

Algirdas Brazauskas

Interstate Cooperation and Balanced Development in the Baltic Sea Region and North West Russia¹

First of all, I would like to thank the initiators and organizers for the invitation to take part at this international conference with such a momentous agenda.

Relations with Russia play an important role in the foreign policy of Lithuania. It is possible to state that these are constructive relations and based on the Agreement signed in 1991. The treaties “On the State Border between Lithuania and Russia” and “On the Delimitation of the Exclusive Economic Zone and Continental Shelf in the Baltic Sea” signed in October 1997 in Moscow ought to be considered as the most important event in the bilateral relations of the current years. Lithuania was the first from the former Republics of the Soviet Union to sign such a treaty. In its relations with Russia, Lithuania has taken a clear and consistent standpoint – to build the cooperation on the principles of good neighborhood, mutual understanding, equality and reciprocal benefit.

The economic, political and cultural integration of Europe must be advantageous to all states of the Baltic Sea region and the Northwest of Russia. The integration into the European Union (EU) must not divide Europe into winners and losers. All the participants of this process are well aware that the satisfaction of their interests and the realization of their plans and ideas first of all require their own commitment, a demonstration of initiative, the ability to predict any possible problems and their consequences, as well as immediate resolution of concrete issues.

For these purposes, in February of this year, Lithuania and Russia worked out and submitted to the European Commission joint proposals for the “North Dimension” initiative which practically cover all spheres of cooperation. One of the most important objectives is the inclusion of the Kaliningrad district into the regional, transport, energy and communications projects as well as the development of the infrastructure of border-crossing points.

Where the references to Kaliningrad district and its military potential were quite harsh during the first years of independent Lithuania, in the later period, when I, as the President of Lithuania, had to shape the foreign relations, the attitude both to the Kaliningrad district and Russia in general underwent a change. Lithuania is interested in the normal course of development of that region. We try to ensure the widest possible involvement of Kaliningrad in the regional cooperation of the countries of the Baltic Sea.

For Lithuania, the Kaliningrad district has lately become a “window of possibilities” which will facilitate the development of cooperation with Russia.

Relations between Lithuania and the Kaliningrad district have become exceptionally dynamic:

– the legal basis and the framework of cooperation, which cover business as well as scientific and cultural projects, have been successfully established;

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– the Council of the Baltic Sea States has expressed its serious interest in the involvement of the Kaliningrad districts as well as other regions of the Northwest Russia, into various forms of regional cooperation;

– representatives of the Kaliningrad district have become interested in the experience of Lithuania in the sphere of the implementation of EU standards.

Concrete cooperation between Lithuania and the Kaliningrad district is expressed in different areas: development of infrastructures of power industry and transport, environmental protection, creation of favorable conditions for investments, security of citizens, etc.

What has already been done?

1. Lithuania has already invested 9 million litas out of the planned 33 million litas investment into the modernization of the international transport route Kaliningrad–Kaunas.

2. The project “Management of the Nemunas basin”, financed by the USA and Sweden, is being successfully developed. A considerable number of modern equipment was presented by the specialists of environmental protection of the Kaliningrad district.

3. The expansion of commercial relationship between the Kaliningrad district and Lithuania is evident. In the period of the first half of 2000, the amount of bilateral trade exceeded the figures of the respective period in 1999 by 15 per cent. This year, Lithuanian businessmen have invested quite considerable funds, which amount to about 78 per cent of all foreign investments into the Kaliningrad district.

4. In the framework of the PHARE program, already this year it was planned to allot two million euros for the purpose of modernizing border crossings, and the funds have already been transferred for this purpose. With the due understanding of the importance of energy supplies to the Kaliningrad district, Lithuania has supported the plans for constructing a supplementary gas main for the Kaliningrad district through its territory. As far as we know, the decision concerning such a construction has already been taken.

The economic cooperation is to some extent impeded by the debts of the enterprises of the Kaliningrad district to the Lithuanian businesses. At the present moment, these debts amount to 25 million USD. The efforts and activities directed at the modernization of border crossings are not always coordinated. Thus, for example, the Kybartai post on the Lithuanian side, which is at the intersection of three directions, has been equipped in accordance with the standards of the EU, while on the side of the Kaliningrad district a relevant activity is still anticipated.

The problems emerging in the area of economic cooperation have been discussed at various meetings and conferences. Thus in July 1998, the problems related to the lack of information, difficulties in establishing joint stock companies, different principles of certification and standardization were discussed in Vilnius. Last year a training course was organized for the businessmen of Lithuania, the Kaliningrad district and Belarus. Attempts are being made to coordinate efforts in combating organized crime, illegal migration and smuggling.

The co-ordination of the realization of concrete projects is vested in the Council for the Cooperation of the Regions of Lithuania and the Kaliningrad District on the basis of the intergovernmental agreement “On the Cooperation of Lithuania and the Kaliningrad District.”

Lithuanian has always been against Kaliningrad district becoming isolated after Lithuania and Poland join the EU. We believe that the Kaliningrad district may become a model of cooperation between the EU and Russia. The same attitude was also expressed by the President of Russia.

Certainly, Lithuania is interested in the demilitarization of the Kaliningrad district and believes that this conforms to the interests of the whole of Europe. We also support the expansion of the autonomy of the region and the idea of developing a Special Economic Zone.

I am convinced that the situation will become more explicit after Russia unambiguously expresses its attitude towards the future of this region.

We do not restrict ourselves only by the development of comprehensive cooperation with the Kaliningrad district.

The issue of increasing the export of electric power from Lithuania to the Northwest regions of Russia also warrants attention. The economic gain is obvious. It is far more advantageous for Russia to export gas than to burn it in its own power stations. Furthermore, it is expedient to buy our cheap electric power produced by Ignalina Nuclear Power Plant, the productive capacity of which is only partly utilized.

It is appropriate to resume the discussion of the issue of supplying the Kaliningrad district with electric power. Lithuania possesses all the necessary resources to do that. Nobody argues that the transmission of electricity thousands of kilometers from the Northern regions to the Kaliningrad district is economically disadvantageous, the more so would be the construction of new power stations there. Certainly, one of the prerequisites continue to be timely payments for the energy supplies.

The potential of Klaipėda Sea Port is increasing. In the nearest future, its capacity will reach 30 million tones of various cargoes a year. As before, the enterprises of the Russian Federation continue to be the main partner. However, pursuant to the decree of the Ministry of Transport of the Russian Federation, the coefficients on the base tariffs for the transportation of cargoes by the Russian railways are being drastically increased in relation to the Baltic Republics and Finland. First of all it concerns the products of ferrous metals which used to be exported in large quantities through Klaipėda Port. Where until October 1, the coefficient on the cargoes of this kind was 1.8, from October 1 it will be 2.2, and from the beginning of 2001, it is expected to rise up to 2.6. This undoubtedly will be the main reason for the decrease in the amount of cargoes transported through Klaipėda. A sharp reduction of the coefficients up to the preferential 0.6–0.7 for various types of cargoes intended for Kaliningrad is unlikely to provide the resolution of the problem related with the handling of increasing Russian exports to the West. We believe that this issue ought to be discussed at the governmental level of our states.

An important event was the signing of the Treaty on the State Border by the Presidents of the Russian Federation and Lithuania in October 1997. However, this Treaty has not yet been ratified by the Russian side.

In emphasizing this issue, I am aware that the reasons for the delay in the ratification of the Treaty are not entirely one-sided. Much depends on the Lithuanian side as well. Some politicians in Lithuania permitted themselves to behave tactlessly with respect to the influential neighbor. In the wake of the parliamentary elections in October

of this year, the situation has changed, and I am confident that the relations between our countries will again become based on trust and mutual respect as they were before.

Another of our Eastern neighbors is Belarus. Diplomatic relations with Belarus as an independent state were established in 1993. Notwithstanding the existence of quite strong economic ties, everything had to be started from the beginning. Belarus is a strategically important state for our transport routes towards the East. Belarus is interested in our Klaipėda port. Therefore, cooperation in the sphere of transport was of utmost importance. Lithuania and Belarus honour the international principles on the inviolability of the existing state borders. Important bilateral documents on good neighborly relations and cooperation as well as the Treaty on the State Border were signed in 1995. Despite some difficulties, which have appeared in the sphere of our cooperation during the last years due to the differences in the political agenda of our states, nevertheless, a constructive dialogue continues, and we find unacceptable the isolation of our neighboring state. The more so, that we are interested in maintaining close economic, energy and transport relations.