

This article discusses the possible impact of joining EU's external economic regime, specifically the CCP, for Lithuania. The process of joining the CCP is not a matter of a single decision but it is a gradual process. This implies that substantive human and financial resources are invested before the main aim of the membership is achieved. It also means that the economic regime constructed by the EU and reflecting its historical and geopolitical preferences, internal bargaining outcomes, external relations, etc. is adopted by Lithuania. This process stabilizes the legal and economic environment in Lithuania provided that EU regulation is used by the government to remove barriers for business and not to employ it as an additional instrument of economic control. However, certain aspects of the regime might not be relevant for Lithuania (developmental policy, for example), or are difficult to combine with the other aims of current Lithuania's foreign trade policy (negotiating membership conditions in the WTO in areas of trade in agricultural goods and audiovisual products).

Joining the largest regional economic arrangement in the world will increase the negotiating power of Lithuania in the multilateral forum. It would resolve the problem of 'regulation without representation' in the relationship with the EU while the advantages of being an insider will depend on the actions of Lithuania's representatives and supporting coalitions. The adoption of the CCP might have different impact depending on the sector with agriculture most probably becoming more protected. Finally, Lithuania will have to adopt EU's preferential agreements and to abandon the ones it applies currently. As a result and in addition to joining the common market of the EU, barriers to trade with EFTA states and CEECs joining the Union might be further reduced (with most of which Lithuania has free trade agreements signed), while barriers to trade with the CIS might increase. The static trade creation and trade diversion effects will depend on the barriers to trade in force and share of trade with respective partners. The dynamic trade creation effects for Lithuania are likely to be significant due to economies of scale, increase in competition and specialization, however, they require a separate analysis.

It is evident that at present, the nature of many factors remain unclear which makes evaluation of economic costs and benefits analysis complicated. Such an analysis remains to be accomplished in the future, especially when ex post analysis becomes possible. The picture remains partial without the evaluation of anti-monde scenarios, i. e. the impact of non-membership, analysis of membership effects on separate sectors of the economy and for different groups: consumers, producers and the government. These are just several directions of possible research.