

## *The U.S. Role in Lithuania's Foreign and Security Policy*

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### **Introduction**

Since the establishment of diplomatic relations between the two countries in 1922, throughout the 50 years of Lithuania's occupation, and even now when Lithuania's membership in Euro-Atlantic institutions seems more and more inevitable rather than simply possible, American moral support for Lithuania has always been and remains a source of inspiration and encouragement.

Due to its influence, resources and especially its military strength the United States plays an important role in the further consolidation of democracy, prosperity, and stability in Europe. From Lithuania's perspective it is natural to ask how much importance is placed on this role for increasing Lithuania's national security and consolidating its economic and political achievements.

In the last few years one may have observed a number of interesting highlights in the Lithuanian - United States bilateral agenda. On January 16, 1998, the U.S., Estonian, Latvian, and Lithuanian Presidents signed a Charter of Partnership among the four countries. A U.S. military team from the Pentagon conducted defense assessment studies for each of the Baltic states. Lithuania proposed granting the United States a special participant status at the Council of the Baltic Sea States (CBSS). The military exercise "Baltic Challenge" took place in the summer of 1998 in Lithuania with the participation of more than 2,000 U.S. troops. Four U.S. Congressional delegations visited Lithuania over the past some months. Major multinationals such as Philips, IBM, and Philip Morris, and most recently - "Williams International", set up and are expanding their operations in Lithuania. And last, but not least the NATO Washington Summit identified Lithuania as a promising candidate for the next round of NATO enlargement.

This article will attempt to present an overview of these and other developments in the relations between Lithuania and the United States. It will also try to evaluate the specifics of these relations and offer some policy suggestions on how to improve them in the future.

### **An Evolving U.S. "Baltic Track" Policy**

The United States - particularly since the beginning of the Clinton administration - has sought to develop an overall policy toward northeast Europe. Lyndon Olson, the U.S. Ambassador to Sweden, has offered three basic arguments to explain the increasing attention to the region in the U.S. First, "this is the region where things are happening and where one can see the contours of a new Europe and a new Euro-Atlantic community taking shape." Second, "the future security and the proper place of Estonia, Latvia, and Lithuania in Europe and the Euro-Atlantic community" is important for the U.S. A third reason for the U.S. interest in Northern Europe is "the policy challenge we face concerning Russia and its integration both into the overall Euro-Atlantic community and into this region in particular."<sup>1</sup>

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<sup>1</sup>*U.S. Ambassador to Sweden Lyndon Olson's speech at the conference on Baltic Security and Cooperation* (Stockholm, November 19, 1998).

To promote these interests, the U.S. administration has developed the Northern European Initiative (NEI). First presented by Assistant State Secretary Marc Grossman in Bergen in September, 1997, it seeks to help build an economically and socially unified region - including northwest Russia - and to foster stronger regional cooperation and cross-border ties, relying not only on the governments but also on the private sector and non-government organizations (NGO). The NEI does not create new institutions, but rather works through well-functioning existing ones and proceeds along three separate but closely related tracks, dealing with the Baltic states, the Nordic States, and Russia.

The administration's so called "Baltic Track" policy has evolved gradually. One can mention the famous think-tank RAND Corporation report produced in the summer of 1996 which made a strong case for NATO and the U.S. administration to develop a strategy specifically aimed at sustaining the independence and security of the Baltic states. Although met with some criticism in Lithuania, the analysis and recommendations by RAND provided a boost to the debate on the security of the Baltic states and their place in the Euro-Atlantic institutional framework. Such a debate was more important because it took place in the context of the then forthcoming NATO Madrid Summit.

Soon thereafter, the State Department developed the Baltic Action Plan (BAP) which was designed to promote closer bilateral cooperation in a number of political, economic, and security areas. It is interesting to note that the BAP was formed after the symbolic but very important decision to establish a new office of Nordic and Baltic Affairs within the Bureau of European and Canadian Affairs in the State Department. Such a structural move clearly demonstrated that the policy toward the Baltic states was considered an integral part of U.S. policy toward Europe.

### **Commitment to Create Conditions for Integration**

On January 16, 1998, at a White House ceremony in Washington, the four presidents of Estonia, Latvia, Lithuania, and the U.S. signed the Charter of Partnership. At the signing ceremony, President Clinton said: "NATO's door is and will remain open to every partner nation, and America is determined to create the conditions under which Estonia, Lithuania, and Latvia can one day walk through that door."<sup>2</sup>

For Lithuania, the Charter, as a political document, is important for three reasons. First, it recognized the role of the three Baltic states in the American strategy to guarantee security and stability on the European continent. In this context, the U.S. perceives Lithuania and the other Baltic states not as a problem to be managed but as partners with whom to work. Second, the Charter put on record America's "real, profound and enduring interest in the independence, sovereignty, and territorial integrity, and security of Estonia, Latvia and Lithuania."<sup>3</sup> Third, although the Charter does not contain a security guarantee, the United States committed itself to help create the conditions for Lithuania's membership in NATO and other Euro-Atlantic institutions. Assistant Secretary of State Marc Grossman repeated this clear commitment in his testimony before the Senate Foreign Relations Committee where he said: "We want the United States to be a champion of the integration of Estonia,

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<sup>2</sup> Transcript: Presidents' remarks at U.S. - Baltic Charter signing, see the Internet page of USIS.

<sup>3</sup> "Charter of Partnership among the United States of America and the Republic of Estonia, Republic of Latvia, and Republic of Lithuania".

Latvia, and Lithuania into European and trans-Atlantic institutions. That is what the Baltic Charter is all about.”<sup>4</sup>

To help implement these common objectives the Charter established two bilateral working groups (BWG). Mutually beneficial military cooperation is dealt with by the BWG on Defense and Military Relations.<sup>5</sup> Issues related to economic development, trade, and investment are discussed in the Economic BWG. To review progress towards meeting the goals of the Charter and to further strengthen cooperative ties among the four countries, a Partnership Commission chaired at the level of Lithuanian, Latvian, and Estonian Foreign Ministers and Deputy Secretary of State was established. With the creation of the above mentioned working groups the Lithuanian - U.S. bilateral agenda obtained a much higher level of permanence and regularity.

Lithuania’s policy towards the United States is driven by the following foreign policy objectives: enhancing national security, fostering good neighbor relations, and increasing economic prosperity at home. These objectives are clearly reflected in and even dominate Lithuania’s bilateral agenda with the United States which could be best summed up in three words: security, democracy, and prosperity. For Lithuania, security includes building effective defense capabilities and preparing the country for NATO membership. Democracy embraces adherence to Western values, stable political development at home as well as good and pragmatic relations with all neighbors, including Russia. Prosperity depends on successful market reforms, foreign investments, and membership in the European Union and World Trade Organization (WTO). All these areas, however, are very interdependent.

Evidently - and for many good reasons - security cooperation has been made a top priority in Lithuania’s relations with the United States. The continuous involvement of the U.S. in Europe is of paramount importance for Lithuania’s security as well as for the overall stability on the Continent. The principal vehicle for American involvement in Europe has always been and will remain the North Atlantic Alliance. NATO has shown its continued relevance by its performance in Bosnia and Kosovo and by the decision to enlarge its membership. NATO’s strength and determination, health, and survival are of paramount national interest for the United States.

After applying for membership in NATO, Lithuania has been working diligently to prepare for the Atlantic Alliance. Gaining the support of the United States for Lithuania’s membership in the Alliance has always been a major task and challenge for Lithuanian diplomacy. The Clinton administration has frequently asserted that NATO is the only organization capable of providing the hard military security that is a prerequisite for economic prosperity in Europe. It has also been one of the most active advocates among the NATO member governments for enlarging the Alliance by inviting Poland, the Czech Republic, and Hungary. It has been Lithuania’s objective to include the U.S. in every possible manner and to ensure that the enlargement process once started would embrace Lithuania and the other Baltic states.

The results of such an approach seem positive to some extent. The U.S. maintains the firm view that NATO should keep its door open to new members even after the first

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<sup>4</sup> “U.S. Policy Toward Estonia, Latvia and Lithuania”, Testimony before the European Subcommittee of Senate Foreign Relations Committee by Marc Grossman, Assistant Secretary of State for European and Canadian Affairs, July 15, 1998, in *Baltic Sea Region. Brief*, prepared by the U.S. Information Service, Stockholm, November 1998, p.14.

<sup>5</sup> The Charter formalized the BWG on Defense and Military Relations which had been working for two years prior to the signing of the Charter.

three countries were admitted. In this context, the decisions made at the NATO Washington Summit in April 1999 represent a step forward, primarily due to the active role of the U.S. in preparing the Summit. The Alliance reaffirmed its commitment to openness and pledged that NATO would continue to welcome new members. It stated that no democratic European country would be excluded from consideration, regardless of its geographic location, and each would be considered on its own merits. NATO made a commitment to the open door policy by setting the target date - 2002 - for the next review of the enlargement process. Of particular importance to Lithuania is the fact that NATO has recognized Lithuania's continuing efforts and progress towards NATO membership. An explicit reference to Estonia, Latvia, and Lithuania in the Summit Communiqué also demonstrated that the Alliance has moved away from its political treatment of the Baltic states as one cluster and now considers them individually.

There is no doubt that as with the first trench, the leadership of the United States in advocating support for the next NATO enlargement is essential. In view of this, therefore, a number of important and essential considerations are taken into account and comprehended to lay ground for a productive and result-oriented political framework for Lithuanian - U.S. security dialogue.

#### Lithuania's Role in the U.S. Concept of "Cooperative Security"

For the United States - especially the Clinton administration - the security of Lithuania and the other Baltic states serves like a litmus-test for the development of a European structure based on "cooperative security."<sup>6</sup> Secretary of State Madeleine Albright argued in a speech at Vilnius University in July 1997, that the U.S. goal is "to ensure that nations can advance their interests only by cooperating within the community we are building, and respecting the rules we jointly establish. We want to close every avenue to the kind of destructive behavior that has made so much of this century so tragic for you and for so many. In this way, [NATO] enlargement will benefit every European nation - those that join sooner, later or not at all."<sup>7</sup> Turning the Baltic states into a litmus-test for the concept of "cooperative security" is inevitably linked to Russia's approach toward Europe, and consequently to each of the Baltic states. One of the main goals in this approach is to encourage Russia to develop a non-imperialistic and non-expansionist national security strategy and self-image, which in itself is a prerequisite for integrating Russia into Europe's evolving security framework. Following this logic, apart from being a "litmus-test", the Baltic states also can and should find a way to play a role in the U.S. policy vis-à-vis Russia, and this gives them an importance and raises their political profile in Washington.

In this context, Lithuania has spared no effort in cooperating in the spirit of a mutually beneficial and pragmatic dialogue with all its neighbors, including Russia. In fact, Lithuania is in a better position than the other Baltic states in building a constructive relationship with Russia because it does not have any unresolved bilateral political issues. The best example of this positive and productive relationship involves the Kaliningrad region. It is in the interest of broad cooperative security to contribute to the stable and balanced development of Kaliningrad, and to assist it in becoming an

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<sup>6</sup> For a comprehensive analysis of the concept of "cooperative security", see Ashton B. Carter, William J. Perry and John D. Steinbruner, *A New Concept of Cooperative Security* (Washington D.C., The Brookings Institution Occasional Paper, 1992).

<sup>7</sup> *Address of U.S. Secretary of State Madeleine Albright to Vilnius University* (Vilnius, July 13, 1997).

attractive partner for trade and development. Realizing that these objectives of good neighborly diplomacy are shared and appreciated by the U.S., Lithuania has encouraged greater American involvement in the region. It proposed granting the United States a special participant status at the Council of the Baltic Sea States (CBSS) and giving a special priority within this organization to the sub-regional initiatives associated with the Kaliningrad region.

The common objective shared by the U.S. and Lithuania to construct a framework for practical cooperation in the region by which every nation, including Russia, would benefit has implicit meaning for predictability and thus increased security. Within such a cooperative framework, Lithuania as a member of NATO would pose no threat to Russia. On the contrary, it would have much more confidence in expanding such cooperative relations. Yet, the United States and Lithuania firmly maintain that Russia should not be given a veto over the Alliance's decisions or over the right of Lithuania or any other state to choose its own security orientations.

### **Winning Support from Many Actors**

A second important factor deals with the nature of the U.S. domestic debate on foreign policy issues, including NATO enlargement. It is very important to realize that there are two branches of government that direct foreign policy in Washington - the executive and legislative - and that there are considerable differences between the U.S. Congress and European parliaments. Congress is a much more vibrant and active player in developing foreign policy than its European counterparts. Moreover, the United States is known as a "talking" democracy. Non-governmental actors such as media, think tank, business, ethnic organizations and a number of opinion-makers such as Henry Kissinger, George Kennan, Zbigniew Brzezinski significantly influence policymaking in the United States. This requires Lithuania to undertake major efforts and to cooperate with many different sectors in the United States to win support for eventual membership in NATO.

In the summer of 1998, Lithuania hosted a visit by U.S. Congressional staffers and later in the fall by eight U.S. Senators, headed by William V. Roth, the Chairman of Senate Finance Committee. The latter visit provided a good opportunity for the U.S. decision-makers to assess the progress Lithuania made in developing its economy and in preparing for Euro-Atlantic integration. Lithuanian policy makers value the statement of Senator John Warner during the visit, that "in case Lithuania's sovereignty is ever challenged and NATO does not respond, the Alliance would lose its credibility - it does not matter at all is Lithuania a member of NATO or not."<sup>8</sup> In March 1999, two delegations from the U.S. Congress led by the Speaker of the House of Representatives Dennis Hastert and Chairman of the House Commerce Committee Tom Bliley paid a visit to Lithuania. The twenty-four U.S. Congressmen, accompanied by their spouses and fifteen House staffers, were the largest U.S. delegation that ever visited Lithuania. Dennis Hastert in his address to the Lithuanian Parliament firmly supported Lithuania's bid for NATO and EU membership: "I support Lithuania's membership - full membership - in NATO," the Speaker of the House said. The Speaker also described Lithuania as a "model of regional stability" voicing his appreciation of Lithuania's excellent relations with Poland and its efforts to "find common ground with Russia," its Kaliningrad region, and Belarus.

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<sup>8</sup> From the notes taken by the author at the Senate delegation's meeting with Lithuanian President Valdas Adamkus

Understanding the importance of intensified cooperation with the U.S. legislative branch, the Lithuanian Foreign Ministry strengthened its Embassy in Washington to ensure that such bilateral cooperation be given particular attention.

Lithuania's strategic partnership with its NATO member neighbor Poland has also been viewed in a positive manner in the United States. The U.S. administration supports and encourages multifaceted Lithuanian - Polish cooperation. Lithuania and Poland have established a Consultative Committee between the two Presidents, a joint Parliamentary Assembly, and the Cooperation Council of the two Governments; the two countries have created the NATO interoperable battalion LITPOLBAT. Of particular importance is the fact that Polish and Lithuanian communities in the United States now work in coalition. On October 31, 1998 the Polish American Congress passed a resolution expressing its "strong support for admission of Lithuania to NATO at the next stage of the Alliance enlargement" and committed itself to work towards this goal "with the same enthusiasm as it has fought for NATO membership of Poland".

Lithuania has devoted a great deal of effort to cooperate with the American think-tanks which are actively engaged in foreign policy matters. The most active relationship has been established with a dozen institutions, such as the RAND Corporation, the U.S. Council on Foreign Relations, the U.S. Committee on NATO, the Center for Strategic and International Studies, the National Defense University, the Institute of East-West Studies, the Heritage Foundation. It is important for Lithuania to keep these think-tanks informed of its progress and foreign policy initiatives as this helps a great deal in making its case better known and understood by the intellectual community in the United States. The most recent example is a Report of an Independent Task Force on U.S. Policy toward Northeast Europe sponsored by the U.S. Council on Foreign Relations. The authors of this Report suggest that the U.S. administration should differentiate among the Baltic states based on their performance and should admit them into Euro-Atlantic institutions individually rather than as a group. It also recommends that "the next round of NATO enlargement should include one Baltic state provided that state demonstrates the ability to meet the responsibilities of membership". It notes that "at present, Lithuania has made the most progress in preparing for membership."<sup>9</sup>

### **Readiness to Share the Values and Burdens**

A third essential consideration of which Lithuania is aware is that for the United States NATO is a strong military expression of a community of shared values. We support all processes and mechanisms which could contribute to our security. However NATO membership is the most effective instrument because it is based on the principle of a collective defense, and has developed a capacity for crisis management and peacekeeping. The strength of the alliance derives from the respect for democracy and human rights, individual liberty, and the rule of law. At the same time, NATO must remain a strong military alliance, which is capable of achieving a rapid consensus for decisive action in a crisis, so enlargement must preserve its strength and the credibility of its commitments. In the words of the Secretary of State Madeleine Albright, "NATO membership is not an entitlement. It involves the most profound obligations that any nation can accept. It means assuming responsibility for the security of others,

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<sup>9</sup> *U.S. Policy Toward Northeastern Europe: Report of an Independent Task Force Sponsored by the Council on Foreign Relations* (Brookings Institution Press, 1999), p. 43.

just as others assume responsibility for your security.”<sup>10</sup> In light of this, Lithuania should be in a position to demonstrate its preparedness, ability and willingness to accept the costs and share the burdens and values associated with becoming a full NATO member. Indeed the country has been an active participant in NATO activities, and has been and will be a real contributor to NATO defense in many ways. Lithuania is contributing its troops to the mission in Bosnia and has expressed full support for NATO actions to stop the genocide and ethnic cleansing carried out by Yugoslav military, police, and paramilitary forces against the ethnic Albanians in Kosovo. Lithuania has joined other members of the international community to help ease the suffering of the innocent people expelled from their homes. To this end the Government allotted 500,000 litas (LTL) (125,000 USD) for humanitarian aid to the refugees from the Kosovo province. It has also agreed to grant temporary asylum for up to 100 refugees from Kosovo. Lithuania participates in NATO-led humanitarian operation “Allied Harbor” in Albania with 2 ambulance teams. Lithuania has demonstrated its political commitment to NATO security interests outside the Baltic Region and has contributed military forces consistent with available resources. The U.S. administration has recognized this as “an important factor that will be considered when the U.S. assesses the future qualifications of Lithuania for NATO membership.”<sup>11</sup>

Building its national defense capabilities and enhancing NATO interoperability are and will remain high priority tasks for Lithuania as it prepares to assume the responsibilities of NATO membership. Many Lithuanians remember the comments by former Secretary of Defense William Perry during his visit to Copenhagen in September 1996 that the Baltic states “are not yet ready to take on the Article V responsibilities of NATO membership [but] I believe they are making very good progress in that direction. <...> We should all work to hasten the day that they will be ready for membership.”<sup>12</sup> In a subsequent letters to the Defense Ministers of Lithuania, Estonia and Latvia, Secretary Perry explained that the United States still believed that each of the Baltic states are “fully eligible” for NATO membership, arguing that his comments in Copenhagen were made in a “spirit of realism and practicality”.

The Lithuanian Ministry of Defense (MOD) understood these comments in a very pragmatic sense. There was no complaint, but rather a very specific and result oriented request sent to the Pentagon. The Lithuanian Defense Minister then, Linas Linkevičius, wrote to Secretary Perry: “I value your opinion and was extremely heartened when you acknowledged the hard work of both ourselves and our Baltic neighbors to achieve an acceptable state of military capability. Moreover, your pledge to help us bring our defense capabilities up to NATO standards was very much appreciated, and it is in regards to your pledge that I wish to put forth the following proposal. <...> From the man who personally pledged to help us, I request a top to bottom evaluation of the Lithuanian Armed Forces.<...> We request that you explore every area and program related to our military through unprecedented access and unlimited assistance. I trust that you, as well as the next Secretary of Defense, will honor your pledge and make it a reality by helping the Lithuanian military improve

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<sup>10</sup> *Address of U.S. Secretary of State Madeleine Albright.*

<sup>11</sup> *Secretary of State Madeleine K. Albright and Lithuanian Prime Minister Gediminas Vagnorius Statement on U.S. - Baltic Charter of Partnership* (Washington D.C., March 16, 1999).

<sup>12</sup> *Address of Secretary of Defense William Perry at a conference on “The Future of Defense Cooperation Around the Baltic Sea”, Copenhagen, September 24, 1996.*

upon and develop its interoperability and compatibility with NATO forces.”<sup>13</sup> In response to the request, the Office of the Secretary of Defense formed a team headed by the Principal Director of European and NATO Policy, Major General Henry Kievenaar, Jr. In the course of six months, the team visited each of the Baltic states several times and produced three defense assessment studies. The Lithuania Defense Assessment study looked at the country’s current military strategy, capabilities, and deficiencies in land, sea, and air defense. It also came up with broad recommendations on priorities to help Lithuania modernize its military forces so that they would support Lithuania’s objectives of self-defense, interoperability with NATO, and participation in international peace support operations. The U.S. assessment was an excellent test of an “Economy Based Development Plan of Lithuanian Armed Forces” - the document produced by the MOD just before the U.S. team started its work in Lithuania. The evaluation of the document was the following: “Lithuania has an attainable plan, the plan is resources supported and it is being implemented.”

### **Defense Cooperation: Utilizing Assistance for future Qualification**

The U.S.-Lithuanian bilateral working group on defense and military relations chaired respectively by Frederick C. Smith, Principal Assistant Secretary of Defense for International Security Affairs, and Jonas Kronkaitis, Deputy Minister of National Defense is an excellent forum where all defense cooperation issues are discussed. Recently, the Lithuanian MOD requested the Pentagon to conduct a study on the further development of the air defense capabilities of Lithuania.

The U.S. administration has also taken a lead, along with Denmark, in coordinating military assistance to the Baltic states through the Baltic Security Assistance Group (BALTSEA). The group, which includes representatives from all countries providing assistance to the three Baltic states, has the very important task of coordinating the assistance, especially in regard to the implementation of joint Baltic military projects and initiatives, such as the joint Baltic Peacekeeping Battalion (BALTBAT), the joint naval squadron (BALTRON), the joint Baltic airspace surveillance system (BALTNET), and the joint Baltic Defense College (BALTDEFCOL).

U.S. military support ranges from various bilateral education projects to joint training exercises and military procurement initiatives. The United States Military to Military Team and the Pennsylvania National Guard were pioneers in institution building by helping Lithuania to establish the Non-commissioned Officer School. The International Military Education and Training (IMET) funds provided by the U.S. are being used to train Lithuanian officers in the United States military schools and to establish English language laboratories in Lithuanian military education establishments.

Lithuanian and U.S. soldiers have worked together extensively in joint military exercises. Two of them are held annually: “Winter Forest” with training in winter conditions and “Amber Valley” with large airborne and search and rescue elements. The largest military exercise in the Baltic region was “Baltic Challenge” the final phase of which took place in Klaipėda, Lithuania in July 1998.

In 1994 the Clinton administration announced the so called Warsaw Initiative funding which established a single, comprehensive, bilateral program to establish closer relations and interoperability between NATO and the Partnership for Peace (PfP)

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<sup>13</sup> The letter of the Lithuanian Minister of Defense, Linas Linkevičius to the U.S. Secretary of Defense, William J. Perry, Vilnius, December 9, 1996.



countries. The main goals of the Warsaw Initiative are to assist partners to participate in PfP activities such as exercise, seminars, workshops, and to promote interoperability with NATO by purchasing equipment and services. Since 1996 the U.S. provided 10 million USD assistance to the Lithuanian defense establishment. Lithuania used these funds to finance its priority defense programs, including the regional air space control and surveillance center in Karmélava, and to purchase state of the art communications equipment, such as radios manufactured in the United States by the Harris corporation, which are fully interoperable and meet all NATO requirements. In 1997-1998 the Lithuanian MOD continued this procurement program with its own national funds. With help from the United States and other supporting nations, and due to its own growing economy, Lithuania has made significant progress in developing its military infrastructure, formalizing defense planning, programming and budgeting process, improving military training, acquiring badly needed military materiel and improving the quality of life for its soldiers and officers.

The Lithuanian Government, however, is aware that continuous mutually beneficial military cooperation between Lithuania and the United States depends very much upon Lithuania's strong commitment to support both politically and financially the further development of its defense capabilities. In this context there has been a positive development: the defense budget was increased from 0.8 percent of Gross Domestic Product in 1997, to 1.51 percent in 1999. Moreover, the Lithuanian Parliament made the important political and legal commitment to increase allocations for defense up to 2 percent of GDP by the year 2001, and in January, 1999 passed a Law on the Strategy of Financing of the National Defense System.

### **Economic Dimension of Security**

Strong economic and commercial ties with United States are critical to Lithuania's successful economic performance and ultimately to its prosperity. Moreover, expanded U.S. trade and investment in Lithuania also enhance its security. The dynamic growth of the Lithuanian economy - with annual GDP increases of 5 percent - make it one of the fastest growing economies in Central and Eastern Europe. According to the data of the Lithuanian Statistics Department for October 1, 1998, the U.S. with investments of 251.5 million USD was the leading country for foreign direct investments (FDI) in the Lithuanian economy with a 17.5 percent share of total FDI. The U.S. investment is greater in Lithuania than in the other two Baltic countries. In October 1998, the U.S. company "Williams International" signed an agreement to become a strategic investor in the Lithuanian oil industry. "Williams International" promised to purchase a 33 percent share of "Mažeikių Nafta" for 150 million USD with an additional planned investment of 300 million USD in equipment and infrastructure. The Williams deal promises to be the largest investment into the region's energy infrastructure and may be a kind of "flagship" project to help attract additional U.S. and other investors.

Lithuania and the U.S. have a rather ambitious agenda covering both bilateral and multilateral economic cooperation. The Economic BWG under the Baltic Charter serves as a good forum for frank and constructive economic dialogue between the two countries. Since the signing of the Baltic Charter in January 1998, this BWG has met two times and focused its work on priority areas such as energy and environment, communications, air and maritime transportation, financial and banking sectors, law enforcement, and agriculture. The two countries also signed a Memorandum of

Understanding on Agricultural Cooperation. The projected areas of cooperation include biological control, dairy, exotic diseases and pests, human nutrition, health and food safety, water and soil quality, and waste management. At the last Economic BWG meeting in Washington in the spring of 1999, both sides agreed to explore how the Agrobusiness Council, Inc. could work with Lithuania to promote the establishment of a NGO Lithuanian Agrobusiness Council, supported by funding from the United States and the private sector. The U.S. also agreed to help develop the basic and specific capabilities of Lithuania's law enforcement agencies, especially in upgrading post-blast investigation techniques, building on training for dealing with bombing accidents, counter-narcotics investigations, and undercover operations. In this connection, Lithuania has asked the FBI to open an office in Vilnius in the near future.

The United States has great economic and strategic interests in Lithuania because it can offer U.S. companies a good platform for exporting into Russia. Although Lithuania with a population of less than 4 million people may appear a too small market for investment, U.S. and other foreign investors can be convinced of the benefits of investing there as a base for the broader markets of 8 million people in the Baltic states or even the 80 million in the Baltic Sea Region. In the words of Under Secretary of State Stuart Eizenstat, "In today's world of fast moving capital flows what attracts investment are opportunities that give access to an entire region."<sup>14</sup> Therefore, the U.S. might pursue its economic strategy bilaterally as well as through regional initiatives and organizations such as the NEI and the CBSS. It is in U.S. interests that the countries of the Baltic Sea region take steps to harmonize requirements, allow for the mutual acceptance of products, and rationalize regional energy use by establishing a regional energy grid. Together with the U.S., Lithuania and the other Baltic states are trying to urge the private sector in their countries to attract American business. At the inaugural Baltic Charter Partnership Commission meeting in Riga, more than 30 business leaders from the private sector met, identified 12 specific recommendations, and offered to work with government authorities to set up concrete goals and timetables to meet these goals. In this connection, the United States continues to support the Baltic-American Enterprise Fund, which provides loans and investments for an average of 1 million USD per month throughout the Baltic states. In Lithuania, the Fund has granted business loans for 6.4 million USD and residential mortgages for 4 million USD. In addition to the Fund's activities, the U.S. supports Business Management Training Centers in Lithuania with a focus on Small and Medium Sized Enterprises.

Lithuania's integration into the European Union is also high on its bilateral agenda with the U.S. Both sides agree that Lithuania's membership in the EU could complement continued strong bilateral economic and commercial ties. While not a member of the EU, the United States supports its faster, deeper, and broader enlargement even though Lithuania's membership in the EU would affect U.S. political and economic interests. At the same time, the United States is exploring ways with the EU to support this economic integration based on open markets to make sure that the broader U.S. economic interests are not damaged. In January 1998, President Clinton also committed the U.S to work to help Lithuania gain entry to the World Trade Organization. Both sides agree that Lithuania's accession to the WTO would help attract foreign investment and foster its integration into the world economy.

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<sup>14</sup> Remarks by Under Secretary of State Stuart Eizenstat, CBSS Trade Ministerial, Vilnius, July 10, 1998.

## Conclusions

Because the U.S. has a leading role in the world economy and is the continuous indispensable leader in maintaining Euro-Atlantic security, it is in Lithuania's strategic interests to maintain active relations with the United States. A good framework for cooperation between Lithuania and United States is in place. It provides for bilateral talks in the economic and defense bilateral working groups established by the Charter of Partnership as well as for quadrilateral or even wider discussions in regional organizations such as the Partnership Commission, the BALTSEA group, and the CBSS. Fully utilizing the latter institutional frameworks at first instance is likely to remain Lithuania's objective in structuring its relations with United States. Through the Baltic Charter, the U.S. has made a long-term political and economic commitment to Lithuania and the Baltic region.

The United States is and will remain one of Lithuania's most important partners as it pursues integration into the North Atlantic Alliance. U.S. leadership was pivotal in promoting NATO's enlargement to include Poland, Hungary, and the Czech Republic. Such strong leadership and support is going to be even more necessary for the next round. For the United States and other NATO allies, the strategic rationale for a further round of NATO enlargement might become a subject for debate. In order for the U.S. to provide the necessary leadership, policy-makers will have to examine a number of questions. These include the preservation of NATO's primary function and *raison d'être* - collective defense, the successful integration into the Alliance structures of the three new members, the demonstration by aspirant countries that they prepared, able, and willing to accept the costs and share the burdens and values associated with full NATO membership, as well as an evaluation of NATO-Russian relations. Indeed, while there is a clear mandate for further enlargement, it will require more energy and may be less certain than the first round.

Lithuania, therefore, still has to work to convince U.S. and European policy-makers of both the need to continue NATO enlargement and to invite Lithuania in the next round. The performance of the country will be crucially important. Its relations with Russia and Russia's position toward Lithuania's membership in the Alliance will remain serious factors. The key to winning U.S. support, however, will be the ability of Lithuania to pursue a two-fold strategy of working with the Administration and Congress to keep NATO enlargement in the forefront of American policy interests and to demonstrate to opinion makers, media, as well as the think tank, academic and business communities that Lithuania has made significant gains in implementing democratic, economic, and political reforms. Lithuania should pursue an image-building campaign that would highlight its desire to contribute to shaping the future of Europe's security as well as its willingness and ability to assume military responsibilities. The overall goal should be to demonstrate that, if and when invited to join, Lithuania would be ready to carry out the obligations of membership.