

## Baltic Sea Region in the EU

*Es gilt das gesprochene Wort!*

**Mr. Chairman, Members of Parliament,  
Excellencies, ladies and gentlemen,**

I would like to thank you for this opportunity to have a discussion with you today on "The Baltic Sea Region in the European Union". It is high time to re-evaluate the political and economic developments of our region; its role, perspectives and challenges in the broader European perspective.

When asked about the vision of the Baltic Sea region and the region's role in the EU two notions come to my mind: solidarity and sustainable economic growth. Today I would like to address the concerns of both the idealists and pragmatists, to illustrate with the example of our regional cooperation that not only is there no contradiction between these two – they are mutually enforcing.

The Baltic States have regained their freedom, their independent statehood and their current economic stability on the principle of solidarity and values of democracy. Solidarity among nations, nationalities, countries, among different social groups. The countries of the region have learned very well that solidarity is a two-way street. But we have also learned that solidarity is not merely an ideal, a policy of commitments for the bigger cause. It is a guarantee of long term sustainability and growth in political and economic terms.

Our EU membership experience has also reinforced our belief in the reliability of such model. We have witnessed incredible flexibility and effectiveness of the European Union deriving from solidarity and mutual understanding. We saw how it leads to implementation of remarkable political, economic

and humanitarian decisions. Decisions that bring historic change. And on the contrary, unfortunately we have seen how perceived decrease of credibility of the EU solidarity might stiffen and decay crucial initiatives and weaken us with respect to third countries.

Why should anyone be interested in the Baltic region? The Baltic Region is by no means a simple formation; it is a hub of overlapping identities, cooperation frameworks, unique challenges and unique solutions as well as overlapping frameworks of solidarity.

To my mind, there are at least four networks of solidarity that constitute the Baltic Region. And it is extremely difficult if not impossible to put priority on one or the other. They may serve slightly different purposes and rely on different identities, but are heavily interdependent at the same time. I would like to call it the Baltic Sea model if that is not too strong of an expression. I also believe in the potential such model to provide a solution to the challenges in the rest of the EU.

I will simply start from the smallest cooperation networks and continue with the broader.

**From the Lithuanian perspective, the solidarity and bond of the three Baltic states constitutes the nucleus of our country's regional identity.** This special bond of the Baltic States was embodied in the Baltic Way. In 1989 the Lithuanians, Latvians and Estonians joined their hands to show the world their unwavering political will to restore the statehood and become a unifying force – not only for themselves, but for the entire region which was divided for 40 years. During the 23 years since the

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Baltic way we managed to transform this sentiment into very tangible results – our independent statehoods, joint EU and NATO accession, and joint stance on strategic security, energy and economic development issues, high economic integration, etc. Baltic solidarity makes us more secure, more economically sustainable, more prosperous, and voices our values stronger on daily basis.

The next – broader – network of solidarity for us is the Nordic-Baltic Eight. It is easy to notice that even Lithuania, Latvia and Estonia are not three identical sisters. There are even more differences among the eight Nordic and Baltic countries:

- It is a network where two identities meet – the Nordic and the Baltic,
- Some countries in this region are EU and NATO members, some aren't.
- There are no formal structures or rules; we are bound by common views and interests, by a flexible and vigorous partnership.
- For natural reasons some countries have more bilateral economic interaction. Others share joint energy projects, or work closer on environment challenges or security and defence cooperation.
- Some of us are experts on the Arctic policy; others have more direct experience of Eastern Neighbourhood.

Despite differences, we share unique integration. The experts state that the NB8 countries were the most disciplined to take on the austerity measures, to stabilize the economic crisis and to start their recovery faster. It proves that sharing your experience, coordinating your decisions, good governance and expertise pays off both in the times of growth and in times of a slow-down. We see further integration within this region as a precondition of Lithuanian economic momentum, economic and financial sustainability and security. We put high importance the ability of the Nordic-Baltic countries to speak up jointly on international challenges.

There is an explanation this success in economics – we are complementary to each other's needs. But the economic explanations are insufficient. In daily life trust and solidarity is what brings complementary interests together and puts them in action for best results.

This model has also attracted the attention and interest of the usually withdrawn United Kingdom.

The third layer of regional solidarity is the Nordic-Baltic region along with Germany and Poland. We are natural partners as we share the Baltic Sea coastline; we are also all interlinked with a complex network of bilateral and multilateral security, political and economic cooperation. We share the same view on the future of the region seeing it as a hub of security and sustainable prosperity compatible with high environmental standards; the same view on financial responsibility of governments and many other issues. The importance of the role of Germany and Poland in achieving these goals is fundamental. And when I speak about the Baltic Sea region today, it is these ten countries that I have in mind: Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden, Germany and Poland.

**As I mentioned before, I do believe that the good practice that has emerged naturally in the region could be well used in broader EU context. Our region has a unique role in the EU in many aspects. From Lithuanian point of view, these are first of all: areas of finance and economy, energy security and safety, relations with EU neighbours, judicial cooperation and European history.**

**Let me start with the issue of euro crisis.**

The European Union has still a long way to go in dealing with the economic downturn that has left a big part of the European population unemployed and businesses struggling. We understand solidarity not only as transfers of money, but first of all as

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a strong sense of responsibility for our single market and competitiveness.

If we look at the European public finances as a whole, it might seem odd that it is Europe that is facing these challenges today, - European public debt is far from being biggest among global economic powers. The answer lies in the nature of the European Union, or to be more precise, in the way it functions.

The EU Member States run autonomous fiscal and economic policies, and are separately liable for their financial commitments, making the whole block as strong as its weakest member. Therefore, each country has to do its part in ensuring that the Union is financially sound and has a solid background for future economic growth. I believe that Lithuania is very close to having done her part – after an incredible marathon of fiscal consolidation we will have budget deficit in line with the Stability and Growth Pact rules this year. In general, it can be said that the Baltic Sea Region has been quite of an example in terms of rigorous public finance policy and political effort in making adjustments when necessary.

#### **How does solidarity relate to economic development and energy sector?**

We have to admit that by acquiring political independence only part of the goal has been achieved: living in freedom requires wisdom and hard work. Today we have important and pressing objectives in front of us – the Baltic States have not acquired energy independence.

Having regained its independence in 1990, Lithuania after more than 20 years is nevertheless excessively dependent on energy imports from a single external energy supplier. The EU has fully acknowledged the sensitivity of this high level of dependence by indicating Lithuania, Latvia and Estonia as energy islands, which should be eliminated by 2015. We have experienced solidarity that we see as the kind of support that will bring historic change.

If we agree on that the Baltic Sea region has a potential to become one of the most prosperous, innovative and competitive regions in the world, a well functioning energy market is the instrument to achieve this goal. In order to make it a reality and to integrate to the EU energy market, Lithuania is making a fundamental break through. Strategic energy projects are being implemented – regional Visaginas Nuclear Power Plant (NPP), 20 power interconnections with Sweden 2015 and Poland 2015, Lithuanian – Polish gas pipeline interconnection and LNG (Liquefied natural gas) terminal. This is the moment when we need solidarity and the supporting hand from our best friends.

Having in mind Chernobyl and Fukushima, we are confident that energy security picture is not complete without mentioning nuclear safety. As nuclear accidents do not recognise country borders nobody can feel secure when new nuclear energy projects are being developed without required responsibility in the EU neighbourhood.

Eliminating weak links in European energy connectivity, continuing work on nuclear safety, and functioning of EU energy market (which should eliminate threat of events similar to Russia-Ukraine gas crisis that hit the EU in 2009) is a crucial role for our region from Lithuanian point of view.

Not only energy issues are pressing the Baltic Sea states to find solutions. Baltic Sea region countries share the same concern on the Baltic Sea environmental condition – it matters to all of us, including Germany, Poland, and Russia. We managed to expand our economies and turn the sea into one little basin with hundreds of ships crossing it and volumes of cargo moving both east and west. However, every member of the region must be equally involved in preserving the best of the region and in mitigating the negative outcomes of growth. Our neighbours - Kaliningrad and Belarus - all must put their input into welfare.

Accomplishing the role of the first EU macro-region and implementation of the Baltic Sea Strategy is a sign of acknowledgment of our potential, but also it means

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a huge responsibility, to prove that such a new method of European regional cooperation is viable.

Still better networking among different Strategy's actors at regional, national and local levels, better coordination of the financing possibilities and the alignment of the Strategy with 2014-2020 financial frameworks, as well as the need for integrating Strategy for the Baltic Sea Region into the strategies and policy implementation at the national level is still to be found.

In this sense the EU strategy for the Baltic Sea region is a key to tackle acute environmental problems more effectively, to enhance prosperity, perhaps even to speed up important strategic energy projects of the region. This proposed method of cooperation not only promotes the more intense integration and development of the Baltic Sea region, but also makes this regional approach a model for other EU regions to find inspiration in. The Strategy implementation process will be an important part of Lithuanian EU Presidency agenda as it is one of our priorities for 2013.

This brings me to another point in my speech – **the Baltic Sea region and its neighbours** – Russia, Kaliningrad Region and Belarus. Our solidarity within the Baltic Sea region, the EU, and every other cooperation network that we share must be shown so we can properly enforce solidarity with the people of Russia, Belarus and Kaliningrad district.

Recent **Russian elections** were characterized by severe shortcomings and irregularities that provoked significant reaction from the side of the civil society in Russia. Active involvement in the elections through voting, monitoring, exercising constitutional rights to free assembly and expressing political views evidences growing maturity of the Russian society and readiness to take part in state political development.

Lithuania strongly believes that the comprehensive and legally binding New PCA Agreement is a priority item on the EU and

Russia relations agenda and could open new era in mutually beneficial cooperation.

Our region and the EU need to engage more intensely with the pro-democratic forces ensuring that transformation in the Russian civil society is qualitative and irreversible. Enhancing potential of the EU-Russia Civil Society Forum would be one of the ways to support Russian democratization.

Regarding Partnership for Modernization - while Russian accession to the WTO may become a long awaited accelerator for the economical modernization, enhancement of the civil society is equally if not more important. Free and confident citizenry is the prerequisite for continuous state progress.

State of democracy, respect for rule of law and human rights situation in Russia, regrettably, is deteriorating and we must keep these issues high on our agenda. Particular attention should be paid to the situation of human rights defenders, freedom and pluralism of media, independent judiciary, freedom of expression and association etc. The situation of the rule of law in Russia is of special concern. Human rights defenders and independent journalists continue to operate in a largely hostile environment.

We are seriously concerned over the respect of fundamental norms of due process in the cases of Khodorkovski and Lebedev and regret that despite legal possibilities opportunity was missed for pardoning of Khodorkovsky. We call on Russia to ensure credible and comprehensive investigation into the death of Magnitsky.

**Kaliningrad** is a case of unique regional challenge that requires unique solutions. Lithuania is interested to maintain mutually beneficial relations with Kaliningrad region of the Russian Federation. Kaliningrad region is very attractive market for the Lithuanian exporters. Special geographic position of Kaliningrad area attracts Lithuanian business as a platform for supplying goods and services to mainland Russia as well as possibility to work in a market nearby. Cooperative advantages of Lithuanian companies – knowledge of market,

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know-how and technologies – establish Lithuanian business among the leaders in Kaliningrad in a same level with a German and Polish.

Moreover, it is our close interest to see the quality of life and environmental standards improve in the Kaliningrad district. I would like to confirm our readiness to promote the development of Kaliningrad Region. The EU showed maximum flexibility in amending the existing EU Regulation which led to an extended eligible area for Local border traffic agreement embracing the whole Kaliningrad region. Lithuania is ready to resume bilateral consultations with Russia on that within the maximum limits of existing EU Regulation.

EU – Russia partnership for modernization could serve as yet another platform and opportunity for the engagement with Kaliningrad region. Last year Lithuania and Russia have signed our bilateral partnership for modernization. It shows our determination to contribute practically to the implementation of this idea.

Common projects in the Kaliningrad region of the Russian Federation would be practical contribution to regional modernization, and Modernization Partnership for the South Eastern Baltic Sea Area (SEBA) plays an important role in this regard as well.

In this regard I would like to express my gratitude to your German colleagues for their active involvement and the good will. We are especially keen in fostering cultural heritage, environment protection, people-to-people contacts, that would in turn enhance tourism and promote openness in the Baltic Sea region. We are also actively proposing to the Government of the Russian Federation to conclude a bilateral agreement on sport and recreational navigation in the Curonian lagoon and internal water roads that would significantly contribute to the promotion of tourism, sports regatta and other recreational activities.

**Belarus** can be considered another special case: Political prisoners, human rights abuses, persecution of democratic opposi-

tion, disregard to international environmental and nuclear safety standards or military trainings with offensive scenarios just on the external borders.

Belarusian leadership declares its openness to the EU and willingness to address the needs of ordinary people on daily basis. But it is already a year since the Belarusian government has not responded to the EU proposal to start negotiations on visa facilitation agreement. Unfortunately, all this makes Belarus a difficult partner. Just a few weeks ago with the return of EU ambassadors to their capitals it seemed that EU-Belarus relations reached a new low ground. EU demonstrated unity and solidarity and it is important to maintain current consensus on EU policy towards Belarus. The EU has to continue to keep pressure on Belarus authorities demanding respect for basic human rights and freedoms until substantial progress is achieved. First of all, Belarus should release and rehabilitate all political prisoners. And only then there will appear grounds for further discussions on development of the EU – Belarus relations.

Belarus takes a unique position in Europe and can play an important role of the junction between East and West, South and North in terms of economics, transport, and logistics. However, this country may fully exploit its potential and take its deserved place in Europe only when governed by democratic principles and rule of law.

On the other hand, we should be aware that third countries sometimes put our solidarity to a test. Efficiency of the Schengen system or the European Arrest Warrant are good examples that there remains room for improvement in terms of European solidarity. Especially if we wish that our ideas would be heard and followed by our neighbours.

**Common European history.** The debate on the borders of Europe and content of the European identity seems to be never ending. We believe that one way of solving this dilemma is looking into the common European history for Europe also including truth about our Europe's totalitarian past and looking beyond. For we know that the iden-

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tity of the people cannot be judged by their leadership in undemocratic regimes.

To conclude, let me return to what has been said – there is a unique role for our region in the EU in beyond to promote solidarity as a means to economic stability and general principle of politics.

The Baltic Sea region remains a key geo-strategic area for NATO and the European Union, with a network of intersecting economic, political and security interests. The support and solidarity that has been granted for Lithuania is why Lithuania today participates in a number of international security operations and missions, allocates its development aid to Afghanistan and other countries, provides humanitarian assistance to North Africa and Japan. In other words, the country that was a “receiver” 20 years ago became a „contributor“.

Backed by our partners we will keep putting our efforts for the best of Baltic Sea Region. A vision of prosperous Europe with safe neighbourhood will guide our efforts. We will go on with this vision while preparing for and during the Lithuanian European Union Presidency in the Second half of 2013.

Thank you for your attention.