



**EVOLVING PERCEPTIONS OF THE EU'S NORTHERN
DIMENSION**

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Abstract

In this paper the formation process of the Northern Dimension (ND) and its development until the adoption of *The Second Northern Dimension Action Plan, 2004-2006*, are analyzed in the light of changing perceptions of the ND by states and regional organizations in the European North.

The main aim of the paper is to elaborate upon the development process of the ND through stages of *theoretical concept* into *political concept* which was accompanied by growing dissatisfaction about the outcome of this process. However, this dissatisfaction about turning the ND into political concept and results of its integration into the Common Foreign and Security Policy (CFSP) of the EU is currently transforming towards an understanding that the ND should be regarded as a valuable framework for developing projects of regional relevance in order to achieve collective gains on the regional level. Special attention is given to highlighting the ND as a changing concept.

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Introduction

The accession of Sweden and Finland in 1995 introduced a new - northern - dimension into the European Union. Important changes occurred at the EU's external borders. Finland's membership added a long common border with the Russian Federation. The 1995 enlargement also brought the Baltic states closer to the EU. This process will be furthered with the accession of the Baltic states to the EU on 1st May, 2004. Finland and Sweden differ significantly from other EU states and regions in terms of both harsh climate and economic geography. A further distinctive feature of northern regions is their sparse population and long distances (the total area of the EU after the 1995 enlargement increased by 37%) that give local and regional government in North a different character from the rest of Europe.

The EU's Committee of the Regions adopted an opinion in the 1996 on the Northern Dimension which emphasized the BSR as a very important area of co-operation in the enlarged European Union in terms of its northern dimension. There was a call for separate and throughout analysis in this report¹. But still, it was focused not on the BSR, but rather on northern parts of Sweden and Finland (Barents Sea region), and it had nothing to do with later ideas and developments that were put forward by Finland. Since 1996 then the Baltic Sea region (BSR) has become an even more important area because of the intense nature of the cross-border co-operation that is taking place in the region. Nevertheless, this co-operation needs to be developed further to strengthen cooperation in the BSR that has become a value in itself and to increase security and prosperity around the Baltic Sea.

Initially, when launched in 1997 by the Finnish prime minister, the subject of the "Northern Dimension" was new, irritating and challenging. Since then the concept of Northern Dimension has been transformed substantially. The understanding of the

¹ "Opinion adopted by the Committee of the Regions on 12 June 1996 on *The Northern Dimension and Cross-Border Co-operation on the Border Between the European Union and the Russian Federation and in the Barents Region*". Brussels, 12 July 1996.

concept has also changed considerably. Some scholars believe that the ND is almost *dead* concept², some other hope that there can still be a turning point in development of the ND, but only in case if, on the one hand, political leaders would go beyond political rhetoric and put more attention to practical issues present in the BSR, and, on the other hand, political actions are supported by bottom-up activities on regional and sub-regional levels. Russian Federation is on the focal point of discussion, because the ND can become the framework in which issues concerning Kaliningrad oblast and Northwestern parts of Russia are negotiated³. Moreover, as Elleman-Jensen mentions, Kaliningrad is a litmus test for the co-operative philosophy whereupon the ND is built⁴. There are also scholars, and the author of this paper is one of them, who believe that the ND has gained strength during the past several years. This view will also be elaborated upon later in the paper.

The prospects of every project or organization are very much dependent on the interests of participants. The ND is likely to succeed if main regional actors will be interested in using it as a framework for further co-operation. In the coming chapters a short insight into formation of the ND will be given, then interests of the EU in the ND will be analyzed. Special attention will be given to the analysis of changing perceptions of the ND progress after integrating the concept into the CFSP framework. Findings will be summarized in the concluding part of the paper, and suggestions concerning the future development of the ND will be elucidated.

² As Browning mentions, “...whilst the northern members (led by Finland and Sweden) tend to give the Northern Dimension high priority, southern members find it much harder to get motivated about the initiative, a problem that gains importance when southern members hold the presidency of the Union and when the NDI comes in danger of dropping off the agenda altogether.” Browning, C. *Competing or Complementary Policies? Understanding the Relationship between the NEI and NDI*. COPRI working paper nr. 8, 2002. page 19.

³ Elleman-Jensen, U. *Atsaldē Eiropas Ziemeļu Dimensiju* (Re-freezing Europe’s Northern Dimension). *Diena*, 11.04.2001. page 2.

⁴ Elleman-Jensen, U. *Kaļiņingradas jautājums* (Kaliningrad issue). *Diena*, 25.06.2002. page 2.

I. Defining the Northern Dimension

The ND was brought to the EU's agenda in 1997 during the Luxemburg summit by the Finnish Prime minister P.Lipponen. The initiative for ND was introduced as means to add a broader view to Northern Europe and to fill the gap in the EU's foreign policy. This initiative fits fairly well under the “umbrella” of the CFSP of the Union. Instead of developing bilateral and multilateral relations between Nordic states, Baltic states, Denmark, Poland, Germany and Russia, the ND emphasizes the importance of the BSR as such. The geographical borders of the ND were not clear in the beginning. It was complicated to define the ND strictly in geographic terms, because borders of the region are quite fuzzy, and matters of inclusion and exclusion were approached very carefully to rule out a possibility of creating new dividing lines in Europe that would alienate Russia from its European partners.

The BSR can be defined both in terms of territoriality and functionality⁵. Concerning territoriality, it would be composed only by those states that are on the shores of the Baltic Sea. The question was, whether only EU member states in the ND are concerned, namely, the Baltic states, Poland, Norway and the bordering regions of the Russian Federation, or, following the logic of functionality, it can be seen as wider area, including Iceland and the Arctic Circle, at the same time excluding those parts of states in the BSR that are distanced from the region because states may belong to different regions or they seem not to belong to the BSR at all. The most salient example is Russia, which is situated on two continents. Only the northwestern parts of Russia and Kaliningrad region constitute a substantial part of both the BSR and the ND. Germany's southern parts are also distanced from the Baltic Sea. The same problem applies to Poland as well, and as a consequence, the BSR discourse is rather weak in Poland. One can see that region can be more or less inclusive, depending on situation or subject, therefore for practical reasons of decision-making and policy implementing the BSR had to be defined as a compromise between functionality and territoriality.

⁵ For more in-depth analysis on relations between functionality and territoriality in relation to the BSR see M.Albert *From Territorial to Functional Space: Germany and the Baltic Sea Area*. COPRI working paper nr. 39, 2000.

As one can notice from the EU's official website, Union has taken into account the notion of fuzziness in mapping the ND⁶. As defined by the EU, the ND is constituted by all states that are around the Baltic Sea with Iceland and Norway included, but in terms of regions the ND is constituted by Denmark, Finland, Sweden, Norway, Iceland, Estonia, Latvia, Lithuania, coastal areas of Poland, northern parts of Germany (Hamburg, Mecklenburg-Western-Pomerania and Schleswig-Holstein) and Russia (St.Petersburg, Kaliningrad, Murmansk, Novgorod, Leningrad, Pskov *oblast's* and Autonomous Republic of Karelia). In terms of regions the ND covers the BSR, Arctic Sea region and North West Russia⁷. The ND (as well as the BSR) cuts across state borders. It can be concluded that regions can be defined both in terms of states and sub-regions of states. Regional co-operation proceeds on two levels of participating actors: state and sub-regional level. There is a necessity to assert the fact that in some cases sub-regional actors might be more supportive towards regional co-operation than central governments because the ND's postmodern logic cuts across nation-state divide and pushes sub-regions towards more regionalism and less state-centrism. Grass-roots dynamics of regionalization can be very different from the government level rhetoric.

II. Development of the ND

The aim of this chapter is to elaborate on the development of the ND, offer a distinct perspective on various stages of the ND's development and to pinpoint some problems with the ND that might arise from the particular character of co-operation processes in the BSR.

Starting from 1997 the ND has been mentioned in the concluding documents of the EU's summits on a regular basis. The key transformation of the ND took place in 1999 during the Finnish presidency of EU after the member states' summit in December when the European Commission was assigned to develop the ND action plan. One can argue that Finnish initiative was a success because the ND Action plan with its strategic goals were

⁶ http://www.europa.eu.int/comm/external_relations/north_dim/index.htm#2 Map last seen on 01.12.2003.

⁷ *The Northern Dimension. An overview.* European Commission. October 2003, Brussels.
http://www.europa.eu.int/comm/external_relations/north_dim/index.htm

accepted during the Feira summit on a condition that this Action plan would be developed further through a consistent co-operation between European Commission, member states and partner states.

However, it is important to distinguish three stages of development in the ND's short history:

- *First stage* was at a time when the ND wasn't yet a part of the official EU's foreign policy and existed only as a theoretical concept.
- *Second stage* was initiated in the year 2000 when the Action plan had been developed by the European Commission and the ND was accepted by the European Council, and the ND was included in the EU's Common Foreign and Security Policy (CFSP). The author of this paper uses terms *theoretical concept* and *political concept* to describe two stages of development of the ND. In fact, the ND already in 1997 was very political, but the abovementioned two terms are used in order to make a clear distinction between two stages of development: before and after the ND's inclusion in the CFSP.
- The beginning of the *third stage* is far less visible than previous two. The third stage marks a change in perception of the ND that came after a relative dissatisfaction when the ND was integrated into the CFSP. One can argue whether it is possible to speak of any reasonable change in perceptions at all. However, the author of this paper would like to argue that year 2003 marks a change in the way states and regional organizations see the ND. The idea is that after the first stage when the ND was a vague theoretical concept and the second stage when the ND was narrowed down by the EU, we are entering a stage of understanding that the ND is a concept that helps to define and materialize major projects of regional importance. The ND is increasingly seen as a way to materialize collective regional interests.

This understanding is different from the initial idea that the ND is a tool of promoting particular interests instead of pursuing collective good. Perception of particularity is not solely substituted by the idea of regional interest, however changes are considerable

because one can observe a growing awareness of the ND as a political concept that brings Northern European states together for the sake of collective regional gains. These stages will be discussed in the following chapters, but before turning to the changing nature of the ND, attention should be paid to a brief description of how the ND evolved.

The idea of the ND was first developed and lobbied by Finland. It was meant to become a framework for organizing the growing amounts of cross-border co-operation in the Baltic Sea area as well as the ND had to raise the importance of the European North in Europe. In the beginning other states were skeptical about Finland's proposal because its national interests were quite apparent in this objective. The situation changed after Finland managed to integrate its initiative in the CFSP. As a consequence, other states of the region had to define their interests in the ND to prevent Finland from taking advantage.

The ND is the most important objective in Finland's foreign policy. It also works as a tool to promote Finland's foreign policy and political line in general. Even Finns admit that the ND is a catchphrase which can be connected to everything⁸. The meaning of this phrase can vary according to the audience, therefore it was hardly a surprise when the United Kingdom was named by Ahtisaari as a Northern European state. Finland's interests in the ND were and to some extent still are characterized by economic matters such as oil and gas fields in north-western parts of Russia and by possible oil transit. But for the rest of the states which are participating in the ND, this could be a framework for discussing matters of their particular interest. At the same time the question arises: "Why these regional matters cannot be dealt with within the already existing institutional framework?" Several reasons can be distinguished. The ND, among others, embraces two different objectives – first, addressing concrete issues, and, second, that of directing more attention by the EU to the region and strengthening the EU's presence in some form – then it is obvious that having the EU involved heavily in these regional arrangements helps a lot in dealing and communicating with Russia. EU participation also raises the

⁸ Harle, V. *Martti Ahtisaari, A Global Rationalist in Northern Dimensions. Yearbook 2000*. The Finnish Institute of International Affairs, Forssa. 2000. page 11.

ND on a higher European and even global agenda. More states are involved, more interests are conceptualized and more projects can be carried out.

Idea behind the Finnish initiative was that Finland should raise its importance in the EU and at the same time Finland should try to accomplish co-operation in the energy with Russia. When M.Ahtisaari held a speech in Moscow in 1997, he mentioned that “...*co-operation in the energy field in the early part of the next millennium will define the EU’s Northern Dimension more clearly than anything else. Europe needs energy, and Russia markets for her energy exports.*”⁹

The most important problem is that the real objectives, interests and agenda of the Northern Dimension are not conceptualized. In the beginning, when the ND was launched, such a loose definition of the ND was even preferable, because otherwise this concept could be considered as an attempt to lobby some states' interests. It was expected that later the concept would undergo the process of "filling-in", but it turned out that the expectations of the involved parties diverge concerning the issue of implementation of the ND. Taking into account the wide range of Unions activities and structural change, it can be questioned whether the EU has enough capacity to design and implement the ND alone. On the other hand, the ND was considered as a promising initiative in case general consensus on the practical part of the ND eventually is achieved. This cleavage can be reformulated in a different way. The ND is a postmodern border-breaking project, but the EU rather leans towards modern discourse with exclusionary borders. Browning therefore argues that there is a discrepancy between the EU as a modern actor trying to be the main region-builder in a postmodern project and necessity for the Union to be a coherent unified international player¹⁰. In fact, it is a very sensitive issue for the EU to combine shaping the ND policy while maintaining active dialogue with its northern components through a wide set of policy instruments. The BSR is a meeting place where different actors, institutions, policies, interests and visions meet. The ND is a challenging policy initiative that involves a necessity to coordinate various activities in the European North.

⁹ Ibid., page 12

¹⁰ Browning, C.S. *The Construction of Europe in the Northern Dimension*. COPRI working paper nr. 39. 2001.

After adoption the ND had to undergo the process of "filling in" within the EU, but this process hasn't been completed, and the author of this paper thinks that the ND concept was facing a very serious crisis during the implementation process the first Action Plan¹¹, because there was not enough political willingness in the Union to conceptualize the ND, and it took some time before regional and national actors got used to the fact that the responsibility for the implementation of the ND was taken over by the EU. It was argued that the ND had become the label of the EU's policies in the European North. That was considered to be far less than ND's initial potential.

Apart from being defined in a narrow manner, the ND also faced problems that arose from the divergent and overlapping political and economic structures of the BSR. Some states were much more willing to participate in the ND than others. Some of them already had their strategic partners in the BSR. There is no overall pattern of co-operation. Instead, one can observe opportunities for future co-operation and clusters of socio-economic activity. For Estonia the most significant partner is Finland, and for the Russian Federation it is also more convenient to have Finland as the most important partner in the *near abroad* than any of the three Baltic states. Poland has established very strong ties with Germany. All this has to be kept in mind when co-operation in the BSR is considered. The ND has to propose something that would be preferable for all states in the BSR and offer opportunities for each of them. Co-operation inside the ND should be seen as complementary – as enforcing already existing ties and creating new ones.

An important issue is the ability of the ND to offer new opportunities for co-operation to states in the BSR. Presumably, perspectives for the ND's development are better if Russia would like to take an active part in regional co-operation networks because in this case the ND as a part of the EU's foreign policy would become more significant for the Union, taken into account that new members will join the existing 15 member states on 1st May, 2004. This will certainly modify the perception of the ND as a foreign policy in the

¹¹ *Action Plan for the Northern Dimension in the external and cross-border policies of the European Union, 2000-2003*. General Affairs Council. June, 14, 2000. Brussels.
http://www.europa.eu.int/comm/external_relations/north_dim/ndap/06_00_en.pdf

region with only Russia, Norway and Iceland left out as non-EU member states. The ND loosing is foreign policy status.

III. Interests of the EU and in the ND

This chapter is based on an assumption that in order to understand what is ND as a political concept one has to see how the EU defines it. Integration of the ND into CFSP framework was a major step towards defining and implementing the concept. The EU had to turn theoretical concept into political one. Redefinition of and filling-in the ND was certainly an important part of this process. Changes in understanding what the ND is were expected. However, it can be elucidated from the previous chapter that some actors that stood behind the idea of the ND were not satisfied with the way the EU Commission handled the issue. This chapter will examine the EU's understanding of the ND.

Perspectives, contents and available mechanisms of policy implementation of the ND depend on the activity of the EU in the framework of this concept because the EU is a very crucial political actor in the BSR. Interests of the EU in the ND framework can be best examined by looking at Action Plans produced by the European Commission. It should be pointed out that interests of the EU in the ND cannot be looked upon separately from interests of other actors in the region. These actors might not be satisfied with the way the European Commission handled the ND, but it would be a mistake to argue that EU's interests differ from regional interests that are expressed through plethora of regional organizations. This is especially relevant for the Second Action Plan for the period 2004-2006 because consultations with regional bodies were more intense compared with the preparation process of the First Action Plan¹².

¹² It was noticed by the European Commission in the First Action Plan that “*the Council of Baltic Sea States (CBSS), the Barents Euro Arctic Council (BEAC) and the Arctic Council (AC) may assume a significant role in consultation with the Council of the EU in identifying common interests of the Northern Dimension region. Added value may be provided by coming to an agreement on common priorities.*” This statement proves that European Commission assumes that regional organizations will be regarded as valuable partners, but this partnership still has to be developed.

Action Plan for the Northern Dimension in the external and cross-border policies of the European Union, 2000-2003. General Affairs Council. 14 June 2000, Brussels. Page 7.

http://www.europa.eu.int/comm/external_relations/north_dim/ndap/06_00_en.pdf

Regions to some extent are mental constructions, and are talked into life. This is a postmodern constructivist approach which emphasizes the importance of speech acts. However, the concept of the ND had to undergo the filling-in process in order to start actual performance. An attempt to do this was made in the first half of 2000 when Commission produced and EU Council during Feira summit adopted the *Action Plan for the Northern Dimension in the external and cross-border policies of the European Union, 2000-2003*. This Action Plan raised concerns in many states in the region because the ND was not allocated separate financial means and was not institutionalized. This was perceived as a step backwards, and ND was said to be merely a label that could be attached to any kind of regional co-operation activities that are taking place around the Baltic Sea. In spite of action plan that was produced by the European Commission, the ND did not have a concrete filling.

European Commission defines the ND as a "*political concept designed to derive maximum added value from Community and member states programmes through reinforced coordination and enhanced co-operation between the countries in the European North. Deepening co-operation, and, in particular enhancing cross-border co-operation, clearly is in the focus of the Northern Dimension concept.*"¹³ The ND in the EU is seen as means for harmonizing present policies of the EU in the BSR. It is also based on the idea of positive interdependence where in conditions of permanent and enhanced co-operation more security, political stability and sustainable economic development, based on intensified cross-border co-operation, could be acquired. This corresponds to what Karl Deutsch defines *as security community*¹⁴. The expectations are high. However, ability of the EU to meet these expectations can be questioned.

The EU since early 1990s has significantly increased its presence in the BSR through various policy instruments. Nevertheless, and this is another major objective of the ND, the EU's involvement into regional affairs was incomplete due to its relatively

¹³ Dr.Gerth, H. *A Northern Dimension for the Policies of the European Union: deepening of co-operation in The Northern Dimension. An Assessment and Development*. Ed. by Lejinsh, A. and Nackmayr, J.D. Conference materials. Riga. 2000. page 50.

¹⁴ Deutsch, K. *Political Community and the North Atlantic Area*. Princeton, 1957.

underdeveloped relations with Russia. In the second part of the last decade significant efforts were made to fill this gap in the EU's foreign policy that resulted in Russia signing the Partnership and Co-operation Agreement (PCA) with the EU in 1994. It came into force on 1st December 1997. Since then understanding between the EU and Russia, although frequently at odds (for example, in the case of Kaliningrad Russia was pressuring for the opportunity for kaliningraders to travel freely to mainland Russia without visas¹⁵), has steadily increased. The problem with this development is that at the time when the ND was handed over to the EU, relations between the EU and Russia were developing at a fast rate. Therefore the ND was targeted on Russia, not on the BSR. By this the EU clearly pinpoints where the problems and opportunities are. The ND was seen as a tool for intensifying co-operation between the EU and Russia because of at least two major reasons:

- 1) conceptual goals that are emphasized by the EU are directly targeted on Russia. It applies to all spheres of co-operation that are defined as crucial by the EU, including energy, environment protection and Kaliningrad region as a pilot region for closer co-operation between Russia and the EU. It is the same with other targets of the ND like health care, fight against organized crime, removing trade and investment barriers and co-operation in education field, where Russia is the most complicated case in the region. However, seen in this light, the roles to be played by other states in the region as well as regional organizations are unclear. The answer is not clearly formulated yet, but the role of the member states of the EU in the ND context could be one of promoting and defending this policy line within the Union, because southern states in the EU are less involved with the ND. Norway's and Iceland's roles in the ND are vague. It can be questioned whether these states need the ND at all, but most likely these countries participate in the ND due to the fears of being marginalized. For them participation in regional arrangements is seen as necessity. The EU candidate countries and Russia are most likely to benefit from participation in the ND, but since co-

¹⁵ Rostoks, T. *Mīti par Kaļiņingradas apgabalu* (Myths about Kaliningrad Oblast). www.politika.lv 19.06.2002.

operation with EU is exercised within the present programs, it could be doubted whether benefits were to be substantial.

- 2) ND's emphasis on Russia is rational if taken into account present processes of regional integration going on in the Baltic Sea area. Political map of the Northern Europe will change considerably after 1st May 2004. In that case the only significant actor in the ND context left outside the EU would be Russia. ND policy would become mostly a domestic policy of the EU towards member states. Russia gives perspective for further development of the ND. This fact together with the notion, that the whole range of problems, addressed in the ND, is more acute in Russia than in other states, justifies the fact that Russia is the most important EU's partner in the ND.

Later, in 1999, Union adopted a Common Strategy of the EU on Russia that defined EU's strategy in policy spheres considered as priorities by the EU. Strategy is implemented through PCA, Tacis and member-states assistance programs. Russia received during 1991-2000 Tacis assistance worth 2.281 billion Euro¹⁶. Russia has the opportunity to receive additional assistance through Tacis other special programs. Nevertheless, it was considered that this co-operation had marginal reference to the ND as such because co-operation was still supposed to go on in the framework of already existing assistance programs. One could argue that EU had its Northern Dimension even before it was talked into existence. However, there is an opportunity that the ND will be used in future as a tool to redistribute the financial aid in favor of the North-Western parts of Russia and Kaliningrad oblast.

Major concerns were raised during the implementation phase of the First ND Action Plan. For example, one could observe a widespread feeling of dissatisfaction in Finland about the development of the ND. Finns were emphasizing the fact that after transferring

¹⁶ EU assistance to Russia. http://europa.eu.int/comm/external_relations/russia/intro.ass.htm. Last viewed in 02.12.2003.

the ND in the EU's hands, the concept had been stagnating and diluted in other policies of the Union¹⁷. There were two major potential goals for the ND when Finland initiated it:

- to attract more attention from the EU side and making the specific problems more salient in the European context;
- to promote co-operation in the bordering regions between the EU and Russia and to solve concrete problems relevant for all countries in the BSR.

From today's perspective, it is possible to conclude that the first goal is almost fulfilled, while the second is lagging behind. There were concerns expressed about the future perspectives of the ND, because the second goal is very difficult to fulfill within the present framework of co-operation and financial means, especially, if these programs were designed for different purposes. The ND as a political concept faced limitations due to its integration into EU CFSP. Criticisms and suggestions on the part of the EU's ND policy may be summarized as follows:

- the whole Baltic Sea region as a target for ND policies is too vague definition. The EU should define several sub-regions as the most appropriate targets for Union's policies. In the case of Russia those, of course, would be bordering regions with Finland and Norway and Kaliningrad enclave. But several other targets should also be addressed to broaden the scope of the ND. A throughout analysis and investigation is needed to define the most "qualified" regions for implementing the ND's policies. This suggestion is valid also due to financial restraints that the EU is facing in the case of implementation of the ND.
- the EU should take into account all the possible structural and political constraints and opportunities for implementing its policies in the ND framework. For example, Russia is not in favor of turning its northwestern regions into sources for raw material, such as gas and oil, export. Russia wants instead of that to develop scientific and industrial potential of its border areas.
- as far as ND is a political concept without allocated separate financial means and is not institutionalized, the EU should elaborate on the process and means through

¹⁷ Dr. Ojanen, H. *Political Aspects (of the Northern Dimension)* in *The Northern Dimension. An Assessment and Development*. Ed. by Lejinsh, A. and Nackmayr, J.D. Conference materials. Riga. 2000. page 23.

which a higher added value will be acquired. It is defined that this added value should be reached through enhanced coordination of EU's policies and programs in the region, but there is a strong need for defining the exact mechanisms and techniques of coordination¹⁸. It is also rather obvious that at the implementation stage there is a need for allocating financial resources for those projects that can be defined as ND projects. Added value cannot be achieved only through enhanced cooperation.

First years of the new millennium in the context of the ND were marked with major concerns about how the added value could be achieved within the given financial and institutional provisions. It was common to discuss the ND in terms of either the added value would be achieved in the near future or we would speak of the ND as a "dead" political concept. It would still be plausible to use the ND as a label for co-operation and EU's activities in the BSR, but was that the objective of the Finland's initiative? The perception of the ND clearly had to be redefined – the concept maintained its overwhelming character, but there were voices speaking about limits of political region-building. O.Waever argues that region-building is a process that has 2 phases: first, regional identity and infrastructure are created (that can be done on the policy-making level), and, second, region needs economic, cultural and environmental success stories¹⁹. Clearly enough, these success stories cannot be created by the EU efforts alone. Other actors had to be involved, and the perception of the ND itself by the regional actors had to be changed. The next chapter will start with author's reflections on the changing perceptions of the implementation of the ND. This will be followed by evaluation of the First ND Action Plan and proposals that were presented by regional and national actors in the preparation process of the Second ND Action Plan.

¹⁸ Stalvant, C.E. *The Northern Dimension. A Policy in Need of an Institution?* BaltSeaNet, Berlin-Gdansk. 2001.

¹⁹ Waever O. *The Baltic Sea: A Region After Post-modernity?* In *Neo-Nationalism or Regionality? The Restructuring of Political Space Around the Baltic Rim*. Joenniemi, P. (ed.). Stockholm, NordREFO. 1997.

IV. Changing perceptions about the ND

The issue of changing perceptions in the context of the ND was already partly touched upon in the second chapter of this paper. The author of this paper would like to argue that evolution of the ND has until this far had three stages. The ND has evolved from the stage of theoretical concept into political one. This was followed by widespread dissatisfaction among the northern political actors who criticized the way the European Commission handled the concept. However, this stage did not lead to increase in irrelevance of the ND as a political concept because actors in the European North are increasingly aware of the fact that additional separate funds and institutions for implementation of the ND are not necessary because the added value can be achieved, according to the European Commission, by “*by coordinating the various EU programmes, including multi-sectoral programmes, and those activities carried out by non-EU bodies in the same fields*”²⁰.

It is mentioned in the Second Action Plan that “*the key purpose (...) is therefore to provide a clear operational framework for all Northern Dimension stake-holders, setting out strategic objectives, priorities and concrete activities*”²¹. This logic is different from initial interests of regional actors who were largely in favor of additional financial instruments designed for implementation of the ND. Looking at the contributions by the individual countries and regional organizations to the preparation process of the ND Action Plan 2004-2006, it is possible to notice that focus in case of financial instruments has shifted from simplistic understanding of the EU allocating funds for the implementation of the ND to more nuanced approach where financial burdens could be dispersed among the EU, international financial institutions, states of the BSR and private sector. This change is best seen by looking at Finland’s positions regarding the implementation of the ND. It was noted by Finland in April 2001 that difficulties in implementation of the ND First Action Plan might arise due to the fact that there was no

²⁰ *Action Plan for the Northern Dimension in the external and cross-border policies of the European Union, 2000-2003*. General Affairs Council. 14 June 2000. Brussels. Page 8.

http://www.europa.eu.int/comm/external_relations/north_dim/ndap/06_00_en.pdf

²¹ *The Second Northern Dimension action plan, 2004-2006*. Brussels, 17 October 2003.

http://www.europa.eu.int/comm/external_relations/north_dim/ndap/ap2.pdf

financial statement on the resources that were available in EU's 2002 budget for the ND. Proposal to provide the ND with a separate budget line can be regarded as an attempt to give the ND a stronger financial basis. However, this proposal was rejected. Finns also tried to draw European Commission's attention to the fact that it was not clear how projects in line with First Action Plan could be initiated, taking into account that these projects had to be implemented through already existing Community instruments²². These statements clearly reflect on the fact that region's and EU's perspectives on the implementation of the ND have profound differences. The idea that the ND should be provided with separate financial instruments was very much alive in 2001.

Nevertheless, already year 2002 marked considerable changes in opinions of the BSR states. This new understanding is also reflected in Finland's position during preparations for the ND Second Action Plan for 2004-2006. Finland calls upon "*adequate funding (...) for successful implementation of the new NDAP*"²³. This approach is different, and Community is no longer mentioned as the key actor responsible for providing the necessary financial means to implement the Second Action Plan. Instead, Finland stresses that innovative and flexible ways to use the existing financial instruments including the available sectoral funding, partnerships, private sector and co-financing should be developed to make more efficient use of all the funding possibilities. Obviously, Finland as well as other regional partners of the European Commission has accepted the platform whereupon the latter bases its policy in the region, and this gives a better mutual understanding and common ground for future dialogue.

Partly this change in Finland's position was caused by the stand that was taken by the European Commission (it was influenced by Southern member states of the EU). Northern members of the EU had to step down and accept that no separate finances will be provided for implementation of the ND Action Plans. Uncertain situation regarding available finances certainly limits opportunities for project initiatives, but it also gives

²² *Northern Dimension – Finnish preliminary input to Foreign Ministers' Conference, 9 April, 2001*. Non-paper.

²³ *Contribution by Finland to the preparation of the Northern Dimension Action Plan 2004-06*.
http://www.europa.eu.int/comm/external_relations/north_dim/ndap/finland.pdf

perspective for enhanced dialogue in the ND framework because financial means are available within the present financial provisions. Saying that there are no separate financial means for implementation of the ND, does not mean that there are no finances available at all. EU recognizes specific challenges of the European North and aims to increase co-operation in the region. The ND provides presence of the EU in the European North in a particularly regional manner. EU's financial presence in the region is twofold: it provides states with opportunities to pursue their own particular interests, and it also helps states in the region to pursue common goals through providing financial assistance for projects of regional relevance.

The problem with regional goals is that usually those are large-scale projects that cannot be carried out by single actor. This applies also to the case of the EU. Practically, it means that ND can only be implemented with collective effort where the EU will only be one of parties involved.

This can be illustrated with the case of the Support Fund for Northern Dimension Environmental Partnership (NDEP). The Steering Group of the NDEP has agreed on 12 priority projects with a total cost at 1.3 billion euro. These projects are aimed at improving environment in the north-west Russia and the surrounding area reducing water and air pollution, protecting marine environment and reducing the spread of air pollutants in the Northern Europe. The Steering Group has also prepared a priority list of nuclear waste management projects with an estimated cost of 500 million euro. These are grand-scale and long-term projects that certainly cannot be carried out by a single political actor due to financial restraints. These projects are relevant for a number of countries in the region, therefore co-operation is necessary. Launching of the NDEP Support Fund is a good example of co-operation because the initial financial contribution to kick-off the priority projects was 100 million euro. This target was met with participation of 6 countries, including Russia, Denmark, Finland, Sweden, Norway and Netherlands each state pledging 10 million euro, and the European Commission donating 50 million euro²⁴.

²⁴ *Fund to tackle environmental and nuclear waste problems in Northern Europe launched: Pledging Conference raises Euro 110 million.* Brussels, 9 July, 2002.
http://www.europa.eu.int/comm/external_relations/north_dim/ndep/ip02_1024.htm

Further development of the NDEP will depend to a large extent on joint efforts by all involved parties, including European Commission and international financial institutions. The same principle of co-operation applies also to other projects of major regional relevance. The inventory of the ND projects is a rather long list of activities, and this is another reason for developing a wider partnership between all involved parties to tackle regional problems.

Contributions of regional actors for the drafting of the Second ND Action Plan show a tendency that an agreement has been reached on regional level about the projects that deserve attention most. One can notice that states propose a great variety of projects to be implemented, but even more important is the fact that contributions of states show that consensus has been reached on the part of several projects of regional relevance. The most prominent of these include “Rail Baltica”, “Motorways of the Sea”, North European Gas Pipeline project, TEDIM (Telematics in Foreign Trade Logistics and Delivery Management) Programme, border-crossing facilities, Northern e-Dimension and others²⁵.

Conclusion

The ND in line with other structures, projects and initiatives can be seen as an attempt to contribute to advancing regionalization in the Northern Europe. Although it may contribute a lot to the practical dimension of co-operation around the Baltic Rim, nevertheless, it has to acknowledge its limits, especially when reluctance of Southern member-states is taken into account. Political co-operation in the BSR has reached its momentum, therefore, as Elleman-Jensen argues, regional business elites should be the force that will maintain and advance achievements of political elites²⁶. The ND policy is not a priority in Brussels when compared to enormous efforts of the EU devoted to advancing the enlargement process and internal reform. There are much more demanding immediate tasks than the ND project on the EU agenda, but its organizational capacity is limited.

²⁵ Contributions by individual states and regional organizations can be accessed via European Commission website. The address is the following:

http://www.europa.eu.int/comm/external_relations/north_dim/ndap/docsap2.htm

²⁶ Elleman-Jensen, U. *Building a Coherent Region*. In *Structural Change in Europe. New Northern Knowledge*. Hagbarth Publications, Germany. May, 2002. Page 20.

However, even the current policy framework of the ND seems to be enough to give impetus to development and co-operation in the European North. Results cannot be achieved with the EU's efforts alone, therefore development of partnerships and input from state level is also a necessary element. Once regional actors accept opportunities and restraints in the implementation of the ND, as defined at the EU level, a common ground is reached, and projects of major importance for the region as a whole can be identified. Although it seems that the ND will have to be implemented through the already existing financial instruments, the ND can be used as means to articulate interests on the regional level and shift redistribution of financing in favor of the European North.

Although the substance of both ND Action Plans was not discussed in detail above, conclusion can be drawn regarding the stabilizing effects of these action plans. While First Action Plan set the agenda and was considered as a starting point in the development of the ND, the Second Action Plan can already be regarded as a tool to provide stability and continuity to policy goals defined in the First Action Plan.

Although some critical remarks regarding the development of the ND were expressed above, not only regional actors were coming to terms with the ND, but there was evidence that the ND has already brought valuable results regarding regional development or may bring them in future. *First*, the ND has increased importance of the European North in the EU context.

Second, the ND is an *umbrella* political concept for some very promising and important aspects of regional co-operation. The main spheres here are energy, telecommunications, transport infrastructure and emerging information society, where private businesses should take the leading role.

Third, the ND still is a brilliant concept for EU's policy shaping on Russia. The ND should be seen as a source of ideas for regional co-operation and integrating Russia into Baltic and European co-operation. Russia should see that its interests are taken into account during the enlargement processes and that EU is trying to help Russia in developing its northwestern regions and Kaliningrad. Developing positive relationships

between Russia and both the EU and NATO perhaps are more important for peace and security in Europe than any security guarantees given to Baltic states by NATO.

Fourth, engagement in multilateral initiatives like the ND can also be regarded as means for increasing security for small states, for example, Latvia and Estonia²⁷.

Finally, the ND can become means for redistribution of financial resources within the EU in favor of the northern parts of Europe.

²⁷ Baumanis, T. *Latvijas Integrācija Eiropas Struktūrās – Drošības Politikas Risinājums* (Latvia's integration into European structures – a solution for security policy). Latvijas Ārpolitikas institūts, 1998. page 18.

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