

LITHUANIA, GERMANY, AND THE EUROPEAN UNION

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Readers be warned! This is not so much an analytical article by an objective observer as a plea from the German Ambassador to Lithuania who has the pleasant task of promoting the shared interests of the Lithuanian and German governments, that is, to smooth Lithuania's path into the European Union and to welcome the country as soon as possible as a partner in the Community.

Asking for shared interests, it seems fitting to look first at government policy in both countries. For the man in the street, Lithuania's accession to the European Union is far from being a foregone conclusion.

From Germany concerns regarding the agreed time-scale can be heard. Critics point out that the EU is still not ready for the candidates to accede. They accuse the Government of having done insufficient groundwork during the German Presidency in the first six months of 1999. It is also criticized for being over-hesitant on the issue of future accessions and urged to develop more initiatives here. In a recent Emnid Institute poll, however, 64 percent of those questioned were in favor of the EU's Eastern enlargement.

In Lithuania, polls reveal a clear and lately indeed growing public hesitation, even without reference to any future difficulties, problems or long-term disadvantages. This may be because there seems to be a lack of awareness of Lithuania's prospects within the EU which have not featured sufficiently in the political debate. This is understandable as all previous accessions have brought new discoveries and surprises, most of them pleasant, however, such as the economic boom experienced by Spain, Portugal, and Ireland. In just a few years following accession, these EU partners, much to their own surprise, changed from being comparatively poor countries on Europe's periphery to being industrial leaders (Spain) and EU members of economic and political standing.

To a German observer any assessment of Lithuania's future within the EU should be seen in the context of the country's recent past.

We are all familiar with 20th century events, but I would like to sum up the salient points of Lithuania's history as they affect its future prospects:

- The Lithuanian nation and its political leaders have struggled relentlessly, sometimes desperately, but ultimately successfully for statehood. That statehood has been amply vindicated by Lithuania's recent history.

- Second, we have to realize as we glance back that, until the end of World War II, the situation of smaller countries in Central and Eastern Europe, wedged as they were between the Russian and German empires, was precarious in the extreme. The image of two weights grinding against one another, crushing everything in between either in mutual agreement or in mutual aggression, is a vivid and tragic expression of how small states were ruthlessly oppressed and destroyed in the power struggles of pre-War times.

- A final feature of this hopefully bygone age was the inter-power wrangling over spheres of influence, of which the Molotov-Ribbentrop Pact is the most perverse example. I refer to the authoritative study by Dr. Joachim Tauber entitled *The Path to the Hitler-Stalin Pact and its Consequences*. But even the countries in the coalition against Hitler still thought and negotiated in terms of spheres of influence. In his *History of the Second World War*, Winston Churchill gave a graphic and self-critical account of how he, who had initially struggled against Hitler for the freedom of

European countries and grappled with Stalin to define the post-war order, was still negotiating in terms of spheres of influence: In Romania, 90:10 for the Soviet Union and Great Britain, in Greece 80:20 and so on.

It may be a risky theory, but it could be argued that the establishment of the European Union has changed the understanding of inter-state relations in Europe in such a way that now there can be no return to policies based on spheres of influence or policies where countries make use of smaller European partners for their own ends.

As a future member of the European Union, Lithuania will share in this new reality from which it stands to gain much, as does Germany.

- Looking at the EU partner countries situated between France and Germany, Lithuania can gauge how their outlook and indeed their self-understanding have changed in recent years. What were once “buffer states” and areas where armies assembled or marched through have become key economic partners and even models on various political or social issues. Today, Germany looks with respect at the Dutch model for combating unemployment and hopes to learn from it. We all still have vivid memories of Luxembourg’s EU Presidency and the exuberance of Belgian culture enthralled the whole Rhine/Ruhr area.

- Germany’s strong interest in Lithuania’s European future lies essentially in its hope of gaining a partner who no longer has to worry about its statehood. Lithuania’s self-confidence as a secure and respected country in the European Union will help it accept foreign investment from Germany and other countries and allow it to carry out its future tasks both as a key partner in building prosperity in the Baltic Sea region and as a bridge to Russia.

Europe thus offers Lithuania a great and promising future. But on both sides, Lithuania and the European Union itself, much remains to be done before accession and to ensure that the membership is fruitful.

During the German EU Presidency in the first six months of 1999, these preparatory steps were brought under a single heading: Agenda 2000. The list included work on agricultural reform with drastic cuts in support prices to bring them into line with world market prices with only partial compensation through direct payments. The intention was to enable the European Union to continue to finance its agricultural market, even after new members such as Lithuania and Poland have joined. The reform of regional and cohesion policy to concentrate structural fund resources on the truly needy was designed to ensure that the future enlarged European Union remains financially viable. To secure the necessary financial resources for the enlargement process, inter-institutional agreements between the Council, the Commission, and the European Parliament were to be reached on the financial framework until 2006.

Even at the start of the Germany Presidency, no one really expected the Community to pull off such a feat. After two years of debate, a political compromise was forged within just three months which, through strict belt-tightening (an alien concept for the EU), geared Community policies and finances to enlargement without jeopardizing the solidarity between the fifteen member states.

In the early hours of March 26, 1999 as a long night session drew to a close, the Berlin European Council reached agreement on Agenda 2000. The most comprehensive reform package in the history of the European Union had been launched.

The decisions taken at the Berlin European Council herald the most comprehensive reform of the EU for decades with spending totaling 688 billion euro in the period 2000 to 2006.

By dint of agricultural reform, regional and cohesion policy reform, the necessary budget for the enlargement process, agreement on the financial framework until 2006 and reform of the own resources system, the EU is adapting to the new political and economic climate.

It is thus responding to the new conditions and moving from being a guarantor of peace, freedom, and prosperity in part of Europe to becoming a key stability factor for the whole continent. This is not a straightforward process as we need to rethink our outlook to overcome the old-style border mentality and redirect our energies. That can only work with the consent and active support of all member states, which means finding new ways to reconcile their many different interests. We all know that Europe's new challenges lie in the East and South-East, but the fact remains that how the member states perceive them varies considerably according to geographical position and historical tradition. Problems and tasks in Southern Europe continue to demand our attention, making a one-sided eastward concentration out of the question. In reality, the EU faces the task of preparing Eastern enlargement and stabilization of Eastern and South-Eastern Europe without losing sight of ongoing projects or risking the inner cohesion needed to meet these challenges, and all of this on a tight budget.

These reforms set the course for the future under the German Presidency. The decision at the Cologne European Council to stage an intergovernmental conference on such issues gave an important political signal to candidate countries. Focal points include the size and composition of the Commission, the weighting of votes in the Council, and the increased use of qualified-majority voting. The go-ahead to open negotiations will be given at the European Council in Helsinki in December.

In Cologne progress was also made on the German initiative to draw up a European Charter of Fundamental Rights to ensure that the rights of citizens have the same quality at the European level as they have at the national level. It also aims to enhance the EU's democratic legitimacy in the eyes of its citizens and strengthen their feelings of identification with the EU.

It is essential to resolve soon the institutional questions left open in Amsterdam in order to ensure that the enlarged Union remains able to act. The EU's credibility and ability to act hang in the balance. It must, therefore, push hard to keep to the timetable for institutional reform agreed in Cologne and conclude the reform package during the French Presidency in the year 2000.

There is no alternative to the EU's policy of Eastern enlargement. All EU member states will benefit, but building stability in the East and in the Baltic Sea region is particularly crucial for Germany. That is not something it could achieve on its own and Germany is grateful for the EU's participation in its efforts to secure a peaceful future for the Baltic Sea region. With EU support Germany has been able to work for a reduction of tension in North-Eastern Europe along with the other Western countries situated on the Baltic Sea. Practical steps on the part of Denmark and Sweden have aided the process, as has the Finnish "Northern Dimension" policy. Even if this easing of tension clearly benefits Europe as a whole, the particular advantages for Germany are immediately obvious. No longer walled-off or walled-in, Germany is now a country at the heart of a peaceful Europe.

Just as Germany benefits from European integration, so, too, will Lithuania. Hence the following analysis of the likely impact of Agenda 2000 on Germany today is also a realistic prospect for Lithuania:

As an industrialized country, Germany benefits more than others particularly in the economic sphere from an expanding area in which common norms apply. Thus, for Germany and its partners in the region, there are advantages which may be hard to quantify, but are nevertheless considerable. A future economic area including EU

members in the Baltic Sea region will, after a period of groundwork and adaptation, enjoy similar advantages.

EU enlargement is in every sense an economically sound project. The single market will number an additional 100 million consumers, bringing the total to about 470 million. The enlarged Union will account for some 22 percent of world trade. A wise division of labor between the member states, taking account of their various strengths and production advantages, will increase their ability to compete on world markets.

Trade between the current member states and the Central and Eastern European candidate countries is expanding steadily. The Baltic Sea region is becoming one of Europe's growth areas. Germany's exports to the Baltic Sea region, safeguarding jobs on both sides, are already almost as high as the combined exports to the USA and Japan.

These developments within Europe are taking place at a time of world-wide change, generally known as globalization. The Community has to adapt and help shape this process if it is to avoid being steamrollered by the pace of events. What is needed is to strengthen inner cohesion and the Community's ability to act, as well as its involvement in world-wide trade. Obviously, an enlarged Union will be able to act more effectively.

These are, in addition, direct financial advantages which will add up over the years. The necessary investment, that is, the cost of Eastern enlargement, is, however, considerable. To this end, the Berlin package earmarks 80 billion euro. The clear separation of spending between the current 15 members and the future 21 means funds cannot be shifted from group to group. In particular this means that should new members accede at a later date, the funds earmarked for the 21 cannot be used by the EU 15 group.

While introducing austerity of a type wholly unfamiliar to the EU, the Berlin package provides the necessary funds to tackle the most important future tasks without jeopardizing solidarity within the EU 15 group.

The European Union agricultural market, which is particularly important to Lithuania, is worth a special mention. Many criticized the Agenda 2000 agricultural market reform for falling short of the mark. The only limited opening of the European agricultural market to the world market with corresponding cuts in support prices is due partly to the political consideration shown to farmers in the EU and partly, to take a historical perspective, to the fact that this policy shift touches on the basic consensus underpinning the EU Treaties and thus can only be realized with patience and political sensitivity.

The Treaties establishing the European Economic Community in 1957 were based on a model under which the profits earned from a free European industrial market were to pay the costs of a European agricultural market largely shielded from world markets, thus giving the member states an agricultural policy which was in their national interests and particularly in the interests of the rural population and voters. Just as the European Union developed from a guarantor of prosperity in Western Europe into a stability factor, also economically-speaking, for Europe as a whole, so has the European Union's agricultural policy had to move away from this basic consensus underpinning the Treaties of 1957. However, this has to be a gradual process, especially given the rural population's weight at the ballot box.

There are writers better placed than I am to spell out what Lithuania has to do to prepare for membership in the European Union. But in the light of other candidates' experiences, I would point out as an impartial observer that the message of the

country's European future has to be carried far beyond the "political classes" to the individual voters on the ground. Information on Lithuania's future in the European Union, its future prospects, tasks, and burdens has to reach each and every citizen, making him ponder how he sees his personal and professional future and plan accordingly. All this will affect the training of young people, future freedom of movement in the European labor market, as well as the structural and production planning of Lithuanian farmers.

During its Presidency Germany was keen to encourage people in Lithuania to consider such issues. Its seminars on the future euro currency and the agricultural market in the European Union attracted many interested participants and will hopefully have a longer-term impact. Germany will persist in its efforts to bring the European Union's message to the people by working with the Government, regions, communities, and associations in Lithuania.

As partners in the European Union, Lithuania and Germany will continue to work together furthering good neighborliness and mutual economic advantage among the Baltic Sea countries. Two focal points have already been identified: first, future co-operation between Baltic Sea countries, and second, and even more important, future relations with Russia.

If the European Union is committed to Eastern enlargement as a means of extending the area of peace and democratic stability which has evolved in the last 40 years in Western Europe, then this move eastward is also a move toward normalizing European life. If a sense of belonging develops once again among the Baltic Sea countries, a readiness to cooperate that generates mutual solidarity, then the old European Baltic Sea area with its rich and centuries-old culture and contacts will flourish once more.

This potential will enrich Europe as a whole. Europe's strength is not restricted to the single market. Europe thrives on the diversity of its traditions and cultures. We have to maintain the creative cultural diversity of our continent. In this respect, the accession of Lithuania and the other Baltic states, as well as Poland and the Scandinavian countries, is a major step towards restoring normality in Europe.

The founding of the Council of the Baltic Sea States (CBSS) in 1992, a Danish and German initiative, created a forum which has brought together integrated as well as cooperative structures. Integrated structures in so far as many points on its agenda also promote the coming together of the northern regions of the European Union. The candidate countries have in a sense been quicker off the mark, since through this forum they are already working on EU-relevant issues. The CBSS is not in competition with the EU, it aims rather to facilitate accession. It will still have an important role after the accession of the Baltic states and Poland to the EU. The involvement of the northern German Länder in the work of the Council also means use can be made of their particular knowledge acquired from many years of successful cross-border, interregional cooperation. The long experience of the northern German Länder and the regional partners with EU instruments can be very valuable to Lithuania also in preparing for EU membership.

In the year 2000, Germany will assume the Presidency of the CBSS for a year. Germany aims to continue the fruitful cooperation of the northern German Länder with partners in the region. Their similar size seems to foster the exchange of ideas and practical cooperation. The Norwegian Presidency of the Council initiated the development of an agenda more closely linked to economic, energy, and infrastructure policy. Germany considers this a firm basis for future work. It is particularly important

to create the prerequisites and consolidate current structures for concrete, practical implementation of the numerous projects and initiatives in the Baltic Sea region and within the CBSS itself.

A Common Strategy on the future relations of the European Union and its member states towards neighboring Russia was drawn up under the German Presidency and adopted at the Cologne European Council.

The Common Strategy highlights the potential for broad cooperation between the EU and Russia. Nowhere else is this as crucial as in the Baltic Sea region and the Northern Dimension of the European Union. Since 1995 Russia and the EU have had a common border of some 1000 kilometers. There will be even more points of contact after enlargement. Russia's main path into the world economy is via the EU. The EU is and will remain by far the most important trade partner and source of investment for Russia. In this context Lithuania also plays a key role, which will grow in importance on accession to the EU. The common challenges and interdependencies to which the Common Strategy refers will be particularly clear here, necessitating the systematic extension of regional cooperation. Russia has welcomed the EU Common Strategy and plans to respond by redefining its strategic approach to the EU. The Russian Foreign Ministry has already established a special department for EU matters.

Cooperation with Russia under the Partnership and Cooperation Agreement and within the CBSS is politically advantageous for all concerned, economically useful, and objectively necessary. In Russia, too, decision-makers at all levels, including regional, should take advantage of the political, economic, cultural, and scientific opportunities in the Baltic Sea region. Within the CBSS there are many forums in which all topics can be discussed from economic cooperation right through to conflict resolution should problems arise.

The Finnish Initiative taken up by the EU to define a Northern Dimension for the EU is a topical issue. Since the watershed years of 1989-1991 no European region has seen such rapid change as the North-East. While in Cold War times the Baltic Sea was an area of confrontation between the two military blocs, it has since become an EU inland sea. The long border between the EU and Russia is an area where neighborliness can be directly translated into practical partnership. Amid the current crisis, the EU's Partnership and Cooperation Agreement with Russia and the recently adopted EU Common Strategy on Russia serve as a blueprint for involving the Russian Federation in a Europe-wide area of cooperation.

The concept of the Northern Dimension aims to stimulate economic development, promote stability and security in the region, foster cross-border cooperation, reduce the disparities in living standards, limit environmental and nuclear threats, and develop Russia's links with the European economy. It is hoped therefore that the Northern Dimension will greatly enhance efforts to develop natural resources, extend communication and transport networks, environmental protection, reactor safety, cooperation in trade and research, and not least the struggle against international crime.

The EU is, thus, a key player in the area encompassed by the Northern Dimension. Consequently, it is essential that the EU should define what objectives it wants to pursue between the North Cape and the southern Baltic Sea coast and what instruments it can use to achieve these goals. Above all, it is important to ensure coordination between the EU's internal policies and its foreign relations so that the Community can present a united front.

During its Presidency, Germany advanced the work of the Northern Dimension, initiating the necessary steps to implement the decisions taken at the Vienna European

Council and draw up guidelines on operative priorities, which were adopted by the General Affairs Council on May 31, 1999. According to the conclusions of the Cologne European Council, further work is to be undertaken on the Northern Dimension during the Finnish Presidency. This is now under way.

One of the key aims of the initiative on the EU's Northern Dimension, that is the intensive coordination of EU policy in this area and the setting of clear priorities, is to be achieved without new structures or additional funding. The initiative supports regional cooperation in the North in existing forums such as the CBSS, the Barents Euro Arctic Council and the Arctic Council and also within the EU itself in the form of longer cross-border projects providing structural funds for the northern EU member states. Northern Dimension objectives should furthermore be a special focus of PHARE funding for candidate countries and the TACIS program for Russia. The CBSS will help at the implementation stage.

In this context developments in the Kaliningrad area are particularly important. Historic ties with this former German region in the northern part of East Prussia play a role, but no longer a decisive one.

In this respect, we believe Lithuania has already fulfilled one task very well. As a future member of the EU, Lithuania will assume a pivotal role in the EU's policy for peace and in building a bright future for the Kaliningrad region.

Our primary concern is to ensure that the Kaliningrad area brings Russia and the EU together rather than drives them apart. It should not miss the opportunity to participate in the dynamic political and economic development under way in the Baltic Sea region. Cutting off or isolating the Kaliningrad area could be destabilizing for the whole region. It is important to avoid a situation in this Russian enclave where dangerous developments might occur. That means, Russia and the EU must work together to find solutions in the field of security, economic, and visa policy which take account of the particular situation there. Other multilateral institutions such as the CBSS could also play a role here.

Lithuania will play an important part in what will hopefully be a harmonious concert. Thus far, the country's economic, cultural, and visa policy toward Russia and the region in general has been impressive and gives grounds to hope that Lithuania will use its experience, knowledge, and good contacts in the region to bring peaceful and prosperous development to the Kaliningrad area and foster good relations with Russia, thus rendering a valuable service to the European Union as a whole.

With the Cologne European Council's decision to develop a European security and defense policy, the Union has gained a new dimension in the foreign policy sphere. This will be a core element of the European integration process in the years to come and thus be extremely important for the candidate countries, and particularly for all the Baltic Sea countries, as stability and security are crucial to trade and prosperity in this region. Clearly, then, the more Russia is integrated into and benefits from regional cooperation, the better for all and the greater their security. The EU Common Foreign and Security Policy is an important instrument here, which has entered a new phase following the entry into force of the Amsterdam Treaty. The changes in the EU Common Foreign and Security Policy agreed in the Amsterdam Treaty represent a key step away from a foreign policy based on declarations toward a more operative foreign policy. This is reflected, for example, in the creation of the office of High Representative for the Common Foreign and Security Policy. In the former NATO Secretary-General Javier Solana, the EU has appointed to this post a man with a well-developed political profile and a considerable international reputation. His task is to

give the European Common Foreign and Security Policy both a voice and a face and embody continuity and authority.

The Common Strategy is a new instrument intended to bring two improvements first and foremost. First, all aspects of relations with a country or region can be linked in one coherent political approach. Second, the implementation of common strategies greatly extends the scope for majority decisions in the Common Foreign and Security Policy sphere. This should result in increased flexibility and swifter decisions. One example is the aforementioned Common Strategy on Russia adopted under the German Presidency. Further strategies for Ukraine, the Mediterranean area, and the Western Balkans are being drawn up during the current Finnish Presidency.

The Kosovo conflict brought home every day just how urgent and indispensable it is for Europe to strengthen its security and defense policy. It is becoming increasingly clear that purely national foreign and security policies can no longer safeguard our countries' interests. We Europeans have to integrate in this field too. Germany is keen to strengthen the EU's ability to act in foreign policy matters. Only a Union which is capable of acting in this sphere can safeguard peace in Europe and bring its growing weight to bear on the world stage.

With the Cologne European Council decision to create by the end of the year 2000 the institutional and military prerequisites for concerted political and military action in the field of European crisis management under the auspices of the EU, this process has been given a timetable and a clear route to follow.

Now we are trying once more to integrate the WEU into the EU because we still believe that this would significantly enhance Europe's capacity for action. In carrying this through, it is important to give due consideration to the scope for participation the WEU affords its 28 members, including the non-NATO EU members and the non-EU NATO members Iceland, Norway, the Czech Republic, Hungary, Poland, and Turkey. The European Union will offer non-EU and non-NATO partners opportunities to participate and cooperate in the future European security and defense policy.

On this process and the thinking behind it Lithuania is being kept up-to-date through our various contacts in both capital cities, as well as through the EU and WEU in Brussels. There is a realistic prospect that when Lithuania accedes, the European Union will have a consolidated and effective foreign and security policy with all the necessary instruments in place. Lithuania will then be able to play its part in a well-tuned orchestra.

There is no doubt, at the end of this tour d'horizon of intentions, problems, and expectations regarding Lithuania's and Germany's joint future in the EU, that the Community in the future will embrace all aspects of public life, from security policy, the economy to culture and the closer aligning of the public administration. For both partners such a prospect settles the question of their role in Europe.

For Germany this has, in fact, been true right from the early years of the Federal Republic after the Second World War. Germany's policy of integration with "the West", first pursued by the then Chancellor Konrad Adenauer, through the founding of the European Union and membership of NATO ended a long period in German political life and social philosophy which focused on Germany's role at the heart of Europe, leaning either to the East or the West, serving as a bridge between the two poles or even claiming a special identity of its own. In National Socialist propaganda all this was boiled up into a dangerous brew and we all know the catastrophic results.

Today, Germany feels it is part of a community which has largely overcome the polarization between East and West, a polarization which, with new partners joining the

European Union and bringing economic and cultural benefits to all, is about to be finally consigned to the past.

A big question mark still hangs over Russia's future role in this Europe. That is an area where Lithuania will serve its partners and friends in Europe well in the years to come.