THE EUROPEAN UNION'S NORTHERN DIMENSION: A CASE OF FOREIGN POLICY "BY THE BACKDOOR"?

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ABSTRACT:

The thesis will examine, broadly speaking, the external relations of the European Union (EU) with its Northern neighbours in the light of the development of a new policy dedicated to this purpose: the Northern Dimension.
In the thesis it is argued that the Northern Dimension deviates significantly from previous policies that the EU has developed to deal with its neighbours due to a number of elements: the absence of a dedicated budget line, the involvement of "outsiders" in the implementation phase, e.g. the regional organisations like the Council of the Baltic Sea States and the Barents Euro-Arctic Council, and the horizontal agenda based on tangible issues like environment threats, including nuclear wastes management, fight against organised crime and health issues.

While analysing the content of the initiative, attention will be devoted to the political process that has led to the creation of the Northern Dimension. Particular emphasis will be attached to elements like the role of small member states in the definition of the foreign policy interests of the EU and the political dynamics characterising the relations among the EU institutions, in particular the Commission and the EU Council, when it comes to shaping the relations with key neighbouring countries.

In the final part of the work a comparison will drawn between the Northern Dimension and the Euro-Mediterranean Partnership (EMP), the policy that the EU has set up to deal with its Southern neighbours. The most important element emerging from the comparative analysis reflects the claim that the development of a grand strategy and the allocation of significant resources, as the case of the EMP demonstrates, are not necessarily ingredients that lead to a successful policy towards the neighbouring areas. It will be demonstrated that the Northern Dimension has been comparatively more successful and effective than the EMP, thanks to the political perseverance of the Nordic (EU) member states, the active participation of the regional organisations and the focus on a "low-politics" well-prioritised political agenda.

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LIST OF ABBREVIATIONS AND ACRONYMS

AC	Arctic Council
AEPS	Arctic Environmental Protection Strategy
AMAP	Arctic Monitoring and Assessment Programme
AMU	Arab Mahgreb Union
AP	Action Plan
BASREC	Baltic Sea Region Energy Cooperation
BEAC	Barents-Euro Arctic Council
BJPMC	Baltic Joint Programming and Monitoring
BSRI	Baltic Sea Region Initiative
B7	Baltic Sea Seven Islands Cooperation
CAFF	Conservation of Arctic Flora and Fauna
CAP	Common Agricultural Policy
CBC	Cross-Border Cooperation
CBSS	Council of the Baltic Sea States
CEEC	Conference on European Economic Cooperation
CSCE	Conference on Security and Cooperation in Europe
CSCM	Conference on Security and Cooperation in the Mediterranean
CS	Common Strategy
CSO	Committee of Senior Officials
CFE	Conventional Forces in Europe
CFSP	Common Foreign and Security Policy
DG	Directorate General
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECSC	European Coal and Steal Community
EEA	European Economic Area
EFTA	European Free Trade Association
EIB	European Investment Back
EMP	Euro-Mediterranean Partnership
EMU	European Monetary Union
EP	European Parliament
EPC	European Political Cooperation
EPPR	Emergency Protection Preparedness and Response
ESDP	European Spatial Development Perspective
EU	European Union
FTA	Free Trade Area
GIS	Geographic Information System
GMP	Global Mediterranean Policy
ICT	Information and communications technology
IFI	International financial institution
IT	Information technology
MEDA	Mediterranean Development Assistance
MEPP	Middle East Peace Process
NATO	North Atlantic Treaty Organisation
ND	Northern Dimension
NDAP	Northern Dimension Action Plan
NDEP	Northern Dimension Environmental Partnership
NeD	Northern eDimension

NEI	Northern European Initiative
NIB	Nordic Investment Bank
NIU	Nordic Interparliamentary Union
PCA	Partnership and Cooperation Agreement
PAME	Protection of the Arctic Marine Environment
R&D	Research and development
RMP	Renewed Mediterranean Policy
SDU	Scandinavian Defence Union
SDWG	Sustainable Development Working Group
SOG	Senior Officials Group
SOIS	Senior Officials Group on Information Society
TACIS	Technical Assistance to the Commonwealth of Independent States
TEN	Trans European Networks
UBC	Union of the Baltic Cities
VASAB	Vision and Strategies Around the Baltic
VBNDZ	Via Baltica Nordica Development Zone
WG	Working Group
WGEC	Working Group on Economic Assistance
WGDI	Working Group on Democratic Institutions
WGNRS	Working Group on Nuclear Radiation Safety
WGYC	Working Group on Youth Cooperation

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CHAPTER 1
INTRODUCTION

In contrast with some other European neighbourhoods, Northern Europe was directly affected by the end of the cold war and, above all, by the collapse of the Soviet Union in 1992. The enlargement of the European Union (EU) in 1995 unlocked the doors of the European integration process to Sweden, Finland and Austria while the majority of the Norwegian people voted, once again, against full EU membership. With the membership of Sweden and Finland, the EU incorporated most of the Nordic states[1] and, most importantly, it acquired a 1500 km-long border with a new neighbour—Russia.

This work deals with the policy set up by the EU in the late 1990s to deal with its Northern neighbourhood: the Northern Dimension (ND).
The Northern Dimension is a broad policy framework that aims to organise relations between the EU and a set of its neighbours in Northern Europe in a more coherent and effective manner.[2] These neighbours have varying characteristics and a differing status, vis-à-vis the European integration process. They are Poland, Estonia, Latvia, Lithuania, Norway and Iceland, and the key partner, (north-west) Russia. The main objective of the Northern Dimension is to open a new regional channel of cooperation to complement the existing bilateral agreements, which constitute the primary institutional interface between the EU and its neighbours.

The Northern Dimension involves four candidate countries on their way to full EU membership; two countries, Norway and Iceland, that are linked to the EU through the European Economic Area (EEA) and therefore in a position of almost-membership; and Russia, a non-candidate for EU membership. One of the

[1] The Nordic states are: Sweden, Norway, Denmark, Finland and Iceland. While Sweden, Denmark and Finland are full EU members, Norway and Iceland are part of the European Economic Area.
[2] The seven partners are: Russia, Poland, Latvia, Estonia, Lithuania, Norway and Iceland. The EU has recognised a role in the ND for the following regional organisations in the implementation process: the Council of the Baltic Sea States (CBSS), the Barents Euro Arctic Council (BEAC), the Arctic Council (AC). Furthermore the Nordic Council and the Nordic Council of Ministers have been also involved.

main consequences of the different status of these partners vis-à-vis EU membership has been the proliferation of a variety of EU instruments, such as the TACIS, PHARE, SAPARD and ISPA programmes and the INTERREG initiative, targeting their different needs but at the same time further fragmenting the external action of the Union.[3] In principle, the Northern Dimension should be seen, on the one hand, as a response to the need to add coherence and effectiveness to EU foreign policy towards its Northern neighbouring areas. On the other hand, the creation of a new external policy such as the Northern Dimension should also be framed in the broader context of a rivalry between the North and South for the EU's institutional and financial attention. Therefore, one of the broader aims behind the initiative has been, as Hanna Ojanen puts it, "to avoid a shift in the Union's relations with Russia towards neglect or confrontation"[4] while another has been to obtain "adequate financing" for the initiative.[5]

This work analyses the Northern Dimension and its achievements in the framework of the European Union's foreign policy by focusing on the process that has characterised its development and, at the same time, on a comparison with the policy set in place by the EU to deal with its Mediterranean neighbours—the Euro-Mediterranean Partnership (EMP). In particular, the comparative part of this work will emphasise the link between the different approaches to neighbourhood relations that the EU has developed in the ND and the EMP and the differences in terms of political effectiveness and tangible outputs of the two areas.

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[3] Launched by the European Communities in 1991, the TACIS (Technical Assistance to the Commonwealth of Independent States) programme provides grant-financed technical assistance to 13 countries of Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan), and mainly aims at enhancing the transition process in these countries. For more information see http://www.europa.eu.int/comm/external_relations/ceeca/tacis/index.htm.
The PHARE programme has been providing support to the countries of Central Europe since 1989, helping them through a period of massive economic restructuring and political change. Following the 1993 Copenhagen Council's invitation to Central European countries to apply for membership of the EU, PHARE support was reoriented, including a marked expansion in support to infrastructure investment. For more information on PHARE see http://www.europa.eu.int/comm/enlargement/pas/phare/index.htm. ISPA, SPARD and the INTERREG initiatives are instruments operating in the framework of the structural funds are aimed at fostering social economic cohesion of the area they cover

[4] Ojanen H., *"How to Customize Your Union: Finland and the "Northern Dimension of the EU"*, Northern Dimensions, Helsinki: Finnish Institute for International Affairs, 1999, pp. 13-27.

[5] Lipponen P., *The EU needs a policy for the Northern Dimension*, Speech delivered at the Conference "Barents Region Today", Rovaniemi, 1997.

The first question that needs to be addressed when discussing the Northern Dimension relates to the "label" itself. Why was the policy dubbed "Northern" instead of "Nordic"? In fact, the word "Northern" was not an accidental choice. Its use was mainly dictated by the need to signify a break with the past. As will be seen in chapter two, what is known as "Nordic" cooperation was the set of cooperative relations among the Nordic countries formalised during the cold war period but dating back to the nineteenth century. The *Norden*[6] concept reflected a distinct cultural community formed by Sweden, Denmark, Norway, Finland and Iceland. Notions such as "Nordic Balance" or "Nordic cooperation" are, in short, linked to a specific institutional and political context (the Scandinavian states and the cooperation between them) as well as a specific period in history (mainly the cold war period).

The term "Northern" has been used to identify a different pattern. It was used first by Finnish policy makers in a domestic context and then adopted as a "brand" for their EU level proposal to mark a break with activities linked to the Scandinavian North, in which Finland had played only a marginal role. As will be seen in greater detail in the chapter 2, as a result of the end of the cold war the geopolitical scenario in Northern Europe changed radically. Particularly in the Baltic Sea area, new dynamics of cooperation emerged between the East, i.e. Russia, Poland, Estonia, Lithuania, and Latvia, and the West, the five Nordic countries and a reunited Germany. The most visible outcome of the regional cooperation that started in 1992/3 is the creation of new regional organisations such as the Council of the Baltic Sea States (CBSS) and the Barents Euro-Arctic Council (BEAC).[7] Such bodies devoted their early years to encouraging a confidence-building process among their members in the two geographical areas that they covered—the Baltic Sea Area and the Barents Sea Area, respectively. However, they soon transformed into catalysts for intergovernmental cooperation, particularly in the policy areas that enjoyed priority on the agendas of the

[6] The word *Norden* can be literally translated as 'the North' but the connotation of the word is more cultural than geographical.

[7] The CBSS members are Germany, Denmark, Sweden, Finland, Norway, Iceland, Poland, Lithuania, Latvia, Estonia, Russia and, last but certainly not least, the European Commission. Countries with the status of observers are: the United States, the Netherlands, France, Italy, the United Kingdom, Ukraine and Slovakia. More details about the CBSS are provided at page 73.

participating countries: environmental degradation, nuclear safety, the fight against organised crime and health-related issues.

In sum, the concept of the "North" embedded in the Northern Dimension reflected not only a broader geographical space but also a different agenda from that of the "old North" of the Nordic cooperation. During the cold war, Finland was involved in the Nordic cooperation but was not fully part of the West. This also contributed to the creation of the "Northern" idea, wider geographically but also more inclusive in its nature.

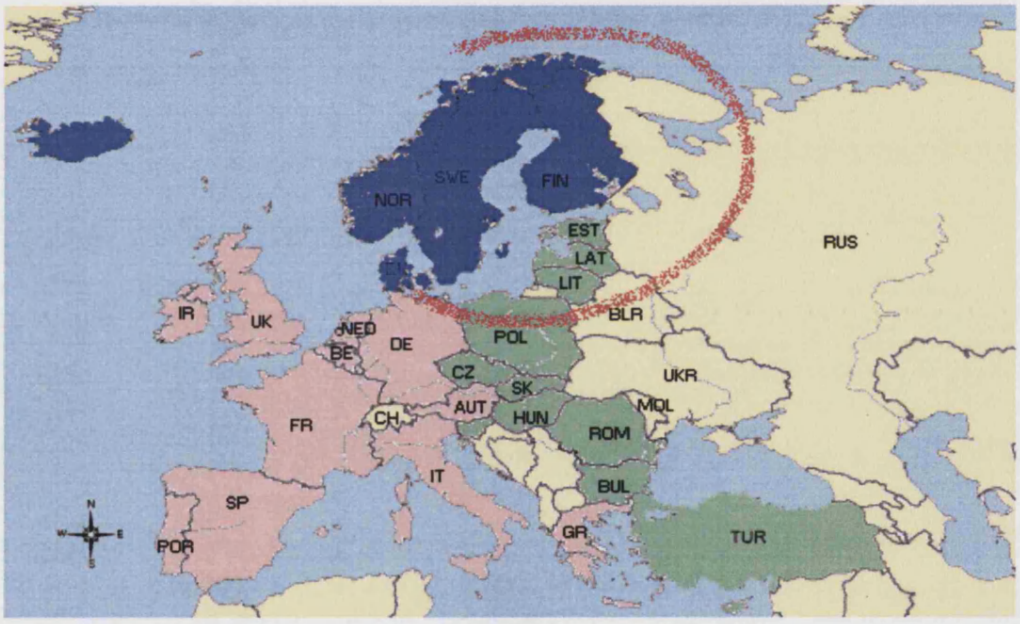

Figure 1. 1 The ND Area and the Nordic "North"

Furthermore, while Nordic cooperation was based on a consensual approach to cooperation characterised by efforts to pre-emptively eliminate all the sources of possible political friction and competitive elements among the countries involved, the new North is characterised, and actually born out of, certain competitive dynamics between Sweden and Finland and, to a lesser extent, Sweden and Norway. The map in Figure 1.1[8] shows quite clearly the difference in geographical terms between the "Northern" and the "Nordic" North. The latter is represented by the dark blue area and the former by the area delimited by the

[8] Figure 1.1: The Northern Dimension area (delimited by the the mark) and the cold war North (in blue) Source: European Commission http://europa.eu.int/comm/external_relations/north_dim/index.htm; map modified by the author.

circle. It is interesting to note that Finland, the promoter of the Northern Dimension initiative, finds itself, not coincidentally, at the centre of the Northern Dimension area in the same way as Sweden was in the geographical centre of the Nordic community and of the Baltic Sea area.

Even if, at first glance, the issue related to the choice of the name Northern Dimension might seem marginal, it reflects a willingness to introduce an element of change in both regional and European dynamics. A key claim made by this work is that the Northern Dimension is a policy that has marked a change from previous attempts by the European Union as an actor to deal with its neighbours. This thesis attempts to answer a number of key questions related to the Northern Dimension: What is it about? What has it achieved? What does it tell us about the effectiveness of the policies that the EU has established to deal with its neighbouring areas? More generally, what does it tell us about the EU as a foreign policy actor?

It will be argued, on the one hand, that the Northern Dimension has played an important role not only in the socialisation of the partners (Russia, Poland, Latvia, Estonia, Lithuania, Norway and Iceland) but also in the development of an increased confidence within sectors of the EU Commission, and among some member states, about the involvement of non-EU regional organisations, such as the Council of the Baltic Sea States (CBSS), in the implementation and further development of the initiative. At the same time, the Northern Dimension has also shown that the implementation of the EU's external actions towards its neighbouring areas can achieve more effective results, even without a dedicated budget line, if it is characterised by the involvement of the regional organisations and focuses on a clearly prioritised and well-defined agenda.

Between its launch in late 1997 and the beginning of the implementation phase in 2001, the Northern Dimension has been, above all, a political process. The process has been shaped both by institutional dynamics, i.e. meetings between the representatives of the EU institutions, member states, partner countries and regional organisations, and by tangible outputs in a number of policy areas.

The Northern Dimension initiative was launched in September 1997 by Finnish Prime Minister Paavo Lipponen but only established a place among the external policies of the EU in December 1998, when the ND as a concept was adopted by the Vienna European Council. The central phase of the institutional process unfolded between the first ND Ministerial Conference in November 1999, during the Finnish Presidency of the EU Council, and the Feira European Council in the summer of 2000. It was in those months that the Northern Dimension Action Plan (NDAP), covering the period until the end of 2003, was negotiated and drafted. However, it was only during the Swedish Presidency in 2001 that the implementation phase of the Northern Dimension really started. The analysis offered by this work covers the entire institutional process up to the Swedish Presidency, which ended with the adoption of the Full Report on the Northern Dimension, elaborated by the Commission and the Chair of the EU Council, that laid the basis for the creation of a follow-up mechanism. Interestingly, the Danish EU Presidency of 2002 was also important for the consolidation of the initiative and played a vital role in the elaboration of the guidelines for the Second Northern Dimension Action Plan adopted by the EU Council in the autumn of 2003.

Two aspects of the institutional process deserve particular attention: the launch of the initiative and the beginning of the implementation phase. Why did Finland launch the Northern Dimension initiative in 1997 when the European Commission had launched the Baltic Sea Region Initiative (BSRI), a regional initiative whose content is fully mirrored in the ND original proposal, just a few months earlier? The BSRI was launched in the framework of the CBSS—largely as a result of Swedish lobbying. This work will demonstrate that, while there are indeed similarities between the contents of the two initiatives, the key element behind the Finnish proposal is the attempt to acquire centrality in Brussels by putting forward a proposal that, geopolitically, covers a broader area including not only the Baltic Sea Region but also North West Russia and the Barents Sea area.
The second aspect is the perseverance of Finland, Sweden and also Denmark in successfully maintaining the initiative on the EU agenda throughout their respective Presidencies, in particular through the Ministerial Conferences organised by them. Despite a degree of rivalry that permeated the approaches of Sweden and Finland towards the implementation of the initiative, a large

proportion of the results achieved was due to a combination of the continuous efforts of the Nordic EU members and their capacity to further their own national priorities without compromising the broader goal of increased engagement by the EU in the Northern neighbourhood.
But what has the Northern Dimension achieved? What have its outputs been? Has it been only a matter of meetings to socialise the neighbours to the workings of the EU?

As will be demonstrated in this work, one of the main weaknesses of the initiative has been its lack of concrete results and, not unrelated, the overwhelming role that the institutional dynamics had acquired over the whole initiative by the beginning of the implementation phase. Linked to some of its characterising elements, i.e. the loose "policy framework" structure of the initiative, the absence of a budget, and a wide agenda touching on 11 policy areas, the Northern Dimension was still, two years after its launch, a largely *"stake-less"* initiative, i.e. only a series of meetings, probably with a value of their own, but with no tangible or visible output.
The ND did acquire a more tangible content, largely in conjunction with the Swedish Presidency of the EU Council. Two aspects, in particular, contributed to add visibility and "substance" to the initiative. First, the agenda was narrowed and three priorities were selected among the 11 policy areas covered by the ND. Particular attention was attached to environmental issues and nuclear safety; the fight against organised crime; and the horizontal issue of Kaliningrad (the Russian *oblast* which will become an exclave within the EU after the EU enlargement of 2004).[9] Second, the regional organisations were granted a more active role: they were given the opportunity to play a role in the implementation process.

As a result of these two developments the Northern Dimension acquired a more tangible flavour and also more visibility thanks to:
1) The Northern Dimension Environmental Partnership—an initiative that pooled the resources of International Finance Institutions (IFI) such as the European bank

[9] The question of Kaliningrad does not only concern the issue of the movement of people and goods from the oblast to mainland Russia. A number of threats related to environmental degradation, the spread of transmittable diseases and trafficking have contributed to push the issue to the top of the agenda of relations between the EU and Russia.

for Reconstruction and Development (EBRD) and a number of donor countries in order to support a number of selected environmental projects in north-west Russia.

2) The Northern e-Dimension—a large project managed jointly by the CBSS, its main promoter, and the DG for Information Society at the European Commission. The project aims to foster the expansion of the IT sector in the Baltic Sea area.

In summary, the outcome of the ND initiative has been, and still is, both about symbolic outputs and concrete projects implemented in the area of the environment and IT. In this respect the ND does not differ much from other foreign policy initiatives taken by the EU. The new element that this work will underline is the relationships existing between the outputs and the most dynamic elements of the initiative, in particular the involvement of the "outsiders" or regional organisations and the IFIs, and the emphasis placed on the coordination of the existing EU instruments. Two questions that will therefore have to be addressed are how and why did the ND produce the outputs outlined above?

1.1 The actors in the Northern Dimension's institutional process

The Northern Dimension, as a political process, has involved a wide range of actors. First, the EU member states directly involved in the ND: the Finnish Government as the political "sponsor" of the initiative has been very important, as was the Swedish executive, particularly in their role as President of the EU Council. Denmark played a more secondary role until the end of the Swedish EU Presidency and it developed a more active stance in the process only in conjunction with its own Presidency in 2002. Germany has supported the initiative from the outset but has not played a leading role at EU level because of the priority it gave to its bilateral relations with Russia.[10] Instead, Germany has played a much more active role at the regional level, particularly during its Presidency of the Council of the Baltic Sea States in 2000, pushing for a more

[10] Heimsoeth H.J., *The Inauguration of the Euro faculty in Kalinigrad*, Speech delivered by the German Ambassador and Chairman of the Committee of Senior Officials of the Council of the Baltic Sea States at the inauguration of the Euro faculty, Kalinigrad, 20th September 2000. http://www.cbss.st/documents/cbsspresidencies/9german/dbaFile351.html

central role for the organisation in the framework of the ND and on the Kaliningrad issue.

Second, the European institutions have played a key role. In particular, European Council, the Council of Ministers and its Secretariat; the Santer and the Prodi Commissions, mainly through the Directorate General for External Relations; and the Presidencies of the Council. As will be demonstrated below, the development of the Northern Dimension has been closely linked to the Presidencies of the Nordic countries. The Finnish Presidency (1999) put the ND on the agenda, the Swedish Presidency (2001) accompanied it into the implementation phase and the Danish Presidency (2003) set out the follow-up process. Such a sequence, together with the political persistence of the Nordic governments in pushing the initiative forward constructively, was fundamental to the successful conclusion of the institutional process and the early stages of the implementation phase of the initiative.

The role of the different actors and their interaction throughout the ND institutional process will be one of the aspects discussed in this work, i.e. the dynamics that characterised the transformation of the Finnish proposal into an actual "policy".

The institutional process has been a key part of the development of the Northern Dimension. The institutional meetings, both those within the EU and those open to the "outsiders", have marked the various stages of the development of the initiative and, as mentioned above, until the second ND Ministerial Conference organised by the Swedish Presidency, the process itself seemed to be the actual output of the whole initiative. Can an institutional process per se, a series of meetings mainly producing further meetings, serve a foreign policy function? (And, if so, why?) What does the ND institutional process tell us about the way in which the EU produces its foreign policy?

The political process did produce some symbolic outputs because it gave the neighbours an opportunity to meet with all EU members. However, practically speaking, it left little space for the voices of the "partners".

At the same time, the ND's institutional process was characterised by political friction both among the Nordic countries and, especially, between the Northern

and Southern members of the EU. Inter-Institutional friction between the Commission and the EU Council has been more limited, or at least less visible in the case of the Northern Dimension, mainly thanks to the positive relations established in the framework of the Working Group of the Council that dealt with the initiative, and also between those sectors of the Commission in charge of coordinating the initiative, the DG for External Relations and the Secretariat of the EU Council. An important factor has been the differing attitudes and degree of support for the initiative within the Commission. This element is not marginal given that, despite the fact that the implementation of the initiative has been led and formally coordinated by the Directorate General (DG) for External Relations, the other DG's have also been actively involved in the implementation of the initiative and have *de facto* established their own links with both the regional institutions and the partner countries. This has led on several occasions to conflicting external policy lines being followed by the Commission and has highlighted the need for greater cohesion and coordination within the institution in order to gain credibility both within the EU framework and also *vis-à-vis* Russia or the candidate countries.

Interesting elements of analysis also come from the early phases when the original Finnish initiative was turned into an initiative of the whole EU. Here, particular attention should be paid, on the one hand, to some constitutive elements of the Finnish proposal such as the issue of the (imposed) absence of a budget for the initiative, the role of "outsiders" and the dynamics governing who manages the initiative within the EU institutions. On the other hand, attention will be given to "external" elements that have played a role in the process such as the correlation between the EU's foreign policy objectives and those of the member states that play a pivotal role, the role of the Presidency as an institution and in the launch and development of foreign policy initiatives such as the ND, and, last but not least, the role played by North-South rivalry within the EU Council in the context of the redistribution of resources for the neighbouring areas.

Some of the characterising elements of the initiative like the absence of a budget line, the lack of a solid engagement in terms of human resources within the Commission and the "subordination" of the ND to 1) the bilateral Partnership and

Cooperation Agreements signed between the EU and its partners and 2) the EU's Common strategy towards Russia[11], have contributed to make the Northern Dimension an instrument that does not fall into a strict categorisation, or at least deviates *de facto* from previous policy formats aimed at the neighbouring areas. Taking the Barcelona Process as a foreign policy frame of reference, the Northern Dimension does not seem to belong in the same category—as the comparison between the two initiatives in the final part of this thesis will demonstrate.

So what do external initiatives like the Northern Dimension say about the EU as a foreign policy actor? Does the ND case show the EU as a collective actor or as a framework within which national governments pursue their own interests? The case of the Northern Dimension confirms that, in the field of relations between the EU and its neighbouring areas, both the "collective" and the "national" coexist. While it is hard to deny that Finland and Sweden were pursuing their own national interests, the development of the ND has demonstrated that the initiative appeared as a framework where specific national interests have been moderated by the constructive attitude of the EU member states directly concerned, i.e. Scandinavia and Germany, towards the common goal of increasing the attention of the EU to the neighbourhood in question.
Such a picture contrasts with the dynamics of the Mediterranean neighbourhood where striking a balance between national interests and the EU's collective interests has proved more difficult, given the priority accorded by EU member states in the area to bilateral relations with the states on the Southern shore of the Mediterranean and to the pursuit of national interests.

1.2. Tapping into the Northern Dimension

As mentioned above one of the key questions that this work will try to answer concerns the output of the initiative. What has the Northern Dimension achieved? The Northern Dimension initiative has raised two aspects—the coordination of existing instruments at work in the area and the inclusion of "outsiders" in the implementation process—that were underplayed, if not completely absent, in

[11] European Council, *Common Strategy of the European Union on Russia*, Luxembourg: Official Journal of the European Communities, Ref, Number 1999/414/CFSP.

previous EU foreign policy initiatives towards the neighbouring areas. Furthermore, the ND has achieved tangible results, such as the NDEP and the Northern e-Dimension.

At the same time the process of socialisation among the 11 partners in the early stages of the initiative can in itself be considered a tangible output.

In the timeframe covered by this work, two distinctive elements have emerged from the institutional process of the Northern Dimension. The horizontal element—a more comprehensive approach by the EU to neighbourhood relations stressing an enhanced coherence in the external action of the EU; and the vertical aspect—the active involvement of the regional organisations and the IFI in the implementation of the initiative.

1.2.1. The horizontal element

The horizontal element introduced by the Northern Dimension reflects first of all the need for increased coherence in the EU's external actions towards its Northern neighbourhood.

Contrary to what happened in the Mediterranean, where the EC/EU instruments designed for the area have reflected, at least on paper, the increased presence and engagement of the EU in the area, in Northern Europe the external actions of the EU have been characterised by a more fragmented approach. There was only a marginal presence by the EC/EU in the Northern neighbourhood during the 1980s and, at least until the enlargement of 1995, no EU-led initiative covering either the Baltic or Barents Seas had been launched. This can be explained by the fact that the main focus of both the Commission and the EU Council was on bilateral relations with Russia. At the same time, however, the 1995 EU enlargement, followed by efforts to prepare Latvia, Estonia and Lithuania for membership, created a situation in which a variety of EU instruments such as TACIS, Phare, INTERREG, ISPA and SAPARD, were at work in the region and, in many cases, overlapped in terms of territory and policy areas covered.

The Northern Dimension, it will be argued, has led to an improved technical coordination among the EU programmes but, perhaps more significantly, it has also introduced a more "horizontal" approach to its foreign policy-making. One of

the key problems related to the ineffectiveness of the external actions of the Union in its neighbourhood has been the strictly compartmentalised way in which the Commission operates. This has led to a degree of ineffectiveness and an inefficient use of the resources available in Northern Europe as a whole.

The centrality attached by the Northern Dimension to the need to operate external instruments in a more inter-functional and integrated manner has contributed to make important sectors of the Commission, in particular within the Directorate General for External Relations, aware of the need to move towards a more horizontal design and implementation of external policies towards the neighbours.[12]

Although improved coordination and a more integrated approach to neighbourhood relations are both difficult to quantify in concrete terms, they can be pointed to as an element of change in the way the EU conceives its external policies towards its neighbouring areas.

1.2.2. The vertical aspect

Northern Europe, and in particular the Baltic Sea area, is characterised by the presence of a dense network of regional and subregional institutions that flourished throughout the 1990s across the area and, in many cases before the enlargement of 1995. Regional cooperation in Northern Europe was fostered, in its early stages, primarily at governmental level through the creation of regional institutions, such as the CBSS or the BEAC, with a coordination role. However, this was quickly extended to the regional and local level.

The areas of cooperation have grown considerably throughout the past decade but there were a number of policy areas that acquired priority on the agenda of the Scandinavian Governments as a result of the collapse of the Soviet Union in 1991–1992. At the top of the agenda was the issue of environmental degradation and, in particular, nuclear safety. The serious environmental damage and the effect on Scandinavian public opinion caused by the incident at the Chernobyl Power plant in February 1986 abruptly shifted the agenda of the Nordic

[12] Interview with an official of the Directorate General for External Relations. See also EU Council, *2003 Annual Progress Report on the implementation of the Northern Dimension Action Plan*, Commission Staff Working Document, 5143/04, Brussels, 2004.

governments on the issue of nuclear safety in the Eastern part of the Baltic Sea and in the Kola Peninsula. The end of the Soviet Union pushed the environmental issue to the top of the regional agenda and, at the same time, made the need to approach the issue multilaterally through cooperation projects at regional level more urgent. The creation of the Council of the Baltic Sea States and, especially, the Barents Euro-Arctic Council should therefore be seen as an attempt to foster a confidence-building process between Russia and the Baltic Republics but also, in parallel, as an effort to handle the issue of environmental degradation through intergovernmental structures of cooperation. In the mid- and late-1990s the agenda of such organisations widened to cover other areas of concern such as the management of health threats, cross-border trafficking and the fight against organised crime. At the same time, it should be stressed that the cooperation in Northern Europe has also been extended to areas that are not strictly related to security: economic cooperation in general, energy cooperation, the development of the IT sectors, transport infrastructures, education and culture.

In sum, during the 1990s the agenda of cooperation in Northern Europe widened impressively and so did the number of transnational bodies both at governmental and sub-national (organisations created by administrative regions, counties and municipalities) level.

This work will focus on the involvement of these organisations, and other "outsiders", i.e. non-EU bodies, in the implementation of the Northern Dimension.

It will be argued that the active involvement of the outsiders, and in particular of the regional organisations, represents an innovative element in the framework of EU foreign policy making, largely due to the fact that it is thanks to them that the ND has achieved tangible results. At the same time, the involvement of the regional organisations has added a robust bottom–up element to a (foreign) policy making process and this has had important implications for the nature of the European Union as a foreign policy actor.

In the Northern Dimension, the concept of a bottom up, or "multilevel",[13] approach is strictly linked to the "active participation" of the regional bodies and to the implementation of an EU policy.[14]

The added value and the potential that these bodies have brought to the EU's external relations are first of all political. Both the CBSS and the BEAC provide *de facto* a complementary level for relations between the EU and partner countries participating in the Northern Dimension. In particular, once the enlargement of the European Union in Northern Europe is complete, and the candidate countries under the ND umbrella have become EU members, the CBSS could potentially turn into a regional forum engaged in fostering practical solutions to matters of common concern affecting the regional dimension, and particularly the cross-border-cooperation, of EU-Russia relations.

The CBSS, the BEAC and, to a lesser extent, the AC have been active for several years in the area now covered by the Northern Dimension and have been able to establish a broad network of institutional links with the sub-regional bodies, the sub-national administrative units and the European/regional financial institutions which is acquiring an important role in the framework of the increasing level of economic interdependence between Russia and the EU. Such a network of institutional links is quite unique in Europe and could provide a possible model for other neighbouring areas.

Given the volatility related to the creation of the common economic space between the EU and Russia, the involvement of the regional organisations could be an important testing ground because the CBSS and the BEAC both reflect and anticipate, on a smaller scale, some of the cooperative dynamics that could characterise future EU-Russia relations.

In sum, the Northern Dimension is a complex issue demonstrating that there are alternative ways to build comprehensive and multilevel relations *vis-à-vis*

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[13] Catellani N., "The Multilevel implementation of the Northern Dimension", in *The Northern Dimension: fuel for the EU?*, Ojanen H. (ed), Programme on the Northern Dimension of the CFSP, Vol. 12, Helsinki: Institute for International Affairs and Berlin: Institut für europäische Politik, 2001.

[14] Luxembourg Ministerial Conference on the Northern Dimension, *Chairman's Conclusions*, Luxembourg, 9th April 2001.
http://europa.eu.int/comm/external_relations/north_dim/conf/formin2/participants.htm.

neighbouring countries. In the context of the EU, the Northern Dimension can be considered a new way to approach neighbourhood relations. Its focus on the coordination of existing EU instruments (horizontality) and the involvement of "outsiders" would seem to be the main innovative elements of the initiative.
Even if the Northern Dimension could be identified as a sort of "second class policy", because it lacks a budget, human resources within the Commission and an institutional profile as well as being subordinate to the PCAs and the CS, its outcome and effectiveness have been comparatively greater, at least in the short-term, than those of the other framework set up by the EU to deal with neighbouring areas, the Euro-Mediterranean Partnership.

1.3. Placing the Northern Dimension in the framework of EU foreign policy

The question of what the Northern Dimension is about has characterised most of the debate that has surrounded the initiative from the outset. In this work it will be argued that much of the answer lies in the unusual format of the initiative. The absence of some elements that characterised previous formats of EU foreign policy, such as the EMP, contributed to the difficulties in classifying the ND as a "first class" foreign policy initiative. This has led to a *de facto* downgrading of the ND as a "foreign policy by the back-door".[15]

In order to approach and explain effectively the Northern Dimension this work will frame the initiative by three key concepts: foreign policy, neighbourhood policy and network governance. Each of these three concepts offers a different perspective or rather represents an approach through which the ND could be analysed. What will be emerging throughout most of this work is that the ND,

[15] Gomez R., "The EU's Mediterranean Policy: common foreign policy by the backdoor?", in Peterson J. & Sjursen H. (eds.), *A common foreign Policy for Europe: competing visions of the CFSP*, London, New York:Routledge, 1998.

because of its nature and the shape that has been taking, cannot be easily categorised since its nature pertains to the sphere of all three notions.

The notion of **foreign policy**, is indeed among the three the broadest sphere within which the ND can be framed. The Northern Dimension is indeed foreign policy since it is an instrument through which both the European Union and some of its member countries have been set up and used to deal with the "foreign" and in particular with Russia and a number of other states bordering the EU. If we look at the ND as (EU) foreign policy the focus of the analysis will be on the dynamics relative to the process through which the EU as an actor produces its foreign policy. The ND as a part of the EU foreign policy is therefore on the one hand very much about the projection of the interests of single member states at EU level and on the other is about keeping a quite clear-cut distinction within the policy-making process between "insiders"(member states) and "outsiders" (ND partners). Member states are, in sum, the prime actors one has to look at in order to understand the nature of the Northern Dimension.[16]

The notion of **neighbourhood policy** reflects an approach to the relations with the foreign sphere in a different way from the "foreign policy approach". In the context of the EU, neighbourhood policy is a concept that has emerged only recently and largely in parallel with the increased capacity of the EU to act on the international stage. Furthermore, the concept of neighbourhood policy has acquired centrality on the EU's foreign policy agenda largely in connection with the enlargement and the debate about what kind of relations should the EU develop with those countries that do not have (EU) membership as a viable political option. Therefore, in the framework of EU foreign policy making, the notion of neighbourhood policy is characterised by a more blurred distinction between "insiders" and "outsiders".[17] This is largely the result of the centrality

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[16] Ojanen H., *How to Customize Your Union: Finland and the "Northern Dimension of the EU". Northern Dimensions*, pp. 13-27. On the notion of EU foreign policy see Smith E. K., European Union foreign policy in a changing world, Cambridge: Polity Press, 2003, pp. 5-23. See also Barbé E., "Balancing Europe's Eastern and Southern Dimension", in Zielonka J. (ed.), *Paradoxes of European Foreign Policy*, The Hague: Kluwer law International, 1998, pp. 117-130

[17] See for example Tonra B. et al., "Fuzzy Politics Around Fuzzy Borders", in *Cooperation and Conflict*, vol.35/4., 2000, pp. 389-417. Zielonka J., "How new enlarged borders will reshape the European Union", in *Journal of Common market studies*, Vol. 39, No. 3, September 2001, pp. 507-536.

that the notion of neighbourhood policy attaches to elements such as geographical proximity and interdependence. If looked upon from the neighbourhood policy perspective the Northern Dimension appears less as a foreign policy instrument but rather a tool through which the EU as an actor tries to soften the cleavages existing between the two sides of the external borders. The domestic and foreign sphere appear therefore less clearly distinct due to the fact that the "outsiders", both neighbouring states and regional organisations, acquire a more important role in the EU policy-making process. The internal dynamics among member states and the foreign policy process become more marginal while greater centrality is attached to the nature of relations emerging between the EU as a whole and the "outsiders". The increasing difficulty of single member states to tackle threats originating from the neighbouring countries has also led the EU to play a more central role through the development of broad policy frameworks like the ND whose function is to serve as an interface within which joint concerns are tackled together by "insiders" and "outsiders".

The third and final approach through which the ND will be analysed is linked to the notion of **network governance.**[18] This approach is centred on the assumption of the emergence of a single policy space, unfolding across the external border of the Union, within which EU institutions, member states, and "outsiders" share a policy-making process. Looked upon from this perspective the Northern Dimension does not appear as a policy but rather as a framework characterised by a pooled policy space and a shared decision-making process. In this case the distinction between insiders and outsiders does not exist as both EU members (and institutions) and neighbours are managing the political space at the periphery of the EU jointly and on an equal basis. Indeed of the three approaches network governance is the one approach the sees the ND from a substantially "post-modern" perspective. However, as it will be shown in chapter 5, it is interesting to underline how concepts based on very similar principles, for example "the territorial approach" in the field of spatial planning, have already been fully incorporated as guiding principles of some external policy instruments of the EU towards the neighbouring areas.

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[18] Johannson E., Filtenborg M. & Gänzle S., "An Alternative Theoretical Approach to EU Foreign Policy: "Network Governance' and the Case of the Northern Dimension Initiative", in *Cooperation and Conflict*, 37(4), December 2002.

From a historical perspective the unique nature of the European integration process has produced mixed results in terms of foreign policy outputs. While some external actions of the EC/EU have been thoroughly influenced by national foreign policies and therefore assumed the traits of a continuation of national foreign policies, in recent years other external policies have reflected, more intensively than before, a combination of national, regional and Community interests and a different approach from the past.

The evolutionary nature of the foreign policy produced by the European Union can be fully understood if approached from a historical perspective. Particular attention should be paid to two key periods—between 1990–91 and 1995–98, respectively. The first, covering the reunification of Germany, the emergence of the issue of enlargement into Eastern Europe, the collapse of the Soviet Union, and the start of hostilities on the doorstep of the EU, in Yugoslavia, has had important political consequences— especially in terms of perceptions about the need to enhance the capacity of the EU to develop an effective foreign policy both at global and continental level.[19] The end of the cold war made the need to equip the then European Community with effective external policies more urgent.

The second important turning point, between late 1995 and 1998, saw the introduction at EU level of a new generation of policies towards the neighbouring areas characterised by a comprehensive approach to neighbourhood relations.
European Political Cooperation (EPC) characterised the cold war phase. Little more than a coordination of national foreign policies, EPC was a good source of declaratory statements concerning developments where member states were in agreement. In sum, as Nuttall has argued, if there was no common view on the issues before coordination, a failure to coordinate was likely to be the result.[20]

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[19] Vogler J. & Bretherton C., *The European Union as a global actor*, London, New York:Routledge, 1999.
[20] Nuttall S., "History: From EPC to CFSP. Two Decades of EPC Performance", in Regelsberger E. et al. (eds.), *Foreign Policy of the European Union: From EPC to CFSP and beyond*, Boulder, Colo.: Lynne Rienner, 1997.

Until 1981, the purely intergovernmental character of EPC created fairly serious obstacles to the full association of the Commission to the foreign policy-making process, with consequent internal tensions that prevented an effective interaction between the economic and political sides of EC relations with third parties.

The events of the late 1980s and early 1990s produced a qualitative improvement in the approach of the EC (after 1993 EU) to foreign-policy making. In particular, the 1992 Treaty on the European Union, also known as the Maastricht Treaty, introduced the Common Foreign and Security Policy (CFSP) of the European Union, a new mechanism for furthering the EPC and framed in the new three-pillar-structure that the Union had acquired as a result of the Treaty.[21]

The CFSP did maintain several key features of the EPC, for example, reliance mainly on policy coordination, unanimity as a requirement for any decision to be taken, and the production of a large number of less than incisive declarations. [22]

Moreover, a cluster of issues linked to EPC effectiveness remained open in the Treaty, for example, the ambiguous distinction between objectives and action, or implementation: who does what and with what money have been questions that have been at the centre of an inter-institutional debate and/or, at times, struggle. In sum, as Stavridis also points out "the (Maastricht) Treaty has kept enough inbuilt ambiguity to avoid watertight definitions of what could be done in the field of foreign policy".[23]

Finally, the introduction of CFSP did not solve the problems related to inter-pillar relations. CFSP decisions in fact are taken by the Council but often have to be implemented by the Commission. This has, over time, generated friction and ambiguities that still affect the overall effectiveness of the EU as an actor on the international stage.

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[21] The first pillar is the Community pillar, the second pillar is CFSP and the third is home affairs and justice.

[22] Regelsberger E., "The institutional set up and functioning of EPC/CFSP" in Regelsberger E. et al (eds.), Foreign Policy of the European Union: From EPC to CFSP and beyond, Reinner, 1997.

[23] Stavridis S., "The Common Foreign and Security Policy of the European Union: Why institutional arrangements are not enough", in Stavridis S. et al. (eds.), *New Challenges to the European Union: policies and policy making*, Aldershot:Dartmouth, 1997, p. 92.

Nevertheless, the Treaty should be considered a step forward in the way that the EU addresses "the foreign", since it has led to a clearer definition of the tools which the Union can use to define its foreign policy.

In this respect a report approved at the Lisbon European Council, the institution providing guidelines on foreign and security policy issues, in 1992 argued that:[24]
'It is possible at this stage to list certain factors determining important common interests. Account should be taken of these and other factors in defining the issues and the areas of joint actions: **Geographic proximity** of a given region or country; an important interest in the political and economic stability of a region or country; [and]the existence of threats to the security interests of the Union.'
These three key principles laid down the basis for the introduction of a clearer foreign policy approach and, at the same time set, although vaguely, some broad criteria to guide the EU's external actions towards its neighbouring areas.

As well as Eastern Europe, which was the major preoccupation of the Union at that time, the Mediterranean also began to acquire priority. This was first of all a consequence of the Southern enlargement of the EC to include Spain and Portugal, which proved staunch advocates of a stronger EU presence in the Mediterranean. A strategy that, thanks to the support of France, succeeded in balancing the attention and the resources of the Union, which in the early and mid-1990s were largely absorbed by the enlargement eastwards.[25]
It could be argued that the competitive element between East and South and, more recently, between South and North has acquired a sort of endemic character in the process of the (re)distribution of the resources of the Union. Historically, this element has grown strong in parallel with the enlargement process and reached its peak in the second half of the 1990s, largely thanks to Spain, with the launch of the EMP to counterbalance the supposedly heavier attention of the EU towards the East.

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[24] Lisbon European Council, *Conclusions of the Presidency*, Annex 1 – Report to the European Council in Lisbon on the likely development of the Common Foreign and Security policy (CFSP) with a view to identifying areas open to joint action , SN 3321/1/92 REV 1, 1992, p. 32. http://www.europarl.eu.int/summits/lisbon/li2_en.pdf. (emphasis added by the author)
[25] Barbé E., "Balancing Europe's Eastern and Southern Dimension", in Zielonka J. (ed.), *Paradoxes of European Foreign Policy*, The Hague:Kluwer law International, 1998, pp. 117-130.

As will be seen in detail in chapter six, the Euro-Mediterranean Partnership was part of an attempt by the EU's southern members, after the failed Global Mediterranean Strategy, to both rebalance the financial attention of the Union from the East to the South and to deal with the Southern neighbours in a more comprehensive way. Political, security, economic and social aspects of the relationship with the neighbourhood were, for the first time, put under the same framework. Despite the great enthusiasm that the initiative provoked at its launch, it soon emerged that it was structurally weak and not as effective, concrete or far-reaching as expected.

In the same year as the Barcelona Process, the European Union underwent its fourth enlargement. Sweden and Finland, together with Austria, entered the Union. Two years later, the 1997 Amsterdam Treaty was negotiated and a further step was made by the Union to reinforce its external visibility and its image of coherence *vis-à-vis* third countries. The establishment, in the framework of the Council, of the High Representative, Javier Solana, and the introduction of a new tool in the hands of the European Council—the Common Strategy—strengthened the intergovernmental character of external relations policies.

The period 1995–98 represents a second key period in the development of EU foreign policy because of the emergence of policy frameworks (both the ND and the EMP) aimed at the neighbouring states—the most ambitious component of the EU's external actions. Given their aim of framing, in a comprehensive manner, relations between the EU and its neighbours both bilaterally and regionally, the policies towards the neighbouring countries have developed into a testing ground for the capacity of the Union to develop effective external action.

The increased centrality attached to the Union's policies towards the neighbours areas at large, i.e. including enlargement, is one of the elements that, together with incrementally more sophisticated and incisive foreign policy making mechanisms, should be considered as the main achievements of the foreign policy of the European Union.

This outcome has been a reflection of the importance acquired by the enlargement process itself, which has contributed to focus attention on the neighbourhood, broadly speaking. However, during the 1990s those EU policies

aimed specifically at neighbouring countries have acquired an important place in the framework of the Union's foreign policy both in terms of the priority they enjoyed as an item on the EU agenda and of the political objectives they aim to achieve.

Do those policies targeting the EU's neighbourhoods constitute a kind of subset of foreign policy? In other words, do policies like the EMP or the ND approach relations between the "domestic" and the "foreign" in the same way as the EU's foreign policy towards, for example, the MERCOSUR area?[26]

The answer to this question rests largely with the specificity of the foreign policy addressing the neighbours. It is possible to define a policy towards a neighbouring area as the sum of official external relations and activities towards a country or a group of countries that are geographically contiguous to, or in the proximity of, an independent actor's border.[27]

If it is true that, in principle, all actors that operate in an international environment, not only states but also multinationals, NGOs, and so on, can develop a "neighbourhood policy" as a part of their "foreign policy", in practice, when we talk of this kind of foreign policy we normally refer to states.

International organisations do not normally possess a neighbourhood policy. For example, NATO or the OSCE do not have a specific policy to deal with their neighbouring areas, or at least if they do it is not an official one. The EU, possibly due to its unique nature characterised by elements pertaining to the sphere of nation-states, represents an exception. Therefore, given the importance that neighbourhood policy has enjoyed historically in national foreign policy, it should not be a surprise that neighbourhood policy has been acquiring importance at EU level.

At EU level the increasingly central role played by policies aimed at neighbouring areas, such as the EMP and the ND, has at its root three elements related to foreign policy-making in general but which assume particular

[26] Created in 1991, El "Mercado del Sur" (Mercosur) is a dynamic process of regional integration between Argentina, Brazil, Paraguay and Uruguay. The European Union has been supporting such a process from the outset and it has been engaged in several rounds of negotiations aimed at strengthening cooperation between the EU and the MERCOSUR area.

[27] This definition is based on Chris Hill's definition of foreign policy. Hill C., *The changing Politics of Foreign Policy*, London: Palgrave, 2002.

significance in the context of the EU and add to the EU policies towards the neighbouring areas a specificity of its own. These three elements are: geography, interdependence and identity.

Geographical proximity is an element that, despite the growing importance of the dynamics of globalisation, still greatly affects the political actions of states, and, as a result, actors like the EU. As Chris Hill pointed out, "territorial States are bound to operate on the notion of proximity, region and potential threat—which might come from floods or depleted fishing stocks as much as aggressive neighbours".[28]

Location and the renewability of resources have been particularly important elements in determining states' foreign policy objectives. However, when geographical proximity becomes a synonym for sources of instability the whole set of external relations at state level, and as a reflection of that also at EU level, become somehow geared to it, in terms of priority. The example of Finnish neighbourhood policy towards Russia and that of Spain towards Morocco confirm the centrality that policy towards neighbouring areas can acquire at national level and consequently at EU level.

In other words, as a result of the central role that neighbourhood policy plays at national level, geographical proximity has also emerged at European Union level as a key factor shaping the external actions of the Union, particularly in the current phase in which the enlargement phase is drawing to an end and the Eastern borders of the Union are acquiring a more definite shape.

A second element that adds a characterising trait to neighbourhood policy is interdependence. "That is when change occurs in one actor others also experience some disturbance, because their internal system is in part plugged into that of the outsider. This will turn into sensitivity or vulnerability depending on the degree of interdependence".[29] The success of the European Union as an economic actor has indeed facilitated the export not only of goods and services but also of regulations and standards to those countries that have increasingly become oriented towards the EU, both economically and politically, as demonstrated by the enlargement process towards the East.

[28] Hill C., *The changing politics of foreign policy*, p. 170.
[29] Hill C., *The changing politics of foreign policy*, p. 169.

Interdependence as a concept is by definition symmetrical. However, in the case of the relations between the EU and its neighbours, the relationship remains heavily asymmetrical and unbalanced.[30] The development of the European Economic Area (EEA), aimed at creating a single economic space covering the EU and those EFTA countries that for various reasons have not joined the EU; and the long-term projects related to the establishment of a Free Trade area in the Mediterranean and a Common Economic Space with Russia, should all be considered as a reflection of the increasing dependence, at least at this stage, of neighbouring countries on the EU market. The reorientation of the neighbours' economies towards the EU has been a process that has grown in parallel with the unfolding of the enlargement process and has expanded from the local economies of those areas close to the EU border, which have traditionally been more intertwined with the border areas of the EU, to vast sectors of the national economies of the neighbours.

Despite the fact that the term "neighbourhood policy" only entered the EU vocabulary in 2003, with the Commission's Communication on "Wider Europe: New Neighbours",[31] the centrality that this kind of the policy is assuming in the framework of the EU has been the result of a political process started in the mid-1990s both with the introduction of new foreign policy machinery (i.e. the CFSP) and the launch of broad foreign policy frameworks like the Euro-Mediterranean Partnership and the Northern Dimension. Furthermore, the increasing importance of neighbourhood policy as a **specific** type of foreign policy is destined to acquire further importance because of its intimate link with the question "where does Europe end?". As the borders of the European Union become more stable after the 2004 enlargement, the development of a policy for the neighbouring areas will acquire more and more the characteristics of a kind of surrogate membership for those countries that will not be allowed to join the EU 25. That is why, as it was mentioned at the beginning of this paragraph, "neighbourhood policy" as such is

[30] Wallace W., *Looking After The Neighbourhood: Responsibilities for the EU-25*, EFPU Working Paper 2003/3, London: LSE, 2003.

[31] European Commission, *Communication of the Commission to the Council. Wider Europe:new neighbours. A new framework for relations with our Eastern neighbours*, COM(2003) 104 final, Brussels, 2003.

transforming into a notion less about foreign policy and more about a blend of elements pertaining to the sphere of the domestic and "foreign".

1.4. The Northern Dimension in the literature

Compared to other lesser known initiatives that the EU developed after 1995 to deal with the Northern neighbourhood, the Northern Dimension has attracted great interest from scholars. The unusual format of the initiative, its wide agenda, its fuzzy language and the fact that it was launched by Finland, one of the new (in 1997) members of the European Union, are all factors that have called attention to the Northern Dimension. Given the number of studies that have been dedicated to the initiative, and the different facets of the initiative that have been made the object of analysis, an exhaustive review of the Northern Dimension literature presents a difficult challenge.

The ND literature has focused on three key elements: the (EU) institutions, security related issues and regional cooperation. It is therefore possible to divide the ND literature into three main streams: the "institutionalist" stream, the "security studies" stream, and the "neo-regionalist" stream. In works written from the "institutionalist" perspective, the analysis is centred on the implications for the EU as a foreign policy actor, its relations with Russia, and on the dynamics of relations between the EU as an actor and its member states. The security studies stream instead examine the Northern Dimension and its role as a soft-security policy or as a policy aimed at facing "soft" or non-military security threats emanating from the neighbourhood. Finally, a third important line of thought has been the neo-regionalist one. Probably the most original in terms of content, the neo-regionalist view has also been the most controversial because it breaks away from mainstream foreign policy analysis linked to the centrality of states and views the Northern Dimension as an initiative which is the expression of a new, constructed political space where the EU and Russia come together.

From the perspective of the institutionalist framework, one of the leading works on the Northern Dimension, and a source of inspiration for many scholars, has been the article on the "customisation of the EU interests" written by Hanna

Ojanen in 1999. In it, she identifies the Northern Dimension as an instrument that Finland created and used in order to promote its own national interests at the EU level and, in particular, to defend and protect itself "from two possible adverse developments; firstly, a redistribution of resources and attention away from Finland and, secondly, a shift in the Union's relations with Russia towards neglect or confrontation".[32]

An interesting aspect of the analysis concerns the way in which Finland has been able to market the ND not as a Finnish or regional initiative but rather as an essential part of the Union's external relations. Finland presented the Northern Dimension as an instrument through which EU 'actorness' vis-à-vis Russia and, more generally, the capacity of the Union to stand as a single actor on the international scene could be enhanced. Ojanen also points out another important challenge that the Northern Dimension has brought to the EU institutions: coordination. The segmented institutional set-up of the EU contrasts with the call of the ND for coherence and coordination. As she writes, it is not only "that while the (EU) instruments of the initiative stem from the first pillar, its objectives from the second; a coherent approach necessitates overcoming the distinctions between the operating modes of all three pillars".[33]

To sum up, her work has provided the basis on which a relevant part of the ND debate has developed and aspects of her work will be analysed in the framework of this thesis

Other works along institutionalist lines include those of David Arter, Hiski Haukkula, and Carl-Einer Stalvant.[34] A common feature emerging from these works is a quite critical attitude towards the Northern Dimension. Themes such as its lack of tangible outputs together with its unclear role and "placement" in the framework of EU external relations have emerged as the main criticisms of the EU institutions more than the Northern Dimension itself. Furthermore, it could be argued that "institutionalists" attach a crucial importance to the reactions of single member states to the launch of the initiative and to the various stages of the

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[32] Ojanen H., *How to Customize Your Union: Finland and the "Northern Dimension of the EU". Northern Dimensions*, pp. 13-27.

[33] Ojanen H., *How to Customize Your Union: Finland and the "Northern Dimension of the EU". Northern Dimensions*, p. 20.

[34] Stalvant C.E., *The Northern Dimension Puzzle*, http://www.bd.lst.se/dimensionen/rapport/18.pdf

institutional process. While it is true that this element played a role in the very early phases, over-emphasizing it could be misleading *vis-à-vis* the question of the nature of the ND.

Given the absence of a key bargaining chip such as a budget line, the institutional process and the attitude of important member states not directly involved in the ND, like France, the UK and Italy, has played a comparatively more marginal role than during the launch of the Barcelona Process. The institutional process itself has shown a "physiological" degree of friction among the EU institutions involved. As far as the member states are concerned, once the main disagreements, i.e. the budgetary issue and the involvement of the regional organisation, were solved, the North-South frictions within the EU Council reduced considerably. This is demonstrated, for example, by the procedure[35] through which the ND Ministerial Conferences in Helsinki in 1999 and Luxembourg in 2000 were prepared, which was largely a reflection of the consensus that permeated the development of the initiative.

Another important part of the literature on the ND is represented by those works that deal with the Northern Dimension from the perspective of security. According to Tuomas Forsberg, the Northern Dimension initiative shows very effectively the extent to which the Finnish political elite understood that 'hard' security is better reached through 'soft' means.[36]

Clive Archer has approached the Northern Dimension as "soft-security option for the Baltic States' security", arguing that the Northern Dimension is a framework initiative created for soft security policy areas. He holds that 'a central assumption of the initiative is the traditional functionalist analysis '"which treats the promotion of welfare as an indirect approach to the prevention of warfare'". The root causes of conflict are treated by seeing to the actual needs of people.'[37] In

[35] The Presidency circulated a draft Conclusions proposal in advance and if no remarks were sent back the text would be adopted as it was.

[36] Forsberg T., "Soft Means to Hard Security. Finland and the Northern Dimension of the European Union.", in Joenniemi P. und Viktorova J. (eds.), *Regional Dimensions of Security in Border Areas of Northern and Eastern Europe*, Tartu: Peipsi Center for Transboundary Cooperation, 2001

[37] Archer C., 'The Northern Dimension as a soft-Soft Option for the Baltic States' Security", in Ojanen H. (ed.), *The Northern Dimension: fuel for the EU?*, Programme on the Northern

other words, the Northern Dimension stresses direct threats to the security of individuals, such as pollution, health threats, the fight against drugs, etc., rather than wider "metaphysical threats to states".
His work also emphasises the value of the Northern Dimension as a soft-security option offered by the EU to the candidate countries in order to delay or postpone the discussion of possible destabilising issues like NATO membership. In his view, by engaging Russia and the Baltic states, the EU and its Nordic members, with their long experience of cooperation, were hoping to start a process of socialisation aided by trans-national Baltic links with the view of creating a sort of waiting room for the candidate countries.

Another work emphasizing the centrality of security in the debate on the Northern Dimension has been that of Holger Moroff who defines the initiative as a "prime example of the Union's emerging soft-security policy".[38] In his piece there is a strong emphasis on the central role of soft-security elements and conflict prevention areas in the EU external strategy. Security becomes the main lens for looking at the EU as a foreign policy actor and he argues that, given that most of the priority areas of the Northern Dimension could fall into a broad definition of security, from nuclear safety and environmental problems to the fight against organised crime and even "all efforts aimed at spatial development and tourism", the Northern Dimension initiative emerges as a dedicated "flexible" framework with which to address the soft-security threats in the Northern neighbourhood. Increased security for its members remains one of the main objectives of EU foreign policy and its actual significance should therefore not be underestimated in the context of the ND initiative. However, works like Moroff's, and also others along similar lines, fail to contextualise (soft) security. The point is that security as an objective is only one of the two key factors that shape the neighbourhood policies of the EU. The other is the creation of prosperity in its proximity. In spite of the important changes that have been taking place in the nature of the European Union and its mission, the creation of prosperity and wealth remains its

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Dimension of the CFSP, Vol. 12, Helsinki: Institute for International Affairs and Berlin: Institut für europäische Politik, 2001, p. 203.

[38] Moroff H., "The EU's Northern Soft Security Policy: emergence and effectiveness", in Moroff H. (ed.), *European Soft Security Policies: the Northern Dimension*, Vol. 17, Helsinki: Institute for International Affairs and Berlin: Institut für europäische Politik, 2001.

fundamental aim and this should be considered carefully when examining the policy of the EU towards its neighbouring areas. The fight against soft security threats has become more central, in parallel with the emergence of neighbourhood policy during the 1990s. However, as an objective of the external actions of the Union in its neighbourhood, it remains inseparable from the perhaps broader objective of the creation of prosperity.

The third main reading of the Northern Dimension is the neo-regionalist one. The works of authors falling into this category, such as Pertti Joenniemi and Chris S. Browning, have focused both on an analysis of the nature of the cooperation around the Baltic rim and on the idea of the North as a "constructed" image.[39] The regional cooperation that emerged in Northern Europe during the 1990s is considered to be a phenomenon embedding a new approach to international cooperation in Northern Europe more in tune with a post-modern scenario. Their focus has been on the contradictions originating from the deepening of the European integration process and the consequences of the interaction between the EU and the neighbouring areas. For example, one of the key contradictions they point out concerns the declared aim of the European Union to eliminate new dividing lines at its borders and the parallel development of policies, particularly in the context of the so-called "Third Pillar", that aspire to create "rather firm borderlines". [40]

Some of the concepts that have attracted a great deal of attention, and indeed influenced both scholars and policy makers in the region, belong to the work of Pertti Joenniemi, who has devoted several studies to what the Northern Dimension would stand for as a politically constructed image rather than as a policy.[41] The emphasis in his work therefore rests more on the meaning, and perhaps the identity, represented by the ND rather than its the actual policy outcomes.

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[39]See Joenniemi P., *Can Europe be told from the North ? Tapping into the EU's Northern Dimension*, COPRI Working Paper 12/2002, Copenhagen: COPRI, 2002; Joenniemi P., *Bridging the iron curtain? Cooperation around the Baltic Rim*, Copri Working Paper 22/1999, Copenhagen:COPRI, 1999; C. S. Browning, *The construction of Europe in the Northern Dimension*, Copri Working Paper 39/2001, Copenhagen:COPRI.

[40] The so called third pillar of the Maastricht Treaty deals with Justice and Home Affairs. P. Joenniemi, *Bridging the iron curtain? Cooperation around the Baltic Rim*, p. 6.

[41] See Joenniemi P., *Bridging the iron curtain? Cooperation around the Baltic Rim.*

His analysis starts from the claim that the Northern Dimension "debate has predominantly focused on the specific processes of promoting the ND and has been rather factual, statist and outcome-oriented. The stress has been on the instrumental rather than the ideational".[42]

What he suggests instead is an interpretation that sees the Northern Dimension as symbol of what he calls "neo-North", a new constructed image emerging from the cracks of the previous East/West order and which "operates in the context of globalisation, regionalisation, networking and localisation rather than any domain defined by traditional statist departures". The ND becomes a platform or a meeting place premised neither on easternness nor westernness but on "Northernness".[43]

Joenniemi's concept of Neo-North is related to the notion of "New North of Europe" put forward by Heininen who argues that the Northern part of the continent has acquired a new connotation. Implicit is the idea that the 'Old North' (the Nordic Community/Cooperation and the Nordic Balance) was a social construct reflecting the cold war environment. It excluded, for example, all Soviet/Russian Northern territories from its definition, underlining the East/West division of Europe. The New North of Europe, reflected in the ND, stresses the essential unity of the post-cold war European space and becomes a new testing ground where East and West meet and coexist.[44]

Looking at some aspects of the notion of Neo-North and the meaning that, according to Joenniemi, the Northern Dimension embeds, one could also draw a link with some of the literature that, during the cold-war, described the Nordic system of cooperation and the Nordic Balance as examples of innovative approaches on the international scene even if, as history has demonstrated, these authors have perhaps attached to them, and particularly to the Nordic Balance, more than there was in reality.[45]

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[42] Joenniemi P., *Can Europe be told from the North ? Tapping into the EU's Northern Dimension.*, p. 6.

[43] Joenniemi P., *Can Europe be told from the North ? Tapping into the EU's Northern Dimension.*, p. 34.

[44] Heininen L. & Käkönen J., *The new North of Europe*, Tampere:Tampere Peace Research Institute, 1998.

[45] Brundtland A. O., "The Nordic balance: past and present", in *Cooperation and Conflict*, Vol. II, 1966.

However, neo-regionalism has departed significantly from mainstream analysis there are two elements, highlighted by the works of the regionalists, which deserve attention and will be returned to in the main body of this work. The first is related to the concept of political space at the periphery of the Union. Without exaggerating the actual role played by the North as an intermediate space, it is interesting to underline how a new kind of cooperative space is actually emerging, at least economically, at the periphery of the European Union where an increasing number of border economies, but not only, are increasingly oriented towards the European Union and its territory. These are the so-called "fuzzy" or "grey" zones characterised by an increasing degree of interdependence.[46] Such an element will have to be considered as a permanent issue on the future neighbourhood agenda that will acquire increased importance in the long-term.

1.5. Outline of the thesis

This chapter outlines the questions to be addressed in this thesis and highlights some of the most important elements that have shaped the debate surrounding the Northern Dimension initiative. The thesis continues by giving some historical background to the area covered by the EU initiative.

Chapter 2 highlights the key elements that characterise Northern Europe—paying particular attention to the evolution of regional cooperation, particularly in the Baltic Sea area, from the cold war pattern of the Nordic Balance to regional cooperation in the post-cold war era, with an emphasis on the growing presence of the EU in the area and its consequences for regional politics. The chapter stresses the extent to which conditions already prevailing in the region have played a role in the development of the initiative.

Chapter 3 focuses on the early stages of the Northern Dimension. It explains the dynamics behind Finland's decision to launch the initiative and offers a more detailed discussion of the role played by Finland as its promoter. The EU institutions (the Commission and the Council of Ministers) that have been dealing

[46] Tonra B. et al., "Fuzzy Politics Around Fuzzy Borders", in *Cooperation and Conflict*, vol.35/4., 2000, pp. 389-417.

with the countries in the pre-institutional phase have also been particularly important. When it comes to neighbourhood policy making, the dynamics between the periphery and the centre of the Union supply interesting elements of analysis for the discussion in the chapter 4 about the nature of the initiative and its actual political connotations in relation to the EU's external relations.

The fourth chapter is devoted to the development of the Northern Dimension initiative and the outputs produced during the first year of implementation. It demonstrates that two different, to an extent competing, visions of how to develop the initiative have shaped the dynamics of the institutional process. On the one hand, the Finnish view, which favoured a broader approach both geographically and in terms of scope. On the other hand, the Swedish view, supported *de facto* by the Commission, prioritised the Baltic Sea area and, at the same time, a select number of policy fields. Finally, the chapter analyses the most important projects emerging from the early phases of the implementation process: the Northern Dimension Environmental Partnership (NDEP) and the Northern e-Dimension.

Chapter 5 focuses on the two elements that have characterised the Northern Dimension. First, the vertical element. Here the focus is on the regional organisations and their involvement in the implementation of the initiative. Particular attention is devoted to the bottom–up element that these bodies introduce to the external relations of the Union. Second, the so-called horizontal aspect of the initiative and, in particular, the notion of "Enhanced coordination" as a constitutive element of the Northern Dimension. It is argued that such a concept entails two aspects: on the one hand, it has external implications because it fosters the introduction of a so called "territorial approach" to policy making and, on the other, it has internal implications since it reflects the need for more coordination among the Directorates General of the Commission.

The final part of the thesis introduces a further element to assist with understanding the nature of the Northern Dimension initiative— a comparative perspective. The other main policy towards the neighbouring areas that the EU has launched is the Barcelona Process. A comparative approach will show the differences that exist between a neighbourhood policy like the Euro-

Mediterranean partnership that follows a pattern of cooperation pertaining to a more "traditional" view of foreign-policy making and the Northern Dimension approach that incorporates new elements but at the same time departs from established formats of neighbourly cooperation.
The differences in the political and historical setting characterising the two areas, together with the different levels of engagement by the EU in terms of resources create difficulties for a balanced comparative analysis and some have come to the conclusion that it is not possible to compare the two. However, the focus here is rather on the capacity of the EU as an actor to elaborate differentiated neighbourhood approaches and above all to introduce qualitative changes in its external actions.

1.6. On methodology and terminology

This thesis has been written utilizing fundamentally "qualitative" research methods. Quantitative elements are also included in the form of graphs and tables throughout the work. However, their inclusion is aimed at supporting the qualitative findings and therefore serves a complementary function. Most of the graphs and tables in this work have been elaborated by the author following the collection of data from various sources.

As noted above, the literature on the Northern Dimension is quite extensive. However, it should be pointed out that only a relatively small number of scholars have focused on the issue with any continuity. Secondary sources on the Northern Dimension initiative, the EU's external relations and the CFSP, as well as on the foreign policy of Finland and other countries involved in the Northern Dimension initiative, constitute the core texts of this work.
Primary sources have been particularly important and are used extensively throughout the work. The primary sources considered in the framework of this thesis are those published between 1997 and 2001 (the year of the launch of the Northern Dimension and of the Gothenburg summit in June 2001 when the Full Report on the Northern Dimension was adopted and the institutional process completed).

Given the unusual nature of the Northern Dimension initiative, reflected in the absence of some traditional elements pertaining to EU (foreign) policy making like a budget line and appropriate human resources, official documents such as the Northern Dimension Action Plan, Communications of the Commission and Conclusions of both the European Council and Council of Ministers become central to the analysis of the internal dynamics of the EU.

Last, but not least, interviews with officials represent an important element, complementing primary and secondary sources. The interviews have been targeted mainly to those actors that have been directly involved in the elaboration of the initiative at EU member-state level. The main criteria for the selection of interviewees have therefore been their direct and active involvement in the dynamics analysed in this thesis, and the different institutional views they represent. Politicians, EU officials and civil servants belonging to the Foreign Ministries of Finland, Sweden, Denmark, Italy and France as well as those serving in the regional organisations constitute the core group of interviewees. Interviews have proved a useful instrument because they either strengthened or contradicted some of the hypotheses of this thesis. At the same time, however, their importance should not be overemphasised because, with a few exceptions, the people interviewed seemed to have a rather standardised view of the initiative. While this uniformity of view proved helpful for the confirmation of some elements of the analysis, it also prevented the development of more in depth research into some areas discussed in this work.
The collection of primary and secondary sources, and the interviews, was carried out in London, Brussels, Copenhagen, Helsinki, Bonn, Rome and Stockholm between autumn 2000 and spring 2003.

Before approaching the topic it is essential to clarify some of the terminology that will be employed in this thesis.
First of all, a few words have to be spent on the term "neighbourhood policy". The term has appeared in official documents of European Commission only in 2003 and more specifically in the framework of the Communication of the European Commission to the Council "Wider Europe: New Neighbours". Before 2003, at least at EU level, a neighbourhood policy did not exist as a specific

policy area but it was addressed only as a part of the external relations of the Union. In this work therefore the term "neighbourhood policy" will be used mainly with reference to the notion set out above reflecting a new approach to the relations with the neighbours which has been surfacing with the Northern Dimension and has been introduced more structurally in the policies of the EU largely in connection with the recent enlargement and the above mentioned Communication of the Commission.

A second issue that needs clarification is the result of confusion that exists in primary and some secondary sources dealing with regional issues. The main term around which problems of clarity arise is the concept of "region". Part of the academic literature, in particular that specialising in regional cooperation, tends to identify the EU as a "regional" actor and therefore defines the cooperation taking place at its borders, for example, in the Adriatic, the Baltic or the Black Sea area, as "subregional". Considering that the definition of a region is subject to a number of variables and a degree of subjectivity, and because of the importance of primary sources in this work, the term 'regional' is used to describe the cooperation taking place in certain areas at the periphery of the EU, be it the Baltic or the Mediterranean while the term subregional is used to the cooperation covering only a part of the "region". Furthermore, in order to eliminate a further source of confusion, when dealing with regions in the sense of administrative structures (e.g., Catalonia and Karelia), they are referred to as sub-national actors or sub-national administrative units.

Last but not least, and less controversial, the use of the term "near-abroad". Throughout the thesis this expression, as well as synonyms such as "grey zone" or "neighbouring areas", is used to indicate an area that covers both territories belonging to members states of the EU and portions of territory belonging to neighbouring, non-member, countries.

CHAPTER 2
THE NORTHERN DIMENSION AREA FROM A HISTORICAL PERSPECTIVE

This chapter introduces, from a historical perspective, the area covered today by the Northern Dimension, through an analysis of the key political, economic and security elements that characterised the cold-war period. The chapter examines the extent to which the historical background has influenced the current approach of the EU to neighbourhood relations in this area. The political landscape of Northern Europe has undergone great transformations in the past 50 years. A framework element underlined here will be the emergence of the EU as the central actor in Northern Europe after 1990–91 as a result of an incremental process lasting 40 years that culminated in the mid-1990s in Finland and Sweden joining the EU.

Three main factors have driven the political dynamics in Northern Europe and have shaped the foreign policies of the Nordic countries; security, regional cooperation and the European integration process.

As will be seen below, North-South relations in the Mediterranean have been, and still are, strongly influenced by links to the colonial past. However, while the security structure of the Mediterranean has not been changed dramatically by the end of the cold war, given the relative marginality of the area to global (cold war) security settings, the Baltic and Barents Sea regions have been profoundly changed by the new security dynamics of the post-cold war era.

At the same time this chapter underlines that in Northern Europe historical links have also been crucial but, contrary to what happened in Southern Europe, they have been used to ground and justify new regional cooperation and foster the creation of a regional identity.

2.1. *Northern Europe and the cold war: the issue of security*

At the end of World War II the redefinition of military alliances was one of the issues on top of the political agenda in Northern Europe. The main security problem in the post-war years was that the Scandinavian countries were situated at the edge of both blocks and the European continent was disarmed. The military capacity of the North Atlantic Treaty Organisation (NATO), with the return of large numbers of American soldiers and the stationing of American nuclear weapons on European soil, was not put in place until the early 1950s.[47]

The Treaty of Friendship with the Soviet Union signed by Finland in April 1948 and the Soviet-sponsored coup in Czechoslovakia led neutral Sweden to launch consultations with Denmark and Norway on the creation of a Scandinavian Defence Union (SDU).[48] The negotiations continued until January 1949 and were ended by the decision of Norway to join NATO, later followed by Denmark. Sweden therefore had no other choice but to redefine its policy of neutrality according to the new scenario emerging in Northern Europe.[49]

As Andrèn has pointed out, "from a Swedish point of view the Scandinavian negotiations were wrecked by the Norwegian demands for some kind of military collaboration with the Western powers [...]. In Norwegian eyes, they failed because of stubborn Swedish refusal to abandon the goal of uncompromising neutrality." In fact, the Norwegian-Swedish disagreement also deprived Denmark of the possibility of reaching an agreement.[50]

However, what probably contributed the most to Norway's decision in favour of NATO was the position of the United States. The Americans made clear to all Scandinavian countries that if they wished to be rearmed they had to become NATO members. Priority would otherwise be given to the other allies. Since Sweden could still count on her army there was no immediate need for American

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[47] See Af Malmborg M., "Sweden NATO's Neutral Ally? A Post-Revisionist Account", in Schmidt G. (ed.), *NATO the First Fifty Years*, Basingstoke: Macmillan, 2000.
[48] Brundtland A. O., *The Nordic balance: past and present.*
[49] The Swedish neutrality policy redirection was conceived and implemented by the Foreign Minister Östen Undén. He substantially turned the classic neutrality policy followed by Sweden into a more dynamic concept based on credible freedom from alliances.
[50] Andrèn N., "Changing perspectives in Northern Europe", Sundelius B. (ed.), in Foreign Policies of Northern Europe, Stockholm, 1982, p. 77.

supplies. However, the other two would-be members of the SDU urgently needed weapons and equipment because international tensions were escalating.

In sum, Sweden was anxious for Denmark and Norway to abstain from joining the emerging Atlantic security organisation.[51] By implementing a neutral Defence Union, Sweden would have been able to isolate Scandinavia, and her own neutrality, from great power pressures and, at the same time, thanks to its army, air force as well as its weapon industry, it would have gained a leading position within the SDU.

Despite the failure of the Scandinavian Defence Union much of the collaboration foreseen in the proposal was, however, put in place on an informal basis. It has been argued that through frequent personal contacts between leading military personnel such an informal cooperation, and coordination, amounted to a tacit alliance, which would assure cooperation between the two NATO countries and Sweden in a crisis situation.[52]

This hypothesis was officially denied by governments throughout most of the cold war. But fits particularly well with the security scenario that developed in the early 1950s in Northern Europe: the so-called Nordic Balance.

The Nordic Balance was the expression used to identify the low tension situation, thanks to a reduced great power involvement, that emerged in Northern Europe as a consequence of the security policies chosen by the five Nordic countries.

Three elements stood at the foundation of the Nordic Balance:

1- The absence of foreign (NATO) military bases in both Denmark and Norway, the so-called "base policy", later supplemented by reservations regarding the stationing of atomic weapons.

2- The Swedish policy of *alliansfrihet* (freedom from alliances) based on strenuous efforts to create a strong defence capability and an active role as a mediator between the two blocs in the framework of international organisations.

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[51] Andrèn N., "Changing perspectives in Northern Europe".

[52] Agrell W., *Den stora lögnen. Ett säkerhetspolitiskt dubbelspel i alltför många akter*, Stockholm: Ordfront 1991.

3- Soviet constraints imposed on Finland that substantially allowed the Scandinavian country to follow a policy of neutrality with special attention to Soviet concerns.

The Nordic Balance was substantially built upon the unbearable consequences that would derive from a chain reaction that saw the Soviet Union occupying Finland, Sweden becoming a member of NATO and Norway turning into a key host of American bases, nuclear weapons and troops. As Brundtland put it "once played, the "cards" could hardly be played again, and costs involved for all the countries concerned have not been considered worth paying".[53]

The main test of the Nordic Balance came from the Fenno-Soviet "note crisis". On 30 October 1961, the Soviet Union delivered a note to Finland in which it was asked to start military consultations in order to "secure the defence of the borders of both countries against the threat of a military attack from Western Germany and her allies".[54]

The note was the result of an overly alarmist interpretation that the Soviet military establishment had made of several well-established facts[55] and was somehow aimed at making Soviet concerns clear about the increased influence of West Germany on the European scene.

The reaction of the Nordic governments was composed and principally aimed at reassuring the Soviets that there was no need for consultations. At that particular moment of mounting tension in Europe[56], Fenno-Soviet "consultations" would have had devastating consequences for the stability of region because they would have been interpreted by the Western allies as a sign of heavier interference by the Soviet Union in Northern Europe and would have ultimately led to NATO countermeasures.

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[53] Brundtland A. O., "The Nordic balance: past and present", p. 514.
[54] Brundtland A. O., "The Nordic balance: past and present", p. 515.
[55] The Soviets feared a German military resurgence as a result of some proposal for joint military cooperation with Denmark. There was also a domestic side to the crisis The Soviets were concerned about the SDP, especially about the SDP nominee for president, Olavi Honka. Delivered only two and a half months before the Finnish presidential elections, the Soviet note demonstrated clearly which candidate the Soviets preferred.
[56] The Berlin Wall had been erected in August 1961.

The crisis was eventually averted because the Soviets, after a decisive Fenno-Soviet summit, were convinced that the costs of further pressure on the Finnish Government would have been too high.

The "note crisis" episode demonstrated that, in the context of rising tension on the continent, the Nordic Balance had managed to keep the tension low and limit the superpowers' engagement in the area. To what extent such a success was the result of a coordinated effort among the Nordic countries, rather than the result of global factors that influenced the decisions of the Soviet Union, remains hard to assess. What seems clear is that if one or two NATO members had over-reacted or Sweden had not played the role of mediator, the military consultations between Finland and the Soviet Union would probably have taken place.

While the 1970s were characterised by a period of *détente* in relations between the United States and the Soviet Union, military pressures mounted again in continental Europe in the 1980s. For the first time, however, the escalation was more in Northern Europe than on the main continent.
The tension began to rise as a result of two factors. First, the Soviets started to reposition troops in Europe, moving them northwards. In particular, the Soviet Northern Fleet stationed in ports on the Kola Peninsula grew considerably between the late 1970s and the early 1980s. As a result, NATO sea routes were exposed, if not threatened, by the reinforced Soviet presence. Second, the United States adopted a new maritime strategy as a response to the Soviet move.[57] Such a strategy included a more offensive approach based on the notion of "horizontal escalation".[58]

In sum, there seemed to be a new focus on the "Strategic North"[59] as demonstrated by the heavier engagement of the two superpowers. The Nordic

[57] For further details see Kruzel J., "The Future of European Neutrality", in Kruzel J. & Haltzel M. H. (eds.), *Between the Blocs*, Cambridge: Cambridge University Press, 1989, pp. 295-311.
[58] Wiberg H. & Waever O., "Norden in the cold war Reality", in Oberg J. (ed.), *Nordic Security in the 1990s: options in the changing Europe*, London:Pinter, 1992. As argued by Wiberg and Weaver, (p. 28), the horizontal escalation was "substantially an aggressive attempt to exploit the vulnerabilities of the Soviet Union, even if a war broke out elsewhere."
[59] Huldt B., "Sweden and European Community-building 1945-1992", in Harden S. (ed.), *Neutral States and the European Community*, London: Brassey's, 1994, p. 113.

Balance was therefore threatened. Northern Europe risked becoming just another theatre for bipolar confrontation.

A key reason behind such a "normalisation" in Northern Europe can be found in the less credible role played by Sweden. In the mid eighties The country was facing internal economic problems that gave rise to substantial cuts in its military expenditure. The "whisky on the rocks" incident on the Swedish coast[60] was a clear sign that after all Swedish defence capabilities were not as credible as they used to be.

At the same time centre-left groups within the ruling elite of the Nordic Countries began calling for a reorientation of traditional Nordic-Balance-based security thinking.[61] In other words, there was a partial recognition of the fact that significant attempts to achieve détente between the two superpowers could only originate in a context of low tension in continental Europe.

It has also been argued that the 1980s saw the beginning of the process of "Europeanisation of the neutrals" from a security point of view. In this respect an important role was played by the Conference on Security and Cooperation in Europe (CSCE). Initiated in Helsinki in 1972, the CSCE process provided a comprehensive forum in which pan-European security matters could be discussed. As Huldt put it the CSCE was "a sort of counterweight to the unfavourable strategic developments in the North not in terms of hardware but rather as a political instrument".[62]

The CSCE focused its attention on a "European" solution to security problems.[63] Above all, the states of Northern Europe participated for the first time in the same security forum. Most of them actively contributed to the development of the Process. As a matter of fact they became among the most active players in the initiative and the strongest supporters of the institutionalisation of the

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[60] In 1981 the so called "Whiskey on the Rocks" episode in which a Soviet submarine was discovered aground within a restricted Swedish military zone. In 1982 the equally serious Härsfjärden intruder incident raised greater doubts, domestically, over the ability of the country to maintain its territorial integrity.

[61] See Goldmann K. , *Blir neutraliteten omöjlig?* (Will neutrality become impossible ?), Svenska Dagbladet, Stockholm, 1st June 1983.

[62] See Huldt B., "Sweden and European Community-building 1945-1992", p. 114.

[63] On the CSCE see Lucas M.R. (ed.), *The CSCE in the 1990s : constructing European security and cooperation*, Baden Baden: nomos verlag, 1993. Burdett,J. *The effectiveness of European political cooperation as a system of collective diplomacy: a study of the CSCE process, 1972-1992*, Ph.D. thesis London: LSE, 1997.

Conference. Finland and Sweden found in the CSCE a new dimension in which they could address security issues without giving up their neutrality policies.

Summing up, during the cold war era security concerns influenced most of the foreign policies of the Nordic countries, in particular those concerning economic cooperation. The Nordic Balance had worked fairly well in the 1950s and 1960s when a Nordic option was also credible in terms of economic cooperation. Only in the 1970s, as demonstrated by the Helsinki Agreement in 1974, did Nordic policy-makers realise that security could be more effectively achieved by contributing to multilateral frameworks aimed at fostering stability and *détente* on the continent rather than in the North. Security remained, during the cold war, a divisive element that, for the Nordic countries, was actually proving an obstacle both to the development of cooperative arrangements in the region and to an earlier participation in the European integration process.

2.2. *Nordic cooperation*

The regional cooperation that developed among the Scandinavian countries is certainly one of the key elements that should be considered when examining the background of the Northern Dimension. Nordic cooperation has developed elements of a regional model of cooperation that have partly influenced the nature of the new regional organisation that emerged at the beginning of the 1990s in Northern Europe.

2.2.1. Nordism and the roots of Nordic identity

Institutionally speaking Nordic cooperation only began in the 1950s. However, while Nordic kinship dates back to the Kalmar Union (1397), the sense of common belonging to a single **cultural** community, *Norden*,[64] has its roots in the last century when the first waves of the romantic nationalist movement reached the Nordic region from the European continent. The adherents to the movement,

[64] The word *Norden* has no exact translation in English. "The North" does not correspond exactly to it.

known as Scandinavism, came principally from academic circles and from the upper middle class and were interested in "the development of a common literature [...] as well as in establishing a common basis, and common concepts, of law."[65] The ideas linked to Scandinavism spread among economists and provided grounds for their calls for a Scandinavian monetary union, which was eventually established in 1873. In the beginning of the 20th century, popular support for Scandinavism spread through the trades unions, on the one hand, and through the *Norden* Association, on the other, to large sectors of the Scandinavian societies.[66]

A kind of Scandinavian soft nationalism, Nordism, represented a strong element of identity in the late 1940s when the debate about the future of Europe was beginning to emerge on the continent. The comprehensive and positively constructed *Norden* identity played an important role in the development of the reluctance of the Nordic countries to engage in the debate about the European integration process. At the same time, it could be argued that Nordic cooperation represented a sort of shared consciousness of the weakness of small states in a tense international context after the end of the Second World War.

2.2.2. The institutions

Even if a large part of the Nordic cooperation took place informally, the Nordic institutions also had an important role in giving an administrative and political framework to the whole network of contacts that developed among the Scandinavian countries.

The key treaty on Nordic cooperation was signed in Helsinki in 1962 but the two main institutions, the Nordic Council and the Nordic Council of Ministers, were set up in 1952 and 1971, respectively.

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[65] Solem E., *The Nordic Council and Scandinavian integration*, New York: Praeger, 1977, p. 22.

[66] Established in Sweden, Denmark, and Norway in 1919, in Finland in 1924, in Iceland in 1922. The Norden Association aimed to encourage, maintain, and strengthen cultural ties among the Nordic peoples. See Solem E., *The Nordic Council and Scandinavian integration*, pp. 22-23. As far as the role of the Trades Unions is concerned, see. Andersen G. E, *The social democratic road to power: Politics against markets*, Princeton: Princeton University Press, 1986, pp. 145-166. See also Bonsdorff K. E., "Regional cooperation in the Nordic countries", in *Cooperation and Conflict*, Vol. I, 1965, p. 33.

The Nordic Council was set up as a result of the collapse of negotiations over the Scandinavian Defence Union. A Danish initiative taken in 1951 at the annual meeting of the Nordic Interparliamentary Union (NIU) led to the establishment of a committee to draft the statute of a body in which members of the Scandinavian Parliaments and Governments could meet on a regular basis to discuss matters of Scandinavian cooperation.[67]

In May–June 1952 a proposal by the Committee to create a "Nordic Council" was approved in all the Scandinavian Parliaments[68] by an overwhelming majority.[69]
Despite the support that the Nordic Council enjoyed in the national Parliaments, differences emerged among the member countries during negotiations on the nature and objectives of the organisation.[70]

The setting up of the Nordic Council of Ministers was much less controversial when it was created in 1971 with the widely shared aim of providing government members with a formal framework in which to meet regularly and strengthen coordination activities.

2.2.3. Achievements, method and limitations

Despite the initial difficulties in defining the objectives as well as the nature of the organisation, the Nordic Council obtained, especially during the 1950s, important results in several areas:

1) *Social Policies and free-movement*

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[67] The Nordic Interparliamentary Union was a private group of Scandinavian members of the national assemblies.
[68] Because of Soviet pressure, Finland only joined in 1955. The presence of three NATO members within the organisation made the Nordic Council in the eyes of Soviet Union as an attempt from the West to expand its area of influence in Scandinavia.
[69] As indicated by the statute of the organisation a parliamentary assembly "formed for the purpose of consultation among the Folketing of Denmark, the Eduskunta (Riksdag) of Finland, the Althing of Iceland, the Storting of Norway, and the Riksdag of Sweden, as well as the governments of these countries, in matters involving joint action by any or all of these countries". Wendt F., *The Nordic Council and cooperation in Scandinavia*, Munksgaard:Copenhagen, 1959, p. 106.
[70] See Laursen J.N.& Borring Olesen T., "A Nordic alternative to Europe: the interdependence of Denmark's Nordic and European Policies", in Branner H. and Kelstrup M. (eds.), *Denmark's policy towards Europe after 1945: History, Theory and Options*, Odense:OUP, 2000, pp. 223-259. See also F. Wendt, *The Nordic Council and cooperation in Scandinavia.*

The main achievements of Nordic cooperation in the social policy area were to consolidate and coordinate existing intra-Nordic agreements into a general framework convention, signed in 1955, concerning Nordic social security.
A Common Nordic Labour Market based on the free movement of private sector employees was fully implemented in May 1954. [71]

2) Communications and traffic matters

Nordic cooperation in the field of communications and traffic matters dated back to the middle of the nineteenth century. However, it was only thanks to Nordic cooperation that it was extended and coordinated in a more comprehensive fashion.
There already existed extensive coordination in customs matters and it was therefore decided in 1956 that the customs services should be integrated and carried out on a joint basis. This also facilitated the creation in 1958 of a Scandinavian passport union.

3) Cultural affairs

Throughout the 1950s and 1960s, cultural cooperation in the framework of the Nordic Council achieved important results. In particular, a strict coordination among the educational systems made the Nordic states pioneers in cold war Europe in the field of academic, and education-related, mobility.
In sum, by the end of the 1950s while on the continent the newly-born European Community was taking its first steps, Nordic cooperation had already achieved significant results.

Having said that, it should be underlined that the areas in which the Nordic Council played a role were relatively uncontroversial and, at least in the case of culture and the labour market, because legislation was already relatively

[71] A common labour market policy was not never set up because of the different needs of the single countries. For example, while in Sweden during the 1950s and 1960s the policies implemented went in the direction of encouraging people to move south, in Norway the same policy aimed at encouraging the settlement of workers in the Northern part of the country.
For a detailed comparative analysis about the Scandinavia Social Democratic parties see Andersen G. E., Politics against markets: *The Social Democratic road to power.*

homogeneous, the coordination did not result particularly difficult and required only limited efforts or compromises over national interests.
From a broader historical perspective both the creation of EFTA and the entry of Denmark into the EC were signs that the Nordic option as an alternative cooperative project to the European integration process had lost a good part of its credibility among Nordic policy makers. This loss of credibility was already emerging in the late 1950s when the first positive results obtained in several policy areas were not strengthened and reinforced by agreement on more vital areas such as trade and economic cooperation.

However, the difficulties of the Nordic model of cooperation became evident in the 1960s and 1970s when attempts to find common ground on which to build a Common Nordic Market failed. The collapse of such attempts, together with changes taking place on the European scene mainly related to the emergence of the EC as a pole of attraction, pushed Nordic cooperation and Nordic institutions into a marginal role.

2.2.4. Elements of a model?

Despite the setbacks it suffered, Nordic cooperation has been one of the most dynamic and unusual processes to develop in contemporary Europe. To speak of a Nordic model is perhaps too daring but there are indeed distinctive elements that have characterised Nordic cooperation:

1. The cooperation taking place among the Nordic countries is to a large extent informal. A large number of decisions are the result of informal processes of cooperation.
2. There is no formal limit to what can be discussed in the framework of the Nordic cooperation. However, Foreign and Security Policy was an exception during the cold war.
3. The wide range of issues that the Nordic institutions can deal with implies that a wide variety of participants, governmental and non- governmental, is actively engaged. Almost all state authorities cooperate with their Nordic counterparts.

4. The Nordic actors themselves have stressed the low profile nature of their cooperation.[72]

Throughout the cold war the amount of *acquis nordique* produced, i.e. the wide array of treaties, common laws and practices of collaboration, was remarkable and the faster pace that the cooperation took during the 1950s was, to a large extent, the result of previous decades of informal cooperation. Interestingly, as Ojanen pointed out, the Helsinki Treaty of 1962 rather than setting up or urging cooperation, "gives an overview of existing cooperation, stating the signatories commitment to it". The focus is therefore on what has been achieved already rather than on what should be achieved.

The *acquis*, being the results of many decades of cooperation, is often taken, wrongly, as a point of departure rather than a point of arrival. Seen in this light, the whole debate on integration vs. intergovernmental cooperation loses much of its sense in the Nordic context. If Nordic cooperation is considered as a process that stands outside the traditional frameworks of analysis then it is possible to grasp at least some of its nature.[73]

According to Ojanen, the limits that have traditionally been attached to Nordic cooperation, and highlighted by the example of the Nordic Common Market, i.e., that the areas in which the Nordic Council played a role were uncontroversial and required little political compromise because of a legislative framework that was already relatively homogeneous, should be seen and understood in a different light.

From the perspective of an EC-integration-like process, the Nordic Common market/NORDEK process was a clear failure. It can in fact be argued that Nordic cooperation was particularly unsuccessful in its aspiration to become an alternative to the European integration process in the economic field.

However, if we look at the failed initiative through the perspective of the importance attached by the Nordics to the process rather than to the objectives, and the centrality of consensus in the decision making process, then the terms of the evaluation of attempts to achieve a Nordic Common Market change and the

[72] For further details see Ojanen H., *The Plurality of Truth*, London: Ashgate, 1998, pp. 229–270.
[73] Ojanen H., *The plurality of truth*, p. 231.

outcome acquires a less negative connotation.[74] In sum, particular attention should be given to what Nordic institutions have been able to coordinate and strengthen rather than what they have achieved in terms of new projects of integration, since the latter was not necessarily their function.

2.3. *The European Community and Northern Europe*

As a result of the fragile security environment and the political efforts made in the framework of Nordic cooperation, the states in Northern Europe were "latecomers" to the process of European integration. Indeed, the question of participation in the European integration process was on the table in the Nordic countries at the very end of Second World War, given that they were also directly touched by the elaboration of the Marshall Plan and the creation of the CEEC and the Council of Europe. However, like Britain, they resisted the political pressures for closer integration with other European countries and positioned themselves at the margins of the process.

The complex relationship between Northern Europe and the EC during the cold war can be divided into two main phases. The first, between 1952 and 1973, was characterised by Northern Europe and the Community being still distant and alternative to each other. The second, between 1973 and 1991, saw instead an increasing interdependence between Northern Europe and the EC.

2.3.1. *1952-1973: Northern Europe as an outsider*

The role played by the EC in Northern Europe has evolved in parallel with its enlargement and reduced tensions in Europe. During the 1950s, the Nordic countries did not pay particular attention to the developments on the continent that led to the creation of the European Coal and Steal Community (ECSC) and, in 1957, to the European Economic Community (EC). A Wide Free Trade Area was the only viable option that the Nordics were ready to consider in terms of

[74] See Almdal P., *Aspects of European integration: a view of the European Community and the Nordic countries*, Odense: OUP, 1986. See also H. Ojanen, *The plurality of truth*, p. 241.

cooperation with the continent. The diverging security paths, the resulting security policy restrictions deriving from the Nordic Balance, and activities in the framework of the Nordic institutions were constraining most of the political efforts of the Nordic governments.

Norden as a political arena was by far the most attractive solution for the Nordic countries. From a security perspective the Nordic Balance was working well because it managed to keep tension low at a regional level in the context of increased tension at the global level. In the field of welfare policies, Nordic cooperation was achieving important results and, economically, intra-Nordic trade was increasing.

The failure of the British-sponsored Wider Free Trade Area (WFTA) proposal led the countries that for various reasons had not joined the EC, the so called "outer seven", The UK, Denmark, Sweden, Austria, Switzerland, Norway, Portugal, to create the European Free Trade Association (EFTA).
The European Free Trade Association Treaty was drafted and approved between September 1959 and January 1960 and it entered into force on 1st July 1960. What emerged from the preparatory work was an arrangement which only loosely committed the parties involved, as demonstrated by the withdrawal clause that required only a few months advance notice. Politically and economically, the group had little in common and this gave the whole initiative a sort of temporary nature. Such a sense of precariousness is well captured in Curzon's description of the EFTA Secretariat that "camped uncomfortably for years between two or three reconverted flats, waiting for the completion of their own building or the dissolution of the Association—whichever came first".[75]

Despite the fact that it was a British Government initiative, EFTA was not a satisfactory solution for the United Kingdom, as demonstrated by the fact that only one year after signing the EFTA Treaty there were signs that the Macmillan Government intended to apply for full EEC membership. The application was delivered on 31 May 1961. The Danish Government, followed by the Norwegians,

[75] V. Curzon, *The essentials of economic integration: lessons of EFTA experience*, Basingstoke Macmillan, 1974, p. 42.

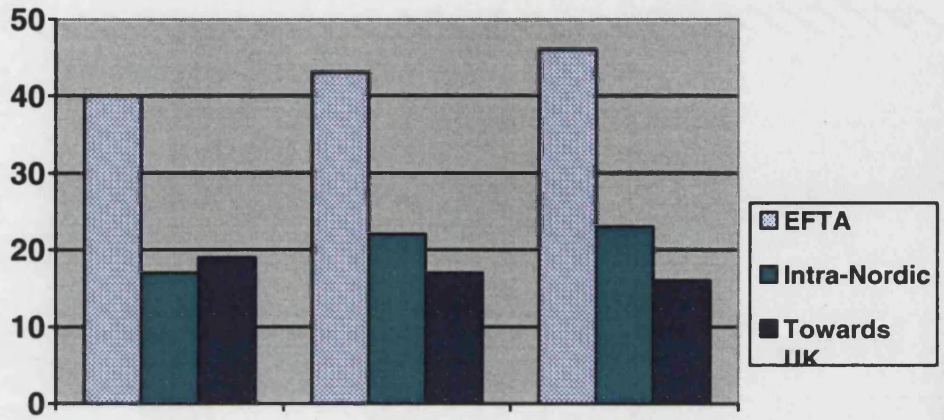
immediately declared that it would submit an application for membership as well. Finland[76], which joined EFTA in 1961 with the status of an associate member, was in no position to submit an application for membership because the grip of the Soviet Union was getting tighter, as demonstrated by the "note crisis" of that year. Sweden was caught unprepared by such a rapid change of scenario but EFTA, without its three major economic partners, would no longer have been a sufficiently attractive option.

De Gaulle's veto of British membership saved both EFTA and the Swedish Government. In particular, the Swedish executive was in a very delicate position requiring a careful balance between economic and security concerns. While, economically, Sweden was slowly beginning to re-orient itself towards the continent, from a security point of view the government needed to maintain a politically unambiguous distance from the EC in order to preserve and strengthen its commitment to neutrality.
In spite of its loose character, EFTA proved throughout the 1960s to be an effective tool for increasing trade and economic interdependence among it members. In particular, as shown by figure 2.1[77], the Nordic countries were those which gained the most out of EFTA. As a matter of fact, the 6% overall increase in Nordic exports between 1960 and 1970 was largely due to an increase in Intra-Nordic trade rather than to exports to the UK, which declined throughout the decade. In a way, it could be argued that EFTA succeeded in obtaining what the early Nordic attempts had failed.

In 1967 the recently re-elected Labour government in Britain decided to deliver a second application for membership. Once again it was followed by Norway, Ireland and Denmark. The French, or better De Gaulle's, determination to deny EC membership to the United Kingdom led to a second withdrawal of the British application.

[76] The country joined fully the organisation only in 1986.
[77] Source: OECD statistics 1960-1970, CD-Rom version.

Figure 2.1: Exports of the Nordic Countries to the EFTA area (1960-1970)



From the 1960s the EC emerged as a destabilising element in the fragile economic and political equilibrium of the region. The Scandinavian countries, and the neutrals in particular, found themselves in a reactive position *vis-à-vis* political decisions taken by actors on the continent in the economic sphere. In other words, while until the late 1950s the Nordic countries seemed fully in control of their foreign policy options, after the creation of EFTA a new phase began characterised by a constant adaptation to political and economic dynamics shaped in continental Europe.

The Hague summit in December 1969 opened the doors of the EC and, once again, Northern Europe found itself divided over the issue of joining.

Denmark, together with Great Britain and Ireland, joined in 1973. Norway, despite the successful conclusion of negotiations, did not become an EC member because of the negative result of a referendum called on the issue.

In the early 1970s the political situation in Finland resembled that of 1961–62. The Soviet pressures, on the one hand, and the decisive role in the majority coalition played by the Communist party, on the other, made it practically impossible for Finland to apply for membership or even some form of association with the EC.

Sweden had some limited room for manoeuvre and tried to exploit it by submitting an application for membership that would have allowed it to maintain

its security policy. Olof Palme's attempt to apply for a "special membership" failed both because of domestic resistance[78] and the reluctance of the traditionally pro-integration EC members to grant a special status to a newcomer.

The difficulties that the Nordic Governments had in dealing with the European integration process were also a reflection of the popular resistance within Scandinavian societies to integration with continental Europe. The reasons for the Scandinavians' reluctance were to a great extent linked to fears of losing some of the characterising elements of their national identities such as the policy of neutrality and, in the case of Sweden, its welfare model. What is interesting to underline here is that the arguments employed against full participation in European integration in the 1960s and 1970s are essentially the same as those (successfully) used by campaigners for a "No" vote in the referenda on the adoption of the Euro in Denmark and Sweden in 2000 and 2003, respectively.

As a matter of fact, by the late 1970s the differences that had characterised the security choices of the Nordic countries had fully spilled over to the issue of EC membership. While Denmark opted for membership, and the Norwegian political elite was ready to join, Sweden found itself in an uncertain situation and Finland was still not in a position to join. Northern Europe was, in sum, much more divided than it appeared from the image offered by Nordic cooperation.

[78] Both within the Social Democratic Party and the Government a strong divergence was emerging about the EEC issue. The younger generation of the party elite led by Palme was more inclined to reach a membership agreement with the European Community. Palme himself in fact during a tour in the EC capitals left the impression that Sweden wanted EC membership.
The older generation of the party leadership, and one of its major exponents within the government, Gunnar Sträng (Minister of Finance), was deeply convinced of the incompatibility between the EEC and the policy of neutrality. The most leftist faction of the party could count on many supporters within the Riksdag (the Swedish Parliament) and therefore it is not too surprising that during the Parliamentary debate on the issue Social Democrat Nancy Eriksson, a senior figure in the Party, argued that it was hard to see how anyone who genuinely supported the neutrality policy could speak in favour of membership. The Left Party also supported this view but for totally different reasons.

2.3.2. The beginning of Northern Europe's road to Brussels: Denmark becomes a member of the EC

Denmark's membership of the EC in 1973 represented a turning point in the relations between Northern Europe and the integration process taking place on the continent. The notion of "*Norden* first" that had until then guided the country's decision making during the 1950s and, to a lesser extent, the 1960s had *de facto* been abandoned under the pressure of powerful domestic interest groups which were largely in favour of EC membership.

As the only Scandinavian country in the EC, Denmark had the opportunity during the cold war years to play the role of Northern Europe's broker within the EC—but to what extent did this happen? Did Denmark's membership change the EC's approach and attitude towards Northern Europe?

In general, Denmark was rather a low-profile broker within the EC. Ironically, the only major effect of Denmark's membership was the withdrawal of Greenland from the Community in 1985, the first and only case of withdrawal in the history of the EC.

In any event, until the end of the cold war Northern Europe, as a neighbouring area of the Community, received relatively little attention—especially if compared to the other neighbourhoods such as the Mediterranean.

The presence of the Soviet Union in the Baltic area led the EC to be very careful about setting up any kind of policy for the area, at least until the late 1980s, because of the broader political implications which could have resulted from such a move.

However, it could also be argued that Denmark's cautious attitude towards the EC was largely the result of domestic constraints that meant that its approach was fundamentally aimed at capitalising in economic terms on its Community membership.

Internally, the Danish political elite could not count on wide popular support for an openly proactive participation in the European integration process. The Danish Government was not therefore in a position, at Community level, to push for any

Ministers, instead, was in favour of improving and "round[ing] out those agreements in all sectors where this might be useful".[83]
On the other hand, the Commission was more sceptical about an agreement at that particular moment because other, more urgent, questions were at stake: the beginning of the talks on the accession of Greece and the Lomè III negotiations.[84]

The EFTA proposal opened the way for a stricter cooperation at bureaucratic and ministerial level. However, already in late 1987 it was evident to both parties, and especially to EFTA, that the results obtained would be limited. On the EFTA side, this was due to weak political coordination resulting from diverging security and economic priorities. On the EC side, the Commission had made clear that EC-EFTA relations had to be built on three basic principles; the priority of the EC's internal integration, conservation of the EC's decisional autonomy and maintenance of a balance of benefits and obligations.[85]

As a matter of fact, it was on the basis of these principles that Delors[86] launched, in early 1989, a proposal for a European Economic Area (EEA), a 'new, more structured partnership with common decision-making and administrative institutions to make our (EC and EFTA) activities more effective and to highlight the political dimension of our cooperation in the economic, social, financial and cultural spheres".[87]
Delors was substantially aiming at a bloc association—a two-pillar structure (EFTA and EC) based on a common legislative regime. Politically, the Delors' proposal had two objectives. The first was to prevent the EFTA members from applying for EC membership. The Commission in fact believed that priority should be given to a deepening of the integration among the current members

[83] The overall result of the EFTA proposal was quite poor because of the negative economic situation of the late 1970s. See Phinnemore D., "The Nordics and the EC 1958-1984", in Miles L. (ed.), *The European Union and the Nordic Countries*, pp. 43-44. According to Miles the EFTA proposal had more positive since the Council of Minister's statement led to the participation of Sweden in the Community's thermonuclear fusion (JET) and scientific and technological (COST) research programmes, which were expanded. Miles. L (ed.), *The European Union and the Nordic Countries*, p. 111.
[84] On the EFTA initiative see European Commission, *Europe Information - External Relations*, 48/81, Brussels: Commission of the ECs, June, 1981p. 4.
[85] De Clercq W., Speech at the EC-EFTA Ministerial Meeting, 20th March 1987, Brussels , 1987, pp. 5-6. These principles are also known as the Interlaken principles.
[86] Jacques Delors was President of the European Commission between 1987 and 1993.
[87] EFTA Secretariat, *EFTA Bulletin*, no. 3/1990, EFTA:Geneva, 1990, p. 1.

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[86] Jacques Delors was President of the European Commission between 1987 and 1993.
[87] EFTA Secretariat, *EFTA Bulletin*, no. 3/1990, EFTA:Geneva, 1990, p. 1.

before opening up to the EFTA members that were notoriously less prone to support further steps in the integration process, as their behaviour since 1947 had demonstrated.

The second objective was to socialise EFTA members in preparation for future membership. The EFTA members would have to learn to negotiate as a single unit in order to play a role in the new structure.[88]

The answer from the EFTA Governments came at a meeting in Oslo on 14–15 March 1989. The Norwegian Presidency was able to gather a consensus around the Delors' proposal and welcomed the fullest realisation of free movement of goods, services and capital with the aim of creating a dynamic and homogeneous European Economic Space.[89]

The EEA could be considered in many respects the last product of the cold war era as it was the most advanced compromise that the EFTA neutrals, Sweden, Finland and Austria, could achieve between the economic benefits of EC membership and the continuation of their security policies.[90]

As the historic events of 1989–1990 unfolded and the security considerations that had constrained the foreign policy choices of the Nordic members of EFTA began to play a more marginal role, the choice of the Nordic countries to become fully involved in the European integration process opened up a new political space in the Northern part of the continent. The expansion of the European Community northwards raised questions related, on the one hand, to the new set of relations that were to be established between the Nordic countries and the Community as an actor, both bilaterally and regionally and, on the other, about the relations between the EC/EU and the new Eastern neighbours.

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[88] Ross G., *Jacques Delors and European integration*, New York:Blackwell, 1995, pp. 141-142.

[89] Norberg S., "From Luxembourg to Oporto: How the creation of a Single Market brought about a dynamic and homogeneous European Economic Area", in EFTA Secretariat (ed.), *EFTA Bulletin – The European Economic Area and the Internal Market Towards 10 Years*, Brussels: EFTA Secretariat, 2003, p. 10.

[90] Jamar J. and Wallace H.(eds.), EC and EFTA more than just good friends?, Bruges: Tempel, 1998.

2.4. *The end of the cold war*

The events of the early 1990s had tremendous consequences for Northern Europe. The reunification of Germany, the fall of the communist regime in Poland followed by the breaking apart of the Soviet Union and the newly acquired independence of Latvia, Estonia and Lithuania radically changed the geopolitical scenario of Northern Europe.

One of the main consequences of the new post-cold war environment was the opening up of new political space, i.e., an opportunity for restructuring bilateral and especially multilateral relations at regional level. Such an opportunity was soon seized by the Nordic countries and resulted in a process of region-building that began in 1991–92 and acquired increased importance and political centrality throughout the decade, producing an incremental reinforcement of political, economic and cultural links across the Baltic and Barents Sea.

The development of trans-boundary ties in the Baltic and, to a lesser extent, in the Barents region, has made Northern Europe, viewed as an area which includes not only the "Nordic North" but also Russia, Germany, Poland, Latvia, Lithuania and Estonia, a laboratory for testing new processes and forms of cooperation among the countries and the actors of the region. Four elements in particular emerged as crucial:

- The revival of Nordic cooperation;
- The creation of regional organisations like the Council of the Baltic Sea States in 1992 and Barents Euro-Arctic Council in 1993;
- The emergence of a dense network of subregional organisations;
- The greater role of the European Community/European Union in the area;

The failure of NORDEK, the decline of the Nordic model of welfare policy and the greater attraction exerted by the European integration process can all be considered factors in the origin of the diminished interest in Nordic cooperation in the late 1970s and in the 1980s. However, in the early 1990s the Nordic Council underwent major internal institutional adjustments.

The internal institutional reform of the Nordic Council pushed forward in the early 1990s marked a reorientation in the objectives of the organisation. During the cold war most of the Nordic efforts were focused on the intensification of the intra-Nordic cooperation. In the 1990s the organisation established a new and more outward-oriented profile. The Nordic institutions found, with the end of the cold war, a new *raison d'être* or a new role to play in the opportunities opened up by full participation in the European integration process by most of its members, and by the new cooperative dynamics unfolding across the Baltic region. [91]

As is demonstrated below, in late 1991 and early 1992, Denmark's foreign policy was suddenly gripped by an unusual activism, particularly in the Baltic Sea region. This culminated in the creation of the Council of the Baltic Sea States in 1992.[92] The CBSS was the result of a joint initiative by the Danish Minister for Foreign Affairs and his German counterpart. However, Denmark's active role within the region was brief and its proactive stand in the EU, as well as in the Baltic Sea region, suffered a severe setback after the rejection of the Maastricht Treaty. An interesting element characterising the new organisation was that the European Commission took part formally, for the first time, as a founding member of a regional organisation where the majority of the countries involved were non-EU members. The participation of the Commission in the workings of the regional organisation also played an important symbolic role since it demonstrated the special significance that Brussels wanted to attach to an area which was strongly reshaping the bilateral and multilateral links that had characterised the cold war period. The presence of the Commission also played a role in the direct promotion of links between the governments of the area and the EU institutions.

The function of regional organisations such as the Council of the Baltic Sea States and the Barents Euro Arctic Council has evolved in parallel with the increasing potential of the complex institutional network which exists in the area across the East-West divide. A more detailed discussion of their roles will take

[91] After the reform the Nordic Council activities relied on three permanent committees: the Nordic committee, the EU committee and the committee for neighbouring areas (i.e. Baltic Sea and Barents Sea). Ojanen H., *The plurality of truth*, p. 228.
[92] The CBSS and BEAC will be analysed more in detail in the next chapter.

place below. It is enough here to underline that these two bodies, in their early stages, performed well the task of socialising Russia to the regional cooperative environment.

Alongside the creation of the two regional fora, and often independently from them, a number of organisations were born as a result of the increasing ties that sub-state actors such as administrative regions, provinces and cities forged in the early 1990s. The increased growth in size and economic importance of actors such as cities and urban areas on the regional scene has therefore resulted in a greater "willingness and ability to take part in international relations".[93]

The sub-regional networks have been an increasingly significant element in the Northern periphery of the EU, especially in complementing the regional intergovernmental bodies in the process of fostering links across the Baltic and Barents regions.

2.4.1. The European Economic Area

The development of the European Economic Area (EEA) played a useful role in the involvement of the European Union in Northern Europe in the early 1990s.

As the EEA negotiations became increasingly difficult the EFTA countries started to consider the option of full membership. The "equal balance of benefits and obligations" proclaimed by the EC/EU at the beginning of the Luxembourg process only existed on paper. Austria and the Scandinavians (except Iceland) realised that by joining the EEA they would not have been able to influence the political decisions taken in Brussels and, with the EEA negotiations in full swing, therefore decided to submit an application for full membership.[94] Two political elements also contributed to the decision of the EFTA countries to apply for membership. First, the new geopolitical landscape in Europe allowed the former neutrals to join the EC/EU without substantial changes to their security policies.

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[93] Sweedler A. & Joenniemi P., "The role of cities international relations: new features in the Baltic Sea region", in Perko S. (ed.), *Nordic Baltic Region in transition. New actors, new issues, new perspectives,* Research Report 75, Tampere:Tampere Peace Research Institute, 1996, p. 121, cited in Haukkula H., "The Northern Dimension and the Baltic Sea Region in the light of the new regionalism", Haukkula H. (ed.), *Dynamic aspects of the Northern Dimension,*WP No. 4, Turku: Jean Monnet Unit, 1999, p. 87.

[94] Sweden submitted its application in October 1990, Finland in April 1991.

Second, the poor economic performance of EFTA in the late 1980s led the business community in the member countries to put pressure on the national governments to file an application for EU membership. Finally, it should also be added that Denmark's "no" to the Maastricht Treaty, and the creation and the use of the "opt-out" formula, played a role later in the application process in making the other Scandinavian Governments keener to join the EU. [95]
Even if the Scandinavian Governments portrayed membership of the EU as mainly an economic matter, the lively debate that took place in each country in the early 1990s was heavily centered, both in Finland and Sweden, on the security policy changes required by EU membership.

The EEA negotiations eventually came to an end and the EEA Treaty was signed. The membership negotiations of Austria, Norway, Finland and Sweden were concluded successfully in 1994, when the EEA Treaty entered into force,. Finally, in 1995 Sweden, Finland and Austria became members of the EU while the Norwegian people, once again, rejected membership. The Union had now acquired a 1500-Km border with Russia and a new dimension to its external relations.

2.5. Conclusions

This chapter has dealt with the recent past of the area covered by the European Union's Northern Dimension. One of the questions posed in this chapter is to what

If one looks at the "historical" European neighbourhood, the Mediterranean, the legacy of the past has played, and still does play, a crucial role in shaping the policy developed by the EC in the early 1970s, based on an aid-like approach in tune with a post-colonial understanding of neighbourhood relations. The colonial links, until a few decades ago, between France and Algeria, and Italy and Libya,

[95] The Danish Government submitted the Maastricht Treaty to a referendum in 1992. The majority of the Danish people (52%) voted against the Treaty. The Danish Government obtained some "opt-outs" in the field of the Common Foreign and Security Policy.

as well as tormented relations between Spain and Morocco, play still some kind of role in the current political dynamics of regional cooperation.

This chapter has shown that in the Northern part of the continent three elements have shaped the political dynamics of the area: the central role of security concerns as the driving element of foreign policy, the emergence of Nordic cooperation and the growing presence of the EC / EU in the area.
Contrary to other European neighbourhoods, Northern Europe has been directly affected by the end of the cold war and, above all, by the collapse of the Soviet Union. This means that there has been a clear-cut turning point that has overhauled the previous dynamics. Concepts like Nordic Balance, deterrence and even neutrality suddenly assumed a marginal significance with the consequence that those Nordic foreign policy strategies that had set in place a certain aloofness from the European integration process and political distance from their Eastern neighbours were replaced by brand new attitudes, and a new reading of regional and continental cooperative processes.

After 1991 the nature of regional cooperation in the North changed. There was a clear shift from the "realist" approach to cooperation, characteristic of the cold war period, as exemplified by the Nordic Balance and by Nordic cooperation, to a more "liberalist" approach, in which regional cooperation assumed a more inclusive connotation and security became an element that united the region, where previously it was the element dividing it.[96] Security, in its new "soft"[97] connotation, changes from a divisive element into the factor around which new

[96] Joenniemi P. & Browning C. S., *Regionality beyond security: Baltic Sea Region after the enlargement*, Paper presented at "The Baltic World as a Multicultural Space", 5th Conference on Baltic Studies in Europe, Turku, Finland, 5-7 June 2003, p. 7.

[97] While during the cold war the concept of security was linked mainly to military matters, in the early 1990s it became clear that a focus on security along cold-war lines was leaving out other important aspects that had acquired priority with the changed international environment. In particular environmental security or societal security became primary concerns of states as the threat of military occupation from a hostile enemy ceased *de facto* to exist, at least in the European region.
A common element of the new threats was that they did not result directly from a deliberate action of one particular state and often did not follow existing borders.
Political agendas changed considerably as the previous block division came to an end.
New trans-boundary answers started emerging at various levels: state level, sub-state level and NGO level. The old security agenda conceived in military terms did not disappear altogether but has played a considerably less prominent role.

cooperative links are established and new multilateral cooperative settings, such as the CBSS and the BEAC are created.

It can be argued that the new regional cooperative projects launched in the early 1990s, such as the CBSS and BEAC, functioned as a kind of testing ground for cooperation on a common agenda and, at the same time, have represented the new image of this part of Europe. With the end of the cold war there was a shift, consolidated throughout the 1990s, from a *Nordic* to a *Northern* Europe. What was previously an area divided by the Iron Curtain, and by opposing security arrangements, emerged in the early 1990s as a "single" arena where actors pursued a common agenda that, while focusing on "soft" threats, (the environment, [98] trafficking, the fight against organised crime) also strengthened security in the more traditional sense.

Nordic cooperation represented an element of continuity during the cold-war period because it provided the Scandinavian countries with an alternative during the 1950s and 1960s to participation in the process of European integration. However, it should be pointed out that the impact of Nordic cooperation on the overall historical dynamics that have affected the North in the past decade played only a minor role. When looking at regional cooperation as such, the trend has been one of fragmentation. While during the cold war the only regional arrangement in place was the Nordic one, with the fall of the Communist bloc there has been a proliferation of regional and sub-regional actors. If it seems true that a number of the elements that characterised the Nordic approach to cooperation have been extended to the post-cold war regional and sub-regional formations, such as a consensual approach to decision-making and strong functional specialisation (and fragmentation), it is hard to deny that the new structures of cooperation created in the Baltic and Barents regions reflect another understanding of regional cooperation both in terms of objectives and, as was demonstrated above, in terms of agenda.

[98] On the development of environmental cooperation in the Baltic Sea area see, Tassinari F. & Williams L.-K., "Soft Security in the Baltic Sea Region: Environmental Cooperation as a Pilot Project for Regional Integration in the Baltic Sea Area", in Hedegaard L. & Lindström B.(eds.), *The NEBI Yearbook 2003/2004. North European and Baltic Sea Integration*, Berlin: Springer.

In the same way, the "bottom–up" element represented by the network of actors in the North, discussed in more detail in chapter five, constitutes an important factor in the Northern Dimension, but pertains only partially to the tradition of Nordic cooperation, which was driven mainly by governments and national administrations. The variety of actors at work in the region today is much wider and more diverse than during the cold war: not only governments but also sub-national administrative units such as regions, cities, enterprises and NGOs operate actively in the area through networks and transnational cooperative projects.

Summing up, the growing centrality of the European Community/European Union as a key actor in the area has been the result of increasingly strong relations between Northern and continental Europe both in economic and political terms.

CHAPTER 3.
THE ORIGINS AND THE DEVELOPMENT OF THE NORTHERN DIMENSION

One of the main consequences of the new post-cold war environment emerging in Northern Europe was the opening up of an opportunity to restructure bilateral and especially multilateral relations at regional level. The opportunity was soon seized by some of the countries in the area and resulted in a process of region-building which began in the early 1990s and grew in importance and political centrality through the decade, leading to an incremental reinforcement of political, economic and cultural links across the Baltic and Barents seas.

This chapter deals with the origins of the notion of Northern Dimension and its development.

It will be argued that the Northern Dimension initiative has important roots in such a process. In particular, questions related to the origins of the notion of a Northern Dimension initiative and the development of the concept of Northern Dimension as Finland entered the EU will have a central place in this part of the work. As will be demonstrated, the ND has been the result of the soft competition among the Nordic countries for political centrality in the Northern neighbourhood. At the same time the notion of Northern Dimension was the result of Finnish

domestic dynamics aimed at projecting at EU level, under the same umbrella concept, a set of Finnish strategic interests.
In other words, the early stages of the initiative are framed in the context of the "foreign policy" approach outlined in chapter 1. The origins of the initiative are in fact deeply rooted in a foreign policy context characterised by competing national interests where questions concerning single or distinct "policy spaces" become marginal or even non-existing.

The chapter will first examine the main concerns of the governments in Northern Europe in the mid-1990s and then analyse the regional dynamics underlying the creation of the three regional organisations involved in the Northern Dimension: the Council of the Baltic Sea States, the Barents Euro-Arctic Council and the Arctic Council. The analysis will then move on to the origins of the initiative and, in particular, will concentrate on the process which culminated in Lipponen's proposal to set up "a policy for the Northern Dimension" in September 1997.

3.1. The emergence of a post-cold war regional agenda in Northern Europe

The regional cooperation that took shape in Northern Europe during the 1990s was the result of a number of concerns which were not just a direct consequence of the disintegration of the Soviet Union in 1991. A number of issues, particularly in the field of the environment, had already acquired priority in the foreign policy agendas of the Nordic countries in the mid-1980s. The disaster at the Chernobyl nuclear power plant in 1986 caused serious long-term damage to the eco-systems of the Northern parts of Scandinavia and it openly put in question the safety not only of civil nuclear power plants but also of all the military facilities and equipment deployed both in the Barents and Baltic Sea areas. The key hotspot on the top of the Nordic countries' environmental agenda has been the Kola Peninsula as shown by the figure 3.1. Even if Finland and Norway were, for geographical reasons, more directly affected by the environmental threats originating from the Kola Peninsula, it is difficult to find a real difference in the

degree of priority attached by the Nordic countries to the issue. This was, and to a large extent still is, the main soft-security threat in Northern Europe.

The Kola Peninsula is an area of around 130,000 sq km. in North West Russia. Its main city is Murmansk, an important fishing port and the base for Russian naval units and the icebreakers used to keep open the north-east Passage to the Northern Pacific. Kola is also the location for the world's largest concentration of military nuclear waste. The area still contains a total of 248 nuclear reactors removed from vessels of the Russian Northern Fleet. Of these, 118 are awaiting further treatment onshore and 130 are still inside nuclear submarines that have been decommissioned and are laid up in the water.

North-west of Murmansk the Andreyeva Bay military base contains 21,640 spent fuel assemblies, the fuel needed for about 100 reactors, taken from reactors aboard nuclear submarines. It has been calculated that around 18% of the entire planet's nuclear reactors installed in naval vessels can be found there. [99]
As a Russian senior official underlined, the problems related to nuclear waste in the Kola Peninsula go beyond the military nuclear waste. Other major environmental threats come from: the Kola nuclear plant (one of the worst, even by Russian standards); the two so-called "peaceful" underground nuclear explosions that tool place on the Kola peninsula; and nuclear waste from the French (La Hague) and British (Sellafield) nuclear reprocessing plants (dispersed through sea currents all over Barents Sea and reaching the White and Kara Seas).[100]

A second issue that has been on top of the regional agenda after the break-up of the Soviet Union is the consolidation of a confidence-building process between Russia and the three Baltic countries. The two main obstacles in Russian–Baltic relations have been the recognition of borders and the treatment of the large Russian minorities present in Estonia and Latvia.

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[99] Helsing Sanomat, *Factfile on the Kola Peninsula*, Helsing Sanomat Foreign edition, 26th February 2001.
[100] Yablokov A. V., *Environmental Security: The Problems of North-western Russia*, Background Document, 2001. Alexey V. Yablokov served as a chairman of the special Russia Presidential Commission on the radioactive dumping problem in 1992.

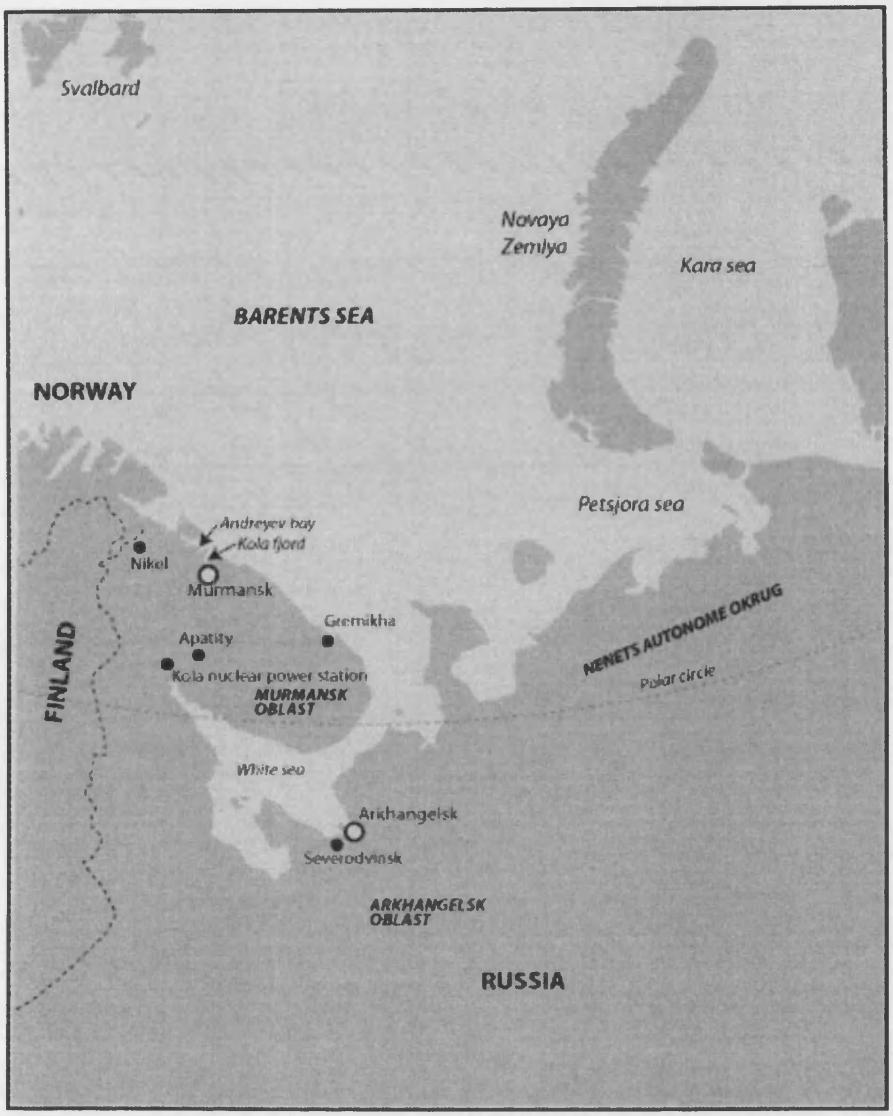

Figure 3. 1 The Kola Peninsula and the main environmental hotspots.

The two questions are tightly linked because they are used as a bargaining tool by both sides. The issue of the agreement on borders is still an open one. In 1997 a Russian– Lithuanian agreement was signed and, more recently, also as a result of the enlargement process and of political pressure by the EU, Latvia and Estonia signed a border agreement with Russia. However, to date, the agreements have not been ratified by the Russian Parliament, the Duma. The slowness of the ratification process is, to a great extent, the result of concerns expressed both by the Duma and the Russian Government about the alleged discrimination taking place in the Baltic countries against the Russian minority, particularly in Latvia and Estonia where there are about 400,000 and 790,000 Russian citizens, respectively.

The issue of the Russian minorities in Estonia, Latvia and Lithuania has occupied the regional political agenda for most of the decade and is still a matter which is the object of political friction between Moscow and the regional state capitals. It has been argued that Russia brings up the "minority question" whenever it is advantageous to its foreign and domestic policy to do so. In addition, Russia has been reluctant to respond to the Baltic states' proposition to convene intergovernmental sessions on economic and social issues.[101]

The creation of the Council of the Baltic Sea States was partially aimed at creating a forum to increase confidence between Russia and the Baltic states. It could be argued that the lack of effectiveness of the organisation in its first two years of activity was also due to tense Russian–Baltic relations.[102]

Another issue which has acquired priority in conjunction with the enlargement of the EU to Poland and the Baltic countries relates to the Russian Oblast of Kaliningrad. The Russian exclave surrounded by Poland and Lithuania has attracted a great deal of attention for a variety of reasons. First of all Kaliningrad is a "hard security" question. As a result of the break-up of the Soviet Union, and the loss of the important Baltic port of Tallin, Russia has been strengthening its remaining Baltic strategic assets, particularly Kaliningrad which, as a result of a continued build-up of forces in the late 1990s, is 25 percent over its arms limitations defined by the Conventional Forces in Europe treaty (CFE).[103] Furthermore, there are also a number of problems identified as "soft"-security issues which perhaps represent a more imminent and tangible danger, leaving aside the above mentioned environmental issues, health threats derived from the spread of communicable diseases, trafficking and the fight against organised crime.[104]

In sum, the agenda that emerged during the 1990s was substantial and stretched over a large number of policy areas. In this context, the response of the Nordic countries and Germany took the shape of a multi-faceted process of institution-

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[101] Gutmanis A., *New Europe, Old Frontiers: The Baltic States, Russia, and The EU*, Center for strategic and international studies, Briefing Series, 2001.

[102] Element emerged from an interview with Lars Gronbjerg, CBSS Secretariat, Stockholm, 2001.

[103] Brillantes G. F., *Uncertainty around the Baltic Sea*, in Transitions Online, Prague, 1997, http://archive.tol.cz/transitions/uncerta1.html.

[104] Pursianinen C., "Soft Security Problems of North West Russia", in H. Moroff(ed.), *European Soft Security Policies: the Northern Dimension.*

building, which led, as will be demonstrated, to the creation of those regional organisations that will become part of the Northern Dimension.

3.2. Shaping the external relations of the EU towards Northern Europe: the competitive approaches of the Nordics

When the Nordic countries began to shift their political attention and interest from the European Economic Area (EEA) project to full European Union (EU) membership in the early 1990s, the question of what kind of approach to develop in order to deal with the Northern 'near abroad' landed on the EU agenda for the first time.

The first concrete actions taken towards the future Northern neighbours of an enlarged EU were, alongside the EEA process, mainly bilateral initiatives such as the Partnership and Cooperation Agreement (PCA) signed with Poland as early as 1989, and with Lithuania, Latvia and Estonia in 1992, and later transformed into association agreements.[105] The first element of something approaching a Baltic Sea area approach, at least on paper, is to be found in the Pact on Stability in Europe, drafted in 1993.[106] The EU launched the pact in an effort to bring stability to the eastern and south-eastern part of the continent using conditionality and the promise of substantial aid packages. One of the two 'regional tables' of the Pact focused on the Baltic Sea area as a region, recognizing it as a neighbouring area. However, it should be stressed that the approach was far from being regional—or,

[105] See the European Commission website for further details concerning the association agreements—http://www.europa.eu.int/comm/enlargement/pas/index.htm.

[106] As early as the beginning of 1993, a proposal for a Pact on Stability in Europe was drafted under the aegis of French Prime Minister Edouard Balladur, focusing primarily on the status of minorities and the situation with regard to frontiers. That proposal was undertaken by the Copenhagen European Council in June 1993, and so became an EU initiative 'with regard to respect for borders and rights of minorities'. The Brussels European Council in December 1993 agreed that the Pact on Stability in Europe was pursuing an objective of preventive diplomacy and was therefore not concerned with countries in open conflict, but rather intended to contribute to stability by preventing tension and potential conflicts in Europe, to promote good-neighbourly relations, and to encourage countries to consolidate their borders and resolve problems of national minorities. See also Archer C., "The EU foreign policy in the context of the Baltic Sea region", in Hubel H. (ed.), *EU Enlargement and Beyond: The Baltic States and Russia*, Nordeuropäische Studien serie, Vol. 18, Berlin: Berlin Verlag, 2002, pp. 21–41.

better, multilateral. On the contrary, it was in essence based mainly on bilateral dynamics between the EU and each country involved.[107]

Along the same lines, some piecemeal actions were emerging as a result of the European Commission's efforts to provide assistance to the Central and East European countries and the former Soviet republics through instruments such as PHARE and TACIS.

Also at regional level, the prospects of EU enlargement gave rise to a 'soft', 'constructive' according to Herolf[108] competition of a kind among the Nordic states and the prospective EU members—Norway, Sweden and Finland.

The Nordic countries aimed to occupy within the EU a pivotal role in the process of 'approach-building' to the Northern neighbourhood. The cooperative dynamics unfolded on two parallel and interconnected levels of analysis before and after EU membership.

The first level is the bilateral one. It involves the particularly strong patterns of cooperation emerging in the Baltic Sea area between the Nordic countries and their Baltic neighbours during the 1990s. Between 1991 and 1993 the Nordic countries undertook a major redirection of their foreign policies towards their neighbouring areas. The flourishing of Nordic-sponsored initiatives at regional level and the substantial financial resources invested by the Nordic governments in the eastern part of the Baltic Sea area should be interpreted as the most evident sign of a rush to exploit the political and economic opportunities opened up by the long-awaited 'return' of the Baltic states—Estonia, Latvia, Lithuania and Poland. As the graphs at figure 3.2[109] demonstrate, in the distribution of aid from the Nordic countries to the candidate countries in the Baltic Sea region between 1991 and 2000, something of a pattern emerges. Finland's financial attention was

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[107] Busek, C., *The Stability Pact for South Eastern Europe*, Speech at the Swedish Institute for International Affairs, Stockholm, 5 March 2002.

[108] See Herolf G., "The Swedish approach: constructive competition for a common goal", in G. Bonvicini, T. Vaahtoranta and W. Wessels (eds), *The Northern EU: National Views on the Emerging Security Dimension*, Programme on the Northern Dimension of the CFSP, Vol. 9, Helsinki: Swedish Institute of International Affairs and Berlin: Institut für Europäische Politik, 2000.

[109] Source: OECD statistics online, 'Disbursement of official bilateral aid and assistance from Sweden, Denmark, Finland and Norway to Estonia, Latvia, Lithuania and Poland, 1991–1999', http://www.oecd.org .

directed mainly towards Estonia, while Sweden's and Denmark's aid was fairly evenly distributed.

The second level, and perhaps the most important, is the regional level. It involves the 'institution-launch' activity and the underlying political strategies aimed at both Brussels and Moscow that characterized the first half of the decade.

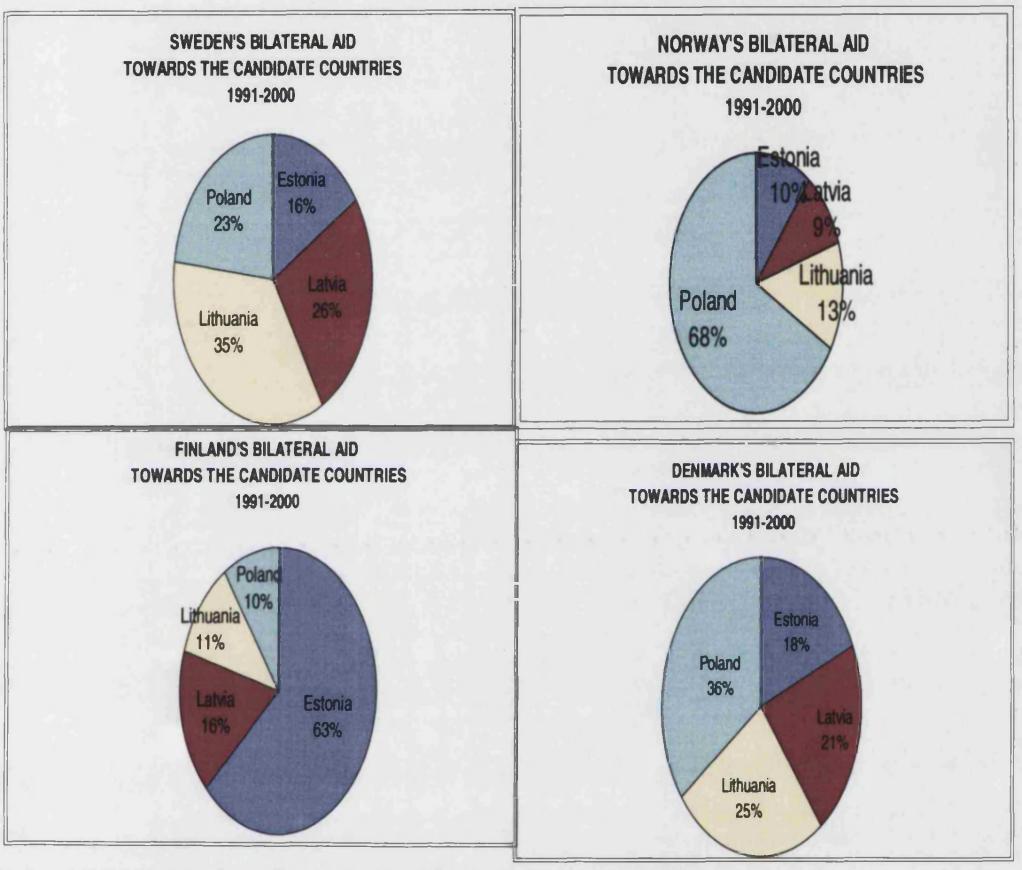

Figure 3.2 Scandinavian aid to the candidate countries of the Baltic area

For the Nordic countries, despite their cautious attitude towards the European integration process, taking a leading role in shaping the priorities of an enlarging Union where the Northern neighbourhood was concerned meant the opportunity not only to maximize their influence and further their national interests within the EU but also to play a role as privileged referents for Russia within the EU, or, to put it differently, to function as a political interface between the EU and Russia.
At the beginning of the 1990s Denmark was on paper the Nordic country that was best positioned to lead such a process. Nearly 20 years of European Community (EC) membership, a good knowledge of the workings of the EU and the increasingly active stand the country had taken in the process of European

integration following the fall of the Iron Curtain meant that Denmark was the EU member country ideally placed to lead the expansion of the EU presence in Northern Europe. The launch of the Council of the Baltic Sea States (CBSS) in spring 1992 should be seen as an attempt by Denmark to involve the EU, and in particular the Commission, in the Baltic Sea area. In the context of the more proactive attitude the Danish Government was showing generally within the framework of European integration, the CBSS initiative takes on particular political significance, since for the first time it brought the Commission, Russia, Germany, the Baltic republics and the Nordic countries under the same cooperative umbrella.[110]

The Danish Government did indeed appear to be the driving force behind the CBSS initiative, and the fact that the organization was launched after a bilateral meeting in Copenhagen supports that view; but closer analysis indicates that the idea of setting up the regional organization was not Danish but came instead from Germany, or more precisely from the government of Schleswig-Holstein, one of the German Länder. However, the German foreign minister of the time, Hans-Dietrich Genscher, was not in a position to launch such an initiative. At that point in time—in early 1992, 18 months after the reunification of Germany—a German initiative in the Baltic Sea area, with Russia as a partner, could easily have been misinterpreted at transatlantic level or, at best, could have sent wrong signals at European level, reinforcing the fears of Southern members about a shift in the focus of the Union northwards.

In this light, the Danish activism appears less ambitious in scope and seems to have been largely influenced by external determinants (i.e., Germany's request not to appear as the main promoter of the initiative[111]). Uffe Ellemann Jensen, the Danish foreign minister in the early 1990s, has been considered a key figure of those years. He contributed substantially both to the creation of the CBSS and, in

[110] Petersen, N., 'Denmark and the European Union 1985–96: a two-level analysis', *Cooperation and Conflict*, vol. 3, 1996, pp. 185–210. The members are Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia, Sweden and the European Commission. The organization has a permanent secretariat in Stockholm and is formally involved in the implementation of the ND. For more detailed information about its current activities see http://www.cbss.st. See also Joenniemi P., "Security in the Baltic Sea Region: the contest between different agendas", in Rundblom H. et al. (eds.), *50 Years After World War II: International Politics in the Baltic Sea Region 1945–1995*, Gdansk: Baltic Sea University Programme, 1997, pp. 231–47.

[111] This is apparent from personal communications with and interviews conducted by the author.

a more general way, to the development of a more assertive stand by Denmark within the framework of the European integration process. However, the importance of his activism should not be overestimated, especially in the light of the role Germany played in connection with the launch of the initiative.[112]
The role played by Germany in Northern Europe seems in fact to be rather controversial. Both the launch of the CBSS, and, more recently, its active presidency of the EU in 2001 seem to go against the prevailing view that the Baltic Sea area has only a marginal position in Germany's foreign policy agenda.[113]

In late 1992 the Danish people unexpectedly rejected ratification of the Maastricht Treaty. This dealt a decisive blow to Denmark's ambitions to play a pivotal role in the Northern neighbourhood of the EU and led its political elite and foreign-policy makers to adopt a less assertive stance at both regional and EU level. There was a return in a sense to the pre-1980s attitude, marked by a low profile and pragmatism.[114]
As Denmark was in a sense forced out of the game, Norway and, to a lesser extent, Sweden were the two Nordic applicants for EU membership that first understood the prospects which the acquisition of a central role in the relations between the EU and its Northern neighbours could offer. Both countries, if in different ways, recognized that the EU had to be made a more active player in the North. The Commission in particular, in the eyes of the Nordic countries, was the key referent to address, given the financial resources it administered. Moreover, it was the institution with which they had developed most contact during the accession negotiations. A more substantial engagement of the Commission in the Baltic Sea area could be achieved most effectively by creating the conditions at regional level for an active commitment of the Commission in regional patterns of

[112] The CBSS was established in March 1992 when the Danish and German foreign ministers invited the foreign ministers of Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden, and a member of the European Commission, to meet in Copenhagen in order to strengthen cooperation among the Baltic Sea states.
[113] Krohn A., "Germany's security policy in the Baltic Sea region", in Haadegard L. and Linström B. (eds.), *NEBI Yearbook 1998: North European and Baltic Sea Integration*, Berlin: Springer Verlag, 1998, p. 505. See also Archer C., "The sub-regional aspects comparing different geostrategic and geopolitical experiences", Conference on Making the CFSP Work, Stockholm, 30 September 1999.
[114] See Laursen J. N. & Borring Olesen, T., "A Nordic alternative to Europe: the interdependence of Denmark's Nordic and European policies".

cooperation that were not limited to present and future EU members but also extended to Russia.

Geographically, the strategic interests of Sweden and Norway to a great extent did not overlap.

Since the end of the cold war, Sweden has focused mainly on the Baltic Sea area, which historically has been the core of its sphere of interests, while traditionally Norway's efforts have been devoted to the Far North, mainly for security and strategic reasons, and culminated with the launch of the Barents-Euro Arctic Council (BEAC) in 1993 on the initiative of the Norwegian Ministry of Foreign Affairs.[115] One could also add that the Far North was de facto the only area in Northern Europe not covered by any regional initiative. Geographically, the BEAC was not in competition with the Baltic regional process launched through the CBSS. Politically, however, even before it was launched the BEAC initiative raised some concerns among the other Nordic countries, Finland in particular, despite the Norwegian Government's efforts to inform them, and in particular to involve the other Nordic partners. This was mainly due to the fact that it covered an area in which Finland had important geo-strategic interests. In other words, in the same way as Sweden had its core regional interests in the Baltic area, the Finns considered the High North as an area of primary concern.

The BEAC was not only aimed at 'reducing threats to Norwegian territory from civilian and defence pollution' through a multilateralisation of Norway's local relations. It also had wider political objectives.[116] As Joenniemi points out: 'The aim [of the initiative] was to avoid marginalization and to open important channels to the EU and simultaneously allow the establishment of closer relations with Russia'.[117] Within the framework of the EU's Northern enlargement, Norway was in short trying to involve the EU in the North through the BEAC by offering the Commission a possible agenda for the area. At the same time, by involving

[115] The member countries are Finland, Norway, Russia and Sweden.
[116] Bailes, A., "The role of sub-regional cooperation in post cold-war Europe", in Cottey A. (ed.), *Subregional Cooperation in the New Europe: Building Security, Prosperity, and Solidarity from the Barents to the Black Sea*, London and New York: Macmillan, 1999.
[117] Joenniemi, P., "The Barents Euro-Arctic Council", in Cottey A.(ed.), *Subregional Cooperation in the New Europe.*

Russia, Norway was promoting itself as a key player for the development of the future relations between Russia and the European Union.

It could be argued that Norway's foreign policy of the early 1990s resembled that of Denmark in the way it marked a difference from the more cautious cold war attitude that had characterized both countries' foreign policies. The launch of the BEAC should therefore also be placed in the context of the more dynamic foreign policy profile that Norway assumed in the early 1990s, as demonstrated by the key role it gained in the Middle East Peace process.[118] Paradoxically (as for Denmark), Norway's foreign policy activism suffered a severe setback, at least on the EU side, for internal reasons when the Norwegian people rejected accession to the EU for the second time.

Sweden's approach to the opportunity opened up by the enlargement of the EU to the North had some similarities with, but also many differences from, the approaches of the other Nordic countries.
While in the case of Denmark and Norway—both members of the North Atlantic Treaty Organization (NATO)—it was the result of a referendum that de facto altered their foreign policies, in Sweden the change in foreign policy attitude came about as a consequence of a change in government. Especially after 1994 and the return to power of the Social Democrats, Sweden seemed to be less eager than Norway and Finland to carve out a political space—a role as an intermediary—between the EU and Russia. Some of this attitude has its roots in the Social Democrats' understanding of the role of Sweden in Northern Europe, and in a more general way in their perception of Sweden's place in the European security setting. The policy of non-alignment, maintained even after the fall of the communist bloc, had a major influence on Sweden's vision of a neighbourhood policy. It was focused mainly on the management of regional 'soft' security threats and centred on a pragmatic profile, devoid of any clear commitment or responsibility sharing—for instance, the obligations derived from collective defence—in broader or controversial security issues.

[118] Norway hosted secret negotiations between the Israelis and the Palestinians which culminated in 1993 with the Oslo Agreement.

Between 1991 and 1994, and in particular during the accession negotiations, the Conservative government of Carl Bildt developed a more dynamic position which led him in 1991 to call for a 'Northern Dimension' of the Common Foreign and Security Policy[119]—a concept that seemed to entail a more proactive stand on key security issues and, in a more general way, a position aimed at gaining centrality within the framework of the European integration process. However, the focus of the Social Democratic government which came to power in 1994 was instead on the Baltic Sea area, and that was where the country wanted to redefine its post-cold war identity. Sweden's strategy was aimed at shaping the agenda of the EU in the Baltic Sea area and, in the same way as Norway had used the BEAC to involve the EU in the Far North, Sweden politically 'adopted' the CBSS (given Denmark's lower profile after the referendum in 1992) as a tool for influencing the agenda of the EU in the region.

The results of Sweden's lobbying efforts in Brussels were seen one year after it joined the EU, in 1996, when the European Commission launched the Baltic Sea Region Initiative (BSRI) at the CBSS' first heads of government summit meeting. The fact that it was launched could be read as an attempt by the Swedish Government, and in particular Prime Minister Göran Persson, to profile Sweden and himself at both regional and EU level. The content of the proposal was particularly interesting in the framework of the EU's overall approach towards the North as it highlighted for the first time some elements that were to emerge again in 1998 at the core of the Northern Dimension.

The BSRI was the first active step the Commission took to strengthen political stability and economic development in the Baltic Sea area. It largely built on 'the potential for stronger concerted effort to enhance development and increase synergy through a regional integrated approach for cooperation in the Region'.[120] The initiative focused on four key areas—infrastructure, the environment, energy and Cross-Border Cooperation (CBC)—and certainly represented the first effort

[119] Bildt C., *Schweden: vom zögernden zum begeisterten europär* (Sweden: from hesitating to enthusiastic European partner), Speech delivered at the Office of the European Commission in Bonn on 13 November 1991, document obtained directly at the Bonn Office of the Commission, 1991.

[120] European Commission, *Report on the current state and perspectives for cooperation in the Baltic Sea Region*, Brussels, December 1995, http://www.baltinfo.org/Docs/eu/eu3.

by the EU to approach the area comprehensively. By launching the initiative within the framework of the CBSS, the Commission implicitly recognized the strategic importance that the area as a whole, and not only the territory of its member states, had for the economic and political interests of the EU. At the same time the BSRI could be seen as a sort of formal endorsement of the fact that the Union was already, as a matter of fact, a key player in the region, especially in financial terms, as demonstrated by the doubling of the amount of EU resources allocated to the region as a result of the enlargement northwards.[121]

The Commission underlined that the BSRI did 'not require funding additional to the existing Community program': its objective was rather to boost the coherence of the EU in the area through enhanced coordination of existing instruments.[122] Interestingly, the BSRI recognized for the first time that the 'complementarity between the work of the CBSS and the Union is an important objective of future cooperation'.[123]

Although this element might seem secondary, it highlights two interesting points. The first is the recognition of a role for a regional, non-EU, actor in the management of the external relations of the EU. The novelty of this element should not be underestimated. As Ojanen has pointed out, the EU has never allowed external institutional actors, or 'outsiders' in general, to have a say in the elaboration of its policies or strategies towards the neighbouring areas, as the example of EU policy towards the Mediterranean demonstrates. Along these lines, the involvement of the CBSS, a regional organization, implied a certain discontinuity with the top–down approach the Commission has traditionally applied to the implementation of its external policies.[124]

The launch of the BSRI initiative within the framework of the CBSS should be read as an indication that the Swedish efforts to involve the European Union more actively in the Baltic Sea area through the active participation of the Commission

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[121] See European Commission, *Report on the Current state of and perspectives for cooperation in the Baltic Sea Region.*

[122] See European Commission, *Communication from the Commission to the Council on the Baltic Sea Region Initiative*, SEC(96) 608 Final, Brussels, 10 April 1996.

[123] European Commission, *Communication from the Commission to the Council on the Baltic Sea Region Initiative*, p. 6.

[124] See Ojanen H., "How to customise your Union", in *Northern Dimensions 1999*, Finnish Institute of International Affairs, Helsinki, 1999, pp. 13–27.

in the work of the regional organization were largely successful. However, Sweden's approach, in contrast to Finland's, was less aimed at using the EU as a vehicle for its own foreign policy towards Russia. In other words, from a Swedish perspective, the involvement of the European Commission and securing greater attention to the Baltic Sea area on the part of the EU were only a complement to its own bilateral relations with Russia and the other countries in the area.

Summing up, the first half of the 1990s was characterized by a strong activism in the Baltic Sea area and in Northern Europe in general. The enlargement of the EU towards Northern Europe led Denmark, Norway and Sweden to launch political initiatives with the aim of playing a role both regionally and in Brussels as a referent for Russia. While Denmark's efforts to regain a role in the North of the EU were abruptly ended by the Danish electorate's decision not to ratify the Maastricht Treaty, and Norway's attempt was hampered by the referendum decision not to join the EU, the Swedish approach was all in all more successful, albeit at the same time less ambitious and more limited in scope.

Finally, Germany, in a more ambivalent manner, was also actively involved at regional level in the Baltic Sea area, but the opening of the enlargement process in 1993 and criticism by the Southern members of the EU, Spain in particular, of the excessive financial and political attention the EU was paying to the Eastern part of the continent prevented it from taking a leading role.

3.2.1. The Council of the Baltic Sea States

The Council of the Baltic Sea States is a regional organisation that was created in 1992 as a result of a Danish-German initiative. The CBSS members are Germany, Denmark, Sweden, Finland, Norway, Iceland, Poland, Lithuania, Latvia, Estonia, Russia and, last but certainly not least, the European Commission. Furthermore, there are a number of countries that have been granted the status of observers: France, Italy, the United Kingdom, the United States, the Netherlands, Ukraine and Slovakia. Despite the fact that Iceland, and to a lesser extent Norway, do not geographically belong to the Baltic Sea Region they were invited to participate as full members for reasons that are essentially political and have little to do with the contribution made by the two countries, particularly Iceland, to

cooperation in the area. In other words it was not possible to exclude from the initiative two members of the Nordic "family".

The signatories to the Copenhagen Declaration (the founding document of the organisation) also include the European Commission and therefore in principle the Commission should be regarded as a full member of the organisation. However, largely in conjunction with the launch of the Northern Dimension, the issue of whether the Commission was in fact a full member was raised by the Commission's representative at the Committee of Senior Officials (CSO), from the Directorate General for External Relations, who saw the Commission more as an observer than a member [125] on the ground that the Commission had not received a mandate from the Council to participate as a full member in the activities of the organisation.

Indeed, the Commission's participation to the activities of the organisations has a special character because it is the only member of the organisation that cannot take up the annually rotating Chair. Nonetheless, the Commission's active participation in the workings of the organisation in its early years culminated in the launch of the Baltic Sea Region initiative in 1996, indicating that the Commission was indeed acting as a full member.

Most likely at the very bottom of the CBSS membership issue there was, and still is, the broader question of the participation of the Commission, and in particular the DG for External Relations, in the structures and workings of regional organisations. A recognition by the Commission of its full participation in the CBSS would have made it more difficult to resist the pressure coming from other regional organisations, even if they were less effective than the CBSS. Partly due to a lack of resources and partly due to a lack of interest in participating in the workings of other regional bodies, of which the CBSS was probably the most successful, the Commission was rather uncomfortable about appearing to be a full member of the organisation.

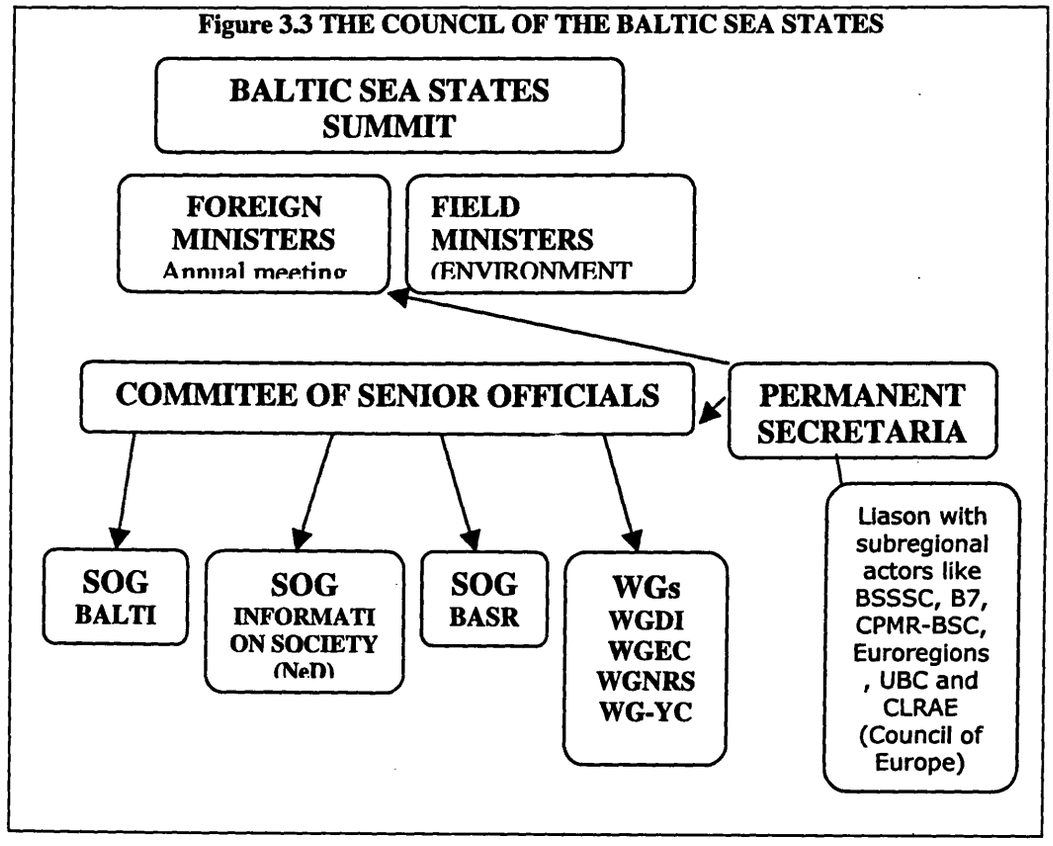
[125] Interview with Mr. Batti R., DG External Relations, Brussels, July 2000. See also Moroff H., "The EU's Northern Soft Security Policy: emergence and effectiveness".

In its first two years of existence the CBSS was mainly devoted to creating the conditions for an effective confidence-building process between Russia and its neighbours, particularly Estonia, Latvia and Lithuania. However, as a result of the third Baltic Sea States Summit in 1996, the CBSS has been shaped as an (intergovernmental) multilateral regional forum in the broader sense encompassing all meetings of field ministers of the group of CBSS countries.[126]

The institutional structure of the CBSS has evolved largely as a result of the increased number of areas in which it has been involved.[127]

The CBSS began as a Ministerial forum where Foreign Ministers would meet and discuss issues related both to economic and social development and to soft security threats (the environment, the fight against organised crime, etc.). The widening of the regional cooperation agenda has led the organisation to assume a more complex institutional structure.

Figure 3.3 THE COUNCIL OF THE BALTIC SEA STATES



[126] See Hubel H. & Gänzle S., "The Soft Security Agenda at the Sub-regional level: policy responses of the Council of the Baltic Sea States" in Moroff H. (ed.), *European Soft Security Policies: the Northern Dimension.*

[127] The areas where the CBSS is currently active are: Civil Security, Agriculture, cross-border and subregional cooperation, culture, economic cooperation, trade and investment, education, energy cooperation, the environment, health issues, spatial planning, sustainable development of tourism, and the fight against organised crime, transport and communications, and youth cooperation.

As Figure 3.3[128] shows, the institutional structure of the CBSS is hierarchical and centred on two bodies: the Council of Ministers and the Committee of Senior Officials. The Baltic Sea Summit meets on an ad hoc basis when key decisions for the organisations need to be taken. Politically, the Foreign Affairs Ministers still maintain an important coordination role in the activities of the organisation and the Annual Ministerial Session is the key event around which many activities of the organisation revolve. However, since 2000 other Ministries of the CBSS countries dealing with the environment, IT and health issues have also begun to play more active role.

The key structure in the framework of the CBSS remains the Committee of Senior Officials. The CSO consists of high-ranking representatives of the Ministries of Foreign Affairs from Member States as well as of the European Commission. Inter-sessional discussions and preparations as well as the coordination of the five Working Groups (WG) and the three Senior Officials Groups (SOG) take place in the CSO, which serves as a discussion forum for both practical and other matters related to the work of the Council. In the framework of the Northern Dimension, after the second Ministerial Conference in Luxembourg, in April 2001, the CSO has met regularly in Brussels in a 15 (members of the Union) +7(partners) format. This institutionalisation of EU-CBSS links reflects the growing importance that the regional organisation has acquired in the framework of the ND implementation process. The technical work concerning the coordination of national policies and the elaboration of the organisation's initiatives takes place at the SOG and WG levels.

The main difference between the SOGs and the WGs is in the priority attached by the organisation to the matter discussed by the Group.

The SOGs are:

⇒ The Senior Officials Group–Baltic 21 (SOG–Baltic 21), which deals with the regional version of the Agenda 21 aimed at sustainable development in the

[128] Source: Based on the information provided at http://www.cbss.st.

Baltic Sea area. Its work is focuses on seven economic sectors, in particular industrial policy, spatial planning and the transport sector.

⇒ The Senior Officials Group on Information Society (SOIS) deals with issues related to Information Society. It is in the framework of this Group that the Northern eDimension initiative, and its Action Plan, is managed. This group is the one in which the Commission, and in particular the DG for Information Society, is most involved

⇒ The Senior Officials Group on Energy Cooperation is the result of the Baltic Sea Region Energy Cooperation – an intergovernmental initiative set up in Helsinki in 1999 involving the eleven CBSS countries and the Commission's DG for Transportation and Energy.

Furthermore, a number of Working Groups have been established under the direct supervision of the CSO. The Working Groups deal with a range of issues: economic cooperation (WGEC), assistance to democratic institutions (WGDI), nuclear radiation safety (WGNRS) and youth cooperation (WGYC).

Last, but not least, the CBSS secretariat, established in 1998 and located in Stockholm, supports the work of the Council of Ministers and the other institutional structures mentioned above. In particular the mandate of the Secretariat includes:

- providing technical and organisational support to the Chairman of the CBSS and the working bodies and structures of the Council (Committee of Senior Officials and Working Groups)
- ensuring continuity and contributing to enhanced coordination of CBSS activities
- carrying out the Information/Public relations strategy of the CBSS
- establishing and maintaining the Council's archives and information database
- Maintaining contacts with other organisations operating in and around the Baltic Sea region and national authorities of the Member States and the media. [129]

[129] See CBSS web site http://www.cbss.st.

The CBSS does not have its own budget. The expenses deriving from the Secretariat, in 2002 about € 850,000, are covered by contributions from member states in proportion to their financial capacity. Sweden, Russia, Norway, Finland, Denmark, Germany and Poland have been the largest contributors to the Secretariat's budget with 12% each, which is mainly devoted to housekeeping activities and salaries for the Secretariat's staff of around 15, who are normally diplomats or ministerial officials from national administrations.[130]

The increasing number of areas into which the CBSS is extending its activities has opened up a debate between the member states and the secretariat about the prospect of equipping the organisation with its own budget. This is, of course, a crucial element since it would improve its capacity to become an independent actor.

An important feature of the CBSS is represented by the links the organisation has established with several sub-regional institutions or groups that have been active in the region in the same policy fields. The liaison with sub-regional actors, i.e. transnational organisations bringing together Ministries of the states in the area or local and regional authorities, is carried out by the permanent Secretariat. However, given that some of these bodies have acquired the status of "special participants" in the working bodies of the organisation, the interaction has also taken place at the CSO level and during Ministerial meetings. Some of the most important organisations that have institutional links with the CBSS are: the OECD; the Council of Europe; the Baltic Sea States Sub-regional Cooperation, an organisation of about 160 sub-national actors (regions, provinces and counties); the Baltic Sea Parliamentary Conference, an organisation aimed at strengthening the common identity of the Baltic Sea Region through close cooperation between national and regional parliaments by meeting annually;[131] the Union of Baltic Cities (UBC), an association including more than 100 twin cities located in the Baltic sea area; the Baltic Sea Seven Islands Cooperation network (B7), an organisation dealing with issues of common concern to the islands of the Baltic

[130] Source: Exchange of e-mails with Ms. Rasa Kairiene, Senior Adviser, CBSS Secretariat.
[131] For more details about the activities of the organisation see http://www.bspc.net .

area; and the Conference of Peripheral Maritime Regions of Europe.[132] These organisations have been active at regional and sub-regional level to a different extent. For example, while the Baltic Sea Parliamentary Conference has served mainly as a forum for discussion and inter-parliamentary debate, the Union of the Baltic Cities has played an important role in promoting tangible transnational partnerships among the municipalities of the area.

3.2.2. The Barents Euro-Arctic Council

The Barents Euro-Arctic Council is an organisation that focuses on regional cooperation in the Barents Sea and, more generally, in the northern part of Scandinavia and western Russia. The organisation was launched at a Ministerial Meeting organised by Norway in Kirkenes in January 1993, a few months after the Copenhagen Declaration established the CBSS. As mentioned above, the Norwegian initiative should be seen both as an attempt to improve cooperation with Russia in the Barents Sea region (an area that traditionally has a strategic importance for Norway both from a security point of view and also economically), and to have the Commission more closely involved in issues characterising the agenda of the region —environmental and economic cooperation in particular. The Kola peninsula had an important strategic value for the USSR in the 1980s, demonstrated by the number of bases there for its Northern Fleet. The disintegration of the Soviet Union led to a serious degradation of the environmental situation in the area due mainly to the absence of funds for the management of the Fleet's arsenal and the stockpiling of nuclear waste.

In this respect the Kirkenes Declaration highlighted that the BEAC's aim was to contribute to international peace and security and that "the establishment of closer cooperation in the Barents Euro-Arctic Region will be an important contribution to the new European architecture, providing closer ties between the Northern parts of Europe and the rest of the European continent".[133]

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[132] The Secretariat liaise also with the following groups: the Business Advisory Committee, Baltic Sea Customs Conference, Baltic Sea Chambers of Commerce Association and the Baltic Development Forum.

[133] Kirkenes Ministerial Conference, *Declaration on the cooperation in the Barents Euro-Arctic Region*, Kirkenes, 1993.

The states participating in the organisation are: Norway, Denmark, Iceland, Sweden, Finland, Russia and the European Commission. The BEAC also has eight observers: Canada, France, Germany, Italy, the Netherlands, Poland, the United Kingdom and the United States. As a matter of fact, as indicated by Figure 3.4, the area covered by the BEAC is in practice the area covered by the twelve regions/ counties involved in the regional structures of the Council.

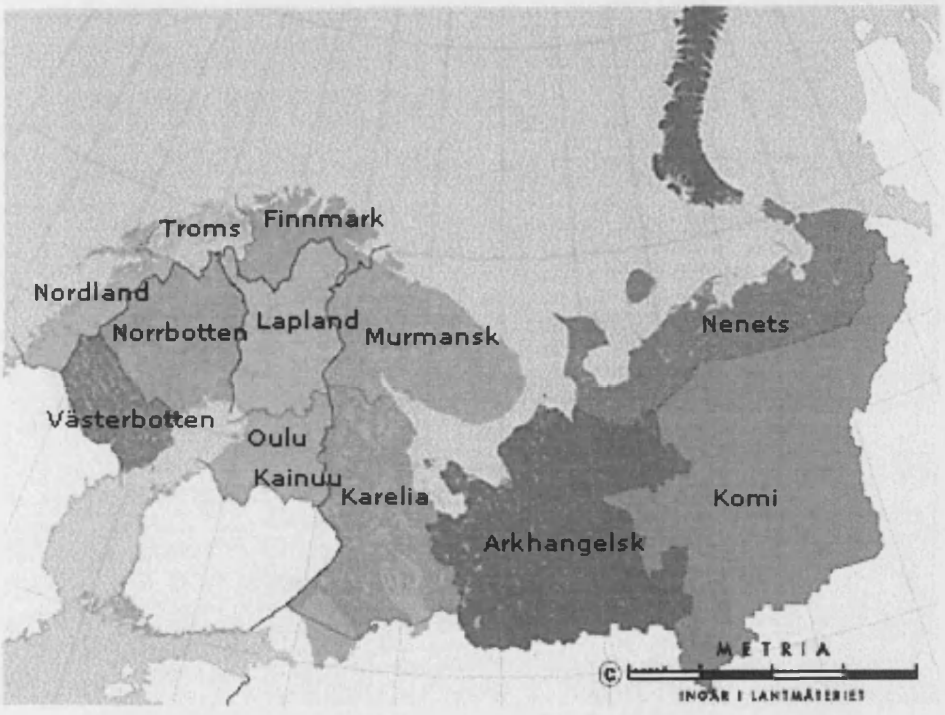

Figure 3. 4: The Barents Sea Region – Division by regional administrative units

The Kirkenes Declaration attached great importance to sustainable development. Indeed the environment represented the core activity of the organisation in its early years of activity. However, in the same way as the CBSS gradually extended its activities, the Barents Euro-Arctic Council has also covered an increasingly large number of policy areas. The agenda has also been shaped by the special climatic and socio-economic conditions that characterise the area.[134] At present the working areas of the organisation include economic cooperation, the environment, energy cooperation, education and research, environmental issues,

http://195.204.79.177/web/noteshotell/barents/BIS.nsf/AlleDok/4942FC5048341420C125680300459EED .

[134] The Barents Euro-Arctic Region (BEAR) covers an area of 1.755.800 sq km (approximately the combined area of France, Spain Italy, Germany and the Netherlands) with a population of nearly 6 million people. The average number of inhabitants per sq km is 3.5 and varies from 0.3 (Nenets) to 8 (Oulu – the largest city in the EU portion of the BEAR territory).

health matters, transport-related matters (in particular the North Sea Route) and coordination of youth policies.

The character of the Barents Euro-Arctic Council does not lie in its agenda, resembling as it does to a great extent that of the CBSS, but rather in its institutional structure. The BEAC in fact has developed a two-tier structure involving both central governments and the Northern sub-national units (regions or counties) of the states involved.[135]

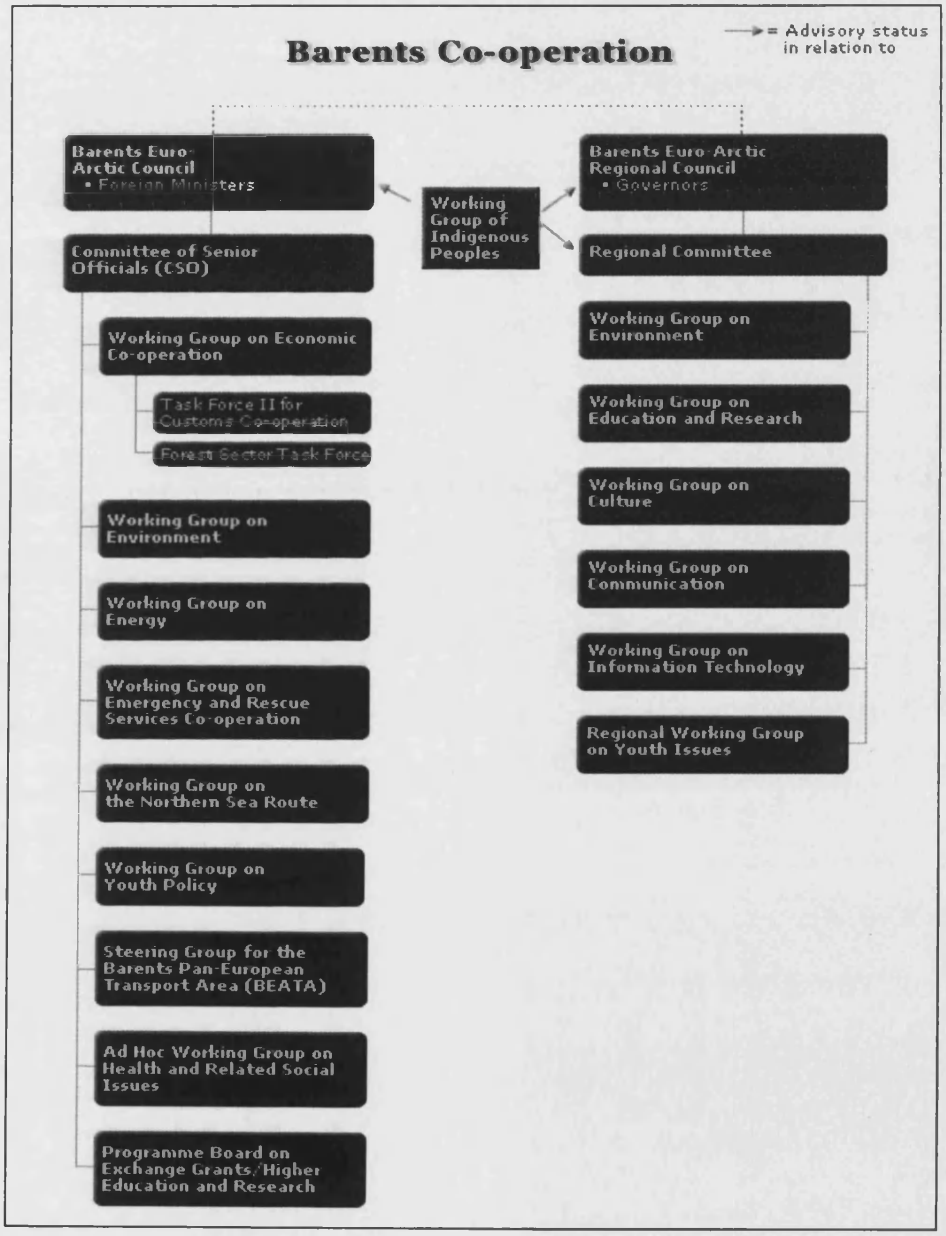

Figure 3. 4: Barents Cooperation

[135] The regions/counties participating in the BEAC are: in Finland: Kainuu, Lapland and Oulu; in Norway: Finnmark, Nordland and Troms; in Russia: Archangelsk, Karelia, Komi, Murmansk; and Nenets; in Sweden: Norrbotten and Västerbotten.

As demonstrated by figure 3.4, the organisational structure of the governmental part reflects, to a great extent, the structure of the CBSS described above.

The key bodies are the Council of Foreign Ministers, which meets every second year in conjunction with a rotating presidency, and the Committee of Senior Officials (CSO), which meets four to six times per year. Directly linked to the CSO are a number of Working Groups dealing specifically with the seven areas of cooperation covered by the organisation. The Chair of the BEAC rotates only among four of the seven members: Finland, Norway, Russia and Sweden. This is, on the one hand, because of the limited direct interest of Iceland and Denmark in the area and, on the other, a reflection of the expense that the presidency, which also hosts the Secretariat, involves.

In parallel with the governmental level the regional layer of the organisation consists of a Regional Council, a Regional Committee and Regional Working Groups. The Regional Council convenes the county governors, or equivalent, two to three times a year. The role of the Regional Council is to coordinate the local and regional cooperative efforts and to shape the Annual Plan, the document that outlines the activities and the guidelines for cooperation. The Annual Plan, part of the Barents Programme, which runs for four years, is a broad framework of reference that identifies priority areas for the whole region.

The Regional Committee organizes the Regional Council meetings and holds regular sessions to discuss cooperation projects, applications for EU and national funding, and other initiatives. Regional meetings are normally prepared for in advance by each county, within the international department of the county administration in the cases of Russia, Sweden and Finland, while the Norwegian counties have set up a joint Barents Secretariat in Kirkenes to organise their Barents-related work.[136] The Regional Committee has set up five permanent working groups on Information Technology, Communications, Culture,

[136] See the BEAC website http://www.beac.st .

Environment and Education, and a Regional Working Group on Indigenous People.[137]

The agenda of the organisation has mainly been dictated by the environmental degradation of some Russian areas but also includes work in the fields of Information Technology, Transport, Education and Culture.

An example of cooperation in the environmental field has been the BEAC project aimed at improving the environmental situation near the Pechenganikel industrial complex. This complex (of ore extraction) is a major threat to aquatic and terrestrial environments in the Finnish, Norwegian and Russian border areas due to its extremely high emissions. While at governmental level Norway launched a clean-up project aimed at reducing the emissions through the use of more modern production technology (offered by Nordic companies), regional authorities in the counties of Finnmark, Lapland, and Murmansk have, in collaboration with research institutes in the Barents Region, drawn up a "Pasvik programme". The objective of the "Pasvik programme" is to develop and implement an environmental monitoring and assessment programme in the border areas. [138]

Another example of cooperation carried out in the framework of the BEAC is the "Programme on Health and Social issues" launched in 1999 and financed by Norway, Sweden and Finland through an allocation of €14.5 million. The programme is aimed at developing and improving coordination between the social and health institutions of the BEAC partner countries. Within the scope of the programme, about 120 specific projects are being implemented in four priority areas: "combating new and re-emerging diseases", "counteracting lifestyle-related problems", "quality improvement of health services" and "improving services for the indigenous peoples".[139]

Finally, another example of a BEAC cooperation project, this time in the field of IT, is the e-Barents project, which targets the main cities in the Russian part of

[137] The indigenous people are the Saami, the Nenets and the Vepsian. The Saami are the largest indigenous group. There are about 60,000 scattered between Northern Finland, Sweden, Norway and parts of Russia. Regional Cooperation among the different indigenous people started in 1993 with the BEAC but the Working Group was formed only in 1995. For more information about Saami and their institutions see http://www.sametinget.se.

[138] See http://www.beac.st/_upl/doc/465_doc_AssessmentReportoftheCSO.doc

[139] More details about the local projects can be found at http://www.barents.no/health/index_om.html .

Barents Region and aims to map out the basic IT infrastructure in the area. The project identifies the main IT infrastructure and Internet capacities, the development of access to the Internet, the possibilities for user support and the level of PC access and Internet connections in the area.

In institutional terms the BEAC constitutes a light organisation—at least as far as the governmental side is concerned. It has no permanent secretariat and all the preparations for the Ministerial and CSO sessions are made by the rotating Chair, both at governmental and regional level. Given the scarcity of other sub-regional actors in the area, if compared to the Baltic Sea area, interactions with other actors are limited. The strength of the organisation, and to a certain extent also its innovative character, rests mainly in the combination and the presence, in a single framework, of the Commission, intergovernmental and the sub-national elements.

3.2.3. The Arctic Council

The Arctic Council was created in 1996 as a result of a Ministerial Meeting that took place in Ottawa, Canada, among the eight countries that, since 1991, have been cooperating on environmental issues related to the arctic area.[140] The participating countries are the USA, Canada, Norway, Sweden, Finland, Denmark/Greenland, Iceland and Russia.

Among the three organisations involved in the Northern Dimension, the Arctic Council is probably the least complex in terms of organisation. If the CBSS has been acquiring a solid profile and the role of referent for many transnational activities unfolding in the Baltic Sea area, the Arctic Council remains a rather loose organisation, apparently even lighter than the Barents Euro-Arctic Council, that serves mainly as a forum for consultation and cooperation on environment-related issues.

In particular the aims of the Arctic Council have been:[141]

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[140] The Arctic Environmental Protection Strategy (AEPS), commits the 8 Arctic Governments to "cooperate on protection and preservation of the Arctic environment, recognizing the special relationship of the indigenous peoples and local populations of the Arctic to the Arctic, and their unique contribution to the protection of the Arctic environment". See First Ministerial Conference on the Protection of the Arctic Environment, *Arctic Environmental Protection Strategy*, Rovaniemi, Finland, 14 June 1991.

[141] For more details about the objectives of the Arctic Council see http://www.arctic-council.org

⇒ to provide a means for promoting cooperation, coordination and interaction among the Arctic States, with the involvement of the Arctic indigenous communities and other Arctic inhabitants on common Arctic issues and in particular issues of sustainable development and environmental protection in the Arctic.

⇒ to oversee and coordinate the programmes established under the Arctic Environmental Protection Strategy on the Arctic Monitoring and Assessment Program (AMAP); Conservation of Arctic Flora and Fauna (CAFF); Protection of the Arctic Marine Environment (PAME); Emergency Prevention, Preparedness and Response (EPPR); and the Sustainable Development Working Group (SDWG).

⇒ to adopt terms of reference for, oversee and coordinate a sustainable development programme.

⇒ to disseminate information, encourage education and promote interest in Arctic-related issues.

The organisational structure of the Arctic Council reflects that of the governmental part of the BEAC with a Ministerial level meeting every second year and a Group of Senior Arctic Officials, which coordinates the work of the five working groups operating in the framework of the organisation. Even if the main focus of the organisation has traditionally been on environmental issues, the most recent Working Group to be set-up—on Sustainable Development—has widened the areas of intervention by introducing new areas of cooperation such as cultural and eco-tourism; resource management, including fisheries; arctic children and youth policies; and health issues.[142] Last, but not least, a defining element of the Arctic cooperation is the involvement of the arctic indigenous people.[143]

Summing up, the three organisations and in particular the CBSS and the BEAC have been acquiring an important role in the dynamics of regional cooperation in

[142] See http://www.arctic-council.org/sdwg.asp for more details about the activities of this working group.

[143] The Association of Indigenous minorities of the North, Siberia and the Far East of the Russia Federation, the Inuit Cicumpolar Conference, the Saami Council, the Aleutian International Association, the Arctic-Athabaskan Council and the Gwich'in Council. See Stålvant, "The three Northern Councils and national soft security policy", in Moroff H. (ed.), Eiuropean Soft Security Policies, p. 306.

Northern Europe and have developed a solid institutional and operative structure. Indeed, there are substantial differences between the three Post-Cold War Councils and the Nordic Council, which was discussed in chapter 2, both institutionally and in budgetary terms. However, it is interesting to underline how all these institutions are linked by the dynamics characterising their decision making processes. One might argue that some elements that have been characterising the Nordic political culture, in particular consensualism[144], have been at least in part transfused in the new organisations. The approach developed by these organisations towards the joint management of the issues on the regional agenda is in fact to a great extent a reflection of the Scandinavian consensual approach which is at the basis of the cooperative method developed in regional for a like the Nordic Council. The members of the CBSS, BEAC and AC have very different backgrounds in terms of political culture but they all seem to have in common a particular attention to the avoidance of any substantial "disagreement" among them. It is not a coincidence that the CBSS did not achieve much in it first two years of existence due mainly to the clashes between Russia and the Baltic countries about border disputes and issues related to treatment of the Russian minorities. Since then the CBSS has achieved results thanks to the adoption of a gradual approach to cooperation through a relatively slow process of consensus-building among the members.

3.3. Finland and the origins of the Northern Dimension

Within the framework of the dynamics described above, Finland's role was rather marginal. Its low profile in the regional cooperative processes derived, on the one hand, from a different approach to the process of European integration and, on the other hand, from the centrality that relations with Russia had on its own foreign and security policy agenda. The Northern Dimension initiative, launched in September 1997, could be seen as a coup de théâtre in a regional setting which, after the launch of the BSRI in 1996, was finding its own political

[144] See for example Elder, N. C. M., H. Thomas and D. Arter, *The consensual democracies? : the government and politics of the Scandinavian states*, Oxford : Basil Blackwell, 1988. On the Swedish approach to consensualism see Anton, T. "Policy-Making and Political Culture in Sweden," in *Scandinavian Political Studies*, Vol. 4, 1969.

and institutional equilibrium.[145] At the same time, however, it could also be argued that, unlike the BSRI, the Northern Dimension was an issue which could profile Finland in the EU it had recently joined.

In the Finnish domestic context two background elements deserve particular attention. The first is related to Finland's reaction to the regional dynamics described above.[146] The second is linked to the emergence domestically of a notion of a Northern Dimension, identifying a gap affecting Finland's foreign policy in the mid-1990s.

As shown above, the regional cooperative processes that developed in Northern Europe in the first part of the 1990s did not see Finland as a main player. True, Finland was the promoter of the Arctic Environmental Protection Strategy (AEPS) and the resulting Rovaniemi Process in the field of environmental protection of the High North; but the process was not linked to Finland's accession to the EU in the same way as the other regional processes, such as the CBSS or the BEAC, were. As David Arter has underlined: 'The end of the cold war was reconducive to a measure of institutional pluralism in Northern Europe and with its Nordic neighbours taking the initiative in founding consultative regional councils, Finland found itself cast in a largely reactive role'.[147] In fact, with the accession negotiations in full swing, the launch of the BEAC came as a surprise to the Finnish establishment.[148] By launching it Norway was attempting to gain political space in the High North and possibly to carve out a role as a referent for Russia once it joined the EU. This situation, followed in 1996 by the launch of the European Commission's BSRI within the framework of the CBSS, put the Finnish Government in a reactive position.

The risk of being left without any distinct role to play in Europe's North led the Finnish Government to give substance to a concept—the Northern Dimension—that could re-launch its own interests and position within the regional setting.
As will be seen below, the Finnish notion of the Northern Dimension originated from the domestic context, but it had one element in common with the idea of a

[145] Interview with Mr. R. Batti, European Commission, DG IA, Brussels, 15 July 2000.
[146] Arter D., "Small state influence within the EU: the case of Finland's Northern Dimension initiative", in *Journal of Common Market Studies*, vol. 38/5, December 2000, pp. 667–97.
[147] Arter D., "Small state influence within the EU", p. 681.
[148] See Joenniemi P., "The Barents Euro-Arctic Council".

'Northern Dimension of the CFSP' which Carl Bildt, then Swedish prime minister, mentioned in his Bonn speech in 1991. Bildt seemed to understand the CFSP as the primary instrument through which the foreign policy interests of the EU countries could be fostered. In the same way the Finns interpreted the Northern Dimension as a tool with which to promote their own interests.

It is difficult, however, to identify Bildt as the father of the notion of Northern Dimension or the Finns as those who "took" a Swedish concept because Bildt's point of view was not part of a Swedish foreign policy vision shared either by the opposition,[149] the Social Democrats, or by a large part of the Swedish electorate, as demonstrated by Bildt's defeat in the election of 1994. The idea of a "Northern Dimension" of the CFSP was put forward by the Swedish Prime Minister in the Bonn speech but never appeared again, possibly because of domestic pressure and possibly because of worries by southern members about excessive attention from the European Union towards the Northern neighbourhood, which resulted in the launch of the Barcelona Process. At the same time the Finnish notion of Northern Dimension launched in 1997 should be framed in both the domestic and regional context after EU membership.

If we look at the situation in terms of the regional cooperation that characterized Northern Europe immediately after the accession of Finland and Sweden to the EU in January 1995, the Northern Dimension could be interpreted first of all as the Finnish response to the fear of possible marginalization in the 'Western club' it had recently joined.[150] This was due to the fact that, at regional level, Finland was lagging behind its Nordic neighbours in terms of institutional 'entrepreneurship'.[151] In this context the launch of the BSRI in 1996, within the framework of the (then Swedish-chaired) CBSS, becomes significant, especially if we consider that the BSRI was the first initiative that originated from the European Commission—not the states of the area—and represented a substantial

[149] Foreign policy in Sweden is not the sole expression of the majority party. Traditionally, any important change in the field of foreign policy is carried forward only if there is a broad consensus in the Riksdag.

[150] See Arter D., "Small state influence within the EU".

[151] On the broader issue of 'reaction' and the Finnish behavioural pattern in the context of EU accession see Mouritzen H., "The two musterknaben and the naughty boy: Sweden, Finland and Denmark in the process of European integration", in *Cooperation and Conflict*, vol. 28/4, 1993, pp. 373–402, in particular p. 389.

change in the attitude of Brussels which, until then, had kept a fairly neutral profile on the future actions to be taken in the area.

The second element that should be considered when analysing the origins of the Northern Dimension is represented by what some Finnish scholars have defined as a lack of a well-defined Finnish policy for the High North, that is, the Arctic and the Barents Sea area.[152] The ND was first of all an element filling a gap in Finnish domestic and foreign policy, given that the North is for Finland part of the domestic as well as the foreign sphere.

An initial notion of a Northern Dimension emerged in the very first place from the work of some Finnish scholars engaged in the Kuhmo process 'years before this concept found its place in the vocabulary of the Finnish Prime Minister Paavo Lipponen'.[153]

In the Finnish domestic political debate the Northern Dimension was a notion, or better, a 'label', identifying several foreign policy issues. To put it another way, a number of key elements of Finland's foreign policy taken together formed the core of what was known as the Northern Dimension. The notion of the Northern Dimension, even before its launch at EU level, was an umbrella concept that merged several bits of Finnish foreign and domestic interests, namely (a) Nordic cooperation 'as the closest circle of internationalisation for Finland'; (b) Finland's activities 'in security policy and especially confidence-building measures'; (c) Finland's new Russia policy, established in 1992; (d) the multilateral cooperation in the Baltic Sea area; (e) the development of the (Finnish) High North; and (f) last but not least, Finland's Arctic policy and in particular the AEPS adopted in 1991.[154]

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[152] See Heininen L. and Käkönen J., *The New North of Europe: Perspectives on the Northern Dimension.*

[153] See Heininen L. and Käkönen J., *The New North of Europe: Perspectives on the Northern Dimension*, p. 7. Kuhmo is a small town in north-eastern Finland on the Russian border. Since 1987 a group of scholars has met there every year in the summer to discuss issues related to peripherality. It was in this framework that the problems of a peripheral community in the context of the changing international system were introduced and developed.

[154] See Heininen L. and Käkönen J., *The New North of Europe: Perspectives on the Northern Dimension*, pp. 31–2. In September 1989, on the initiative of the Government of Finland, officials from the eight Arctic countries (Canada, Denmark, Finland, Iceland, Norway, Sweden, the USSR and the USA) met in Rovaniemi, Finland, to discuss cooperative measures to protect the Arctic environment. They agreed to work towards a meeting of ministers from the circumpolar countries responsible for Arctic environmental issues. The September 1989 meeting was followed by

3.4. The ND goes European: Looking into the process of customisation

With Finland's membership of the European Union the notion of the Northern Dimension acquired a new connotation given the opportunity that Finland had of projecting its foreign policy interests at EU level.

Indeed the process through which member states pursue their foreign policy interests in the framework of the European Union is a dual one. On the one hand, member states try to project their foreign policy interests on the EU agenda and therefore attempt to turn their foreign policy aims into objectives of the whole Union through a process of "customisation". Customising in fact can be linked to furthering national interests or using the Union for one's particular purposes, but it can also be understood as each member state seeing the Union through their own eyes. If we look at "Customisation" in its first connotation it appears as one of the elements at the core of the logic of the European integration process. "The rationale of the EC/EU was and still is to get away from power politics to allow small states an opportunity for action and influence they otherwise would not have if all the business was conducted on an inter-state basis".[155]

On the other hand, the foreign policy of member states is subject to a parallel process of adaptation or "Europeanisation", which leads to a modification of national foreign policy objectives or strategies as a result of the negotiation and discussion taking place at EU level.[156]

While there are also elements that indicate a process of Europeanisation of Finnish foreign policy, the focus here will be on the process of customisation of

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preparatory meetings in Yellowknife, Canada, in April 1990; Kiruna, Sweden, in January 1991; and Rovaniemi, Finland, in June 1991. The AEPS has dealt mainly with scientific research and protection measures towards the Arctic.

[155] Archer C. & Nugent N., "Small States and the European Union", in *Current Politics and Economics of Europe*, 11(1), 2002, pp. 1-10.

[156] See Vaquer i Fanes J., *Europeanisation and Foreign Policy*, Observatori de Politica Exterior Europea, Working Papers, Bellaterra, 2002; Risse T., Green Cowles M. and Caporaso J. (eds.), *Europeanization and domestic change*, Ithaca NY: Cornell University Press, 2001, p. 1. See also Bulmer S. & Burch M., "The "Europeanisation" of central government: the UK and Germany in historical institutionalist perspective", in Schneider G. & Aspinwall M. (eds.), *The rules of integration*, Manchester: MUP, 2000.

the EU interests. Finland's political strategy was based on the assumption that, in the framework of the EU, national interests are more effectively furthered, and regional political centrality is gained, by influencing the core of the Union rather than by acting primarily at the periphery.

As Finnish President Ahtisaari underlined, membership of the European Union offered the Finnish people "a historic opportunity to safeguard our own interests by engaging in deepening cooperation" with the other member states of the Union.[157]

The approach developed by Finnish policy makers was based on proactive, and especially non-obstructive, behaviour in the framework of the EU Council vis-à-vis the main CFSP issues and more generally in relation to key issues such as European Monetary Union (EMU). Finland "shall have to ask the Union for understanding in some details with our special Northern circumstances. In return we are prepared to bear our responsibility for the concerns of the old member states of the Union".[158] Such an approach is indeed an element to consider carefully as it reflects a rather uncommon discourse among the Nordic members of the EU. As we saw above, with the exception of Carl Bildt, not many other leading policy-makers from the other Scandinavian countries have been so open about participating actively in the core integrative projects unfolding in Brussels. Finland has taken part in all the main political projects such as the EMU and the creation of a rapid reaction force, the latter which originated from a Fenno-Swedish proposal.[159] In contrast with Denmark and Sweden, Finland has not resorted to its opt-outs during its membership and has contributed to the construction of common policies.

An interesting parallel can be drawn with the behaviour of Spain in its early years of membership under the leadership of Felipe Gonzales. According to Kavakas, the Spanish Government "sustained its reputation (within the Union) by promoting a common EPC approach (towards the Southern shore of the

[157] Ahtisaari M., *Finland in the new Europe*. Speech delivered in Paris, 21st February 1995.
[158] Ahtisaari M., Speech delivered in Helsinki at the Euroklubi 5th Anniversary Seminar, 10th April 1995.
[159] Antola E., "From the European Rim to the Core: the European Policy of Finland in the 1990's", in *Northern Dimensions 1999*, Helsinki: Finnish Institute of International Affairs, 1999, pp. 5-13.

Mediterranean) rather than a unilateral Spanish one". The attitude developed by Spain shows its attempt to "Europeanise" its special interests. "This attempt was not only successful", continues Kavakas, "but also increased the Spanish image and influence in foreign policy".[160] Finland acted in the framework of the EU Council along substantially similar lines.

The Northern Dimension, as well as the Barcelona Process, could therefore be considered in part as a political result[161] of the constructive attitude taken by the these two members in their first years of membership and partially as a result of a successful customisation of the EU neighbourhood agenda to their own national interests and priorities.

But what were the actual interests that Finland attempted to project at EU level? The main driving elements behind Finland's decision in November 1992 to apply for EU membership were related to security rather than economics.[162] During the cold war Finland's foreign and security policy was built around relations with the Soviet Union. After the collapse of the communist bloc, between 1989 and 1991, the concerns of the Finnish Government focused largely on Russia and its internal instability. In short, Finland's security interests largely coincided with a stable Russia anchored to solid bilateral and multilateral cooperation.

Bilaterally, the agreements signed in 1992 defining the neighbourhood relations between Finland and Russia, and in particular the settlement of the Karelia issue, were an essential step in the normalization of relations between the two countries.

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[160] Kavakas D., *Greece and Spain in European Foreign Policy, the influence of southern member states in common foreign and security policy*, London: Ashgate, 2003 p. 72.

[161] The political result obtained by Finland could also be linked to the issue of the political "reward" in the framework of the Council. This is not often taken into account when analysing the success of certain initiatives taken by small member states that subsequently turn into policies or policy frameworks of the whole Union. Certainly it is an element whose impact is difficult to quantify, as there exists no evidence of it in any official document. In the framework of the EU, but also at governmental level, its is considered "politically incorrect" or one might say that it goes against the unwritten rules of the "diplomatic republic of Europe" to talk explicitly about "rewards" given to new member states for their constructive behaviour. Informally, however, such an element has been brought forward by representatives of the national governments as well officials of the EU institutions and therefore it should be mentioned. Element emerged from the Interview with Mr. Renato Batti, Dg External Relations, Brussels, June 2000. Interview with Ambassador S. Giorgi, Italian MFA, Rome, June 2001. See also Jørgensen K. E., "PoCo: The Diplomatic Republic of Europe",. in Jørgensen K.E. (ed.) *Reflective Approaches to European Governance*, Basingstoke: Macmillan, 1997, pp. 167-180.

[162] Forsberg, T., "European integration and Finland: a constructivist interpretation", Paper presented at the ISA Conference, New Orleans, 2002.

They also proved to be relevant to the definition of Finland's position within the framework of its accession to the EU.[163] In fact the Karelia issue and the positive relations Finland had been able to establish with Russia after the collapse of the Soviet Union turned into an asset in the hands of the Finnish Government as it realized, during the negotiations, that the European Commission was eager to exploit Finland's relations with the East in order to foster the links between the EU and Russia.

While, during the early 1990s, bilateral relations seemed to be running along a parallel track vis-à-vis the Finnish attempts to involve Russia in multilateral frameworks, with membership of the EU it appeared more and more difficult to divide the bilateral from the multilateral dimension.

The 'multilateralisation' of Finland's relations with Russia coincided, on the one hand, with the country's participation in the regional organizations in which Finland was involved (the CBSS and the BEAC) and, on the other hand, with the strengthening of relations between the EU and Russia. The issue of identification between Finland's and the EU's bilateral relations with Russia was repeatedly mentioned in speeches by key policy makers. In particular, the questions of how to involve Russia more closely in the European integration process and, in a more general way, how to help Russia to link to the world economy were those most often addressed.[164]

The three geographical areas of strategic importance to Finland's bilateral relations with Russia—north-west Russia, the Barents Sea area and the Baltic Sea area—had been kept somehow separate from each other during the early 1990s as a result of the different cooperative processes at regional level.
Efforts to multilateralise relations with Russia were not therefore lacking at regional level, but rather at EU level. The lack of a comprehensive policy at EU

[163] Joenniemi P., "The Kaliningrad question: on the transformation of a border dispute", *Cooperation and Conflict*, vol. 33/2, 1998, pp. 183–206. See also Browning C. S., "Constructing Finnish national identity and foreign policy, 1809–2000", Doctoral thesis, University of Wales, Aberystwyth, 2002; and Medved S., *Russia as the Sub consciousness of Finland*, UPI Working Papers no. 7, Helsinki: Finnish Institute of International Affairs, 1998, p. 17.
[164] Ahtisaari M., *The global role of the European Union*, Address at the Institute of International Affairs, Rome, 29 January 1997.

level dealing with relations with Russia opened up the possibility of bringing together these distinct geographical areas under the same policy umbrella within the framework of the EU. Finland, in other words, sought the chance to further its key security interests by attempting to shape first and foremost the EU agenda towards Russia and, to a lesser extent, the agenda towards the other Northern neighbours of the EU.

In this light the Northern Dimension initiative emerges as an umbrella concept through which the Finnish Government created a large overlap between its own interests and those of the EU. As Alpo Rusi, a former adviser to the Finnish President, stated: 'Our own policy on Russia is partly transforming into the Northern Dimension of the Union'.[165]

However, looking at the Finnish presidency of the EU, the picture concerning the approach of Finland to EU-Russia relations appears more complex. Even if centred upon the regional cooperation fostered through the Northern Dimension, the Finnish approach was aiming at increasing also the political dialogue with Russia on several institutional levels through the Common Strategy and the PCA.[166] However, mainly due to the issue of the war in Chechnya which contributed to grind the positive momentum of early 1999 in the relations to a standstill, the high politics dialogue was put aside in favour of a more practical approach centred upon regional cooperation. The run-up to the launch of the Northern Dimension, especially in the Finnish domestic context, indicate that, on the one hand the approach of the Finnish policy makers is very much centred on the projection of the national interests at EU level and rather on the launch of an initiative approaching neighbourhood relations in an innovative way. On the other hand, there is an attempt to export at EU level a method of cooperation, tested in the past decades through the Nordic institutions, based on low politics issue and characterised by a rather pragmatic and low profile approach to cooperation with the neighbouring areas.

[165] See Pursiainen C., "Finland's policy towards Russia: how to deal with the security dilemma?", in *Northern Dimensions 2000*, Helsinki: Finnish Institute of International Affairs, 2000.
[166] Haukkula H., *The Making of the European Union Common Strategy on Russia*, UPI Working papers 28/2000, Helsinki: UPI, p. 31.

3.5. *The Baltic Sea Region Initiative*

As mentioned above, the first initiative taken by the Commission in the Northern neighbourhood after its enlargement to include most of the EFTA countries was the Baltic Sea Region Initiative. Launched by the Commission in April 1996, during the Swedish Presidency of the Council of the Baltic Sea States, in the framework of the CBSS and endorsed by the European Council in June 1996, under an Italian EU Presidency, the initiative was rather short-lived since it was *de facto* overtaken by the launch of the Northern Dimension some 13 months later.

The origins of the initiative lie largely in a document, adopted during the same Spanish EU Presidency in 1995 that the Barcelona Process was launched, which listed all the financial sources such as grants and loan assistance already available to the Northern neighbourhood. The paper estimated that the international grant and loan assistance for the Baltic Sea region in 1990–1994 was 4,534 MECU, of which 517 MECU consisted of grants from the Community. The expected level of assistance in 1995–99 was estimated at 4,655 MECU, of which 950 MECU was from Community grants.[167] Framed in the wider context of the distributive balance of EU external relations, such a document might be read as a justification, on the one hand, of the necessity for more attention to be paid to the Southern neighbourhood and, on the other hand, of the absence of a need to raise the level of financial allocations to the Baltic Sea area. As the Commission's proposal pointed out:

> The present initiative does not require *funding additional* to the existing Community programmes, nor does it affect the responsibilities of each provider of assistance with regard to their individual programmes and the rules which govern them. It outlines proposals for taking full advantage of existing cooperation and programmes by intensifying regional coordination and focusing on priority areas.[168]

[167] European Commission, *Current States and Perspectives for cooperation in the Baltic Sea Region*, Brussels, 1995.
[168] European Commission, *Communication from the Commission to the Council on the Baltic sea region initiative.*

The Baltic Sea Region Initiative was centred on two main elements: on the one hand, there was an attempt to strengthen political cooperation among the countries of the area (i.e. to foster a process of socialisation), on the other hand, there was an attempt to develop cooperation in a number of fields such as trade, investment, infrastructure, energy and nuclear safety, the environment, tourism and cross-border cooperation.

An element of the initiative that needs to be pointed out is the importance attached to strengthening "the Baltic Joint Programming and Monitoring Committee (BJPMC) which could contribute to the coordination of all [European] Union co-financed actions of a cross-boarder and transnational character". In other words the issue of coordination was in 1996 already part of the picture even if perhaps it did not have the centrality it now enjoys in the framework of the ND.

There is an obvious overlap between the agenda set out in the BSRI and the one being developed in the framework of the Northern Dimension, as is demonstrated in the next chapter. Even more strikingly, particularly in the light of the rather lukewarm approval that the ND received in some sectors of the Commission, the BSRI underlined that "Complementarity between the work of the CBSS and the [European]Union is an important objective of future cooperation".[169]

The initiative was short-lived mainly due to the introduction of the Northern Dimension. However, it should be pointed out that while the ND represented, at least for its scope and ambitions, a "profile issue" for Finland, the BSRI was more limited in its political weight and could certainly not profile a member, in this case Sweden, within the newly joined EU to the extent that the ND did for Finland.

3.6. Shaping the Northern Dimension: the Finnish proposal

If, in the Finnish domestic milieu, it is difficult to track down where and when the term "Northern Dimension" was first employed, given that the term was used both by scholars (the Kuhmo process launched in 1987) and policy makers to

[169] European Commission (1996), *Communication from the Commission to the Council on the Baltic sea region initiative.*

identify a number Finnish foreign policy concerns in the context of the accession negotiations, the term "Northern Dimension" became largely (and successfully) related to highlighting the special conditions (in agriculture and transport) in the Northern part of the continent and the consequent need for structural support in those scarcely populated areas of the North of the country.[170]

As Finland became a member of the European Union, the notion of the Northern Dimension acquired a new meaning and identified the need to increase the attention of the European Union towards its Northern neighbourhood.[171]

The actual Northern Dimension initiative, i.e. the concrete policy proposal, took shape after only one year of EU membership and as noted above after a few months the launch of the Baltic Sea Region Initiative. Although most of the literature on the subject assumes that the ND first saw the light with the speech Prime Minister Paavo Lipponen gave in Rovaniemi in September 1997, the very first proposal, or at least some of its key traits, started circulating informally as early as at the European Council in Cardiff in December 1996.[172] The Rovaniemi speech was a sort of presentation to the public, but informal contacts with the EU institutions had started already in early 1997.

The proposal was formally outlined for the first time in a letter Lipponen wrote to the President of the European Commission, Jacques Santer, in April 1997. An interesting element that emerges from it is the emphasis put upon the need to 'formulate a strategy covering the whole Northern dimension' of the EU's external relations.[173] In particular Lipponen underlined the need for comprehensive action aimed at setting the economic, political and security interests of the EU in the region, 'especially in the long run'.

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[170] Finland did actually achieve important results from the accession negotiations. The creation of a dedicated objective, Objective 6, aimed at scarcely populated areas in the framework of the structural fund should be considered as the most important achievement.

[171] Harle, V., "Martti Ahtisaari, A Global Rationalist", in *Northern Dimensions 2000*, Helsinki:Finnish Institute of International Affairs, 2000.

[172] Lipponen, P., *Letter to the President of the European Commission Jacques Santer*, 14 April 1997, ref. 97/1510 (translation from French by the author).

[173] Lipponen P., *Letter to the President of the European Commission Jacques Santer.*

The proposal was publicly launched in September 1997 at a Conference on the Barents Sea Region.[174] There are five elements that require attention in the Lipponen proposal because they serve the purpose of defining a starting point in the analysis of the development of the initiative.

1- The first point that should be stressed is the "geographically wider" scope of the Northern Dimension concept. Contrary to the previous initiatives taken by the Nordic countries, the ND did not focus on a narrow regional arena like the Barents area or the Baltic Sea region, but was inclusive in essence as it encompassed the whole of Northern Europe from North West Russia to the Atlantic. The ND area defines a region that transcends traditional geopolitical distinctions between North (Barents and High North) and South (Baltic Sea) as well as east and west and by redefining the North as single region or area of interest for the EU.

2- Lipponen pointed out the need for "a comprehensive strategy, an institutional framework and adequate financing to carry out our plans".[175]
Again the strategic element underlined in Lipponen's letter to Santer was strongly underlined with the call for the creation of an "institutional framework" and, especially, "adequate financing". These elements indicate that the financial question was present from the beginning. One might argue that at this stage the Finns did attempt to create a framework along the lines of the Barcelona Process and this seems to support the hypothesis that the Finnish Government was aiming to launch a grand-strategy that, in the framework of the external relations of the Union, would have counter-balanced the institutional and the financial attention that the Mediterranean had traditionally enjoyed.
These two last issues have been, and still are, focal elements of the debate surrounding the initiative. As is demonstrated below, both the institutional framework and the "adequate financing" never really materialised in the way the Finns were hoping for when launching the Northern Dimension. However,

[174] Lipponen P. , *The EU needs a policy for the Northern Dimension*, Speech delivered at the Conference "Barents Region Today", Rovaniemi, 1997a.
[175] Lipponen P., *The EU needs a policy for the Northern Dimension*, p. 4.

3- A third element outlined by Lipponen was a wide horizontal agenda of "challenges and opportunities" ranging from the environment, transport and energy to cultural issues. The soft security agenda proposed by the Finnish Prime Minister transcended the nature of previous external relations initiatives. The ND's ambitious and comprehensive agenda was first of all aimed at making the EU act more coherently in the area and, most importantly, it promoted a horizontal, more global, approach to relations with neighbours.

4- The participation of international financial institutions (IFI), such as the European Bank for Reconstruction and Development, the Nordic Investment Bank and others, in the implementation of the initiative is also an important element. This should be considered as a rather unusual element in the framework of the EU's external relations. As will be discussed later on in this work, this element has transformed into one of the most dynamic and successful points of the ND. The Northern Dimension has opened up new space for a more central role for the IFIs in the implementation of EU priorities in the area.[176]

5- A fifth and final element was the involvement of the regional organisations operating in the area such as the CBSS, the BEAC and the Arctic Council (AC). The participation of the regional bodies in the Northern Dimension was seen as an important tool in supporting the definition process of EU interests in Northern Europe. The involvement of the regional organisations, i.e. the recognition of a role for the "outsiders" in the workings of the EU, represented per se an innovative notion in the framework of the external relations of the EU.

The Finnish proposal, as formulated by Prime Minister Paavo Lipponen, outlined several potential innovations in the way the EU could approach its relations with its Northern neighbours, and Russia in particular. The sort of vision that emerged from the Lipponen proposal is strategic and long-term in essence because it sought to put political and economic interdependence between the neighbours and the EU at the core of the partnership and create an area of stability and prosperity stretching across the borders of the Union.

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[176] Lipponen P., *The EU needs a policy for the Northern Dimension.*

At the same time, however, it should be recognised that some aspects of the Finnish proposal were rather nebulous. If, on the one hand, the core elements of the proposal point to the development of a kind of long-term grand strategy for the Northern neighbourhood with grand political ambitions, on the other hand, the lack of a clear financial and institutional framework emerging from the proposal highlighted the fuzzy character of the initiative.

At the eve of its official launch at the Luxembourg European Council some of the characterising points of the initiative were already set. The informal negotiations that preceded the formal request by the EU Council to the Commission to explore the possibility of developing the Northern Dimension initiative were indeed crucial in defining the hybrid nature of the initiative.

In the framework of COEST, the Council working group responsible for EU external relations towards Russia and the eastern NIS, it was made clear by the Spanish representative as well as others that a pre-condition for even discussing the matter was that no new budget line or funding should be at stake. [177]

The Southern members of the Union, Spain in particular but also other net contributors, were not ready to embark on a new initiative that would have drained away resources from other areas. Spain was concerned that the overall external balance of the Union's resource allocation could have been altered further in favour of the (North) Eastern neighbourhood with a consequent negative impact on the Mediterranean policy. Furthermore, by denying any new budget line the Southern members undermined the potential of the initiative as a counterbalance to the Barcelona Process and, above all, as a key interface to deal with Russia.

The absence of new funding, or the absence of a budget for the proposal, should be considered the main element that contributed to the Northern Dimension "specificity".

The link between a budget line and the importance, or even the existence, of a policy is a key factor. The lack of specific financial support created the perception within the EU, particularly among officials in the Commission's DG for External

[177] Interview with Finnish official of the Ministry of Foreign Affairs, Helsinki, February 2002.

Relations, and also among outsiders such as Russia that the initiative was marginal or at best a second rank policy. There is in sum a direct link between the amount of funding allocated to a given initiative and its priority in the agenda of the EU institutions.

Furthermore, the idea of involving the regional organisations, i.e. "outsiders", in the actual implementation of an EU initiative also departed from the commonly perceived idea of foreign policy. Both at national level and at the EU level, foreign policy is elaborated and implemented towards "outsiders" and is not normally shaped together with them. This also contributed to the EU's interpretation, and therefore development, of the Northern Dimension in its early stages as more of a loose regional framework for discussion and improved cooperation with Russia than a 'policy' like the Barcelona Process and the Euro-Mediterranean partnerships.

In sum, in spite of some important strategic elements embedded in the Lipponen proposal, the launch of the initiative was characterised by some nebulous aspects. A key question, therefore, is how did the Northern Dimension make it on to the EU agenda?
A hypothesis providing a possible explanation is related to the "marketing strategy" adopted by Finland at EU level in order to have the proposal approved. In other words, a good part of the positive outcomes achieved by the ND entering on to the EU agenda was due to the way in which the initiative was presented in the context of the relevant EU institutions, in particular the EU Council.

First of all, the Finnish Government portrayed the Northern Dimension as an initiative that was not only in the interest of Finland but also in the common interest of all EU members to have a new policy for dealing with (north-west) Russia and the Northern neighbourhood. If Russia is for Finland a matter of daily concern, it is not for many other EU member states an issue that needs more attention than it already received through the bilateral instruments, the Partnership and Cooperation Agreement, and the dedicated EU programmes.[178]

[178] Ojanen H., "How to Customize Your Union: Finland and the "Northern Dimension of the EU".

Second, the Finns were successful in convincing the other members of the EU of the need for a new policy. Here lies perhaps the most important element of the Finnish "marketing" strategy: the so-called "customisation", and the creation of a substantial overlap between EU interests and Finnish interests. The comprehensive approach embedded in the Northern Dimension covering different strategic areas, north-west Russia, the Baltic Sea Area and the Barents Sea area, was successfully marketed as a policy that the EU was in need of.

Third, the initiative was aimed at strengthening the external presence of the EU by fostering coordination and an increase in the effectiveness of the existing instruments at work in the Northern neighbourhood.

Finally, the initiative was presented as not competing with the other Dimensions (Southern and Transatlantic). When it comes to competition the question is centred on resources and their allocation but, in general, at EU level it is not considered "politically correct" to talk openly of competition, particularly in financial terms, among EU regional coalitions. In any event, even if one of Finland's aims was indeed to increase the "attention" of the EU towards Northern Europe, or at least maintain the current level of financial allocations which *de facto* meant a net gain after enlargement, the absence of any evident threat to the established equilibrium between the various regional constellations of interests in the framework of the resources available for the EU's external relations made the initiative attractive even to the most frugally minded.

Finland's "marketing strategy" provides a convincing, but still only partial, explanation of the successful placement of the Northern Dimension on the EU agenda. It does not, however, consider the element which was discussed earlier in this section. The fact that the presence of a budget was ruled out from the very first meeting should be seen as the key to all the other elements. One could in fact argue that this was the reason why the other members did not oppose, in the phase prior to the Luxembourg European Council, the adoption of the initiative. In other words, the fact that the ND was marketed as an initiative that did not shift the external balance of interests of the Union, i.e. it was not in competition for resources, should be considered as a direct result of the absence of both a dedicated budget line and a heavy institutional framework.

If looked upon from such a perspective, the success of the Finnish marketing strategy is rather limited and one could easily argue that the ND arrived on the EU agenda only after it was deprived of those elements which could have created "instability" in the framework of the EU external balance of interests.

3.7. Conclusions

This chapter has demonstrated that the Northern Dimension initiative has its roots both in the regional context and in the successful projection at EU level of an umbrella concept, which was based in the Finnish domestic context.

The post-cold war geopolitical scenario that emerged in Northern Europe and the emergence of a new regional cooperation agenda led to the flourishing of a number of regional and sub-regional organizations that were meant to provide support in reducing the regional East–West divide. Among the many initiatives launched in the early 1990s, the CBSS and the BEAC played a central role.

At the same time the creation of such organizations also acquired a political value within the framework of the broader European integration process. The enlargement process to bring the EFTA countries into the EU opened up political opportunities and led to a sort of "soft" competition among the Nordic countries for a leading role in the neighbourhood. The creation of the CBSS and the BEAC should therefore be seen partially as an attempt by Denmark/Sweden and Norway, respectively, to carve out a leading role in the dynamics of cooperation between an enlarged EU (of 15 members) and Russia.

The Northern Dimension should therefore be considered, at least in part, as the Finnish response to the regional dynamics that characterized the mid-1990s. At the same time, as has been demonstrated above, the notion of the ND needs to be contextualized in the attempt by Finnish policy makers, once Finland had joined the EU, to create a framework at EU level where different Finnish foreign policy concerns—and above all Russia—could come together under the same umbrella.

Finland adopted an approach based on the assumption that a leading role at the periphery of the EU can be more effectively achieved through constructive, and especially proactive behaviour in Brussels. Finland successfully aimed to create a convergence between its own geostrategic interests, focusing mainly on the Baltic and Barents Sea areas, and the Union's still vaguely defined priorities in the Northern neighbourhood. The Finnish proposal successfully conjugated a set of Finnish interests with a strategic vision of the management of the relations with Russia which was lacking at EU level.

CHAPTER 4.
THE NORTHERN DIMENSION: DEVELOPMENT AND OUTCOME

Chapter 3 discussed the extent to which the EU institutional process was able to influence the Finnish proposal. This chapter focuses on the content of the Northern Dimension initiative as it emerged from the process. Here, attention will be focused on both the tangible content of the initiative, i.e. the activities carried out in the framework of the Northern Dimension up to the end of the Swedish Presidency in 2001, and on some of the atypical elements that have characterised the initiative.

In this chapter an initial answer to the question "what is the Northern Dimension about?" will be put forward on the basis of the assumption that the Northern Dimension constitutes a form of EU foreign policy that departs from the frame of reference provided by the other leading neighbourhood policy of the EU, the Euro-Mediterranean Partnership.

4.1. Defining the Northern Dimension

According to two key documents approved by the EU Council, the Action Plan and the Full Report, the Northern Dimension is a "tool for enhancing cooperation in Northern Europe and for the forging of closer ties between the EU and its Member States and the seven Partner Countries: Estonia, Iceland, Latvia,

Lithuania, Norway, Poland and the Russian Federation"[179] and "its aim is to provide added value through reinforced coordination and complementarity in EU and member states' programmes and enhanced collaboration between the countries in Northern Europe".[180]
The question that has to be addressed therefore is: should the Northern Dimension be considered as EU foreign policy?

If a broad definition of foreign policy such as the one proposed by Hill is used, according to which foreign policy "is the sum of official external relations conducted by an independent actor in international relations" then the Northern Dimension can indeed be classified as EU foreign policy.[181]
However, if the Northern Dimension is contextualised in the dynamics of EU foreign policy, and in particular EU policy towards the neighbouring areas, the answer becomes less clear-cut. The Northern Dimension cannot be seen only as a matter of foreign policy, but rather as an instrument which falls within the sphere of neighbourhood policy.

It could be argued that the EU's neighbourhood policy, in order to be accepted as such by the most or some of the components of the EU foreign-policy system (member states and EU institutions), and even Russia, should be shaped in a specific manner, or better, should have some distinct characteristics following a specific stereotype or model. In this framework, the EU's neighbourhood policy towards the Mediterranean seems to represents the frame of reference.
If, in order to be considered as a "real" policy, an initiative should have the same or similar characteristics as the Euro-Mediterranean Partnership, then the Northern Dimension can hardly be considered a neighbourhood policy of the European Union. Some key differences exist between the two initiatives: the absence of a budget line, the wide geographical spectrum covered by the

[179] Swedish Presidency of the EU Council, Presidency, *Full Report on the Northern Dimension Policies*, Council of the European Union, 9804/01,2001. The seven partners are: Russia, Poland, Latvia, Estonia, Lithuania, Norway and Iceland. The regional organisations with a recognised role in the implementation process are: the Council of the Baltic Sea States (CBSS), the Barents Euro Arctic Council (BEAC), the Arctic Council (AC). Furthermore the Nordic Council and the Nordic Council of Ministers have been also involved.
[180] EU Council, *Northern Dimension: Action Plan for the Northern Dimension with external and cross-border policies of the European Union*, 9401/00 Final, Brussels, 14 June 2000, http://europa.eu.int/comm/external_relations/north_dim/ndap/06_00_en.pdf.
[181] Hill C., *The changing politics of foreign policy*, p. 117.

initiative, the emphasis placed on an enhanced coordination of the EU instruments, and the involvement of the regional organisations such as the CBSS and BEAC.

After all, the Mediterranean neighbourhood policy, if not a model, does represent a point of reference against which to benchmark other neighbourhood initiatives. Some, like Maestro, have openly argued that the Euro-Mediterranean process was a blueprint for the Northern Dimension.[182] Prime Minister Lipponen had the Barcelona Process in mind as a model when, on several occasions, he suggested that that Northern Europe should learn more from how the EU deals with southern neighbours and at the same time wondered "whether the Commission's (external) resources are suitably distributed in relation to the objectives of the Union".[183]

However, if the European Union's foreign policy-making is seen as a more fluid process acquiring various shapes and not linked to fairly rigid benchmarking then it can be argued that the Northern Dimension constitutes, if not a brand new kind of EU foreign policy, at least a sort of category of its own. To put it differently, given that the Northern Dimension initiative, in some of its constitutive components, has departed from the "blueprint" offered by the Mediterranean policy, this has made the initiative more difficult to categorise as foreign policy.

An indication of the distinctive character of the Northern Dimension as a policy for the Northern neighbourhood has also been given by the differences that have emerged during the EU institutional process among the key components of what has been defined by Smith and Sjursen as the "EU foreign policy system", i.e. the

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[182] Maestro J., "The Euro-Mediterranean Process and the Northern Dimension: A comparative approach", in *International Perspectives on the future of the Barents Euro-Arctic Region and the Northern Dimension*, Part 2, Luleå: NLL, 2002, pp. 59-73.

[183] Lipponen P., *Speech of Prime Minister Paavo Lipponen at the national Northern Dimension forum in Oulu* (Finland), 15 January 2001. See also Lipponen P., *Speech at the Northern Dimension Forum in Lappeenranta*, 22 October 2001(a). See also Lipponen P., *The future of the European Union after Nice*, Speech at the European University Institute in Florence, 9 April 2001(b).

member states, European Commission and EU Council, in identifying the "mission" of the Northern Dimension, or at least in categorising it.[184]

A good example comes from the title of some important documents discussed earlier in this work. The repeated change in the name of the initiative has also perhaps shown most clearly how the intrinsic vagueness of the concept has left space for different interpretations of the Northern Dimension.

Lipponen's speech of September 1997 had the title: "EU needs a policy for the Northern Dimension". As was demonstrated above, the traits of the Finnish proposal were hinting at the definition of a neighbourhood policy "with an adequate financing and institutional framework" aspiring to the political leverage of the Mediterranean neighbourhood policy. The Commission, however, released its first Communication in 1998 on the "Northern Dimension for the policies of the European Union" in which the initiative assumes the traits of a broad framework rather than a policy along the lines of the Mediterranean. The document adopted at the Feira European Council was the "Action Plan for the Northern Dimension with external and cross-border policies of the European Union 2000–2003". Finally, the document adopted in Gothenburg in June 2001 was a "Full Report on Northern Dimension policies". Even if at first glance the differences might seem marginal, the discrepancies existing between the Communication of the EU Commission, the Action Plan and the Full Report indicate at best a lack of coordination and, most likely, a different interpretation of what the Northern Dimension was about.

In principle the divergence is centred on the issue of whether the ND was a matter of external policies only or a tool covering all the policies of the European Union directed towards Northern Europe. For example, the INTERREG III initiative, one of the instruments mentioned in the Action Plan focusing on cross-border cooperation, is part of the regional policy of the EU and is managed by the Directorate General for Regional Policy. It was not conceived, in principle, as an external tool but rather as an instrument to foster the internal cohesion of the EU.

[184] Smith K. and Sjursen H., *Justifying EU Foreign Policy: The Logics Underpinning EU Enlargement*, European Foreign Policy Unit Working Paper 2001/1, LSE: London, 2001.

Such a distinction over whether or not the ND is only a framework for external policies, if translated from "EU language", conceals the question of who in the EU, and particularly in the Commission, the institution in charge of implementing the initiative, is running the Northern Dimension. By defining the ND as a tool exclusively related to the external policies of the EU, it is implied that the management and coordination of the activities of the ND will be carried out by the Directorate General for External Relations and in particular by the Division for Horizontal matters in Directorate E (Eastern Europe, Caucasus, Central Asian Republics). Given the absence of a budget attached to the initiative, the issue of who leads the coordination has somehow been toned down in the internal debates of the Commission.

It can also be argued that the absence of a budget transformed the ND initiative from a sort of "non-policy" in the eyes of decision-makers within the Commission (both within the DG for External Relations, explaining therefore the limited human resources employed by that Directorate in the implementation of the initiative, and within other Directorates General such as that dealing with Regional Policy), and, to a lesser extent, the DG responsible for Information Society (led by the Finnish Commissioner Erkki Liikanen) and the DG for the Environment (led by the Swede Margot Wallström). At the same time it demonstrated the tendency for different sub-sectors of the Commission to compete for visibility and centrality. In particular, the fact that the two main initiatives that have been set up as a result of the Northern Dimension have been in the environmental sector and in the IT sector can hardly be considered a coincidence.[185] It could be argued that the Northern e-Dimension initiative, launched by the CBSS and then pushed forward by the Directorate General for Information Society, has been used by the Finnish Commissioner to acquire a more central role in the development of the ND initiative as a whole. As he argued "in this context [the discussion within the Commission about the further development of the initiative] all central areas of cooperation, including the Northern eDimension and areas such as the social and health sector, must be

[185] Elements emerged from the interview with Mr. G. Busini, DG for External Relations, Northern Dimension Unit, 2001.

adequately represented. This requires good horizontal coordination."[186] Indeed, even if the stake in terms of funds administered was virtual, the management of the Northern Dimension, or at least a role in the coordination activities, has unleashed appetites among the Directorates General most structurally involved.

One might also argue that the different views emerging from the Commission interpret different visions about the relations with the neighbouring areas. In fact while the DG for External relations seems to be more in favour of a "foreign policy" approach, the positions on the ND taken by other DGs like the one on Information Society, Environment or Regional Policy seem to be more in tune with the neighbourhood policy approach or even the "network governance" approach.

Returning to the issue of the foreign policy nature of the ND, the question seems to rest therefore on what one should look at in order to better understand and, to the extent possible, define the nature of the initiative. There are essentially two indicators that should be carefully considered: the "atypical" traits of the initiative and the tangible results (the concrete outputs) that its implementation has achieved.

It is in the link between these two elements that the special foreign policy nature of the Northern Dimension initiative should be looked for.

On the one hand, the atypical elements that have characterised the Northern Dimension initiative represent the element of change and, in the case of some of them, the innovative aspect of a new form of foreign policy.

On the other hand, the tangible outputs of the initiative, in terms of projects such as the NDEP projects or the waste water treatment plant in St Petersburg, remain crucial since it is this element that gives the initiative its visibility and its (foreign)policy associations. Smith and Sjursen point out that "most of the CFSP literature seems to assume implicitly that the EU foreign policy can be justified if it produces concrete results that correspond to the collective or individual interests of the EU member-states".[187] In other words they correctly point out that EU

[186] Liikanen E., *The Northern eDimension Action Plan*, speech delivered at the International Northern eDimension Forum, Pori, 11 November 2002, p. 4.

[187] Smith K. & Sjursen H., *Justifying EU Foreign Policy: The Logics Underpinning EU Enlargement*, European Foreign Policy Unit Working Paper 2001/1, London: LSE, 2001.

foreign policy suffers from an "existential dilemma" that does not exist at national level. From the EU we therefore expect foreign polices that produce tangible results, and tangible and visible outcomes related to collective objectives.

4.2 The EU institutional process

The institutional process that led to the creation of the Northern Dimension unfolded in three main phases. The first ran from the launch of the initiative by the Finnish Government in 1997 to the Vienna European Council in December 1998. The second focused on the elaboration of the 'reference document' of the ND—the Action Plan (AP) that ran from the Vienna Council to the Feira European Council in June 2000. Finally, the third phase—the beginning of implementation—was that from the endorsement of the Action Plan at the Feira Council to the adoption of the Full Report, the document establishing a follow-up mechanism for the ND.[188]

4.2.1. The first phase

The first phase of the Northern Dimension institutional process began in 1997 as a result of Finland's call for the creation of a new EU policy covering the Northern neighbourhood. As we saw in chapter 3, the Northern Dimension proposal was "informally" submitted to the Commission by the Finnish Government in the autumn of 1997 and officially entered the EU institutional process in December of that year when the Luxemburg European Council asked the Commission to submit an interim report on the issue.[189] The report was basically aimed at testing the relevance of the proposal to the policies of the EU. In other words, the question the Commission was asked to answer was: Do we need an initiative such as the ND? The positive answer the Commission, and the European Parliament, provided did not come as a surprise, since it was the result of a decision that had already been taken politically by the European Council. This said, it should also be pointed out that in principle the BSRI initiative, which

[188] Swedish Presidency of the EU Council, *Full Report on the Northern Dimension policies.*
[189] European Council, Luxembourg European Council, *Conclusions of the Chair*, Luxembourg, 13 December 1997.

the Commission had launched in 1996, only one year earlier, contained many similarities with the ND and could have provided a possible, and fairly solid, ground for adducing the 'relevance' of the ND proposal.

On the basis of the interim report, the Cardiff European Council decided to ask the Commission for a second report, a Communication, to be submitted at the Vienna European Council of December 1998.[190]

The Commission released its first Communication on the Northern Dimension in late November 1998. The document reflected a few interesting elements, some of which were also to be found in the Finnish proposal. First of all, the Commission recognized that the concept of a Northern Dimension could bring 'added value' to the external policies of the EU since it ensured 'that the Union's activities and available instruments continue to focus on this region'.[191] Especially in the context of the redistributive game of the EU's external relations, such a statement had clear political, and somewhat defensive, implications. Given that it was impossible to obtain a budget for the initiative or extra funding for the ND area, the objective shifted to avoiding a loss of financial resources for the North as a whole after enlargement. In short, the first Communication on the ND recognized, in a fairly outspoken way, the worries of Finland and in a more general way one of the objectives of the Northern members—that the EU's attention to the region should be maintained, both institutionally and financially.[192]

However, the Commission also made it clear that there was no need for 'a new regional initiative'. This is in line with the argument that there was some opposition within the (Santer) Commission towards the Northern Dimension as a new external policy so soon after the presentation of the BSRI, which was based largely on the very same notion of creating 'added value' and improving the 'coordination' of the existing EU instruments as permeated the ND proposal.

The position of the Commission could not be clearly identified at this stage as heavily pro or anti the initiative. A number of factors indicate that the position of the Commission was ambivalent. First, it should be pointed out that the

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[190] European Council, Cardiff European Council, *Conclusions of the Chair*, Cardiff, 16 June 1998.
[191] European Commission, *Communication from the Commission to the Council: a Northern Dimension for the policies of the Union*, COM(1998) 589 final, Brussels, November 1998.
[192] Interview with Mr. B. Lindroos, Finnish Ministry of Foreign Affairs, Helsinki, February 2002.

Commission does not speak with a single voice. On the contrary, the plurality of actors within the Commission involved to a different extent in the policy-making process, i.e., the administrators managing the policy, the Directors General within the DGI A, the Commissioner, and the President of the Commission, often contribute to create a range of positions which vary according to the different interests and objectives of the actors expressing them. The main opposition or scepticism to the development of a Northern Dimension initiative came neither from the lower level, from the person in the DG IA in charge of following the Finnish initiative, nor from the top level of the institution, i.e., from President Santer, possibly because of broader political dynamics internal to the EU foreign policy system. The resistance to the initiative came instead from the intermediate level, possibly from the Director General of the DG IA, as demonstrated by the opposition from that position to giving the ND a degree of visibility within the structures of the DG and to the creation of an "Interservice-Group" to improve coordination with the other DGs.[193]

It can be argued that the very early stages of the process (between the launch of the initiative and the first Commission Communication) were characterized by only lukewarm support for the initiative among certain sectors of the Commission's Directorate General for External Relations and, paradoxically, also among the other Nordic members, especially Sweden. On the one hand, the initiative, although geographically wider than the one launched by the Commission in the area (the BSRI), was not seen as urgently needed, particularly in the DG for External Relations; on the other, Sweden at first considered the Finnish *alleingang* as a tactical move to gain political centrality within the EU at the expense of other member states. The frictions between Finland and Sweden were quite visible in the early stages of the initiative. Sweden's perception of the launch of the ND was negative, since the BSRI could be considered as its 'pet project, and a brand-new initiative launched without any prior consultation could overshadow Sweden's efforts to involve the EU in the Baltic Sea area—as indeed it did.

[193] Interview with an official at the Danish Ministry of Foreign Affairs, Copenhagen, November 2001; interview with Mr. R. Batti European Commission DG IA, Brussels, July 2000.

The Swedish/Finnish soft competition on the EU scene has been more a result of the historical relations between the two countries characterised by a pattern of domination by Sweden of Finland or at best a complex of political "dominance". Traditionally, Finland did play a marginal role in the regional dynamics in Northern Europe and its influence on the international arena was to a great extent overshadowed by Sweden. However, in conjunction with the EU membership, and possibly as a result of a more distinct EU policy, Finland has been acquiring a solid standing in the EU arena that has created a certain degree of "soft" rivalry among the two countries.

4.2.2. The Second Phase

The key event for the Northern Dimension in 1998 was the Vienna European Council.

Formally, the Vienna European Council was relevant because it made the Northern Dimension into an EU concept. However, if we look at the content of the decisions taken in Vienna the significant elements are 'nested' in 'the importance of this subject for the internal policies of the Union as well as its external relations, in particular towards Russia and the Baltic Sea region'.[194]

On the one hand, in fact, there is a recognition of an intrinsic duality in the nature of the initiative, the presence of a "domestic" dimension that somehow transcends the traditional categorization/division between external and internal policies. On the other hand, the Vienna Council introduced a differentiation by recognising de facto as a priority those actions aimed, in the area covered by the Northern Dimension, at north-west Russia and the Baltic Sea Region.[195]

If we look at the original Finnish proposal the former element, the "hybrid" nature of the initiative, seems to reflect the nature of a Finnish proposal whose purpose was, among other things, to increase the attention of the European Union towards an approach based on the ND "North" as a single policy area in which the member/non-member logic would be softened. At the same time, and in contrast

[194] European Council, Vienna European Council, *Conclusions of the Chair*, Vienna, 11–12 December 1998 (emphasis added).
[195] See also EU Council, General Affairs Council, *Conclusions on the Northern Dimension*, p. 1.

with the original Finnish proposal, the priority attached to the Baltic Sea area, and Russia in particular—also demonstrated by the choice of COEST[196] as the Council Working Group to deal with the Northern Dimension—is in conflict with the purpose of drawing attention to the High North and at the same time creating a comprehensive target area for the ND. From the document on the Northern neighbourhood elaborated by the Commission in 1995–6, and in particular the BSRI, it emerges fairly clearly that the strategic interests of the EU as set out by the Commission are mainly, if not entirely, located in the southern part of the Northern Dimension area.[197]

The questions that therefore arise are whether the EU Commission was really in favour of a comprehensive policy covering the whole Northern neighbourhood and if the Northern Dimension proposal did differ substantially from the BSRI. The two questions are greatly intertwined. The fact that the Commission's Communication of 1998 stressed that there was no need for a new regional initiative made it clear that, as far as the Commission was concerned, the existing EU initiatives in place in the Northern neighbourhood were sufficient. As also the Communication of the Commission on the BSRI initiative stated, the BSRI initiative "outlines proposals for taking full advantage of the existing cooperation and programmes by intensifying coordination and focusing on priority areas". One could argue that the BSRI was a sort of embryonic version of the ND. However, given certain important similarities between the two initiatives i.e. the same partner countries involved, the stress put upon increased coordination among EU instruments like TACIS and PHARE and last but least infrastructure, energy, the environment, cross-border-cooperation as priority areas, it could be argued that the ND was in essence an extended version of the Baltic Sea Region Initiative.[198]

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[196] COEST is the Working Group of the EU Council dealing with Eastern Europe and Central Asia. It is, however, made up of experts on Russia—an evident sign of the priority attached to the Russian component of the ND initiative.

[197] See European Commission, *Communication from the Commission to the Council on the Baltic Sea Region Initiative*, SEC(96) 608 Final, Brussels, 1996. This concept also emerged from interviews carried with officials in the DG for External Relations between 2000 and 2002.

[198] European Commission, *Communication from the Commission Baltic Sea Region Initiative*, p. 1.

In the spring of 1999, on the eve of the Finnish Presidency, the European Parliament entered the process by approving the first report on the Northern Dimension. Its contribution to the ND process was largely focused on the need to improve coordination among the EU instruments. All in all, the EP played a marginal but constructive role. Its recommendation was aimed at fostering and giving substance to the ND rather than delimiting it. In particular it stressed the importance of developing 'a common approach bringing together its [the EU's] activities in the various regional fora',[199] highlighting therefore the need for some kind of region-wide approach. Most interestingly, however, the recommendation underlines that the 'first actions under the Northern Dimension can be funded through existing EU budget lines'. This seems to indicate that at a later stage the EP would have been ready to support the creation of a dedicated budget line for the activities falling under the ND umbrella.[200]

Finland took over the Presidency of the EU in June 1999 and the Northern Dimension was, needless to say, one of the priorities of the new Presidency. In the pre-institutional phase that led to the launch of the initiative in September 1997, the Finnish Presidency of the EU Council in 1999 had become the key target, in terms of timeframe,[201] of most of the actions of the Finnish Government related to the ND process. The moves of the Finns seemed to be geared with the Presidency, the moment constituting the peak of visibility for the initiative and its final consecration to permanent item of the EU agenda.

In November 1999, the Finnish Government organized a Ministerial Conference in Helsinki with the aim of providing 'the foundation for the development of the Northern Dimension' but especially 'to discuss the concept and elaborate concrete ideas'.[202] The event has been characterized by many observers as a political failure because few EU foreign ministers attended—possibly as a protest against

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[199] European Parliament, *Resolution on the Communication from the Commission: a Northern Dimension for the policies of the Union*, C4-0067/99, Brussels, 1999.
[200] The Italian version of the resolution clearly implies that at a later stage the creation of a dedicated budget line could be envisaged.
[201] See Arter D., "Small State Influence within the EU", in *Cooperation and Conflict*, Vol. 38, No.5, 2001, p. 691.
[202] Finnish Presidency of the EU Council, *Foreign ministers' conference on the Northern Dimension*, Press Release, Helsinki, 9 November 1999, available at http://presidency.finland.fi.

the action taken by the Russian Government in Chechnya.[203] Even so, despite the absence of top policy makers, the conference produced important results. First of all, it provided an opportunity for the partners/'outsiders'—the candidate countries (Estonia, Latvia, Lithuania and Poland), the non-candidate countries (Iceland, Norway and Russia) and regional organizations (the CBSS, the BEAC and the Arctic Council)—to express a position on an equal footing within the framework of an EU initiative and to be formally involved in the process of implementation.[204] While Russia was the main partner and outsider, it should be stressed that both Norway and Iceland had a less clear advantage from involvement in the Northern Dimension. Indeed, their participation in the process linked them to the broader political dynamics characterising EU-Russia relations and, in more general terms, the Northern neighbourhood. However, the EEA the Nordic and the Baltic were already providing established political frameworks through which to organise their relations with the EU and, more broadly, with continental Europe.

Second, the Conference did achieve one of its objectives. It shaped the content of the initiative by outlining five broad priority areas around which the ND ought to be developed—energy, the environment, the fight against organized crime, cross-border cooperation, and health and social issues. Last but not least, the Conclusions of the Chair defined the role of the partners/actors involved. In particular the conference underlined that 'the regional bodies have a specific role as instruments identifying and implementing joint Northern Dimension priorities'.[205] Thus, despite poor results in terms of attendance and political visibility, the conference was an important stage of the institutional process related to the elaboration of the ND.

An element that needs to be underlined here is that in this phase the institutional process "is" the Northern Dimension; in other words the meetings mentioned so

[203] The conference was attended by only three out 15 foreign ministers of the EU member states. Even the Swedish foreign minister was not present.
[204] The United States and Canada have been participating in the ministerial meetings of the Northern Dimension with the status of observers.
[205] Helsinki Ministerial Conference on the Northern Dimension, *Chairman's Conclusions*, Helsinki, 12 November 1999.

far constituted the output of the initiative. One could argue that at least up to post-Action Plan phase the process was the substitute of the policy.[206]

On the basis of the Conclusions of the Ministerial Conference, the EU Council, in cooperation with the Commission, initiated the drafting of the 'Action Plan for the Northern Dimension with external and cross-border policies for the European Union'. This was indeed the most crucial phase from the point of view of the actual structure, and perhaps content, of the initiative, since the main objective of the Action Plan was to define what the ND was supposed to do in a practical sense and, most importantly, how it was to operate. In other words, being the 'reference document for action planned or implemented' during 2000–2003, the Action Plan was expected to give some substance to the ND concept that had emerged from Helsinki.

Perhaps because expectations were high, both within Scandinavian academic and policy-making circles, the result proved rather disappointing. The document endorsed by the Feira European Council consisted of two parts—the horizontal and the operational one.
The latter consisted of a list of actions to be undertaken in each of the priority areas in the areas of infrastructure (including energy), transport, telecommunications and the information society; the environment and natural resources; nuclear safety; public health; the promotion of trade, business and investment; human resources development and research; justice and home affairs; and cross-border cooperation.[207]

The horizontal part reflected the guiding principles of the initiative. It was expected to contain indications about the role of the actors involved, the larger aims of the initiative and, most importantly, the way in which it was to unfold. Unfortunately, this section of the document did not elaborate further, as might have been expected, on what was agreed in Helsinki. On the contrary, there seemed to be a regression in the definition of the constitutive principles of the

[206] See Wallace W. and Allen D., "Procedure as a substitute for policy", in Wallace W., Wallace H. and (eds.), *Policy Making in the European Community*, Oxford: OUP 1977.
[207] EU Council, *Northern Dimension: Action Plan for the Northern Dimension with external and cross-border policies of the European Union.*

initiative. For example, the Action Plan points out that the Northern Dimension should be 'taken into account by relevant actors whenever appropriate'.[208] Together with the non-binding, and rather "unusual",[209] character that this statement ascribes to the whole initiative, the passage highlights effectively the results produced by the efforts of those like Spain, France and to lesser extent net contributors to the EU budget such as the Netherlands to dilute the impact of the ND on the current political equilibrium within the framework of the external relations of the EU.

The negotiations over the Action Plan took place between January and June 2000 in the EU's Council Working Group named COEST. COEST was created from the merging of several Council working groups and is responsible mainly for CFSP issues but can also deal with questions that fall within the first and third pillars of the EU as defined in the Maastricht Treaty. Such cross-pillar activity made it suitable for the discussion of the Northern Dimension, an initiative that has touched upon all three pillars. It was in COEST that a great deal of the preparatory work took place and the actual negotiations and consultations over the development of the ND initiative were discussed. Interestingly, Spain was the only member that had two councillors attending the two-weekly meetings of the Group during the period 2000–2002.[210] This supports the hypothesis that Spain was the actor that was most worried about 'unexpected' changes in the financial equilibrium of EU external relations in favour of the Northern/Eastern neighbourhood.

The first draft of the Action Plan that circulated in the COEST Working Group in February 2000 was substantially in tune with the conclusions of the Ministerial Conference. For example, the above-mentioned clause about the non binding character of the Action Plan was not part of the text in the early drafts and, at the

[208] EU Council, *Northern Dimension: Action Plan for the Northern Dimension with external and cross-border policies of the European Union*, draft version, Brussels, 28 February 2000 (draft version - unplublished).
[209] See also Stålvant C.-E., "The Northern Dimension puzzle".
[210] Moroff H., "The EU's Northern soft security policy: emergence and effectiveness", pp. 150–207.

same time, the role of the regional organisations appears substantially reduced if the first and the final drafts discussed by the Working Group are compared.[211]

In fact, in the six months January–June 2000 the 'soft' opposition existing among the Southern member states, and Spain in particular, become more visible and set a limit to Finland's aspirations for a long-term strategy. The other Nordic member states were less inclined to push for a long-term strategy. Having put aside the initial frictions with Finland, Sweden adopted a more proactive approach to the ND as it realized that it was after all a flexible tool for furthering its own interest. Sweden's strategy was to push forward a more result-oriented approach to the ND, perhaps less strategic and long-term in nature but more outcome-oriented (and indeed geared with its own presidency in the first half of 2001).

Sweden underlined the need to put the Northern Dimension label on some projects and to show that the initiative was producing some results in a number of priority fields, namely the environment (including nuclear safety), the fight against organized crime and Kaliningrad. Those were chosen with an eye to the forthcoming Swedish Presidency whose priorities were the environment, employment and enlargement. They moved the focus of the initiative to the Baltic Sea region, the area where traditionally Sweden had its core regional interests. At the same time the issue of organized crime offered a chance to involve the Council of the Baltic Sea States, which had had an intergovernmental task force dedicated to cooperation in the fight against organized crime active since the mid-1990s. It should be added that the active involvement of the CBSS within the framework of the ND was in itself in the Swedish national interest, since the organization had become something of a Swedish 'pet project' in the region.

Last but not least the issue of Kaliningrad was given priority mainly because it represented an issue which was of common concern to the whole EU and not only the Scandinavian countries.

The Kaliningrad question was the horizontal issue of the area *par excellence* since, as was demonstrated above, the problems affecting this area range from environmental degradation to health threats, but also include other concerns

[211] EU Council, *Northern Dimension: Action Plan for the Northern Dimension with external and cross-border policies of the European Union*, draft version, Brussels, 28 February 2000.

linked to the transit of people and goods from and to mainland Russia and the fight against transnational criminal activities originating from the Kaliningrad *Oblast.*

Denmark, at this stage, played the role of broker between Sweden and Finland. The Danish Government's attitude was generally supportive of the Finnish approach but, at the same time, it was also oriented to quickly achieving more visible outcomes from the initiative.

The negotiations in COEST reflected, to a great extent, a division according to geographical patterns and highlighted a clear divergence over two matters.

The first key question was that of not letting the 'outsiders' (particularly Russia and the regional organisations) be involved in EU matters. There was a certain reluctance to assign an active role in the implementation of the Northern Dimension to organizations over which the EU did not have full control. In particular, the main resistance to assigning a role to the regional organizations (the CBSS, the BEAC and the Arctic Council) came from those member states that are not members of the relevant organizations. The so-called issue of the 'double table' (EU level and regional level) was raised by those members that feared that the regional organizations could take decisions upon which they could not have any say.[212] This issue has emerged along similar lines in other neighbourhoods as well, for example, within the framework of the Stability Pact for South Eastern Europe. In a more general way, the question of what kind of relations should develop between an enlarged EU and those regional organisations which operate across its borders is bound to become more central, particularly if there is a trend for action taken by the regional institutions to become more effective and visible in the border areas.

The second issue was the North–South division. It emerged openly when the question of the budget was touched on. Spain played a leading role among those members that feared a shift in the redistributive balance of the Union.[213] It should

[212] The issue of the 'double table' was raised by Spain and also by the UK (which has the status of observer within the CBSS). Interview with an official of the European Commission, DG for External Relations, 20 May 2002.

[213] Largely in connection with the premiership of José Maria Aznar, Spain has changed its attitude in the framework of the EU, moving the Council towards a staunch resistance to any change in the financial equilibrium between North and South within the Union. From some of the interviews

also be pointed out that, alongside the North–South geographical division, other member states, such as the Netherlands or Ireland, which were not actively taking part in the ND, were also sceptical about some aspects of the initiative.[214] The Irish scepticism can be linked to the fear of seeing structural funds diverted away, while the Netherlands, as a net contributor to the EU budget, possibly interpreted the ND as an extra cost.[215]

More generally, the scepticism towards the initiative could more simply be dictated by a lack of interest in Russia.

The final draft of the Action Plan attracted heavy criticism, in terms of content, from outside the EU, in particular from partner countries such as Russia and also from regional organisations such as CBSS.[216] The Russian Government complained about the lack of extra funding for the initiative and saw little use in setting up a new framework without financial resources attached to it. Such an approach reflected the difficulties the Finnish Government had in 'marketing' the ND initiative in Russia. Central elements of it, such as increased coordination of EU activities and the involvement of the partners in the implementation of the initiative, were not very attractive if no money was at stake.[217]

The CBSS and, to a lesser extent, the BEAC and the Arctic Council were complaining largely as a result of the marginal role they had in the Action Plan. This emerges quite clearly if one compares the Action Plan with the Conclusions of the Ministerial Conference in Helsinki.[218]

Despite the criticism that the Northern Dimension Action Plan attracted, it should be pointed out that the document also presented some positive elements. Despite its vagueness and the marginal role granted to the "outsiders", the Action Plan has provided guidance and an important point of reference for the activities

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undertaken for this report it has emerged that non-discussion of the financial issue was apparently a condition for the negotiation of the ND initiative. For a general overview of Spain's attitude in the EU Council see Kavakas D., *Greece and Spain in European Foreign Policy: The Influence of Southern Member States in Common Foreign and Security Policy.*

[214] Interview with B. Lindroos, Finnish Ministry of Foreign Affairs, February 2002.

[215] Interview with B. Lindroos, Finnish Ministry of Foreign Affairs, February 2002.

[216] See V. Kristenko's speech at the Northern Dimension Forum in 2002, Stalvant C.E., *The Northern Dimension puzzle: a road show in a bureaucratic puzzle?*. See also Ojanen H., *How to Customize Your Union: Finland and the "Northern Dimension of the EU.*

[217] See Catellani N., *Long and Short-Term Dynamics in the Northern Dimension*, Copenhagen Peace Research Institute (COPRI) Working Papers 41/2001, Copenhagen: COPRI, 2001.

[218] See Catellani N., "The multilevel implementation of the Northern Dimension".

of the regional organisations and partners. Moreover, its much-criticized vagueness did translate into an inbuilt flexibility which, as the Swedish Presidency showed,[219] allowed different actors to mould the initiative according to national priorities while producing progress in terms of action taken.

The lack of interest if not reluctance shown by the Swedish Government in the early stages of the initiative turned into full support after the end of the Finnish Presidency, when the Swedish Government began to appreciate the opportunity for developing the initiative according to its own priorities arising from its term as Chair of the European Union.

The endorsement of the Feira European Council in June 2000 completed the second phase of the institutional process of the Northern Dimension. The conclusions of the Feira European Council, under the Portuguese Presidency, indicated that in the implementation phase priority should be given to the environment and nuclear safety, the fight against organised crime and the Kaliningrad issue.[220] The priority given to these particular fields was largely the result of pressure by Sweden on the EU Council and on the Portuguese Presidency. In particular, the environment was an issue on which Sweden had centred its own Presidency of the Union.[221]

Compared with the early stages of the initiative, Sweden's behaviour vis-à-vis the Northern Dimension had changed substantially. The lukewarm approach of late 1997 was put aside in favour of a more proactive attitude aimed at maximizing Sweden's national interests while the forthcoming Presidency offered it a leading position. The Government, and particularly the Foreign Minister, Anna Lindh, had realized that the ND was not a merely Finnish business but was a flexible framework which could serve the national interests of those in a position of setting the political agenda of the EU.

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[219] The same can be said of the Danish Presidency in July–December 2002.

[220] See EU Council, *Northern Dimension: Action Plan for the Northern Dimension with external and cross-border policies of the European Union.*

[221]. The choice of three priorities in the framework of the Northern Dimension, and in particular the environment, should be linked to a great extent to the core priorities of the Swedish term as Chair of the EU Council: Environment, Enlargement and Employment.

It is possible to talk in terms of a clash between two different approaches to the implementation of the initiative. On the one hand, Sweden, with the support of the Commission, was pushing for an approach characterized by visible action in a few clearly defined policy areas chosen de facto by the Presidency. On the other hand, Finland was more keen to develop the ND agenda as a whole without attaching priority to any specific field since this, in Finland's view, would delay the implementation of other priorities, such as energy cooperation and health and social issues—the two themes out of the five identified at the first Ministerial Conference in Helsinki that were now missing.

4.2.3. The third phase

The third phase of the ND institutional process—characterized by the actual implementation of the initiative—started with the Second Ministerial Conference organized during the Swedish Presidency in Luxembourg.[222] The Swedish-chaired Ministerial Conference of April 2001, in comparison to the Helsinki Ministerial Conference, was more successful in terms of outputs and the attendance of foreign ministers. It was held Luxembourg on the day after a General Affairs Council to ensure their attendance: the decision to do this was the result of the failure, in terms of the presence of EU foreign ministers, of the Helsinki meeting which (let alone the frictions with Russia over Chechnya) was probably not sufficiently attractive for them to make a dedicated journey.

The Ministerial Conference in Luxembourg was a good launching pad for single initiatives in the framework of the Northern Dimension, such as the Northern e-Dimension and the Northern Dimension Environmental Partnership—an initiative through which the International Financial Institutions, partners and member states were brought together to finance identified projects in the field of the environment and nuclear safety.[223] However, the limited space left for debate during the actual conference and the rather consensual[224] procedure through which the Conclusions of the Luxembourg Conference was adopted—the draft

[222] Luxembourg Ministerial Conference, *Chairman's Conclusions*, Luxembourg, 9 April 2001.
[223] For more details about the Northern Dimension Environmental Partnership and the Northern e-Dimension see Ch. 4. See also http://www.europa.eu.int/comm/external_relations/north_dim/ndep/index.htm .
[224] The texts approved by the Ministerial Conferences were not subject to the same level of scrutiny as the Action Plan and other key documents in the process.

Conclusions were circulated among the participants prior to the Conference and, if no written objections was received, the text was adopted— discouraged several EU foreign Ministers from participating. [225]

At the same time the regional organizations were granted more visibility and a more relevant role in the process of implementation. In particular, the CBSS emerged as the leading organization within the framework of the ND ready to engage and play an active role at regional level. As the Conclusions of the Chair underlined, 'new models for cooperation between Member States and non-Member States are bringing the countries in Northern Europe closer together. Regional bodies such as the CBSS and the Barents Euro-Arctic Council promote common values, harmonisation of regulatory frameworks and concerted operative action'.[226]

Despite the fact that the Action Plan was considered to be the reference document for the initiative it did not contain any follow-up measure. In other words, even if from a formal point of view the initiative was ready for implementation after the Feira European Council, in practice the step which *de facto* concluded the ND institutional process was the "Full Report on the Northern Dimension Policies" produced by the Swedish Presidency and the Commission and approved by the Gothenburg European Council on 15th June 2001.
Essentially, the Full Report established a follow-up mechanism for the Northern Dimension, which set the path for a further development of the initiative.

With the adoption of the Full Report the Northern Dimension was equipped with a set of instruments that included an annual Ministerial Conference, "regular meetings of Senior Officials in the 15+7 format"; an annual progress report prepared by the Commission; a "High level Forum with broad participation from all parts of society every second year"; and national fora organised by ECOSOC.

Thanks to the Full Report the essential role of the Presidency in making the initiative visible and keeping it high on the EU agenda was complemented by a set of procedures at multiple institutional levels that, if taken together, detached the

[225] Interview with an official at the Danish Ministry of Foreign Affairs, Copenhagen, November 2001.
[226] Luxembourg Ministerial Conference, *Chairman's Conclusions*, p. 1.

ND issue from the institution of the "Presidency" and made it an issue with a life of its own.

If the decision to detach the presence of the Northern Dimension from the rotating Presidency of the EU somehow enhanced the solidity of the initiative, it also increased the possibility of its marginalisation in the framework of the EU agenda. Again, such a risk of marginalisation was also strengthened by the lack of financial and human resources attached to the initiative and the fact that what emerged from the EU institutional process resembled, and in fact was, more of a framework, with important differences vis-à-vis EU policy towards the Mediterranean. In other words, the outcome of the institutional process was quite a long way from matching the early aspirations of the Finnish Government.

The Full Report, however, also acquired particular relevance in relation to other important elements. First of all, the Commission was granted a "leading role" and was formally assigned the task of ensuring "continuity".[227] This element had already been underlined in the Action Plan, during the Luxembourg Ministerial Conference, and the Full Report reaffirmed these principles. In practice, however, the provision did not introduce important changes in terms of the commitment of human resources within the Commission. In the Commission's Directorate General for External Relations, The Northern Dimension Unit was set up in conjunction with the adoption of the Action Plan and contained two officers working full time on the Northern Dimension, playing substantially a coordination role both among the Directorates General of the Commission and the participants.

The creation of the Unit can be considered as a step forward particularly if compared with the previous situation where one senior officer, who also represented the European Commission on the works of the Council of the Baltic Sea States, was dealing with the development of the Northern Dimension initiative practically on a part-time basis. An inter-service group, coordinated by the DG External Relations, was only created in early 2000 after repeated pressure from the member states most supportive of the ND, notably Finland and Sweden, and from the officer in charge of the management of the ND.

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[227] See Swedish Presidency of the EU Council, *Full Report on Northern Dimension Policies*, p. 3.

In other words, only with the development of the Action Plan did the commitment of the Commission assume a more solid character—also as a result of an increasing interest in the Northern Dimension by the Commissioner for External Relations, Christopher Patten.

A second important element that emerged from the Full Report was increased space for the participation of the partner countries, which was "encouraged" and facilitated through "transparency and appropriate arrangements".[228] This passage also represented a formal recognition of the marginalisation of the partners/outsiders up until that point.

Last, but not least, the report pointed out that "cooperation between the EU and the regional bodies can be improved" in particular "closer interaction could be developed between the EU and relevant expert working bodies of the CBSS [...] and/ or other regional bodies [i.e. BEAC and AC] on specific issues".[229] The actual bilateral cooperation between the EU and the regional organisations has been rather slow to emerge and to show tangible outcomes but, as will be discussed in chapter 5, such an interaction has evolved in a fairly new manner by EU standards. If traditionally the European Union has been reluctant to involve outsiders while developing its external policies, with the institutional process that has led to the Northern Dimension the role of the regional organisations acquired both a technical (due to their expertise on the ground) and a political (through their role as a regional interface) value quite unique in the framework of the EU's external relations.

Summing up, the institutional process that has led to the creation of the Northern Dimension has been characterised by a progressive development of the initiative along the lines of the original Finnish proposal. Indeed the strategic element embedded in the original Finnish proposal, which aspired to the creation of a long-term strategy defining the interests of the EU in the Northern neighbourhood, was to a great extent marginalized, together with the creation of a dedicated budget line, as a condition for developing the initiative. The conclusion could be drawn that Finland's original proposal was somehow defeated by a constellation

[228] EU Council, *Full report on the Northern Dimension Policies*, p. 13.
[229] EU Council, *Full report on the Northern Dimension Policies*, p. 14.

of interests mainly, but not exclusively, linked to the North-South competition for the EU's financial and political attention.

However, the initiative that emerged from the institutional process achieved two important objectives: 1) it made possible the beginning of a process aimed at a more effective coordination of the EU's external instruments and 2) it institutionalised the involvement of the outsiders and their proactive contribution to the actual content and the future development of the initiative. Furthermore, in conjunction with the implementation phase of the ND, the Commission also initiated the presence of the outside organisations at Ministerial Conferences and organised regular meetings at Senior official level with representatives of the regional organisations, and the CBSS in particular.

4.3. Comparing the outcome of the institutional process with the original Finnish proposal

A comparison between the outcome of the EU institutional process and the characterising elements of the Lipponen proposal indicates that the changes introduced at EU level have only partly modified the nature the initiative.

A wide geographical area covered by the ND was the first key element of the Finnish proposal. The area formally includes the Baltic Sea region, the Barents Sea Region and North West Russia, which were kept on-board as a distinctive characteristic of the ND. However, in practice, it was evident that among those actors in the Union which, for different reasons, actively followed the development of the initiative, i.e. Denmark, Spain, France, Sweden and the Commission, the "geographical focus" of the initiative needed to be on the Baltic Sea region and parts of north-west Russia, particularly the St Petersburg and Kaliningrad areas. In other words the "constructed" geographical region spelled out in the Action Plan with Finland as its centre was left largely on paper.[230]

As for the second distinctive element of the Finnish proposal, much can be said of the Action Plan adopted at the Feira European Council but it certainly cannot

[230] The area covered by the ND is in principle one extending from Norway to north-west Russia and from the Baltic to the Barents Sea.

be defined as a "comprehensive strategy". The document is short-term in essence and hardly defines the strategic approach of the Union towards the area. The Final Report represented a kind of step forward, since it contained indications about follow-up procedures and some recommendations for the future, but it does not introduce any concrete strategic element into the core ideas of the initiative.[231]

Another element characterising the Finnish proposal was the introduction of a comprehensive neighbourhood agenda. The EU institutional process did not alter it substantially. If, on the one hand, Finland has throughout been keen to push for progress in all the areas set out in the Action Plan, even after the Action Plan was adopted: on other hand, Sweden has managed, thanks to the support of the Commission, to concentrate attention on three priority areas—the environment, the fight against organised crime and Kaliningrad.

The horizontal agenda of the ND emerging from the Action Plan reflected to a great extent the one proposed by Finland. Sweden developed a rather critical attitude towards such a wide agenda. The main argument was that a wide agenda where everything was a priority gave little visibility to the positive results obtained in specific areas. The Conclusions of the Feira Council, in which Sweden's three areas were given priority, should therefore largely be considered as a successful result of Swedish political pressure. Despite the fact that some of the areas of the Action Plan have remained largely virtual, Sweden's success in directing the implementation of the Northern Dimension has given it a more tangible connotation without loosing its horizontal character.

Last, but not least, the acknowledgement on the EU side of the involvement of the non-EU organisations in the implementation of the ND has been characterised by a certain duality. The regional organisations' role was at the centre of a debate among the member states and, at the end of the day, as is mentioned above, their role in the Action Plan appeared to be substantially marginalised. At the same time, the participation of the IFIs, such as the European Bank for Reconstruction and Development and the Nordic Investment Bank, did not encounter, for obvious

[231] See N. Catellani, *Long and short term dynamics in the EU's Northern Dimension*, Copri Working Paper, 1/2002, Copenhagen: COPRI, 2002. See also EU Council, *Full Report on the Northern Dimension Policies*.

reasons, any particular obstacles from among the EU members and the Commission.

In sum, looking back at the elements that characterised the Finnish proposal it seems evident that the EU institutional process reshaped the Finnish initiative in its constitutive elements. In particular the leading role played by Sweden in the second and especially the third phases narrowed the scope of the initiative but was, perhaps, at the same time crucial to giving the initiative a more tangible character.

The dynamics underlying the ND institutional process, at least in its first phase, has confirmed that in the framework of the elaboration of foreign policy towards the neighbouring areas the (institutional) process per se assumes centrality and overshadows the content of the initiative in question.[232] In the case of the Northern Dimension the attention of the actors involved, i.e. member states, the Commission and the Council Secretariat, has been largely focused on the various steps of the process. Scheduled meetings had in a way become the substitute for substance and came to represent, at least in its early stages, both what the initiative was about and the outcome of the initiative.[233] The various institutional stages, such as the request of the EU Council to initiate the process, the Communication of the Commission, the Council Conclusions, the Ministerial Conferences and finally the Action Plan, have been at the centre of the process, given the lack of tangible outcomes.

If looked at from a broader perspective, the various steps which characterised the institutional process have added little substance to the original main guidelines, which in principle in the early stages of the initiative can also be traced back to the Baltic Sea Regional Initiative—the initiative launched by the Commission in the framework of the CBSS in 1996. Some elements of the original Finnish blueprint have therefore been marginalised during the second and third phases of the institutional process but, above all, what has changed has been the broad approach to neighbourhood relations embedded in the original Finnish

[232] See Peterson J. and Blomberg E., *Decision-making in the European Union*, The European Union Series, Basingstoke: MacMillan, 1998, p. 267.
[233] See Wallace W. and Allen D. (1977), *Process as a substitute for policy.*

initiative. This has been set aside in favour of a narrower geographical focus, i.e., Kaliningrad and the Baltic Sea area, and a clearly prioritised and more targeted agenda.

In particular the Swedish Presidency played a key role because it set the agenda for the implementation phase, through the Ministerial Conference and the Full Report, without encountering substantial resistance from the other member states, apart from Finland. This has also been possible thanks to the fact that the Luxemburg Ministerial Conference was prepared in a rather "informal" manner. In fact, the Conclusions of the Chair were not subject to any substantial discussion or negotiation on the day of the Conference.[234] In other words, the texts approved by the Ministerial Conferences were not subject to the same level of scrutiny given to the Action Plan and other key documents in the process. Finally, the success of the Swedish leadership in attaching practical content has been largely a result of the convergence between national priorities i.e., an increased role for the regional organisations—in particular the Swedish sponsored CBSS—and the involvement of the International Financial Institutions in the financing of environmental projects in the area. [235]

It should also be pointed out that even if Germany did not take a leading position at EU level, mainly due to the priority attached to bilateral relations with Russia, while the Arctic and north-west Russia have traditionally represented a marginal interest for the country, Germany's continued support for the initiative was indeed essential for the completion of the institutional process. The role of Germany was particularly decisive during its Presidency of the CBSS in 2000. If the regional organisation acquired a more central role in the implementation of the initiative this is largely due to the efforts of the German Chair in creating a space, or better a role, for the organisation in the framework of the ND process.
Moreover, the final phase of the institutional process has allowed the Commission to play a more decisive role, given its main responsibility in the implementation phase. This has been particularly crucial for moving the focus of the initiative from the broader Northern neighbourhood to the Baltic Sea area.

[234] Interview with an official at Danish Ministry of Foreign Affairs, November 2001.
[235] The environment was one of the three priorities of the Swedish Presidency together with enlargement and employment.

At the same time it should be underlined that the third phase has coincided with an articulation of the Commission's position on the initiative as a result of the involvement of various Directorate Generals. The active engagement, for example, of DGs such as Environment, Information Technology and Health has allowed the regional organisations to acquire more centrality in the implementation, given the more positive attitude that these sectors of the Commission have vis-à-vis the CBSS and BEAC.

4.4. The output of the Northern Dimension

The Northern Dimension has produced different types of output. One type of output relates to the benefit deriving from the development of the initiative per se, in other words the socialization process which takes place as a result of meetings among the EU members and the partners. The Northern Dimension, especially in the first two phases of the institutional process, has in fact provided the EU with a complementary channel of dialogue with the partner countries, and in particular Russia, in addition to the standard bilateral channels provided by the Partnership and Cooperation Agreements or the Europe Agreements. This process of socialization has played a positive role in strengthening the relations between the EU and its neighbours.

The Northern Dimension has also produced a tangible output which deserves particular attention since it is linked to the characteristic elements outlined above. Its concrete results during its first years of existence can be broadly divided into two categories. First, a few initiatives have been developed within the framework, and as a result, of the Action Plan. Second, there have been single projects that have been implemented in one of the 11 areas covered by the Action Plan. Several of these, however, have not been the direct result of the introduction of the ND but were moved under its umbrella once the ND entered its implementation phase. An examination of the Inventory of Current Activities compiled in spring 2001[236] is instructive. For example, in the field of information technology (IT) and telecommunications it is claimed that five out of 24 projects within the framework

[236] European Commission, *The Northern Dimension for the Policies of the Union: An Inventory of Current* Activities, Directorate General for External Relations, Brussels, 2001.

Table 4.1. Northern Dimension Projects under the TACIS Framework

• Project TELRUS 9403
Establishment of north-west region telecommunications training centre in St Petersburg (TACIS Russian Federation—€0.7 million + extension € 0.3 million). A telecommunications training centre has been established in St Petersburg to cover the north-west region of Russia; the centre gives courses on a commercial basis.
• Project TELRUS 9404
Development of Teleport Systems, St Petersburg and Moscow (TACIS Russian Federation—€1.5 million). A teleport system was developed in St Petersburg designed to provide national and international commercial services to customers.
• Project TELREG 9501 Technical Assistance to the Regional Telecommunications Standardisation and Testing Centres, St Petersburg and Kiev (TACIS Interstate—€1 million). A testing and certification centre was established in St Petersburg with the capability of testing telecommunications systems to international standards; the centre was accredited internationally (2 projects).
• Project TELRUS 9707
Further Support to the Modernisation of Management and Monitoring of Radio Frequency Spectrum Usage; (TACIS RF—€1.5 million). An operational frequency monitoring centre using equipment supplied from the EU was established for the north-west region in Archangel'sk, along with a training centre in St Petersburg.
• Project TELREG 9801
Further support to the telecommunications testing and certification centres, St Petersburg and Kiev (TACIS Interstate—€1.5 million).

Source: European Commission, Directorate General for External Relations, The Northern Dimension for the Policies of the Union: An Inventory of Current Activities, Brussels, 2001.

of TACIS assistance to (north-west) Russia have been implemented. The results are shown in table 4.1.

The main problem here is that the projects mentioned in the above table, and like them many others in the Inventory, had already been implemented before the Action Plan was adopted or even the Northern Dimension was launched. In other words, the list provided by the Inventory cannot and should not be considered an ND-related outcome since it reflects activities already in the pipeline independently of the Northern Dimension.

If we turn instead to the real ND activities, by far the two most important ones developed under the umbrella of the Northern Dimension have been the Northern Dimension Environmental Partnership (NDEP) and the Northern e-Dimension (NeD).

4.4.1. The Northern Dimension Environmental Partnership

The NDEP is perhaps the most important and so far most successful initiative developed within the framework of the Northern Dimension.[237]

As a result of the priority given at the Feira European Council to the environment and nuclear safety among the sectors covered by the Northern Dimension, in March 2001 a group of IFIs expressed their willingness to pool resources to finance environment-related projects in north-west Russia and in Kaliningrad. The rationale behind this was to push the Russian authorities to pay more attention to environmental issues—traditionally quite low on the Russian agenda—and to make them invest more in projects related to quality of water, the management of waste water, the management of solid waste, energy efficiency and the handling of nuclear waste.[238] The NDEP has built on the Baltic Sea Environmental Programme, a previous attempt to intervene in the 'hot spots' of the Baltic Sea area where regional, cross-border damage was occurring.

The launching of the initiative at the Second Ministerial Conference in Luxembourg by the Swedish EU Presidency led to the creation of a Steering Group, comprising representatives from the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) (which has received, for the first time, a lending mandate for financing environmental projects in Russia), the Nordic Investment Bank (NIB), the World Bank, the European Commission and the Russian Federation. The Steering Group identified 12 short- and medium-term projects in the areas of water, solid waste and energy efficiency, and each was assigned to an IFI which was to act as project leader. Finally, in December 2001 the EBRD set up the NDEP Support Fund. The Fund has collected all the financial allocations pledged by the donor countries and institutions, totalling €100 million. Its main purpose was, and still is, to 'act as a catalyst of environmental investment in Northwest Russia by providing grant co-financing to projects proposed by the IFIs. Through their contributions to the Fund, donors can spark off a "multiplier effect" on the large volumes of IFI

[237] See Northern Dimension Environmental Partnership, http://www.ndep.org .
[238] Interview with Mr. P. Engström, Director at the European Bank for Reconstruction and Development, London, 9 June 2002.

Table 4.2 The NDEP Project Pipeline

PROJECT		LEAD IFI	TOTAL COST	NDEP GRANT
1	St Petersburg Southwest Wastewater Treatment Plant	NIB	€180.75	€5.8
2	St Petersburg Flood Protection Barrier	EBRD	€581	€1
3	St Petersburg Northern Wastewater Treatment Plant Incinerator	EBRD	€52.6	€6.35
4	Municipal Environment Investment Programme in the Kaliningrad Oblast	NIB	€20.58	€4
5	Komi Municipal Services Improvement Project	EBRD	€30.5	€5.9
6	Kaliningrad District Heating Rehabilitation	EBRD	€20.8	€7.3
7	Novgorod Cross Municipal Rehabilitation	NIB	€66	€5
8	Kaliningrad Solid Waste Management Project	NIB	€47	€9
9	Archangel'sk Municipal Services Improvement Project	EBRD	€23.99	€8.2
10	Murmansk District Heating Project	NIB	€20	€7.5
11	St Petersburg Neva Wastewater Collector Project	NIB	€200	€1
12	St Petersburg District Heating Programme	EBRD	€74.1	€26.1

resources dedicated to environmental projects'. The contributors to the fund have been the European Commission, Sweden, Finland, Denmark and Norway.[239]

As table 4.2[240] indicates, many of the projects are located in the St Petersburg area. They amount to a total cost of €500 million and have been successful in involving the Russians in the domestic prioritization of the environment and

[239] More recently Canada (€20 million) and France (€40 million) have contributed to the NDEP Support Fund.

[240] The table shows all the projects selected by the Steering Group. However, not all of them have yet been financed. Projects 1–6 have been approved. Projects 7–11 are in the process of being approved. Project 12 is on hold. Figures are in million €. Source: NDEP website, http://www.ndep.org.

nuclear safety. Most of the funds necessary for the actual implementation of the single projects have come from loans from the IFIs, while the Support Fund, managed by the EBRD, has effectively served as a catalyst for the financing of the projects. On the one hand, the success of the NDEP, strengthened by the recent pledging of money by countries such as France and Canada, has demonstrated that through the Northern Dimension foreign policy objectives—in this case encouraging the Russian Government to give higher priority to tackling the threats posed by environmental degradation—can actually be achieved. On the other hand, it has also demonstrated that Russia and potentially other neighbours in need of foreign investment can be actively pushed and mobilized on an issue (the environment) that has traditionally been low on their domestic agenda if the possibility of attracting new funding is at stake.

4.4.2. The Northern eDimension

The Northern eDimension initiative started off from the need to strengthen and further develop the information technology sector in the Baltic Sea region.[241] The political aim of the initiative, which originated from the CBSS,[242] was instead to involve the Commission more deeply in the dynamics of cooperation in Baltic Sea area. From the very early stages of the initiative (in early 2000) the Finnish Commissioner has proved to be interested in the ideas coming from the Baltic Sea region (which is already one of the leading areas in Europe in the IT sector) and keen to support them.

Like eEurope and eEurope+, the framework programmes of the European Commission in the IT field, the Northern e-Dimension initiative stressed the goals of economic growth, job creation and promoting the knowledge-based information society to the top of the political agenda. However, it had its own, specific regional objectives:

- to accelerate the Northern region's transition to the information society;

[241] See also the NDEP page on the European Commission's website http://www.europa.eu.int/comm/external_relations/north_dim/ndep/index.htm.
[242] The initiative was launched at the CBSS Senior Officials Meeting on 26 January 2001.

- to ensure greater cooperation and integration among the states included in the Northern Dimension;
- to improve the environment for initiative and investment, especially in north-west Russia and the candidate countries; and
- to support the implementation of a sound and harmonized regulatory framework.[243]

The strong support of the DG for Information Society, headed by a Finn, Erkki Liikanen, resulted in the elaboration during the first half of 2001 of a Northern eDimension Action Plan which set out seven action lines (see table 4.3)[244].

Table 4.3. The Seven Action Lines of the Northern eDimension Action Plan

1) High-speed research networks and advanced broadband applications to enhance cooperation between business sectors, government and research and development (R&D) in order to reduce the 'digital divide' between the eastern and western parts of the Baltic Sea region.

2) Information and communication technology (ICT) security to increase cross-border trade through the employment of secure communications.

3) e-skills to increase the number of educated ICT candidates from north-west Russia, the Baltic countries and Poland through the creation of dedicated training centres.

4) e-commerce to develop the Baltic sea market into one of the fastest growing markets in the world, while enhancing the adoption of ICT services by individuals and small and medium-sized enterprises.

5) e-government to exploit such an interest in IT and develop new e-Government services.

6) Indicators to support the development of common indicators regarding the use of ICT among the CBSS countries.

7) e-Environment to use the Internet as a tool in environmental policy and decision making.

The structure of the initiative has followed a division of labour among the CBSS countries. For each action line a lead country has been appointed with the task of fostering the implementation of the action line in question. Like the Northern

[243] See http://www.ndforum.net.
[244] Source: The source for most of these details is European Commission, DG for Information Society, 'Northern eDimension Action Plan', Brussels, 28 September 2001, http://www.ndforum.net.

Dimension, the NeD has been financed through existing EU programmes, the Nordic Council of Ministers, the Nordic Industrial Fund and the IFIs.[245]

Beyond the actual content of the initiative the most interesting element to be underlined here is the fact that the initiative originated from the CBSS and has been successfully projected at EU level. The Northern eDimension represents one of the first such cases when it comes to EU policies towards the neighbouring areas.

In conclusion, the ND initiative has attracted severe criticism for the lack of tangible output. However, a closer look reveals that there has been a shift from a phase where 'symbolism' and socialization among the actors involved were the main output to a phase where concrete results have emerged substantially—as demonstrated by the Northern Dimension Environmental Partnership and the Northern eDimension project.

The results of the Northern Dimension in its first two years of implementation have been achieved mainly as a result of improved coordination among the existing EU programmes and, above all, thanks to closer collaboration between the EU institutions and members with the 'outsiders', be they the EBRD (in the case of the NDEP) or the CBSS (in the case of the Northern eDimension).

4.5. Conclusions

This chapter has focused on the actual development and outcome of the Northern Dimension.

The ND's institutional process has been broadly divided into three main phases. In the first phase the notion of Northern Dimension acquired a more defined shape. During the second phase the reference document, the Action Plan, was developed and during the third phase the implementation began and the follow-up mechanisms were set in place.

[245] The programmes through which the NeD Action Plan is being financed are TACIS, PHARE, TEMPUS, INTERREG III, eContent and MAP (Multiannual Programme for Enterprise and Entrepreneurship).

The outcome of the process has been twofold. On the one hand there have been concrete projects and initiatives such as the Northern Dimension Environmental Partnership and the Northern e-Dimension that have been elaborated in the framework of the ND's implementation phase, which started after the endorsement of the Action Plan at the Feira European Council in June 2000. On the other hand, the process per se—that is, the series of meetings involving both EU members and the partners—should be considered as a sort of outcome, for two reasons. First, until the beginning of the implementation phase in 2001, it served as an extra channel for keeping open the dialogue with Russia and, in a more general way, for socializing the partner countries to the workings of the EU. Second, the centrality of the process has served as a substitute for the lack of substance and content which characterised the early stages of the initiative

Furthermore, the ND institutional process has confirmed the presence and the impact of North–South frictions between EU member states when it comes to the delicate question of the EU's attention towards its neighbourhood(s). The budget issue and the involvement of the regional organizations in the implementation process are the two issues emerging from the process that best illustrate such frictions.

At the same time, the absence of a budget for the initiative as a pre-condition for discussion in the COEST Working Group of the EU Council has, in part, overshadowed the argument according to which a crucial element of the Finnish success in getting the ND on the EU agenda was the "marketing strategy" adopted by Finland. It was this pre-condition more than any other element that made the ND palatable for the other members of the EU, even those such as Spain and, to a lesser extent, France that feared in the very early stages that the interests of the South could have been potentially damaged by the introduction of the Northern Dimension.

In conclusion, as a result of the institutional process outlined in this chapter, Northern Dimension's distinctive character can be outlined through five elements:

A policy framework structure. The Commission had pointed out from the start that there was no need for a new initiative.[246] This meant that the ND should not be an 'initiative'/policy like the previous Baltic Sea Region Initiative or the Barcelona Process, but something else. Furthermore, the fact that the Action Plan should be followed by the relevant actors 'whenever appropriate' seems to be a rather clear indication of the loose character that was characterising the initiative. The broad objectives of the ND have been (a) to shape relations with the EU's Northern neighbours through more coherent and effective external action and (b) on the other hand to point out what were, and still are, the interests and the priorities of the EU in the Northern neighbourhood. This latter element has not emerged from the Action Plan in any clear fashion, since the long list of priorities set out in the document included virtually all the policy areas but did not attach any distinct priorities. The actual priorities of the ND (the environment, including nuclear safety, the fight against organized crime and Kaliningrad) were indicated by Sweden, with the support of the Commission, only in the post-Action Plan phase.

Sweden's success in shaping the implementation process according (mainly) to its own priorities led to an ND which as a framework has proved to be rather flexible since it has actually allowed a single country to shape the agenda without jeopardizing the broader ND process.[247]

From this perspective the EU's Mediterranean policy has proved to be more rigid and the attempts of several EU countries, such as France, Spain and Italy, to direct the whole process along their own national priorities have failed or at least have not succeeded to the same extent of Sweden.

Absence of a budget line. This is perhaps the element that contributed most to turn the ND into an initiative which deviates from neighbourhood policy. More than anything else it has transformed the ND initiative into a 'non-policy' of a kind.[248] Here the rationale behind the Commission's behaviour in the ND case is

[246] European Commission, 'Communication from the Commission to the Council: A Northern Dimension for the policies of the Union'.
[247] From this perspective the Barcelona Process has proved to be more rigid, and the attempts of several EU countries, such as France, Spain and Italy, to direct the whole process according their own national priorities have failed, or at least have not succeeded to the same extent as Sweden's.
[248] This emerged from an interview with an official of the European Commission, DG for External Relations, Northern Dimension Unit.

fairly logical: the development of the ND along the lines of the Mediterranean partnership initiative would require an effort in terms of human and financial resources within the framework of the Commission's budget. In the Commission's view, therefore, the ND could become a 'real' policy only if a major effort were justified. On the part of the EU Council, as was seen above, the issue of creating a budget line for the ND was basically removed from the agenda before the initiative was discussed in detail. The divisions over the issue of financing within COEST, and in particular Spain's staunch resistance to discussion of the issue, together with the reluctance of other less obvious 'suspects', such as Ireland and the Netherlands, all contributed to transform the ND into a 'non-policy'. However, it should be underlined that the absence of a budget has also had positive results since it has indirectly fostered the creation of new and alternative ways for securing financing for projects such as the Northern Dimension Environmental Partnership (NDEP).[249]

Inclusive geo-strategic interests. The Finnish proposal de facto introduced a notion of geographic 'neighbourhood' which was fairly inclusive, in two senses. First, it put under the same umbrella concept areas such as north-west Russia, the Baltic Sea area, the Barents Sea area and the Arctic. Second, it also extended to a form of coordination at policy level with both the United States and Canada, both of them active in the Arctic region and the Baltic Sea area through the Northern European Initiative (NEI) and the 'Northern Dimension of Canada's foreign policy', respectively.[250]

In the panorama of the European Union's external relations, the USA and Russia have been traditionally kept firmly separate as targets of external policies. The Northern Dimension approach, however, merged transatlantic and regional interests in the notion that the ND area could represent a sort of testing ground where three key actors—the USA, the EU and Russia—could come together in

[249] The NDEP involves a number of IFIs, Russia, the European Commission and the EU member states most actively involved in the ND. For more detail about the NDEP see below in this section.
[250] The Northern European Initiative (NEI) was launched by the USA in September 1997 and was aimed at supporting the Baltic countries in their efforts to cooperate in the regional context. See Rhodes, E., 'Rethinkng the nature of security: America's Northern European initiative', in I. Busygina and O. Potemkina (eds), *New Frontiers of Europe: Opportunities and Changes* (Moscow: MGIMO University Press, 2003), pp. 234–68.

the framework of an EU initiative.[251] This element raised worries in particular among French policy makers, who did not look with favour on active involvement of the USA and Canada at the same level as other partners. The transatlantic dimension had in effect to remain a separate business, and on paper it did: coordination of ND and NEI policies never materialized, although a convergence between Canadian and European interests on specific issues has emerged, as demonstrated by Canada's participation in the financing of environmental projects being implemented within the framework of the NDEP.[252]

Enhanced coherence of the EU's external action. A fourth element that has differentiated the Northern Dimension from previous EU neighbourhood policies has been the so-called 'horizontal approach' to policy implementation, or, to put it differently, the centrality attached to the notion of 'enhanced coherence' in the EU's external action in its neighbourhood.

This point and the following one, i.e. the involvement of the outsiders, will be discussed in detail throughout chapter 5 because they represent, in the view of the author, the most innovative elements that the ND has introduced. Here, it is worth pointing out that the importance placed on coherence and improved coordination of the EU's external instruments has in the past been rather rare in the framework of the EU's external relations towards the neighbouring areas and that it now probably reflects the emergence of a new awareness within the EU Commission, the institution that manages all the EU external instruments, of the need to act in a less fragmented manner vis-à-vis the neighbours. Despite the fact that single neighbouring states remain the key partners, greater attention has been devoted to regions (the Baltic Sea region, Barents Sea region and North West Russia) as targets for the external actions of the Union.

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[251] Joenniemi, P., *Can Europe be Told from the North ? Tapping into the EU's Northern Dimension*, Copenhagen Peace Research Institute (COPRI) Working Paper 12/2002 (Copenhagen: COPRI, 2002).

[252] As far as the United States was concerned, the approach of the ND was the opposite to the one the EU adopted, for example, in the Mediterranean, where the Europeans, especially in the framework of the Israeli–Palestinian conflict, have been developing something like a (rather ineffective) parallel policy to that of the United States. It could be argued that one of the reasons behind the lack of effectiveness of the EU Middle East policy was its somewhat competitive character vis-à-vis the policy of the USA.

The involvement of the 'outsiders'.[253] Within the framework of the EU's neighbourhood policy, the role of the partners underwent great changes during the 1990s. On paper the Barcelona Process also assigned the partners a role in the development of policy.[254] However, in the case of the Northern Dimension, the 'outsiders'—the seven partner countries, the regional organizations and the international financial institutions (IFIs)—were given the opportunity to play an active, and at times even leading,[255] role in implementing the key priorities of the ND. The role taken on by them, particularly the regional organizations and some of the IFIs, has introduced a bottom–up element in the development of the initiative which has in part blurred the rigid distinction between 'inside' and 'outside' on which EU foreign policy has traditionally rested, as it did in the case of the Global Mediterranean Policy.[256]

[253] On the regional organizations see for example Cottey A, (ed.), *Subregional Cooperation in the New Europe*; Joenniemi P., "The Barents, Baltic and the Nordic projects: a comparative analysis", in Geir F. (ed.), *The Barents Region Revisited*, Oslo: Norwegian Institute of International Affairs, 1999, pp. 9–25; and Hedegaard L. and Lindström, B. (eds), *NEBI Yearbook 2000: North European and Baltic Sea Integration*, Berlin: Springer Verlag, 2000.

[254] See Gillespie, R., *Spain and the Mediterranean: Developing a European Policy towards the South* London and Portland (Or.): Frank Cass, 1997.

[255] In the case of the NDEP and the Northern eDimension, the leading roles were taken by the EBRD and the CBSS, respectively.

[256] On the Global Mediterranean Policy see Pomfret R., "The European Community's relations with the Mediterranean countries", in J. Redmond (ed.), *The External Relations of the European Community: the International Response to 1992*, Basingstoke: Macmillan, 1992.

CHAPTER 5.
THE NORTHERN DIMENSION AND ITS INNOVATIVE ELEMENTS

Chapter 4 highlighted the key elements that have characterised the internal institutional process that led to the Northern Dimension. This chapter focuses on the most innovative elements that the Northern Dimension has introduced to the way the EU approaches relations with its neighbours. In particular, it is argued that there are two components that the Northern Dimension has introduced to the way the EU approaches the politics of the neighbouring areas.

The first one, the vertical element, concerns the involvement of the regional organisations, i.e. the Council of the Baltic Sea States, The Barents Euro-Arctic Council and the Arctic Council, and indirectly the sub-regional networks linked to them, in several aspects of the implementation of the ND. The institutions operating at regional level, and in particular the Council of the Baltic Sea States(CBSS), have acquired an increasing capacity to express "actorness" and a more relevant role in the cooperative dynamics between the EU and its "near-abroad", i.e. those neighbouring areas more and more drawn towards the Union by an increasing economic and societal interdependence.

While, on the one hand, the European Union is becoming involved in a more structural manner in the activities of the regional organisations, on the other hand, both the CBSS and BEAC provided the partner countries, i.e., candidate countries such as Poland, Latvia, Lithuania and Estonia; and non-candidate countries such as Russia, with the possibility of taking part in a framework of practical cooperation and policy coordination with EU members on an equal footing.

The second element is related to the concept of horizontal coordination. One of the innovative aspects of the Northern Dimension is the introduction of a more comprehensive approach to the implementation of its external policies. Improved coordination as a feature of EU policy making is already present in some "internal" policy areas that the European Commission is managing, for example, in the environment field. Here, it will be argued that the innovation introduced by the Northern Dimension lies in its focus on coordination. Paradoxically, the ND is one of the first external policies of the EU to attach central importance to internal coordination.

Enhanced coordination as a notion is linked, on the one hand, to the introduction of a "territorial approach" to the EU policy-making process, an approach that is more global in essence in which the ultimate objective is the creation of an area of economic growth and stability unfolding across the external borders of the Union. On the other hand, coordination is tied to a more effective management of the EU's external action among the increasing number of Directorate Generals that share responsibility for the instruments and the activities that the Union is carrying out, both in the current and future neighbouring countries.

5.1. The Vertical Element: The Inclusion of the Regional Networks

The first innovative element of the Northern Dimension that requires particular attention is the participation in the implementation process of the regional organizations, and the sub-regional networks, operating in Europe's North. Although in both their origins and their nature they are still predominantly anchored to a short-term perception of politics, that is, they focus predominantly on short-term practical cooperation, the regional organizations seem to be increasingly aware of the political space that could open up for them in a long-term perspective.

While the Nordic institutions have had a rather marginal position in the implementation process, the regional organizations that have been involved in the

implementation of the Northern Dimension are the Council of the Baltic Sea States, the Barents Euro-Arctic Council and the Arctic Council. Of these the CBSS is by far the most active and has been most involved in the ND. Structural reasons explain the leading role of the CBSS.

A first important element is the 'historical' institutional links the CBSS established with the European Commission. As we saw above, since 1992 the Commission has been increasingly involved in the activities of the CBSS, mainly as a result of the increased strategic importance of the Baltic Sea region as a border area with Russia and the candidate countries that are members of the CBSS, Estonia, Latvia, Lithuania and Poland. The peak of the Commission's activism within the framework of the CBSS was reached in 1996 with the launch of the BSRI,[257] a short-lived initiative that had many similarities to and a substantial overlap with the Northern Dimension. The political importance of the BSRI lay in its content and (especially) in the fact that it was the first neighbourhood policy initiative launched by the Commission's DG for External Relations within the framework of a non-EU institution. The interesting element here was that the BSRI aimed to make the CBSS into a sort of complement for the actions of the Commission towards the Northern neighbourhood.[258] The extension of the areas and activities of the CBSS has coincided with a more structural involvement of the Commission's DGs—in particular the DG for External Relations, the DG for Enlargement, the DG for Information Society, the DG Environment and the DG dealing with health issues—in the workings of the CBSS. This has produced more comprehensive, but all in all more solid, political links between Brussels and the CBSS.

A second element that has favoured the emergence of the CBSS as the leading regional organization is the geopolitical factor. The EU, and in particular the Commission, did not approach the ND area as a whole. The area covered by the CBSS coincides largely with two strategic interests of the EU in the Northern neighbourhood, that is, the enlargement process and the intensified relations with that parts of north-west Russia that border on an enlarged EU, particularly the

[257] Element emerged from the interview with an official at the Danish Ministry of Foreign Affairs, Copenhagen, November 2001.
[258] European Commission, "Communication of the Commission to the Council on the Baltic Sea Region Initiative".

Kaliningrad and St Petersburg areas. It is therefore not surprising that the European Commission has been increasingly keen on supporting the role of the CBSS in the area.

Finally, a third element relates to the institutional links the CBSS has been establishing with the sub-regional networks that have developed in the Baltic Sea area throughout the 1990s. Some of them have institutional links with the CBSS.

Formally, they have not been given any specific role in the ND implementation process, but the sub-regional networks and institutions operating in the Baltic Sea area, especially those which established institutional links with the CBSS, have been acquiring a distinctive role in as a part of the implementation process. As a matter of fact, actors like cities, provinces and other sub-national units, are often the final recipients of the actions, and funds, originating from the EU instruments like TACIS, PHARE, INTERREG, administered by several DGs of the Commission (DG Enlargement, DG Regional Policy and DG for External Relations).[259]

At first sight their relevance to the overall external relations of the EU might appear marginal, but a closer look reveals that the sub-regional actors have been acquiring an increased capacity to act on their own and, at the same time, an increasingly essential role for the successful outcome of EU actions. In recent years these actors have been developing a kind of 'foreign policy' of their own through the creation of a dense system of institutional links which include actors at several institutional levels across the area.[260] The table below lists a selection of the regional and sub-regional organisations operating only in the Baltic Sea area. The CBSS is the intergovernmental organisation that has been by far the most able to establish institutional links with the most important of them.

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[259] See letter from the Baltic Sea States Subregional Cooperation (BSSSC) to Romano Prodi The Northern Dimension And Baltic Sea Cooperation - Seen From The Subregional Level, 29/05/2000, Commission Reference Number (2000) 285992.

[260] Joenniemi P., "Cities as international actors: the nexus between networking and security", in Wellmann C. (ed.), *From Town to Town: Local Authors as Transnational Actors*, Kieler Schriften zur Friedenswissenschaften, 8/1998, Hamburg: Lit. Verlag, 1998, pp. 29–37. For an exhaustive description and a list of the regional and sub-regional organizations at work in the Baltic Sea area see Suominen T., Antola E. and Haukkula H., *Networks in the Baltic Sea Region*, Working paper no. 5, Jean Monnet Unit, Turku, Turku University, 2000.

At sub-regional level the activities of the organisations operating in the area range from the promotion of transnational links among cities (i.e. Town Twinning, but also projects in the area of the environment, education, culture, exchanges of good practice among administrations, and economic exchanges) through the Union of the Baltic Cities to functional cooperation among regional and national administrations (the Baltic Sea Tourism Commission or the Baltic Spatial Development Agency) as well as non government organisations such as chambers of commerce (the Baltic Sea Chambers of Commerce Association and the Baltic Development forum).

A concrete example of how regional and local actors have developed regional cooperation is the Baltic Palette project. The project, originating from a Swedish initiative launched by the Stockholm region and supported by the government, brings together the main metropolitan areas of the Central Baltic Sea area, i.e., the Stockholm-Mälar Region, the Helsinki Region, the South-West Finland region, the Häme Region, the Åland Islands, the City of Tallinn, the Harju County, the Riga Region, the City of St Petersburg and the Leningrad Region.

Table 5.1 Regional Cooperation In The Baltic Sea Area
REGIONAL/SUBREGIONAL NETWORKS
ALLIANCE OF MARITIME REGIONAL INTERESTS IN EUROPE BALTIC NETWORK BALTIC SEA COMMISSION BALTIC SEA SEVEN ISLANDS COOPERATION NETWORK BALTIC SEA STATES SUBREGIONAL COOPERATION BALTIC SPATIAL DEVELOPMENT AGENCY BALTIC STRING KVARKEN COUNCIL SWEBALTCOP ÖRESUND COMMITTEE
TRADE AND ECONOMY
BALTIC AND INTERNATIONAL MARITIME COUNCIL BALTIC BUSINESS CENTER BALTIC DEVELOPMENT FORUM BALTIC FINANCIAL AND INDUSTRIAL GROUP BALTIC PORTS ORGANISATION BALTIC RING STUDY BALTIC SEA CHAMBERS OF COMMERCE ASSOCIATION BALTIC SEA TOURISM COMMISSION PRO BALTICA FORUM e.V.
ENVIRONMENT

ASSOCIATION OF BALTIC NATIONAL PARKS
BALTIC 21
BALTIC ENVIRONMENTAL FORUM
BALTIC INFORMATION CENTER FOR PROTECTED AREAS
BALTIC SEA ENVIRONMENTAL MANAGEMENT NETWORK
BALTIC SEA PROJECT
COALITION CLAEAN BALTIC
INTERNATIONAL BALTIC SEA FISHERY COMMISSION

The project focuses on tourism, environmental issues, infrastructure, spatial planning and information technology. Since its launch in 2000 it has created a close and above all permanent relationship among the partners. [261] The project's Secretariat, based in Stockholm, is currently financed in part by two EU instruments: the TACIS programme and the INTERREG III C initiative.

Such networks have fostered cooperation among institutions at local and sub-state level and at the same time have paved the way for the effective involvement of private actors, and capital, in several projects. They are the institutions that are in closest contact with the dynamics of interdependence that are unfolding across the ND area. Most importantly, the sub-regional actors and networks have been increasingly responsible for the actual implementation of cross-border projects in the priority fields covered by the ND, in particular the environment (including nuclear safety) and IT.

As the heads of government of the CBSS countries recently recognized, 'improved cross-border and sub-regional cooperation ... [as well as] the enhancement of direct contacts at local and regional level form the common ground for finding answers to new challenges'.[262] Even the Commission has pointed out that its efforts to set up a framework for improved coordination among the instruments (TACIS, PHARE and INTERREG) can only succeed if 'the authorities and organisations on the ground can ensure that the coordination leads to concrete results', that is, 'the actual coordination itself must come from project applicants'.[263] There has in short been a growing awareness, both in the

[261] For more details about the activities of the Baltic Palette see http://www.balticpalette.com .
[262] CBSS Summit, *Conclusions of the Chair*, 4th CBSS Summit Meeting, St Petersburg, 10 June 2002, http://www.cbss.st/documents/meetingshead_government/stpetersburg2002 .
[263] European Commission, *A Guide to Bringing INTERREG and TACIS Funding Together*, Luxembourg: Office for Official Publications of the European Communities, 2001, p. 12.

capitals of Northern Europe and in Brussels, that the involvement of the organizations operating at sub-regional level has been gaining in importance for the effective implementation of the ND.

But why is the involvement of the regional organizations, and in particular the CBSS, innovative within the framework of the EU's external relations?

Traditionally, the implementation of the external policies of the EU has been characterized by two elements. The first is a substantial exclusion of the outsiders[264]—the partner countries and the regional organizations, but also more generally those institutional actors that have developed some kind of capacity to shape regional dynamics, some role as actors, on the periphery of the EU. The second element is a rather clearly defined top-down approach in the way implementation is carried out. Looking at EU external policies—for example, the Global Mediterranean Policy—for neighbouring areas before the Northern Dimension was introduced, both the decision-making process and implementation went on in a sort of political vacuum. Actions taken in Brussels did not take into account either the views of the partners and objects of these policies or the expertise and political resources at the disposal of the regional organizations.

If looked upon from a "neighbourhood policy" or "network governance perspective", the introduction of the Northern Dimension has brought a substantial change, largely as a result of the proactive role that the CBSS and, to a lesser extent, the other regional constellations have assumed in implementing specific initiatives.[265] It can be argued that the ND represents *de facto* a sort of testing ground for new forms of cooperation which involve actors, like the CBSS and the BEAC, that represent an interface between those who are 'in' and those who are 'out'. In particular, if we consider that, given the close relationship between the EU and Norway and Iceland through the European Economic Area, after enlargement the only real outsider in the framework of the ND will be Russia, the success of such innovation will have further structural and strategic consequences both for the area and, in a more general way, for the EU approach to the management of the political space that is unfolding over those neighbouring

[264] See Ojanen H., *The Northern Dimension: New Fuel for the EU?*.
[265] See Gothenburg European Council, *Conclusions of the Chair*, Gothenburg, 16 June 2001.

areas that are more and more drawn towards the Union by increasing economic and societal interdependence.

The involvement of the CBSS and other organizations in the Northern Dimension did not, of course, come overnight. It was the result of the prolonged efforts of the Nordic EU member states and Germany in the EU Council. During the institutional process that led up to the elaboration of the Action Plan, there was some political opposition to an active role for the regional organizations from within the Council, in particular from those member states like Spain and the United Kingdom which are not members of the organizations.[266] There was also a reluctance to assign an active role in the implementation process to organizations over which the EU does not have full control.
In the case of the CBSS the political resistance has been overcome, on the one hand, by the fact that in a few years most of its members, with the exception of Russia, will be members of the EU. On the other hand, its expertise in some policy areas, such as the fight against organized crime, energy cooperation and IT, and its proactive stance on several issues at the core of the ND could hardly be ignored by the other EU members.

An important innovation deriving from the establishment of the Northern Dimension has been the introduction of a bottom–up element in the dynamics of the EU's external relations. The traditional approach to policy making for neighbouring areas was, and in general still is, largely centralized and centred on the Commission. As a result of this, most EU instruments set up to deal with the neighbouring areas, like TACIS and PHARE but also MEDA, the programme financing the implementation of the Euro-Mediterranean Partnership (EMP),[267] are characterized by a top–down structure that has not allowed for much interaction between the Commission and the actors that are the recipients of such programmes—local authorities, sub-regional networks and so on—in the planning phase. The way in which the programmes are structured, shaped and implemented

[266] Element emerged from an interview with an official of the European Commission, DG for External Relations, Northern Dimension Unit, Brussels, May 2002.
[267] The MEDA programme offers technical and financial support measures to accompany the reform of economic and social structures in the Mediterranean partners. For more details see http://europa.eu.int/comm/external_relations/euromed/meda.htm

is decided at the top, in Brussels, while little attention is paid to the voices of those organizations which are closer to the final recipients and therefore supposedly more in tune with the actual needs and priorities in the neighbourhood of the EU.

The vertical factor embodied in the Northern Dimension has introduced an element of change in the approach of the EU to the implementation of its external policies as it has contributed to make the processes less centred on Brussels. The involvement of the regional structures has introduced a bottom–up element in the priority-setting process and in the management of some practical aspects linked to coordination between the bilateral policies of the EU member states and those set up by the EU.
In other words, the so-called multilevel approach[268] embedded in the initiative has been contributing to moving part of the process in the periphery. With the beginning of third phase[269] of the ND institutional process, the member states most involved have initiated a process of de facto regionalisation of the EU's external agenda through the mobilisation of the CBSS in several of the ND priority areas.

One example that reflects the introduction of bottom–up elements in the external policy of the EU through the ND is the Northern eDimension, elaborated and launched by the CBSS, thanks to which the CBSS has gained its own space for cooperation with the European Commission. The initiative has involved all the ND countries even if the main focus has been on north-west Russia, Kaliningrad, the Baltic Republics and Poland.

As we saw in the previous chapter, the Northern e-Dimension has offered a platform for accelerating the transition to the information society in the region through closer cooperation of the governments involved.

An example of the projects implemented in the framework of the Northern eDimension is the eKarelia project aimed at strengthening the use of ICT for the development of the EuroRegion Karelia, an area of cooperation between the local

[268] See Catellani N., "The multilevel implementation of the Northern Dimension".
[269] See chapter 4.

and regional administrations which stretches across the Finnish–Russian border.[270]

The aims of the eKarelia project in 2001–2006 are to create a knowledge-based economy across the border and to develop an Information Society in the whole Euro Region Karelia.
In order to achieve the first objective, three types of measures have been implemented:

Measure 1: Virtual learning platforms crossing borders

- ICT, 'knowhow center' of Oulu
- Culture, music, 'knowhow center' of Kuhmo
- Forests, Wood processing, 'knowhow center' of Joensuu

Measure 2: eCommerce crossing borders

- eCommerce on timber trade
- eCommerce concerning tourism and travel

Measure 3: Jobs of the Information Society

The second objective, the development of an Information Society in the Euro Region's civic society, has been implemented at a slower pace than the first. The planned actions outlined in the project are:

Measure 1:The creation of Citizen Information Networks

- example: Learning Upper-Karelia model

Measure 2: Cooperation between Civic Organisations

- example: local e-project on Prevention of drug abuse

Measure 3: Direct interaction between with young people

The financing of the project has taken place mainly through the section of the TACIS programme that funds cross-border cooperation. The bulk of the activities are financed through a €5 million budget project proposal approved in the

[270] It has been financed mainly through the section of the TACIS programme which finances cross-border cooperation. The bulk of the activities are financed through a € 5 million budget project proposal approved within the framework of TACIS/CBC. Other, smaller parts of the project are being financed through the TACIS/CBC Small Project Facilities. For more information about the implementation of the NeD and the eKarelia project see http://www.baltic.org/nedap/preface.html.

framework of TACIS/CBC. Other smaller parts of the project are being financed through the TACIS/CBC Small Project Facilities.[271]

The NeD initiative began to deliver its first outputs at the end of 2001 but many projects have only reached the early stages of their implementation. However, the most important element that needs to be stressed here is the emergence of a multi-level pattern of cooperation developing between the core of the Union and a regional constellation at its periphery.

Although IT as a policy field remains relatively uncontroversial, as it does not touch upon core interests of the states involved, the issue carries a symbolic value in that it introduces a visible bottom-up element in the implementation of the ND. In substance, it reverses a trend according to which the periphery receives political inputs by the centre of the EU. Here is a case of an actor on the periphery—the CBSS—setting in motion a political process which starts from the grass-roots level of regional cooperation and aims to influence priorities at EU level in a specific sector. This element should not, however, be overestimated since the areas in which most progress has been achieved, and where regional outsiders have been granted more space and freedom of initiative, have been the information society and the environment—the DGs headed, respectively, by a Finnish and a Swedish commissioner.

The implications of this kind of approach if expanded to other areas is difficult to assess at this stage. However, processes along similar lines to the NeD have emerged in other more strategically important areas such as the energy sector. In this respect, the Baltic Sea Region Energy Cooperation (BASREC)[272] also represents an attempt to coordinate efforts and elaborate proposals on the improvement of energy cooperation from the region, but in a wider EU perspective.

In particular, BASREC has focused on the implementation of the Kyoto Agreement on climate change at regional level. One of the most important

[271] For more information about NeDimension implementation and the eKarelia project see http://www.baltic.org/nedap/preface.html.

[272] BASREC is a CBSS committee that focuses on energy cooperation and the coordination of national and EU policies. Norway is playing a central role in the context of BASREC.

BASREC initiatives that is now being implemented is the BASREC Testing Ground Agreement. This initiative is about using the Baltic Sea area as a testing ground for the Kyoto flexibility mechanisms and for the system of trading emissions. The project involves the EU Commission together with the Signatory parties Denmark, Finland, Germany, Iceland, Lithuania, Norway and Sweden. Partly because of the high investment that participation in the initiative requires, Russia, Poland, Estonia and Latvia have not yet joined. However, the creation of a Financing facility in 2003 should help the remaining CBSS countries to join.[273]

Given the key role played by non-EU actors such as the IFIs, both the NeD and the NDEP remain test cases for the introduction of bottom–up elements in the external agenda of the EU, and much will therefore depend on the extent to which the CBSS is able to deliver results. The argument put forward here is that the involvement of the regional organizations in the management of the external relations of the EU with the neighbouring areas has been providing important political inputs for changing the way in which the EU interprets the politics of the neighbouring areas.

The traditional approaches developed for other neighbouring areas by the EU, in particular the Mediterranean, have historically developed on the basis of exclusive dynamics following a "foreign policy" logic. On the contrary, what has happened in the Northern neighbourhood of the EU, largely as a reflection of the creation of the ND initiative, has been the active involvement of those regional organisations which are increasingly developing a more solid profile as transnational actors at the fringes of the EU and gaining an enhanced capacity to act in the management of practical aspects of the EU polices. Such organisations have been able to soften rather successfully the political division between insiders and outsiders by fostering de facto the creation of a policy area that is projected across the external border of the Union. Without ignoring the reality of the division between EU members and non-members, the scope of their action as it has developed throughout the 1990s has been less trapped in the insider/ outsider logic that underpins the action of the EU, in particular that of the Commission. They are in short the actors that are potentially best placed for managing, in a long-term

[273] See BASREC Secretariat, *Ministers Of The Baltic Sea Region Countries Sign The Testing Ground Agreement For Flexible Mechanisms Of The Kyoto Protocol On Climate Change*, Press release, Stockholm, 29th September 2003,.

perspective, aspects of the neighbourhood policy characterized by the ambition of reducing the socio-economic gap between an enlarged EU and Russia by fostering an increased interdependence across the external border of the Union.

The states involved in the regional process are both EU members and non-members but while in Brussels the latter are still left at the margins of the decision-making process, because they are not allowed a real possibility of influencing it, in the framework of the regional organisations the same states have an equal footing both on paper and in practice.

At the same time the increasing involvement of the regional bodies, in this case the CBSS, has led to two changes in the implementation process of the external relations. First, there has been a transformation in the dynamics related to the selection of the projects and to a certain extent in the process of agenda-setting, as the NeD example demonstrates. In that case a regional organization was the political originator of an initiative which was then incorporated into the EU agenda by the Commission. Second, the increasing number of institutional links developing between the regional and the sub-regional organizations has contributed to the emergence of a multi-level approach to the implementation of EU projects. Indeed, this process has been developing in specific areas—IT and to a lesser extent the environment—and it is still rather far from being a feature that characterizes the relations between the Commission, the member states on the Northern periphery of the EU, and the regional organizations. However, it could represent an option or a possible model for the management of the neighbourhood agenda of an enlarged EU, where the increased number of neighbours will make it difficult for the Commission to play a leading role in shaping and implementing the agenda alone.

5.2. *The Horizontal Element: Beyond A Functional Approach?*

"Horizontality" as a notion is associated with several questions in the framework of the EU's external actions. In most cases horizontality is an element somehow

"exogenous" to the policies of the EU, in the sense that it is often considered a principle or at best a broad objective, quite vague and difficult to quantify. In the framework of the Northern Dimension, horizontality has been associated with the notion of coordination of the EU's external action and has been elevated to a constitutive element of the initiative. It is not a policy objective but a part of its *raison d'être.*

The second innovative element that has been introduced in the EU's external relations with its Northern neighbours is the 'horizontal element'—the issue of coordination.

The improved coordination as a constitutive element of the ND has two interlinked aspects: it has external implications as it promotes the introduction of what is called a 'territorial approach' in policy making; and it has internal implications as an element of coordination within the structure of the Commission.

The first aspect is linked to an innovative way of approaching policy making in the border areas and in the neighbourhood of the EU. Such an approach has its roots in the joint efforts that took place at the beginning of the 1990s in Northern Europe as part of the initiative called Vision and Strategies Around the Baltic (VASAB 2010), aimed at elaborating a new approach to spatial planning and sustainable development in the Baltic Sea area through cooperation at regional level of all the ministers dealing with spatial planning.[274] It was later re-elaborated at EU level under the name of the European Spatial Development Perspective (ESDP).[275] The key notion at the basis of the VASAB approach can be summarized in the centrality attached to an integrated (i.e., multi-sector) development of the Baltic Sea region.

Since its very beginning the process of European integration has unfolded along functional lines. The institutions in Brussels, and in particular the Commission,

[274] The founding document of VASAB was published in 1994. However, most of the concepts were picked up by VASAB 2010+, a new document reviewing what had been achieved during the first seven years of implementation. See http://www.vasab.org.pl. On the ESDP, see Committee on Spatial Development, *European Spatial Development Perspective: Towards Balanced and Sustainable Development of the Territory of the European Union,* Luxembourg: Office for Official Publications of the European Communities, 1999.

[275] In the following, ESDP means the European Spatial Development Perspective and not the European Security and Defence Policy.

have developed their activities following a compartmentalized structure, a functional division of tasks, which over time has slowed down the policy-making process and introduced a degree of inefficiency because of competition and power conflicts among the Commission structures, the DGs. Questions about the effectiveness and the rigidity of this policy-making approach began to be raised in parallel to the beginning of the enlargement process, when the actions needed towards the candidate countries required simultaneous policing in several functional areas. Not only in the member states and among external actors, but also within the Commission (in particular the DG for Regional Policy), voices began to be heard increasingly in favour of the adoption of a more integrated approach towards the immediate neighbourhood.[276]

This is not to say that the ND was an initiative aimed at counteracting a structural inefficiency of the Commission. The picture is in fact more complex. If on the one hand it is true that there were elements of inefficiency and a degree of fragmentation in the external policies managed by the European Commission, on the other hand part of the responsibility stand with the Member States and their scarce capacity during the 1990s to elaborate a political approach to ND area as a whole.

The response of both the Commission and the Council to the scarce effectiveness of the EU's external action towards the Northern neighbourhood has been surfacing gradually. Following the positive outcome that emerged at regional level from the VASAB initiative, the Council of Ministers adopted the ESDP,[277] a de facto extension to the territory of the whole EU of the principles put forward in VASAB 2010. Both documents highlighted the need to develop innovative actions and a 'territorial' approach, going beyond the more traditional functional policy-making approach. The territorial approach and therefore the actual outcome of the ESDP have mostly been reflected by the projects which have been financed and implemented within the framework of the INTERREG III C

[276] Interview with an official of the European Commission, DG for Regional Policy, Brussels, July 2000.
[277] The ESDP was an initiative of the Commission. The DG for Regional Policy played a major role in elaborating it.

initiative.[278] The field of transport networks in Northern Europe has been particularly influenced by the territorial approach given its "transnationality". Most of the projects linked to Trans European Networks (TEN) that are being implemented in the Northern Europe, and particularly in the Baltic Sea Area, have been introducing a re-orientation of the transport links towards the EU. In fact while previously the transport networks in the Baltic states and Kaliningrad were oriented towards Russia/Soviet Union now, thanks mainly to the EU enlargement process, such networks are oriented towards the Western part of the area.

Table 5.2. The Via Baltica Nordica Development Zone

Via Baltica Nordica Development Zone (VBNDZ) is one of the most dynamically developing areas within the Baltic Sea region. It consists of the growth regions of Sweden, Finland, Estonia, Latvia, Lithuania, Poland and Germany, and includes Kaliningrad as an observer. The main problems it addresses are the increasing economic, social and environmental pressures, and even conflict, produced by development trends such as those in communications, socio-economics and cultural values.

Regions have the central role as developers of the VBNDZ. The development of traffic and transport (railways) and tourism in a sustainable way, linked to the development of planning methodologies and citizen participation, are strategically key factors in achieving the jointly agreed positive future vision for the zone. The regions of the VBNDZ are at various stages of development and in a need of different supporting activities.

Central objectives:

- Continuing, deepening and broadening the cooperation and integration between the national, regional and local actors within the Via Baltica Nordica Development Zone.
- Improving the capacity of the regional actors, especially in the candidate countries in relation to forthcoming EU membership. Implementing the development strategy created for the Via Baltica Nordica corridor and creating benefits for the participating regions via a transnational network of pilot actions. Special VBNDZ interests include the possibilities to use railway traffic, the Geographic Information System (GIS) and Internet technologies, combining different traffic modes, tourism service entities, and linking the VBNDZ with other routes and corridors in Russia, Scandinavia and Europe.

Expected outcome:

The project as an entity contributes to the economic and spatial development of the Via Baltica Nordica corridor, taking the principles of sustainable development into account. It will result in an increased awareness and stronger identity of the VBNDZ. Cooperation between different administrative levels and actors over the borders of the participating countries will be an important result in itself.

Tourism and railway traffic: information and guidance systems, multimodal transport solutions, easy and safe travelling possibilities. Cultural landscape management and tourism: sustainable management and development of tourism attractions. GIS/Internet systems and other Work Packages: information and planning systems and methodologies.

[278] Other projects already financed and on their way towards implementation are the South Baltic Arc; STRING II; VBNDZ; Seagull–DevERB; Baltic Palette II; BALTIC+; Four Corners; and BARENTS 2010. For further details about the programmes see the INTERREG IIIB Baltic Sea Region website, http://www.spatial.baltic.net .

Table 5.2[279] shows the main features of one project dealing with spatial planning, the Via Baltica Nordica Development Zone (VBNDZ) project, which is currently being implemented in the Baltic Sea area according to the territorial approach. This is to say that territory—a notion that in geographic terms goes beyond administrative borders—is put at the centre of the implementation of policies regardless of the national borders that might divide it.[280] It is more than a traditional cross-border policy in the sense that it is not aimed only at the immediate border areas, since the focus of the territorial approach is on a given geographic area, for example, the Baltic Sea area, or a portion of it—in this case the area (including both cities, regions and states) along the Via Baltica Nordica corridor. At the same time the territorial approach is more comprehensive than traditional cross-border policy as it includes multiple aspects of the development of the specific area (in the case of the VBNDZ the environment, IT, the development of a multimodal transport system, cultural landscape management and tourism). Border management or cross-border cooperation in traditional terms is only one element.

With the introduction of the Northern Dimension, it might be argued there has been an extension of the territorial approach to those areas outside the EU. In a sense one could argue that there has been an elevation at EU level of the principles contained in the VASAB 2010 initiative and at the same time an extension of the territorial approach beyond the external borders of the EU.

The territorial approach, as it is called, originates from the following assumption. As a result of growing social and economic integration, the internal (and external) EU borders have increasingly been losing their divisive nature, while more intensive relationships and a stronger interdependence are emerging between local and regional actors, the member (and non-member) states and the EU. This has meant that the effects of regional, national or EU policies in one

[279] Source: INTERREG IIIB Baltic Sea Region website at http://www.spatial.baltic.net.
[280] For more on this approach see http://www.spatial.baltic.net. See also Catellani N., "The multilevel implementation of the Northern Dimension".

country can have a considerable impact on the territory of another state, whether it is a member of the EU or not.[281]

The ESDP has introduced the notion of territory as a major lens through which to approach development and reduce economic and social disparities. The territorial approach implemented through projects like the VBNDZ has been aiming to promote integrated (cross-sector) development (as seen above) across levels of government and at the same time across actor groups (private, governmental and non-governmental). By considering all spatially relevant factors, ranging from the economic to the cultural and from natural to social territorial development, it has been addressing the balance of the areas of a given territory in a global manner. 'The ESDP provides the possibility for widening the horizon beyond purely functional policy measures, to focus on the overall situation of the European territory and also to take into account the development of opportunities which arise for individual regions'.[282]

In the context of the EU's external relations with its Northern neighbours, one of the most important innovations related to the concept of enhanced coordination in the ND and the territorial approach has been a notion of 'neighbourhood' that is more in tune with the objective of a less marked divide between the northern border of the EU and Russia. The ESDP approaches neighbourhood relations along "network governance" lines since it attaches centrality to the creation of single policy space stretching over the external borders of the EU.

'Territorial' projects like the VBNDZ or the NeD and the NDEP have increased economic interdependence between the inside and the outside of the EU. In effect, a de facto extension has taken place of the boundaries of the EU to an area that is not formally part of the Union but is somehow considered as part of it in economic and social terms. The 'fuzzy zone' pointed out by Christiansen et al. can therefore be defined as an area to which the internal polices and standards of the EU are exported.[283] The border areas of Russia and more in general Russian

[281] Committee on Spatial Development, *European Spatial Development Perspective: Towards Balanced and Sustainable Development of the Territory of the European Union*, p. 7.
[282] Committee on Spatial Development, *European Spatial Development Perspective: Towards Balanced and Sustainable Development of the Territory of the European Union*, p. 7.
[283] Christiansen, T. et al., 'Fuzzy politics around fuzzy borders: the European Union's near abroad', *Cooperation and Conflict*, vol. 35/4 (2000), pp. 389–417.

firms that want to develop business with EU counterparts have been forced to adapt their technical standards and certifications to those of the EU. This has been perceived as a negative element by the Russian entrepreneurs and the enlargement process is likely to strengthen of the process of adaptation to EU regulation given that in 2004 many entrepreneurs of the new EU members, important partners for Russia, will also ask Russians and more in general entrepreneurs from the CIS countries to adapt to EU legislation. [284]

In this respect, the 'inside/outside' logic that the EU is developing through initiatives such as the Schengen agreement, aiming at establishing a clear-cut border, are increasingly a major constraint on the development of this kind of approach. Political pressure within the EU is mounting towards an increased erection of administrative barriers against threats such as illegal immigration, with the result of stressing the significance of having a clear division between what is inside and what is outside the Union.

On the other hand, there is an increasing emphasis on the need to implement policies and projects that are more in tune with the larger processes of increasing economic and social interdependence between the EU and most of its present neighbours.

Summing up, there seems to be quite a strong contradiction in the way the EU is approaching relations with its neighbours. The 'hard border'/foreign policy approach and the territorial approach in its neighbourhood policy or network governance declination are all expressions of a different kind of EU. The supporters of rigid controls and a clear separation between 'us' and 'them' dominated the way in which the EU understood its relationship with the neighbourhood up to the mid-1990s. With the introduction of comprehensive initiatives such as Northern Dimension, the balance between the two approaches has changed and, particularly in the light of the forthcoming enlargement, an approach has developed that is more open towards "neighbourhood policy" vision, characterized by increased interdependence, and based on a close cooperation between the EU and its neighbours.

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[284] See Euro chambers, *EU-Russia trade and investments: practical barriers*, Brussels, 2003, http://www.eurochambres.be/PDF/pdf_publications/ .

It could also be argued that the neighbourhood policy that has been produced in Brussels in the recent years has increasingly become less of a foreign policy and more of a policy of integration aimed at pushing the non-candidate countries like (north-west) Russia, Ukraine, Belarus and Moldova as close as possible to the European Union in socio-economic terms.

5.2.1. The European Commission and the issue of "Enhanced Coordination"

A second aspect of "enhanced coordination" is related to the way in which the Northern Dimension has contributed to change the workings of the Commission. The element that has been most deeply influenced has been the perception of the officials dealing with Northern Dimension-related issues in the DGs for External Relations, as well as others such as the Environment, Regional Policy and IT, of the need to operate in a more integrated manner.[285]

Traditionally, the administrative structure of the Commission has been dominated by a rather strict functional approach to policy implementation. Competitive dynamics have developed, particularly during the early 1990s, between those sectors of the Commission more inclined to deliver a global approach to policy implementation and those who were keener to preserve the compartmentalised approach to policy implementation that, after all, has been the key reference in terms of the organisation of work and implementation of polices since the very origins of the Commission.

Generally speaking, the Directorate General for external relations, the DG mainly responsible for the implementation of the Northern Dimension, has been keen to approach the implementation of its policies in a rather segmented manner. The hierarchical and fairly rigid structures of its programmes such as PHARE or TACIS are a confirmation of this. Before the introduction of the Northern Dimension, elements like the poor interoperability of the external instruments and rigidly separate budget lines indicated that the way in which the instruments were planned did not consider horizontality as a key element for more effective policy making.

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[285] Interview with an official in the DG for External relations of the Commission, Brussels, April 2002.

In particular, the pre-Northern Dimension situation was characterised by four main obstacles to coordination:[286]

1. *The programming period*: A first main obstacle concerned the length of the programming periods for TACIS, PHARE and INTERREG. As a matter of fact, while the first two operated on the basis of annual projects, the structural funds, and the initiatives connected to them such as INTERREG II/III, deal with projects that normally last two to three years or more. It was particularly difficult to allocate funds for short-term joint projects.

2. *Budget lines*: Within each programme (TACIS and PHARE in particular) funds for implementing transnational projects are drawn from separate national funds in each of the countries involved. This lack of common budget lines inhibited the effective implementation of the transnational projects, e.g., the Via Baltica project was approved by the Estonian PHARE CBC but rejected by the Latvian.

3. *Cross funding*: Closely connected to the issue mentioned above is the question of cross funding. At present cross funding is not allowed. This means that a programme or a project has to be financed through different funds. A project that, for example, involves a border region between Germany and Poland will have to be financed through INTERREG for the part that takes place in Germany and through PHARE for the part concerning Poland. This often leads to major administrative problems that influence the final outcome and the effectiveness of the project. The Regional Policy Committee of the European Parliament underlined the problem in its position concerning the Northern Dimension and has advocated the creation of a single fund for all cross-border cooperation taking place in the framework of the three instruments.[287]

4. *Objectives*: whereas INTERREG II C openly supports spatial planning in terms of a territorial approach, the PHARE/INTERREG objectives are mostly related to regional development understood in a more traditional manner. In addition the lack of transparency and the time-consuming nature of the selection procedures for joint INTERREG/PHARE projects hampers the matching

[286] Catellani N., "The multilevel implementation of the Northern Dimension".
[287] European Parliament, *Opinion of the Committee for Regional policy on the Communication of the Commission on - A Northern Dimension for the Policies of the European Union*, in Committee on Foreign Affairs, Security and Defence Policy, Report on the Communication from the Commission - A Northern Dimension for the policies of the Union (COM(98)0589 - C4 - 0067/99), 22nd April 1999, Doc. No: A4-0209/99.

procedures and deadlines of INTERREG II C. It is, as a matter of fact, the differences between the PHARE and the INTERREG administrative structures that create one of the most serious problems. While the INTERREG structure is based on a flexible Common Secretariat that selects its projects, the PHARE structure relies on national agencies that require longer processing periods.

The Northern Dimension has, in sum, contributed to mitigate some weaknesses within the European Commission mainly in terms of internal coordination. Horizontality as a constitutive element has stimulated a more cooperative attitude among the services and has ultimately led to a number of concrete results, i.e., projects on their way to implementation, in several policy areas. It has also produced synergies in terms of increased coordination among the EU instruments, as demonstrated by the joint efforts to streamline INTERREG—managed by the DG for Regional Polices, and TACIS—managed by the DG for External Relations.

5.3. The ND's innovative elements and "network governance"

The vertical and the horizontal elements that the Northern Dimension has introduced to EU external relations represent a visible departure from the traditional way in which the Union used to approach relations with neighbours and particularly with the countries on the southern shore of the Mediterranean. As mentioned above, there seems to be a greater sensitivity within sectors of the Commission, in particular the DG for Regional Policy,[288] about the need to develop an approach towards the neighbouring areas that goes beyond clear-cut divisions between insiders and outsiders. The ESDP is in part the result of this approach, for example, the projects implemented in the framework of the INTERREG IIIB Baltic Sea Region, which largely draw upon the principles set out in the VASAB 2010 initiative.
More generally, greater attention is being paid to the creation of flexible frameworks, like the Northern Dimension, for the management of the political space at the periphery of an enlarged Union.

[288] Interview with Peter Mehlbie, DG for Regional Policy, European Commission, July 2000.

The current phase can be considered in many respects a phase of transition for the European Union as an actor. The upcoming enlargement, on the one hand, and the institutional reforms underway, on the other, should contribute to define the nature of the EU as a foreign policy actor. Most importantly, indications will have to emerge from the current period of transformation about the nature of the relationship between the Union and its member states. As a reflection of that, the nature of the relationship with the neighbours is also likely to undergo important changes. If one looks at the innovative elements introduced by the Northern Dimension and, more generally, at the political dynamics the initiative has been generating in the Northern neighbourhood, there seem to be enough elements to allow the constitutive traits of a more general model or framework for relations between the EU and its neighbours to be outlined.

The elaboration of such a framework starts from some general considerations related to the degree of interdependence of the areas at the borders of the EU and the correlation that exists between a politics- and an economics-led processes.
During the 1990s the successes of the main projects of economic integration elaborated in the framework of the European Union, such as the creation of a single market and, more recently, the establishment of European Monetary Union, has helped to elevate the Union to one of the leading economic actors at global level. One of the consequences of this growing economic leadership has been a sort of process of attraction/convergence, in economic terms, of those countries that will find themselves at the borders of an enlarged EU. The dynamics at work between the non-candidate countries and the EU seem to have followed a different path from the type of convergence that is taking place among the candidates fostered by a process of Europeanisation[289] centred on the mechanism of "conditionality". In the latter case, in fact, the process of convergence has been largely politically driven by the high value attached by the candidates to the benefits of the promised membership. Furthermore the European Union itself has

[289] See Knill C. and Lehmkuhl D., "How Europe matters: mechanisms of Europeanisation", European integration online paper vol. 3 (1999), No 7, http://www.eiop.or.at/eiop/texte/1999-007a.htm .

been actively involved in elaborating policies that foster economic cohesion and interdependence.[290]

Instead, the dynamics of interdependence that developed in the areas of the non-candidate countries gravitating economically around the EU seem to a lesser extent to have been the result of the ultimate "reward" of membership. It could be argued that the pressure deriving from the need to expand economic links with the main continental market, the EU, has been the leading factor beyond the convergence towards EU economic and social standards. The political will of fostering integration and interdependence that characterised the candidates' governments is less evident in the case of the non-candidates.

In Northern Europe this trend has emerged in a fairly clear-cut fashion. As a result of the programmes and instruments that the EU has developed for those parts of Russia more closely linked to the EU, i.e. north-west Russia and in particular the Saint Petersburg area, and thanks to the dense network of cooperative ties established by the sub-state actors operating in the area, economic and social interdependence is growing. One could argue that the areas at the borders of the EU and some others such as the St Petersburg and the Kaliningrad areas have begun to follow a long-term path of homogenisation towards EU standards. In other words EU standards are increasingly becoming a target for both the local and regional governments. This is largely due, on the one hand, to pressure from the EU on the local, regional and national administrations to adapt to European standards in areas such as transport, the environment and health in order to be able to participate in cross-border cooperation and, more generally, to be able to take advantage of the funds at the disposal of the EU. On the other hand, the need for private actors to comply with EU standards in order to do business in the largest continental market constitutes a rather powerful incentive for local and regional policy makers to look at the EU as a key referent.[291]

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[290] Zielonka J., "How new enlarged borders will reshape the European Union", *in Journal of Common market studies*, Vol. 39, No. 3, September 2001, pp. 507-536.

[291] The main objective of TACIS aid is on institution-building. Adaptation is also taking place in terms of models of public governance.

In other words, as a result of the growing economic, societal and (particularly at regional and sub-state level) political interaction the dynamics unfolding in the neighbouring areas do not seem to be the result of a clear political choice on the "outsiders'" part, as it has been for the candidates. The current situation in Europe's North, one that is potentially shared by most of those future neighbours, such as Ukraine, Belarus and Moldavia, that do not have accession as a political option, largely reflects the impact of economic dynamics which are, to a considerable degree, independent of the political will of the EU.

The innovative elements of the Northern Dimension could constitute the core of a possible response to the increasing economic, societal and, to a certain extent, political interdependence of the present and post-enlargement neighbourhoods. In particular, they seem to be in tune with the emergence of a new pattern of political interaction both inside the Union and between the Union and its "near-abroad".

Johansson, Gänzle and Filtenborg argue that the dynamics at work in the periphery of the Union indicate the emergence of a single policy space, unfolding across the external border of the Union, within which EU institutions, member states, and "outsiders" share a policy-making process. They claim that such a policy space is the result of an expansion of the external boundaries[292] of the EU beyond its actual borders.[293] That is to say that, mainly in the context of the Central and Eastern European candidate countries, the "application of governance patterns below the membership line" becomes *de facto* part of the underlying logic of the external relations of the EU.[294] When it comes to Russia and to other non candidate countries like Belarus or Ukraine the process is to a great extent

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[292] The definition/classification of boundaries they use is the one offered by Smith who identifies four categories of boundaries: 1) a geopolitical boundary which, during the cold war, was producing a dividing line between the EU, 'an island of stability', and the disorderly and threatening outside world; 2) an institutional/legal boundary defining the institutional and legal framework within which the EU operates. It gives the EU an image of a 'community of law' and the promoter of civic statehood; 3) a transactional boundary by which the EU regulates market accession for third countries, and finally 4) a cultural boundary that is relatively permeable, as it is established between the inside and the outside on grounds of democratic and political values and human rights. Smith, M. "The European Union and a Changing Europe: Establishing the Boundaries of Order", *Journal of Common Market Studies*, Vol. 34(1), pp. 5-28, in Johannson E., Filtenborg M. & Gänzle S., "An Alternative Theoretical Approach to EU Foreign Policy: 'Network Governance' and the Case of the Northern Dimension Initiative", in *Cooperation and Conflict*, 37(4), December 2002 p. 13.

[293] See E. Johannson, Filtenborg M. & Gänzle S., *An Alternative Theoretical Approach to EU Foreign Policy: 'Network Governance' and the Case of the Northern Dimension Initiative.*

[294] Friis L. & Murphy A., "The European Union and Central and Eastern Europe: Governance and Boundaries', *Journal of Common Market Studies*, Vol. 37(2), 1999, pp. 211-32.

only in its very early stages, given the weakness of the rule of law and of the local and regional governments of such areas.

In sum, despite the fact that there seem to be indications, also emerging from this work, of a more inclusive attitude from the EU on the issue of "neighbourhood policy making", the evidence supporting such claims is still weak. The cases of the Northern Dimension and, even more so, of the Barcelona Process demonstrate that the shared decision making process is at best an institutional *façade* behind which there exists a reality characterised by ineffective mechanisms of conditionality towards those countries that do not have EU membership as an option in the foreseeable future.

Having said that, conceptually the notion of "network governance" that is introduced in relation to the extension of the EU's boundaries brings together two important elements: the construction of a pooled policy space and a shared policy-making process.

The movement of boundaries beyond the EU borders is reflected in the extension of a wide range of internal standards to the neighbouring areas. An improved coordination of the external actions of the EU can in part be read as an attempt to export more effectively the EU agenda beyond the external borders of the Union. The bridging of the gap between the EU and the neighbouring areas (i.e. the non-candidates) is achieved through the creation of a common (intermediate) policy space in which imbalance is mitigated by the presence of actors, the regional organisations, within which the outsiders have an equal footing as well as real influence in the decision-making process.

The issue of a "shared decision-making process" between the EU and the outsiders is the second crucial point highlighted by the concept of "network governance". Here, however, the question is more complex. The equilibrium between the involvement of the outsiders and the preservation of their own decision-making capacity remains an objective that is, to an extent, impossible to achieve. There is a clear contradiction between, on the one hand, the formal steps taken by the EU in recognising, at least on paper, a role for the "outsiders"—particularly through a more important role attached to regional organisations such

as the CBSS and, to a more limited extent, the BEAC—in shaping the policy-making process. On the other hand, the EU is still reluctant to open up its decision-making processes.

A possible reading of such contradiction could be that until the neighbourhood relations of the EU will be approached as a pure foreign policy issue the possibility for the neighbours to influence the EU decision-making process will be marginal. A new approach, more horizontal in essence and therefore covering a number of policy areas traditionally pertaining to the domestic sphere of the European integration process.

In this respect, the approach put forward by Johannsson, Filtenborg and Gänzle has one of its main weaknesses in the fact that neighbourhood policy is considered just foreign policy "as usual". In fact, they do not take into consideration the domestic implications of the policies of the EU towards the neighbouring countries.

In Brussels it is often the very member states who have chosen not to be involved in the policy-shaping process towards other neighbourhoods that are the most reluctant to open up the process to external inputs.[295] In the case of the Northern Dimension this has been demonstrated, on the one hand, by the outspoken complaints of the Russian Deputy Prime Minister Viktor Kristenko[296] and, on the other, by the attitude of the EU institutions towards the issue of Kaliningrad.[297]

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[295] Within the Council Spain, for example, has adopted similar behaviour, as shown in chapter 4.

[296] The Russian Deputy Prime Minister Viktor Khristenko pointed out that "the possibilities for Russia to have influence on the development of the Northern Dimension have become much les. It is an EU initiative, decisions are made and studies carried out within the EU, and in recent times the consultations with us have actually been only formal. For instance, before the meeting in Luxembourg (The Second Ministerial Conference on the Northern Dimension) almost all our proposals regarding substance were left "hanging in the air."" Krhistenko V., Speech delivered at the Northern Dimension Forum in Lappeenranta, 22-23 October 2001. The speech is part of a publication edited by (Finland's) Prime Minister's Office, *Results of the Northern Dimension Forum in Lappeenranta 22-23.10.2001*, Prime Minister's Office: Publications 2001/14, p. 18.

[297] See Patten C., *Speech delivered at the 11th Ministerial Meeting of the CBSS*, Svetlogorsk, 6 March 2002 – Ref. SPEECH/02/9/8.
http://www.europa.eu.int/comm/external_relations/news/patten/sp02_98.htm Russia has tried to bring the discussion about Kaliningrad into the framework of the enlargement negotiations between the EU and the candidate countries. In other words Russia would have liked to be involved, through the issue of Kaliningrad, in the enlargement negotiations. This attempt has been met with a determination within the Council not to raise the issue at the political level but to keep in on a strictly technical level and in the framework of the EU-Russia cooperation council. As

Russia's failed attempt to make Kaliningrad the testing ground for an innovative political relationship with the EU that goes beyond technical aspects linked to the consequences of enlargement has demonstrated that the Union as a foreign policy actor has remained politically hesitant to engage in a policy-making process that is more open to the outsiders, in this case Russia.[298] In an enlarged European Union this trend might be reversed but it could also be reinforced if the new members adopt an exclusive attitude. Having joined the EU they could be reluctant to open up a decision-making process from which they had been *de facto* excluded before their membership.

The question of whether a third country like Russia should be allowed leverage over some areas of EU policy has gained increased centrality as a result of the introduction of initiatives such as the Northern Dimension, in which the partners have been granted the ability to influence the agenda-setting process. Indeed, in the framework of EU-Russia relations the bilateral element, i.e. the meetings at several institutional levels in the framework of the Partnership and Cooperation Agreement, will maintain its centrality due to the eagerness of both parties to maintain the core dynamics of relations in Brussels and Moscow. The regional dimension of the relationship will, in sum, hardly challenge the centrality of the bilateral relationship given its "low politics", more tangible, agenda and its aspiration, at least in the ND neighbourhood, to foster ties through links at national but above all sub-national level between EU and non-EU countries.

However, a more solid involvement of regional organisations, such as the CBSS, in the management of some aspects of the external relations of the EU could offer a complementary space where the "non-members", Russia in particular, could exert some sort of influence on the EU policy-making process. The role that such organisations have come to play as a kind of forum where EU

Chris Patten has recently pointed out "we need to explore common ground between Russia's wish to ensure easy transit between Kaliningrad and the rest of Russia, and our own need to ensure our security. We cannot override our basic rules here, including the Schengen acquis, nor undermine the enlargement negotiations themselves." See Patten C, *Speech delivered at the 11th Ministerial Meeting of the CBSS.*

[298] Such reluctance towards the creation of a shared decision-making process could also be placed in the wider context of the efforts, made by some players of the EU's foreign policy system, particularly by the Commission, to strengthen the actorness of the EU on the international arena.

members and the non-members discuss and decide upon Northern Dimension-related, and therefore EU-related, matters and their increasing involvement in EU activities could transform them into a structure where, as an alternative to Brussels, members and non-members could, on a less unequal footing, confront and discuss joint polices and act on the problems affecting the neighbourhood in question.

While the emerging "network governance" reflects the development of the EU approach towards the neighbouring area, it does not shed light on another very important dynamic unfolding at the same time within the EU—the kind of pattern that is emerging between the centre of the Union and one or a group of member states at the periphery when it comes to the management of EU relations with the neighbours.

There seem to be two trends emerging in centre-periphery relations within the Union when it comes to external relations vis-à-vis the neighbours. The first starts from a basic assumption that geographical proximity with the external border of the Union constitutes one of the key factors shaping the foreign policy interests of member states. The policies or policy-frameworks established by the Union to deal with the neighbours are often the result of the elevation at EU level of the national interests of one, or a group of, member-states at the periphery of the Union. The Northern Dimension, with Finland as its main promoter, is a clear example of this, as was demonstrated in chapter three. The question is, however, who really manages the policy once it has been established?

In the case of the ND, Finland took the lead in the early stages of the initiative but Sweden, and in part Germany, have also played an important role in backing the initiative in the EU Council, keeping it high on the agenda, and defining its content during the institutional process. In sum, it can be argued that the increasing role played by member states in the elaboration and management of the external relations of the EU according to a pattern of geographical proximity is central and fundamental to the success of the initiative. The importance of coordination and mutual support among the Northern or Southern EU members is even more evident if we examine the Mediterranean. Here, the lack of capacity for

coordination among Italy, France, Spain and Greece vis-à-vis a common objective, and the competitive dynamics which have characterised the development of the Barcelona Process, should be seen as one of the factors that contributed to the negative performance of the Barcelona Process.

When it comes to relations with its neighbouring areas the EU, as a system, acts on two intertwined levels. On the one hand, the EU institutions set up a policy framework or a policy to deal more effectively with those aspects of cooperation that member states are most reluctant to engage in. These instruments, however, are a reflection of a set of interests of one or a group of members. The process of "customisation" of the EU agenda for the Northern neighbourhood that occurred in the case of the Northern Dimension, as described by Ojanen, represents an effective example of how member states succeed in turning national interest into collective (EU) interests.

On the other hand, however, member states pursue bilateral and multilateral approaches towards the neighbours outside the framework of the EU. These bilateral policies might differ and sometimes even contradict those set up by the Commission. When a convergence between these two levels takes place, i.e. when the actions taken by the EU and the actions taken bilaterally are a reflection of a similar set of interests, it could be argued that a process of *de facto* subsidiarity is taking place.

Johansson *et al.* have pointed out that "the EU is developing and nurturing a particular form of "subsidiarity" in its foreign policy-making by accepting that member states most concerned design and execute EU foreign policy" together with those addressed by the policies in question.[299] In their model, with the exception of strategic decision making, the responsibility for most issues related to neighbourhood-policies, i.e. "design of cooperation projects, implementation, monitoring of activities and evaluation", is shared and managed among the

[299] Johannson E. et Al., "An Alternative Theoretical Approach to EU Foreign Policy: "Network Governance' and the Case of the Northern Dimension Initiative", p. 14. See also Johansson E., "The EU foreign Policy and Subregionalization in the Baltic Sea Area" in Hubel H. et al. (eds.) *EU Enlargement and Beyond: the Baltic States and Russia*, Berlin: Berlin Verlag, 2002, pp. 371-92.

member states most affected. While in Brussels such a form of subsidiarity has not yet formally emerged, in the periphery experiments with forms of "subsidiarity" in the external relations of the EU are already taking place in the framework of the Council of the Baltic Sea States in relation to the Northern Dimension activities. Each member has taken the responsibility to follow, stimulate and evaluate activities in one of the nine priority fields of the framework of the ND on which the organisation has decided to focus. In the field of IT, as mentioned above, the Commission has been sharing the implementation of the NeD with the CBSS, with Sweden acting as the lead country in the implementation of the initiative. Whether this method of the decentralisation of core activities would be applicable on a larger scale is hard to assess at this stage. However, positive results at regional level would certainly increase the chances of an extension to the whole Northern Dimension initiative or even to other policy areas of the Union.

The model sketched by Johansson *et al.* could usefully be linked to the work of Joenniemi on "regionality" and the emergence of the North as a constitutive element of the future Europe. From a certain viewpoint, it could be inferred that the concept of subsidiarity does indeed complement Joenniemi's work because it *de facto* defines the operational part of his model of "Europe of the Olympic rings", i.e. "a conception of Europe and the EU in which there is not one but several centres, power is dispersed throughout interlocking and overlapping regionalist formations with rather fluid external borders".[300]

This conceptualisation, as Joenniemi himself points out, frames something but "what is this something and how does it tie in with the dominant discourses pertaining to the construction of political space" remains open.

Subsidiarity in foreign policy making seems to be unfolding along lines that provide content to the framework elaborated by Joenniemi. As mentioned above, when the EU level and the member state level of foreign policy making converge there is a *de facto* elevation of the political space at the periphery, with its own internal bilateral/multilateral dynamics, to a constitutive part of the EU as an actor.

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[300] Joenniemi P., *Can Europe Be Told From The North? Tapping Into The Eu's Northern Dimension*, COPRI Working Paper n.12/2002, Copenhagen:COPRI, p. 46.

In more practical terms, each area would therefore assume full responsibility for the management of EU external relations, applying a sort of subcontracting of external EU policies to the member states and the regionalist entities at the periphery.

5.4. Conclusions

This chapter focuses on two key elements that have been introduced or at least made important by the Northern Dimension. The vertical element, i.e., the active involvement of the regional organisations in the implementation of the initiative, and the horizontal element, the introduction of the notion of enhanced coordination among the external instruments of the Union targeting the Northern neighbourhood.

The inclusion of the regional organisations, in particular the CBSS, should be considered as an innovative element since until the introduction of the Northern Dimension the way in which the European Union, and in particular the European Commission, was characterised was by a substantial exclusion of both partners and regional actors from any real possibility of influencing the development and the implementation of the neighbourhood policy of the EU.

In particular, with the introduction of the Northern Dimension, as the case of the NeD and the NDEP has demonstrated, the outsiders can acquire the role of driving force behind specific initiatives and more generally can serve as a forum where the interests of the insiders and outsiders can meet and be mediated without compromising the capacity of the EU to express a more effective 'actorness' on the international arena.

The second element discussed in this chapter is the notion of horizontality intended as enhanced coordination of the EU's external action. The issue of an improved coordination has opened up questions mainly related to which approach the Union should develop towards its immediate neighbourhood, given the increasing socio-economic interdependence between the neighbours and the EU

countries. An improved coordination of the EU's external action is linked, on the one hand, to the need to enhance coordination among the instruments targeting the Northern neighbourhood. On the other hand, improved coordination is linked to the introduction of elements pertaining to the "territorial approach" to policy-making, an approach fostering interdependence and less premised on the division between EU and non-EU territory.

Summing up, this chapter demonstrates that the Northern Dimension has introduced new elements in the way the EU as a whole approaches its relations with the neighbours. The focus on an improved coordination of the instruments and the involvement of the regional organisations opens up questions related to the very nature of the policies that the EU has been developing towards its immediate neighbourhood. The elements of the Northern Dimension demonstrate that the neighbourhood policy approach can bring about a different logic vis-à-vis different neighbours. The Northern Dimension is indeed an important example since it can be seen as form of neighbourhood policy that differs substantially from previous policies adopted in the neighbourhood of the expanding European Union.

In chapter 6 the focus will move on to the oldest neighbourhood of the EU, the Mediterranean, and the comprehensive policy that the Union elaborated in the mid-1990s: the Barcelona Process or the Euro-Mediterranean Partnership.

6. THE NORTHERN DIMENSION AND THE BARCELONA PROCESS: A COMPARISON

As was demonstrated in chapter 5, the Northern Dimension introduced changes to the way the EU approaches its immediate neighbourhood. The Northern Dimension, however, cannot be considered the main neighbourhood policy of the Union. Historically, the neighbourhood policy of the EU *par excellence* has been, and to a large extent still is, the one towards the Mediterranean.

The polices that the EC, and later the EU, elaborated for the Southern neighbourhood seem to have developed in parallel with the increased capability and competencies of the EC/EU in the sphere of external relations. In this respect, the current Euro-Mediterranean Partnership, also known as the Barcelona Process, can be defined as a reflection of the qualitative improvement of the role of the EU in dealing with neighbouring areas. As argued below, the EMP constitutes the first attempt by the EU to approach the Southern neighbourhood in a more comprehensive manner, in terms of areas of cooperation addressed. At the same time, the EMP has approached the issue of neighbourhood in an inclusive fashion,

through the perspective of free trade to draw up more balanced, at least on paper, relations with those neighbours that do not have (EU) membership as a viable option.
This chapter analyses the EMP as an approach and assesses its effectiveness. The gap opening up between the original goals and the current situation indicates a mixed outcome and raises questions concerning the overall effectiveness of the Barcelona process.

Second, this chapter compares the Barcelona Process with the Northern Dimension, and its innovative elements. Given the differences that exist between the two areas the comparison will concentrate mainly on the strategies that the EU as an actor, and its member states, have chosen to deal with the two areas and on the question of whether the EU should develop elements of a more coherent approach towards its immediate neighbourhoods as whole. Particular attention will be devoted to the financial and institutional resources that the EU has attached to the two neighbourhood initiatives, the role that both the ND and the Barcelona Process have played as frameworks for the elevation of national interests at EU level and, finally, the differences in the rationales emerging from the initiatives.

6.1. The Mediterranean, a multi-faceted neighbourhood

One of the arguments that has often recurred in EU discourse in relation to the launch of the Barcelona Process is the stress that is placed on the existence of a common past and the emphasis put on the image of the Mediterranean as a single and inclusive unit—the core of European civilisation. Kühnhardt for example points out that " [...] the term "mare mediterraneum" reflects the claim of late Roman rule over all its shores and insinuates the character of a geographically defined community of values".[301] In the same spirit the recurring image of "the Mediterranean as the cradle of civilisation" is also a good example of how the past

[301] Kühnhardt L., *The lakes of Europe*, Zei Discussion Paper, C 104, , Bonn: Zentrum für Europäische integrationsforschung, 2002.

has been used to push forward a constructed image of the Mediterranean which does not correspond to the actual history of the past 1000 years.

But it is Braudel himself who underlines how the Mediterranean at the time of the late Roman Empire was *de facto* already divided culturally into a north-western (Roman proper), an Eastern (Islamic) and a Greek sphere of influence.[302] Such a division was actually sharpened by the Arab domination between the 7th and 11th centuries. While during the Roman Empire the division was mainly cultural, substantially de-linked from religion, and contained by the framework of the empire, during the Arab rule of the Southern shore of the Mediterranean and Spain, it acquired the traits of a conflict, creating a divide between Muslim and Christian.

Despite the fact that cultural and economic interaction continued and even flourished during Arab domination, the consolidation of the division between the two shores of the Mediterranean constituted the dominant process.

In the cleavage produced by such a divide should be seen the origins of the Mediterranean region as a border region with all that this implies in terms of conflicts.[303] The rise of the nation states in Europe, followed by the empires and the colonisation of most of the Southern shore of the Mediterranean, have actually strengthened the image of the Mediterranean as an area of conflict and division.
In sum, history provides a different image to that embedded in the discourse and rhetoric of the EU and its member states in the past 40 years. The image of the Mediterranean region as a border region leads to another component which should be considered when looking at the security policies of the EC/EU.

The transformation of the Mediterranean from a single unit of "sovereignty", the Roman empire, to a border area led to an increased number of confrontations that continued through to the twentieth century. As Brauch *et al.* have underlined, after the Second World War the Mediterranean region turned into one of the areas in the world most affected by conflicts, more generally defined, i.e., not only wars

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[302] Braudel F., *La Méditerranée et le monde Méditerranéen á l'epoque de Philippe II*, Paris: Colin, 1949.
[303] See Calleya S. C., *Navigating regional dynamics in the post-cold war world : patterns of relations in the Mediterranean area*, Aldershot: Dartsmouth, 1997, pp. 67-8.

but also cultural, ethnic and religious.[304] However, the argument that the Mediterranean became a conflict-prone region only after 1945 fails to recognise the fact that before that date the area has been a theatre for many conflicts of different types.

In other words security has played a crucial role in the political dynamics both inside and outside the region. However, contrary to other parts of the continent, such as the Baltic Sea Area, the end of the cold war and the changes in the international order produced by the collapse of the Communist bloc reduced tensions but did not diminish the level of conflicts in the area. During the cold war the Mediterranean was further divided because of the special, and in some cases changing, relationships between several states vis-à-vis the United States and the Soviet Union. The Mediterranean as a major sea route to the Middle East and the Persian Gulf was an area of rivalry for the navies of both blocs but, if compared with continental or Northern Europe, the Mediterranean was not considered by the super-powers to be a primary theatre for confrontation and it could therefore be argued that the cold war per se was not the most serious element of instability in the region.[305]

So what have been then the main causes of instability in the Mediterranean? Two elements should be considered with particular attention. The first is the so-called geopolitical fragmentation of the Southern shore of the Mediterranean. Territorial disputes related to borders have been an element that produced instability and political bitterness in relations between the littoral states in the South. In the Maghreb area, as well as the dispute between Spain and the Western Sahara, a number of other border disputes between Algeria and Morocco; Tunisia and Algeria; and Libya and Algeria have characterised most of the cold-war period.[306] Such borders disputes have created obstacles to the development of

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[304] See Brauch G & al. (eds.), *Euro-Mediterranean partnership for the 21st century*, New York: St. Martins Press, 2000.

[305] The primary theatre of the bipolar confrontation was without doubt Central Europe as demonstrated by the heavy deployment of nuclear and chemical weapons throughout the cold war. Also the Baltic Sea area emerged in the 1980s as a key theatre of confrontation. For more details see chapter 2.

[306] See Biad A., "The Role of Border Problems in North African Peace and Security", in *Disarmament: a periodic review of the United Nations*, Vol. 6, 1993, pp. 38-48; See also Grimaud N., *La politique extérieure de l'Algérie (1962-1978)*, Paris: Karthala, 1984.

South-South cooperative arrangements and have produced negative effects on the overall regional process of cooperation.

The Eastern part of the Southern Mediterranean is still largely affected by territorial and border disputes. Leaving aside the Cyprus conflict, the Israeli–Palestinian conflict and the border disputes that Israel has accumulated with virtually all its neighbours have played a major role in producing instability throughout the area. More generally, the Arab–Israeli conflict and the political tension that still prevails in the Middle East is the key element that should be considered when analysing the EU-Mediterranean relations.

Summing up, the development of the EU's neighbourhood policy towards the Mediterranean discussed below should be seen against the historical background of an area characterised by deep-rooted historical divisions, both North–South and South–South, and a high degree of conflict among the countries on the Southern shore. These two elements have acquired centrality in the development of EC/EU policies in the area and constitute the element that most characterises the area in question and needs therefore to be considered when looking at the nature of neighbourly relations between the EU and the Southern Mediterranean partners.

6.2. Origins and development of the "Southern Dimension" of the EU's external policies: From the Bilateral Trade Agreements of the 1960s to the early 1990s

As was mentioned above, the Mediterranean remains the neighbourhood towards which the EC has developed its most comprehensive framework for political and economic relations to date.

Throughout the nearly 50 years of EC/EU history, several countries such as Greece, Spain, Portugal and now Malta, Cyprus (and perhaps in a long-term perspective, Turkey) have moved from the status of partner to that of candidate for membership and finally to full member of the EC/EU. This section will not focus on those countries which have been able to work out a basis for full membership, but rather on the relations between the EC/EU vis-à-vis the

"permanent" neighbours. In other words, those countries in the Maghreb and Mashreq[307] sub regions which have not yet been considered for EU membership, namely: Egypt, Israel, Jordan, Lebanon, the Palestinian Authority, Morocco, Algeria, Tunisia and Libya.[308]

The origins of relations between the states on the Southern shore of the Mediterranean, i.e. the current participants in the Barcelona process, and the European Community date back to the early years of the European integration process. Traditionally, the countries in the Maghreb and Mashreq area have been heavily dependent on continental markets, in particular on the markets of the former colonial powers, for their agricultural products. The development in the framework of the European integration process of the "Common Agricultural Policy"(CAP) in the early 1960s, and the consequent creation of a barrier to the products (wine, olive oil, citrus fruit) originating from the Mediterranean non-member countries, led the European Community to negotiate trade agreements in order to limit the damage caused by the CAP to the shaky economies of the Southern neighbours and, as will be demonstrated below, the enlargement process to bring Spain, Portugal and Greece into the EU.[309]

The tool adopted to ease the access of the products of the southern neighbours was the Preferential Agreement. The first Preferential Agreements were signed in 1969 with Tunisia and Morocco. The agreement as an instrument was substantially aimed at allowing the tariff-free export of most industrial products to the EC, and reduced tariffs or levies on 50 per cent of agricultural exports. Reciprocal concessions, such as tariff reductions on around 10 per cent of Moroccan imports from the EC, were also part of the agreement but were temporary measures and limited in scope.

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[307] The Maghreb area includes Mauritania, Algeria, Morocco, Tunisia, and Libya. The Mashreq countries are Egypt, Jordan, Lebanon and Syria.

[308] Libya represents a sort of exception since it has been one of the most controversial partners of the EC/EU as a result of the difficult political relations between Colonel Gheddafi and the governments of the EC/EU.

[309] Pomfret R., "The European Community's relations with the Mediterranean countries", in Redmond J. (ed.), *The External Relations of the European Community: the International Response to 1992*, Basingstoke: Macmillan, 1992.

Along the same lines other preferential agreements were signed with Israel in 1970 and with Lebanon and Egypt in 1972.[310]
It should be stressed that, politically, the elaboration of these agreements represented a sort of continuation of previous preferential schemes that these countries, particularly Morocco and Tunisia, had with France, which from the outset acted as a lead-country in relations between the EC and Northern Africa and maintained an almost exclusive relationship with Algeria.

The number of bilateral agreements produced between the end of the 1960s and the beginning of the 1980s contributed to the emergence of an increasingly fragmented picture in relations between the EC and the Southern Mediterranean. Interestingly, despite the fact that the EC's relations towards the non-member countries of the Mediterranean were centred on bilateral relations, the first elements in the Community's discourse of some sort of regional approach to the neighbours were already slowly emerging in the early 1970s. For example, the Commission elaborated in 1971 a memorandum in which it pointed out that " [...] the influence that Europe could have in this region makes it possible to see development of the Mediterranean basin as a natural extension of European integration".[311] The question was how to inject more coherence and consistency into the trade agreements and, in this respect, the success of the Lomé Convention provided a model for elaborating a regional approach to deal with trade and economic issues.

In 1972 the Council of Ministers directed the Commission to open negotiations with the Southern neighbours[312] with the aim of developing a Global Mediterranean Policy (GMP).
The GMP has been heralded as an innovative policy for that period. On paper, the idea of developing a multilateral framework for relations with the Mediterranean did contain innovative elements. First, it resulted from the need to strengthen the coherence of the activities of the Community in its neighbourhood through a

[310] Fontagne L. &. Peridy N., *The EU and the Maghreb*, OECD Development Centre Studies, OECD: Paris 1997.
[311] European Commission, *Europe-South Dialogue*, Commissions of European Communities, Brussels, 1984, p. 10.
[312] The GMP included all the Mediterranean countries (including Spain, Portugal and Greece) with the exception of Albania and Libya.

rationalisation of the preferential trade agreements. The question of coherence therefore was somehow already present on the EU agenda as a priority for the Community's external action in the early 1970s, although with a different connotation from the "enhanced coordination" of the late 1990s discussed in chapter 5. Second, for the first time there was an attempt to elaborate a set of relations with neighbouring countries that went beyond mere trade issues by injecting some purely political elements into the relationship. Third, the GMP deviated from the traditional bilateral approach by elevating the group of countries to counterparts. Last, but not least, the GMP represented the first attempt by the EC to generate political stability, and therefore security, by stimulating economic growth in the neighbouring countries. In other words, the GMP could be identified as the first regional instruments that embedded an element of conditionality by linking aid and access to Community markets to enhanced efforts by the partners towards political stability

What emerged from the negotiations granted the Mediterranean neighbours duty-free access to community markets for industrial products and preferential treatment for their agricultural exports. The cooperation programmes introduced a system of 5-year financial protocols for the Mahgreb and Mashreq countries covering various sectors such as water, agriculture, education, and science and technology.[313]

Despite its attempt to bring about a more coordinated approach the Global Mediterranean Policy revealed itself as an ineffective tool for dealing with the countries on the Southern shore of the Mediterranean. In a way the GMP, which entered into force in 1977, was perhaps a policy that was too ambitious for the 1970s, both in terms of the capacity of the EC to express a truly "global", i.e. horizontal, policy and because of the political independence that many of the neighbours had only relatively recently gained from their counterparts in the EC. On the one hand, the Mediterranean countries addressed by the GMP proved reluctant to embark on regional (multilateral) talks, instead attaching priority to traditional bilateral negotiations. On the other hand, the extension of the

[313] See Pomfret R., *The European Community's relations with the Mediterranean countries*, p. 79. It should be pointed out that the European Investment Bank started financing projects in the region only in 1978.

cooperation to areas other than trade made the Southern neighbours of the EC diffident because the whole initiative, in their eyes, began to acquire a post-colonial flavour.[314]

It could in fact be argued that in the early stages of EC-Mediterranean relations the political dynamics behind the Preferential Agreements first and later the Global Mediterranean Policy reflected a *de facto* continuation of French trade policy, but on a larger scale. Such a condition was favoured first of all by the still strong French "links" with Algeria, Morocco and Tunisia; second, by Italy's[315] attention that at that time focused mainly on the Middle East countries, particularly on oil producing states, rather than on North African neighbours and their goods; and third by the marginal position of Spain due to both its internal political situation and the fact that it was one of the recipients of the GMP.

Last, but not least, the international situation also played a role in making the GMP less effective. The membership of Britain in 1973 and the new geopolitical interests that came along with it, the Arab-Israeli conflict and the related energy crisis that began in the early 1970s and the emergence of the Euro-Arab Dialogue were all factors that contributed to divert attention from the Western Mediterranean. At the same time, EC engagement and attention towards the Middle East and its conflicts introduced a divisive political element to relations with many of the countries in the region, the side-effects of which spilled over to other areas of cooperation.

Despite its limitations the GMP approach remained, until the Barcelona Process, the main blueprint for cooperation between the EC and the Southern Mediterranean neighbours. However, by the end of the first financial protocol it was increasingly evident, even to the Commission, that the GMP was insufficient in terms of the amount of aid provided and that it had failed to generate economic growth in the recipient countries. At the same time, the global economic downturn

[314] One of the reasons that should be pointed out is that in the early 1970s the countries in question were still relatively young states as they had gained independence during the 1950s and 1960s. At the same time this could also seen as an excuse or better as a form of resistance by authoritarian regimes to political conditionality.

[315] Holmes J.W., "Italy: In the Mediterranean, but of it?", in *Mediterranean Politics*, Vol. 1 n. 2., Autumn 1996.

of the early1970s and the increased protectionism of the EC market drained the GMP of all the benefits deriving from the preferential treatment it granted to the Southern neighbours.

By the end of the first financial protocol in 1982 the question of how to improve the GMP, particularly in terms of the financial commitment of the EC, was coupled with a debate concerning the consequences of the applications for full EC membership filed by Greece in 1975 and Spain and Portugal in 1977.[316] The issue became how to soften, or better to compensate for, the further loss of share in EC markets that the Southern neighbours, in particular Morocco and Tunisia, would suffer through Spanish and Portuguese membership.

The two questions: the membership of the Mediterranean applicants, and the revitalisation of the GMP, became strongly linked during the negotiations for Spanish membership. In the final stage of the negotiations the first signs emerged of the diverging visions among the Southern EC members, particularly Spain and France, about the degree of openness of EC markets towards the Mediterranean neighbours and the amount of aid to be delivered to them as compensation for the loss of market shares due to Spain's and Portugal's membership.

France, for domestic reasons[317] and because of its traditional leading role in the development of the Mediterranean polices of the EC, was keen to support the claims of Morocco and Tunisia to maintain their, and the other neighbours', access to the EC agricultural market (particularly for fruit and vegetables) at pre-Spanish membership levels. As figures 6.1 and 6.2[318] show, France had an interest in maintaining unchanged trade dynamics between the EC and Morocco and Tunisia. In both cases France was the main trade partner with a 22% and 23 % share of the exports for the two countries, respectively. This element adds substance to the claim that the relations with the West Mediterranean neighbourhood had been, until the early 1980s, to a great extent a reflection of the

[316] Greece became a member of the EC in 1981 while Spain and Portugal entered in 1986.
[317] The French farmers have traditionally played a very important role in the definition of the French interests in the framework of the EC/EU. Also in this case the feared competition from Spanish products led the French Government to hold a position in the framework of the negotiations.
[318] Source the Economist Intelligence Unit Country data.

national (economic) interests of France. Furthermore, despite the fact that the GMP had opened up cooperation to a number of sectors, agriculture, a key economic interest, remained at the core of EC/ Southern Mediterranean countries relations.

Figure 6.1: Morocco's main Export Markets in 1985 (% share)

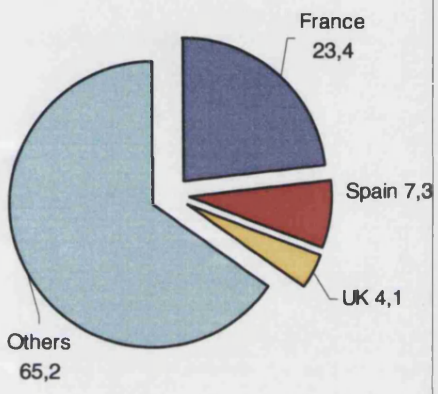
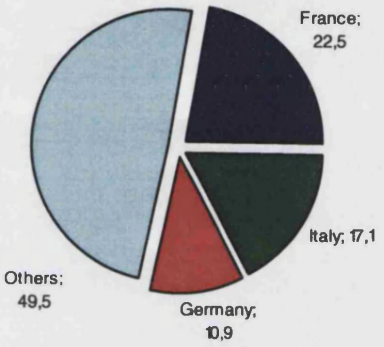


Figure 6.2: Tunisia's main Export Markets in 1985 (% share)



At the same time the persistence of the same trade dynamics and degree of openness of the EC markets would have damaged Spain in terms of its advantage gained through EC membership. Spain therefore "fought hard during the negotiations to increase, **not** reduce, the gap between the treatment to be received by Spanish and Portuguese farm exports" and the one accorded to the Southern neighbours.[319]

Given that a majority of the member states were aligned with the French position, i.e. in favour of maintaining the level of access of the Maghreb products to the EC markets, Spain had to give up on this front. However, it did manage, with the support of Italy, to postpone the issue of compensation, through an

[319] Tovias A., "The EU's Mediterranean Policies Under Pressure" in Gillespie R. (ed.), *Mediterranean Politics*, Vol. 2, London, Pinter, 1996, 12 quoted in Gillespie R., *Spain and the Mediterranean: Developing a European Policy towards the South*, London/Basingstoke: Polgrave Macmillan, 1999. Emphasis added.

increased amount of aid, to the Maghreb countries until after its full EC membership.[320]

As a matter of fact, one of the first consequences of Spain's membership was a veto that blocked until October 1986 the compensation measures for the Mahgreb countries. After several months of tough negotiations within the EC the Spanish opposition was eventually overcome, but only after concessions by France over fishing issues.[321]

As a result of the Spanish "blockade",[322] Morocco decided to apply for full EC membership in 1987. The failure of its application led Morocco to launch in 1989 together with the other countries of Northern Africa (Lybia, Tunisa, Algeria and Mauritania), the Arab Mahgreb Union (AMU). The AMU was the first attempt to create a kind of Arab regional organisation along the lines of the European Community. The grand strategy set out by King Hassan II of Morocco was "to turn the Arab Mahgreb into one country, with one passport, one identity and a single currency".[323] The initiative, however, despite its ambitious long-term objectives[324] proved rather short-lived mainly due to the scarcity of intra-Maghreb trade (3% of their total trade), the weak South-South economic interdependence and the political disagreements that soon appeared among the participants. One could argue that the AMU was more the result of the dissatisfaction of the Magrheb countries, in particular Morocco, with the policies of the EC than of actual political will to begin a process of integration along the lines of the European Community.

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[320] Tovias A., *Foreign Economic Relations of the European Community: The Impact of Spain and Portugal*, Boulder: Lynne Rienner, 1990, pp. 9-10.

[321] Gillespie R., *Spain and the Mediterranean: Developing a European Policy towards the South.*

[322] Spain was not only preventing discussion of the aid package but also refusing transit.

[323] Johansson E., *Subregionalization in Europe' Periphery: the Northern and Southern Dimension of the European Union's Foreign Policy*, Quaderns de Traball, 36/00, Universida Universitari d'Estudis Europeus, Universitat Autònoma de Barcelona, Bellaterra, 2000.

[324] The Constitutive Treaty of the UMA, signed in 1989, laid down the following objectives: "Consolidation of the links which bind the Member States and their people; the achievement of progress and well-being of their communities and the defence of their rights; The progressive realization of freedom of movement of the people of the services, the goods and the capital between the Member States; the adoption of a common policy in all the fields." Particularly in the economic field, "the common policy aims at ensuring the industrial, agricultural, commercial and social development of the Member States. With the view of instituting a Maghreb Economic Union in the long term between the five Member States, the following stages have been fixed: The institution of a free trade area with the dismantling of all tariff and non-tariff obstacles to trade among the Member States; the creation of a customs union with the view of instituting a unified customs space with adoption of a common external tariff; The creation of a Common Market devoted to the integration of the Maghreb economies." See http://www.maghrebarabe.org.

The internal struggle within the EC over the issue of compensatory measures for the Maghreb countries highlighted that in the late 1980s the structural conditions that had characterised the early stages of EC policies towards the Southern neighbourhood had changed. The dominant position of France in setting the EC agenda for the area had been challenged, on the one hand, by the EC membership of the Iberian countries, Spain in particular, and, on the other, by the fact that Italy began to play a more assertive role at EC and, more broadly, at regional level.

The end of Spain's activism, on the one hand, and a more assertive Italian stand on the regional arena, on the other, gave birth to the proposal for the creation of a Conference on Security and Cooperation in the Mediterranean (CSCM). The proposal was originally launched in December 1989 by the Italian Foreign Affairs Minister Gianni De Michelis at a Ministerial session of the Euro-Arab Dialogue and it aimed at applying the Helsinki (i.e. CSCE)[325] approach to the Mediterranean.[326] The proposal was positively received and gathered some forty states interested in participating in the development of the initiative. The CSCM project aimed to provide a forum for the discussion and resolution of regional conflicts and to indirectly facilitate a settlement of the Arab–Israeli conflict through "parallel progress in other fields".[327]

The Italian–Spanish sponsored initiative was rather short-lived and by the time of the Gulf War it had already been put aside, despite wholehearted support from the countries on the southern shore of the Mediterranean. France did not view the initiative with particular favour for the reasons mentioned above and it did not move from its negative approach while the United States, United Kingdom and Germany also rejected the project almost instantly on the grounds that it was too ambitious. Portugal questioned the applicability of a Helsinki-type process that had been tailor-made to deal with Europe during the cold war. In particular for the United States the success of the CSCM initiative could have led to a more central

[325] The Conference on Cooperation and Security in Europe based in Helsinki played an important role in bringing about détente between the United State and the Soviet Union and more generally between the two blocs in the late 1970s and early 1980s.
[326] Holms J. W., *Italy: in the Mediterranean but of it?.*
[327] De Michelis G., "The Mediterranean after the Gulf War", in *Mediterranean Quarterly*, 2/3, 1991, p. 2.

role for the European states in the Mediterranean and in the Middle East process and ultimately could have led to a potentially substantial reduction in the American forces deployed in the area, in particular the Sixth Fleet. As Calleya pointed out "without the support of the European Community and the influential United States, the aspiration of establishing a CSCM has been put on the backburner."[328]

Furthermore, the rise of FIS[329]Islamic fundamentalism in Algeria raised questions about whether there was enough common ground for cooperation on security matters between the two shores of the Mediterranean. [330]
Last, but not least, De Michelis' departure from office, as a result of the fall of the Craxi Government linked to bribery allegations, was a severe blow to the CSCM initiative and to other products of the Italian foreign policy activism of the early post-cold war years.[331] The beginning of a long period of low profile for Italian foreign policy also had important reflections on the EC side since it opened up space for Spain to enhance its influence over the Community's Mediterranean Policy.

The failure of the CSCM project demonstrated that in the changing post-cold war environment security could not be separated from the other aspects that made up the neighbourhood's agenda with countries on the Southern shore of the Mediterranean. At the same time it became clear that any aspiration on the part of the EC Mediterranean members, Italy and Spain, to play a more central role in the political dynamics of the region should have been developed in the framework of the European Community.

Since mid-1988 a third generation of financial agreements between the EC and the Southern neighbours has been signed. However, it was soon clear that despite a consistent increase in the amount of aid to €324 Million, from €202 Million in

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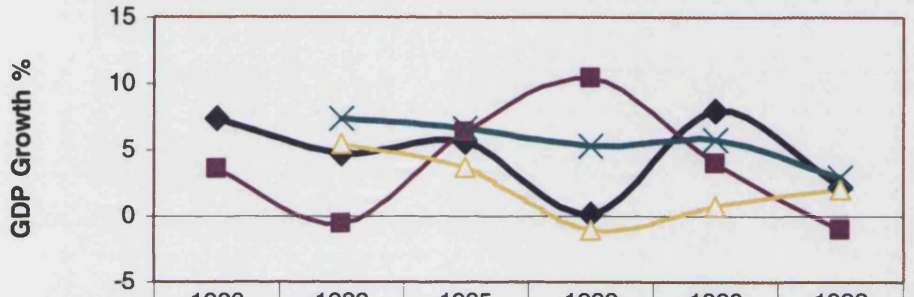
[328] See Calleya J., *Navigating regional dynamics in the post-cold war world : patterns of relations in the Mediterranean area.*
[329] FIS stands for Islamic Salvation Movement.
[330] See Badini A., "Efforts at Mediterranean Cooperation" in Holmes J. W. (ed.), *The United States, Southern Europe, and the challenges of the Mediterranean*, Cambridge, MA: World Peace Foundation, 1995, pp. 111-115.
[331] Another important initiative in Italian foreign policy was the Central European Initiative, the so called *quadrilaterale*, another regional forum sponsored by Italy.

1981, the effectiveness of EC policy towards the southern neighbourhood was limited. As the figure 6.3[332] demonstrates, if one of the main objectives of the policy was to generate growth on the Southern shore of the Mediterranean, then the results have not been particularly encouraging. Both in the medium-term, between 1980 and 1993, and the short term, between 1988 and 1993, growth has been limited, if not negative. Morocco and Tunisia have been those with the most dynamic growth but at the same time they have also suffered from the ups and downs of the international economic relationship.

Figure 6.3: GDP Growth in the Maghreb 1980-1993



Year	1980	1983	1985	1988	1990	1993
Tunisia	7,4	4,7	5,6	0,1	8	2,2
Morocco	3,6	-0,6	6,3	10,4	4	-1
Algeria		5,4	3,7	-1	0,8	2,1
Egypt		7,4	6,6	5,3	5,7	2,9

Against this background a report presented by the Commission in 1989 recognised the failure of EC policy towards the Southern Mediterranean. The report, presented by the (Spanish) Commissioner, Matutes, pointed out that while, on the one hand, the importance of the Mediterranean region had grown for the EC in security and economic terms (energy and trade), on the other hand, the measures put in place in order to stimulate growth in the neighbourhood had largely failed. Such a failure was demonstrated by the still limited financial cooperation (just 3% of the total inflow of capital in the Southern Mediterranean countries originated from the EC), the low level of private investment and, last but not least, the level of agricultural exports that had remained at a similar level throughout the 1980s.[333]

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[332] Source: Economist Intelligence Unit, Data derived from International Monetary Fund, Direction of Trade Statistics.

[333] Gilliespie R., *Spain and the Mediterranean: Developing a European Policy towards the South.*

On the basis of these elements the Commission launched the Renewed Mediterranean Policy (RMP) in 1990 with the aim of enhancing its economic impact on the Southern neighbours of the Community. It can be argued that the RMP had a more strategic nature since it coupled better articulated financial and economic support for the economies of the Mediterranean non-member countries with a greater political dialogue. The central element of the proposed package was still the financial aid and credit granted to the neighbours. Therefore, despite a widening of the measures taken, the nature of the relationship remained largely driven by aid-like dynamics.

The RMP was eventually approved in December 1990 but the Gulf War and the rise of Islamic fundamentalism in Algeria meant that the new policy was already inadequate before it was even implemented. Despite the increase in the amount of aid allocated to the Southern neighbours, the overall amount was still modest if compared with the ACP countries let alone the Central and Eastern European Countries. The security question, and in particular how to face possible spill over effects that might destabilise the area, was not addressed at all by the RMP. As Gillespie points out "EC member states could no longer respond to the challenges in the South in the traditional way, nor even by offering partial improvement of the kind promised in the RMP".[334]

The RMP issue shows in a rather effective manner the nature of the problem that emerged for the Community in the early 1990s. Economically speaking the EC had been able to achieve important results, such as the completion of the Common Market project, and was considered to be a key actor. It was able to exert influence both in its neighbourhood and at global level. From a political point of view, however, the capacity of the EC to express "actorness" and to take a stand in the international arena was very limited indeed, as demonstrated by the marginal role it played during the Gulf War and the crisis generated by the break-up of Yugoslavia in 1991.

[334] Gillespie R., *Spain and the Mediterranean: Developing a European Policy towards the South*, p. 148.

The year 1992 represents, not coincidentally, an important turning point both for the EC as an institution and for Euro-Mediterranean relations. The full implementation of the common market and the successful conclusion of the negotiation of the Maastricht Treaty enhanced the capacity of the European Community, now European Union, to develop articulates external policies.

For the Mediterranean neighbourhood 1992 also represents a watershed since it was in June of that year that the Lisbon European Council brought about a qualitative change in the way the EU and its member states perceive and approach neighbourhood relations towards the Mediterranean, and in particular the Maghreb countries. The concept of "partnership" was substituted for the previous notion of relations based on aid-like dynamics.

Barcelona constituted the result of what was developed between 1992 and 1995, with the first Partnership Agreements being signed with Morocco, Tunisia and—when political conditions would allow, Algeria.[335]

But how did the idea of "partnership" differ from the previous attempts? First of all the concept of partnership involved, at least on paper, a more egalitarian approach to the relations with the Mediterranean neighbours "providing for a closer relationship between the parties on the basis of reciprocity and common interest".[336]

However, it should be pointed out that the new rhetoric employed at EU level did not correspond to a change in terms of political commitment by the EU national leaders towards an equal treatment of their Mediterranean counterparts.

At the same time, the concept of partnership launched at Barcelona involved a sense of priority being attached to those countries, a sort of upgrading from their previous position of "second rank" neighbours. Finally, the concept of partnership that took shape in Lisbon, and which would be developed later in Corfu and

[335] Morocco played an important role in pushing on the EC/EU agenda the issue of the development of a more ambitious Mediterranean Policy. The need for some sort of compensation to Morocco for the deadlock in the ratification of the bilateral trade agreement occurred as a result of a negative vote of the European Parliament, led the Commission to submit a more ambitious draft proposal for a new type of partnership. Such a proposal was warmly supported by Spain.

[336] Corfu European Council, *Presidency Conclusion*, Corfu 24-25 June 1994, Press Release, 24/6/1994 - Nr: 00150/94.

Essen[337] European Councils, was based on a wider and more complex approach to the idea of neighbourly relations in which security developed into a crucial element deeply intertwined with economic and social issues. Although important, trade became one among many areas of cooperation, such as social matters and culture, while the instruments became more comprehensive and multi-faceted.

However, the notion of Euro-Mediterranean Partnership that emerged from Essen in December 1994 was far from being defined in some of its crucial details. In particular, the key questions relating to the number of countries that were to be involved, the areas of cooperation to be given priority and, last but certainly not least, the level of funding allocated to the new initiative were, to a large extent, still unanswered. Furthermore, several other issues slowed the negotiations, such as the different responses by member states to the Algerian conflict, the difficult economic situation at global level, and the restrictions imposed on national budgets by the Maastricht criteria—which would make it difficult to start discussions about funding for the EMP.

The problems related to the number of partner countries to be involved and the question related to the funding of the initiative were both solved in the first months of 1995. It was resolved to open the initiative up to the Near East and as a result the number of prospective partners increased from 5 to 12.[338] Looking back, one could argue that the decision to bring Israel and the Palestinians into the Process, and together with them their conflict, had a paralysing effect on the initiative in the late 1990s.

One of the motives behind the decision was the need to have a higher degree of participation and involvement among the Northern member states in the early stages of the initiative.[339]

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[337] See Corfú European Council, *Presidency Conclusion*; Essen European Council, *Presidency Conclusion*, Essen 9-10 December 1994, Press Release, 9/12/1994 - Nr: 00300/94.

[338] The countries invited to participate are: Tunisia, Algeria, Morocco, Malta, Cyprus, Jordan, Israel, The Palestinian Authority, Syria, Turkey, Egypt, Lebanon. Libya has had the status of observer in the Euro-Mediterranean Partnership since 1999. It is not a full member of the EMP because it has not accepted the so-called Barcelona acquis (the legislation that accompanies membership of the Partnership).

[339] See Gillespie R., *Spain and the Mediterranean: Developing a European Policy towards the South*, p. 152.

It is difficult to assess the extent to which the Northern members actively participated in the Barcelona Process but, to the Southern Mediterranean countries, the active involvement of the other members was seen more as a move aimed at making the whole exercise seem Brussels-led, rather than a Spanish- or French-led initiative.[340]

The question of how to finance the initiative took much longer since it involved a re-adjustment in the balance of EU strategic interests. Spain, thanks to the support of France and the external lobbying of the "partners", was able to convince Germany and the other Northern members that there was a significant disparity in the allocation of EU spending in its immediate neighbourhood. According to Spain and France, the Central and Eastern European Countries were overly prioritised vis-à-vis the Southern neighbourhood. In essence the objective was to move the attention of the European Union back to the neighbourhood that had traditionally enjoyed a high priority in the external agenda of the EU.[341] Such arguments were backed by Spanish pressure coupled with the adoption of obstructive behaviour with regard to the enlargement process northwards and delays in the agreement on the TACIS programme until the Iberian country obtained reassurances from Germany and the other net contributors that the budget allocation for the Mediterranean would be increased. Returning to the Northern Dimension, it is interesting to underline how the Spanish Government was, from the first day of Finland's and Sweden's EU membership, threatening to block EU initiatives dealing with the Northern neighbourhood. Both in the case of the TACIS programme and again in 1997–8 in the case of the Northern Dimension, Spain did not accept any linkage.

[340] Interestingly enough some of the new members, particularly Finland and to a lesser extent Sweden, did actually try to play an active role in the Barcelona process in the end of the 1990s.

[341] For further details on this argument see. Barbe E., *Balancing Europe Eastern and Southern dimensions*, EUI Working Papers, Florence: European University Institute, 1997.

6.3. The Barcelona Process

The Euro-Mediterranean Partnership first saw light at the Barcelona Conference in November 1995 during the Spanish Presidency.

The initiative has been heralded as "a new chapter in the relations between the European Union and its southern neighbours" and, given its scope and the economic and political efforts of the Union and its Southern member states, it was a genuine attempt to set up a new approach to the politics of neighbourly relations.[342] One of the key innovations was embedded in the fact that, for the first time, the EU was attempting to articulate a vision of its relations with the neighbouring countries. The nature of such an approach is to be found in the three key objectives set out in the Barcelona Declaration:

1. The creation of an area of peace and stability based on the principles of human rights and democracy.
2. The creation of an area of shared prosperity through the progressive establishment of free trade between the EU and its Mediterranean partners and amongst the partners themselves, accompanied by substantial EU financial support for economic transition and to help the partners to confront the social and economic challenges created by this transition.
3. The improvement of mutual understanding among the peoples of the region and the development of a free and flourishing civil society by means of exchange, development of human resources, and the support of civil societies and social development.[343]

As Johansson pointed out the Barcelona Process "is not a radical break away from earlier Mediterranean policies, in that preferential trade arrangements and financial aid also remain the foundation of this new Euro-Mediterranean relation"[344]. Indeed it can be argued that the Mediterranean policy of the EC/EU has been incremental both qualitatively and quantitatively. If, on the one hand, the historical record of Euro-Mediterranean relations has been characterised by a

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[342] Johansson E., *Subregionalization in Europe' Periphery: the Northern and Southern Dimension of the European Union's Foreign Policy.*

[343] European Commission, *The Barcelona Process - five years on 1995-2000*, Luxembourg: Office for Official Publications of the European Communities, 2000.

[344] Johansson E., *Subregionalization in Europe' Periphery: the Northern and Southern Dimension of the European Union's Foreign Policy*, p. 47.

limited role for the EC/EU to play as a key actor in the region, on the other, it highlights the qualitative improvement of the scope and nature of the EC/EU policies towards the Mediterranean. At first, trade relations and economic development constituted the core of the relation. Security then emerged as a more central element in the very concept of neighbourly relations. Finally, with the Barcelona Process, economic development and security, together with social and cultural exchange, have been elevated to interrelated components of a single policy (framework).

If compared with the texts of the Global Mediterranean Policy, or even the Renewed Mediterranean Policy, the Barcelona Declaration reflects the development within the EU of a more articulate approach to neighbourhood polices that was perhaps less reflective of some national foreign policies, such as the French and the Spanish, than the previous initiatives and more assertive in terms of its aims. In other words, while the shape and content of the earlier initiatives were, to a large extent, a kind of continuation of the foreign and trade policies of some member states, France and Spain in particular, by other means, with the Barcelona Process this dynamic has been altered.
This has been the result, as will be seen below, of the widening of the Euro-Med agenda and the consequent dilution of specific national interests. If previously the rather narrow agenda of the Mediterranean policy made it easier to identify the correlation between the EC and specific national interests, as demonstrated by the struggle mentioned above between Spain and France in the mid-1980s, the introduction of a wider agenda and a large number of partners under the same umbrella, as a result of the EMP, has provided space for the accommodation of a large number of (French, Italian, Spanish, Greek and Portuguese) foreign policy interests, diluting the correlation between EU interests pursued through EMP with those of a specific member.

Without denying the key role played by Spain in the launch of the initiative, the two elements mentioned above have made it more difficult to identify the entire process, particularly the implementation phase, with the interests of one single member state.

The Euro-Mediterranean partnership established with the Barcelona Declaration encompassed three interrelated dimensions: a political and security partnership, an economic and financial partnership, and a social, cultural and human affairs partnership.

Table 6.1[345] summarises the content of the Barcelona Declaration and highlights the key principles and objectives it established.

Table: 6.1 The Barcelona Declaration

OBJECTIVES		ACTIONS
POLITICAL AND SECURITY PARTNERSHIP	⇒ The establishment of a common area of peace and stability;	• Respect for human rights and fundamental liberties; • Equal rights of peoples and right to self determination; • Non interference in the internal affairs of other partners; • Settlement of disputes by peaceful means • Respect for the territorial integrity and unity of each of the other partners; • Stronger cooperation in the fight against terrorism; • Enhancing regional security by working for the non-proliferation of weapon of mass destruction;
ECONOMIC AND FINANCIAL PARTNERSHIP	⇒ To speed up the pace of lasting social and economic development ⇒ To improve living conditions by creating employment opportunities and closing the development gap in the Euro-Mediterranean region; ⇒ To promote cooperation and regional integration;	• Progressive establishment of a free-trade area from 2010; • Implementation of appropriate economic cooperation and concerted actions in relevant areas(particular attention is devoted to energy); • A substantial increase in the EU financial assistance to the partners; • Establishment of the MEDA Program
SOCIAL, CULTURAL AND HUMAN AFFAIRS PARTNERSHIP	⇒ Promoting understanding between cultures; ⇒ Promoting exchanges between civil societies; ⇒ Developing human resources;	• Encouraging decentralised cooperation • To Encourage contacts and exchange between young people; • To Reduce migratory pressures by appropriate policies to accelerate economic take-off; • To establish closer cooperation in the area of illegal immigration; • Importance of health sector and its improvement;
FOLLOW -UP	⇒ To Develop specific actions ⇒ To give "practical expression" to the Partnerships	• Periodical Ministerial meeting • Ad hoc thematic meetings of ministers, senior officials and experts • Contact between Parliamentarians, regional authorities, local authorities

[345] Source: European Commission website. http://europa.eu.int/comm/external_relations/index.htm

The Barcelona Declaration remains today the frame of reference for all the actions undertaken by the EU in the Mediterranean neighbourhood. Even if the document is an agreement among "equal" partners for the development of the Mediterranean into an area of stability and economic growth, in practice, the definition of fairly clear objectives, such as "the establishment of an area of peace and stability with the long-term possibility of establishing a Euro-Mediterranean pact to that end", and the creation of a Euro-Med free trade area with 2010 as the target date for its gradual establishment, have made the Declaration the first long-term neighbourhood strategy that the European Union and its member states have been able to deliver.[346] However, looking at the Declaration from the partners' perspective, the initiative resembles more a trade-off between security for EU member states and increased economic growth for the Southern partners.

The first chapter of the Declaration, on security and political cooperation, boils down to a list of principles mainly directed to the attention of the partners: respect of human rights, respect of territorial integrity and no interference in the domestic affairs of other partners, let alone fighting against terrorism and organised crime. The chapter dealing with economic and financial partnership points out several concrete areas of cooperation (restructuring of agriculture, industrial modernisation, environmental cooperation, conservation of fish stocks, and so on) which, contrary to the security chapter, seem to be addressing problems that in part affect both shores.

In other words, even if at first glance the presence of a sort of "soft" conditionality is less evident in the Barcelona Declaration than in the previous attempts to deal with Mediterranean neighbours, the content of the work plan attached to the Barcelona Declaration *de facto* links the funding of the newly established MEDA programme with the harmonisation of the partners' rules, procedures, and standards to those of the EU.

[346] Euro-Mediterranean Conference, *The Barcelona Declaration*, , 27-28 November 1995, Barcelona p. 6.

The difference between this kind of conditionality and that applied to the Central and eastern European candidates lies in the fact that the actual leverage of the EU and its member states towards the partners was, and still is, less marked since membership was not at stake and the free trade area objective was a long term one. In other words the (economic) incentives provided by the EU without any real possibility of a closer integration with the Northern Shore of the Mediterranean have proved scarcely attractive for the governments of the partner countries. In this light the Euro-Mediterranean Partnership Agreements have emerged as the institutional frame in which such "soft" conditionality has been embedded.

One of the most important innovations introduced by the Barcelona Declaration is related to the "regional framework", and the financial support, that has been introduced on top of the Bilateral Association Agreements, which are the main element on which the partnership rests. The amount of aid delivered through the MEDA programme to support the economic and financial partnership, as shown in the table 6.2[347], increased substantially in comparison with the previous initiatives taken by the EC/EU in the area. From an average of €444 million per year in loans and aid committed by the EC/EU throughout the mid-1970s and the 1980s, the financial commitment of the Euro-Mediterranean Partnership has literally skyrocketed to an annual average of €1874 million allocated to the whole area. One could argue that the amount of aid is still less than that allocated to the candidate countries of Central and Eastern Europe. However, a comparison between the Eastern and Southern neighbourhoods along such lines would be viable only if the Mediterranean partners were also being considered for membership. Since this is not the case it would be misleading to compare the funding allocated to two set of countries whose long-term relations with the European Union, both in political and economic terms, appear to have taken two quite different paths.

[347] Source: European Commission website http://europa.eu.int/comm/external_relations/index.htm ; see also European Commission, *The Barcelona Process five years on 1995-2000.*

Table 6.2 EU Financial Assistance To The Southern Mediterranean Countries (Millions Euro)			
Year	*EC/EU funds*	*EIB loans*	*Policy*
1975-1987	2420	3080	Trade Agreements
1988-1991	615	1003	New Mediterranean Policy
1992-1995	1305	3100	Renewed Mediterranean Policy
1995-1999	4685	4685	Euro-Mediterranean Partnership

The Association Agreements created through the Euro-Mediterranean Partnership should be considered as a new element of the EU approach towards the Mediterranean in the sense that they are more comprehensive than the previous Bilateral Agreements which were largely focused on trade and economic cooperation. In general terms, the agreements have been aimed at the development of North– South cooperation and have reflected the complex nature of neighbourly relations as they deal not only with economic issues, which are still the central element of the agreement, but also with political and social problems. The regional approach that frames the Association Agreements is instead aimed at developing South-South cooperation.

Summing up, despite some weaknesses which emerged during the implementation process (discussed below) the new elements that have been introduced by the Euo-Mediterranean Partnership can be identified as:

1) greater importance placed on the regional development (South-South);

2) an approach to neighbourhood cooperation that is comprehensive and transforms political stability and, more generally, security into objectives that are irreversibly bounded to economic development;

3) a substantial increase in the funds allocated to back up the initiative.

6.3.1. *The Implementation of the Euro-Mediterranean Partnership*

The slow pace with which the agreements have been signed and entered into force has been pointed out as one of the main inefficiencies of the whole EMP.[348] As table 6.3[349] shows, even though most of the Agreements have been negotiated, only half of them have entered into force. On the one hand, the cause of slow ratification has been the length of time needed by national Parliaments of EU members to ratify the agreements. On the other hand, the duration of the negotiations was due to attempts by some of the partners to make the Euro-Med

Table 6.3 Euro-Mediterranean Association Agreements: Progress of negotiations

Partner	*Conclusion of the negotiations*	*Entry into Force*
Israel	September 1995	June 2000
Morocco	November 1995	March 2000
Palestinian Authority	December 1996	July 1997
Tunisia	June 1995	March 1998
Algeria	December 2001	-
Egypt	June 1999	-
Lebanon	January 2002	-
Jordan	April 1997	-
Syria	Negotiations still open	-

Association Agreement as detailed as possible in order to transform it into something similar to an EU Association Agreement.

In this respect the example of Morocco is rather illuminating. The country was one of the first to enter negotiations with the Union for a Euro-Med Association Agreement, as a matter of fact well before the Barcelona Process began, as a result of the non-approval of the old bilateral Agreement on the part of the European Parliament.[350] However, the negotiations were soon slowed by the impossibility of finding an agreement on the traditionally sensitive issue of trade in agricultural products.[351] Finally, a solution was reached and the Agreement was

[348] See E. Johansson, *Subregionalization in Europe' Periphery: the Northern and Southern Dimension of the European Union's Foreign Policy.*
[349] Source:European Commission website http://europa.eu.int/comm/external_relations/index.htm
[350] The reason of the non approval of the bilateral agreement relates to the position of Morocco in the dispute with Spain over West Sahara.
[351] See Johansson E., *Subregionalization in Europe' Periphery: the Northern and Southern Dimension of the European Union's Foreign Policy.*

signed in February 1996 but it entered into force only in March 2000 due to the lengthy process of ratification in the Parliaments of the EU member states.

Despite these factors, the fact that at the end of 2002, seven years after the Barcelona Declaration, only half of the Agreements had entered into force can be seen as a clear indication of the difficulties that the process as a whole has been facing after the optimism of the early stages.

As far as the financial support is concerned, one of the key problems that surfaced during the first yeas of implementation of the EMP was the lack of capacity of the partners to absorb the funds allocated to them, in other words, they have performed poorly in terms of spending the MEDA funds and European Investment Bank (EIB) loans.

Table 6.4 MEDA commitments and payments 1995-99 (million EUR)

Year	*Commitments*	*Payments*
1995	173	50
1996	403	155
1997	981	211
1998	941	231
1999	937	243
TOTAL	**3435**	**890**

The Table 6.4 shows that despite an increase in the spending capacity of the partners in the period 1995–1999, actual EU payments to the partners did not exceed 30% of the committed funds. The poor spending capacity, which is also traditionally a problem on the EU shore of the Mediterranean, results both from bureaucratic bottlenecks inside the European Commission and, above all, from the lack of programming and managing capacity in the states benefiting from the funds.[352]

[352] So far priority has been given to small scale projects.

Table 6.5 MEDA commitments and payments 1995-99 bilateral (per partner) and regional (million EUR)		
Partner	*Commitments*	*Payments*
Algeria	164	30
Egypt	686	157
Jordan	254	108
Lebanon	182	1
Morocco	656	127
Syria	99	0
Tunisia	428	168
Turkey	375	15
West Bank/Gaza Strip	111	54
Regional	480	230

What emerges from an analysis of the commitment and payment of EU funds on a bilateral and regional basis (table 6.5[353]) is the greater effectiveness in using EU money for projects at regional level. Nearly half of the regional funds available were used in the period 1995–1999 against an average of 20–25 % on a bilateral level. Particularly poor results have been accomplished by those countries such as Morocco and Tunisia that have been allocated more funds proportionally than the other partners and that, paradoxically, have had their Euro-Med Agreements ratified. This last element seems to confirm that, when it comes to the effective use of the funds at their disposal, it is not so much a matter of having agreements in place but rather of the availability of both political and administrative capacity in the partner states to absorb them.

In sum, the Agreements as such do not provide the solution to all the problems of the Mediterranean partners: *without any local dynamic; without a sufficient offer;* and, less abstractly; without diversified systems of production and export; without elites, notably entrepreneurial, but also scientific; the countries on the southern shore of the Mediterranean cannot aspire to the status of real economic partners of the EU.[354]

[353] Source: European Commission website http://europa.eu.int/comm/external_relations/index.htm
[354] See Abdelkader Sid A., "Economic convergence "Catching up in the Mediterranean":Diagnosis, Prospects and limitations of the Barcelona Process and elements for a

The Agreements could provide impetus for a liberalisation of trade in the region and they could become a catalyst for overall economic reform and modernization strategies. At the same time, a liberalisation will deepen the asymmetric trade interdependence between the partners and the European Union. On the one hand, an even larger share of the Countries' imports on the Southern shore of the Mediterranean will originate in the EU, displacing both inefficient local producers and also foreign suppliers outside the EU.[355] On the other, the reluctance still shown by some EU countries, France, Spain, Italy but also Holland, to accept a gradual increase in access to EU markets for the partners' agricultural products is indicative of the difficulties that characterise the current phase of the EMP.

Despite the abovementioned problems on the economic side, there seems to be a wide agreement among scholars and policymakers on the fact that main cause of slow progress in implementing the Barcelona Declaration rests within its first chapter.[356] In particular, the Middle East Peace Process (MEPP) is often given as the main problem blocking the implementation of the EMP. Even the Commission has admitted that "stalemate in the Middle East Peace Process has affected the Barcelona process in this field [political and security partnership], and expectations will remain limited until comprehensive peace agreements are reached."[357]

The existence of a link between the MEPP and the Euro-Mediterranean Partnership is undeniable. The deterioration of the situation in the Middle East since 1995 has indeed led to a more generalised slow down in the implementation of the Euro-Mediterranean Partnership and the conflict remains today according to the majority of the observers the main issue undermining the implementation of the Euro-Mediterranean Partnership. It has been in sum the increased centrality

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strategy", in Brauch G. et al. (eds.), *Euro-Mediterranean Partnership for the 21st Century*, Basingstoke: Macmillan, 2000, pp. 147-161.

[355] This is more likely for Egypt, Jordan and Syria. A large share of the imports of these countries originates from non EU-countries.

[356] See for example Calleya S., *Navigating regional dynamics in the post-cold war world : patterns of relations in the Mediterranean area*; Johansson E., *Subregionalization in Europe' Periphery: the Northern and Southern Dimension of the European Union's Foreign Policy*; Barbé E., *Balancing Europe Eastern and Southern dimensions.*

[357] European Commission , *The Barcelona Process - Five year on 1995-2000*, p. 5 text in parenthesis added by the author.

attached to the South-South cooperation which is slowing down the whole initiative. If on the one hand, the objective of a wide EMP including both the Maghreb and the Mashreq countries was to bring stability through cooperation, the result has been de facto the opposite.

Looking back, one could in fact argue that the development of a diversified regional approach, i.e. a policy for the Maghreb and one for the Middle East , could have delivered more progress in terms of political and economic cooperation with the states in Western part of the Mediterranean basin.

However, one could also argue that the "take-off" of the Barcelona Process was helped by the improved political climate in the Middle East as a result of the Oslo Agreements between Israel and the Palestinian Authority. In the same way, the EMP has provided, even during the most difficult phases of the MEPP, an opportunity for the parties involved in the conflict to keep talking to each other.

Contrary to the establishment of the Free Trade Area, the creation of an "Area of Peace and Stability" remains a long-term objective that is ephemeral in essence. Its achievement can only be perceived but cannot be measured in exact and concrete terms since to eliminate all the conflicts in the region and extinguish soft-security threats such as illegal immigration, terrorism and organised crime is virtually impossible.

The sensitive nature of the issue is reflected in the first chapter of the Barcelona Declaration. The security "basket" consists of a list of rather vague principles that should characterise the actions of the signatories and parties with the aim of establishing an area of peace and stability.

The introduction of the concept of "peace-building measures" at the Ministerial Meeting in Palermo in 1998 and the launch of the negotiations concerning a Charter on Peace and Stability in Stuttgart in the summer of 1999 have both added some substance, and detail, to the weakest element of the EMP. In particular, the aim of the Charter on Peace and Stability, which is still under negotiation, is to provide preventive diplomacy through actively stimulating partnership, regional cooperation and, more generally, good neighbourly relations.[358]

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[358] Third Euro-Mediterranean Conference of Foreign Ministers, *Chairman's Formal Conclusions*, 15-16 April 1999, Stuttgart.

Leaving aside the problems related to the Middle East Peace Process, which the Barcelona Process has never really aspired to settle, the question remains largely if and how the EMP can constitute an effective tool for diminishing or at least controlling those threats deriving from the Southern shore of the Mediterranean but not from the states themselves. Terrorism, religious radicalism, migratory pressures, organised crime, health threats and environmental degradation are all elements that pertain to the sphere of so-called "soft"-security threats.

On the one hand, the traditional bilateral approach to cooperation that had dominated North-South relations was complemented by a regional approach to cooperation, particularly in the field of economic cooperation. On the other hand, the EU was granted a more central role in shaping solutions to the Mediterranean problems.

6.4. Comparing the EU's Northern and Southern Dimension

This chapter has offered sufficient elements for attempting a comparison between the EU's Northern Dimension and the Barcelona Process. The regional specifics, such as those analysed in the chapter five, and the comprehensive nature of the two initiatives presents an obstacle to the development of a comparative approach. While Johansson does not even employ the term comparison, using instead "approximation", Joenniemi and Holm arrive at the conclusion that the Northern and Southern neighbourhood are deeply different as they belong to two different "categories" of neighbourhoods, the North being a neighbourhood with post-modern traits while the South "appears to remain rather state-centred as [...]there are efforts to strengthen the state–nation relationship along modern lines of development instead of opening for transnational cooperation and a blurring of crucial demarcations".[359]

[359] Joenniemi P. and Holm U., *North and South and the figure of Europe: changing relationships*, Copri Working Paper, Copenhagen: COPRI, 2000, p. 17 (unpublished version).

The comparative approach proposed here will be centred on the following aspects:

- Issues that have characterised the two initiatives: the budgetary question and the involvement of regional organisations—in particular the attention devoted by the EU institutions, the Commission and Parliament, in terms of human resources and institutional structures.
- The two initiatives as a framework where a subset of member states can "capture" the EU in order to pursue their own national interests, and more generally, the convergence between their specific national interests and those of the EU.
- The political rationale expressed in EU-neighbourhood(s) relations. In other words, what kind of political vision or long-term relationship do they seek to establish between the EU and its neighbours?

Of course these three elements combined do not cover all the possible comparative aspects in relation to the two initiatives. However, they do supply interesting elements for a more comprehensive answer to the question that this thesis is tackling in relation to the nature of the Northern Dimension and, more generally, of the neighbourhood policy of the EU.

6.4.1. Structural matters: from the budgetary issue to institutional resources

When it comes to the actual content and the constitutive elements of the Northern Dimension and the Euro-Mediterranean Partnership the comparison between the two initiatives indicates the existence of important disparities.
What is particularly striking is the different amount of institutional and financial attention that the ND and the EMP have received both within the Commission, the Council and its working structures, and the European Parliament.

A first key difference is related to the issue of budget. While the EMP has a budget line of its own and a programme, MEDA, financially supporting the achievement of those objectives, the Northern Dimension does not possess a budget line and has been operating in the framework of existing instruments. As shown above, one of the elements characterising the Northern Dimension has been the centrality attached to the enhanced coordination of the external tools

targeting the area such as PHARE, TACIS, and INTERREG. If we consider that, for example, TACIS has been allocating resources to Russia as a whole, and not only to the North Western provinces of the country, it is evident that as a result it is quite difficult to calculate a precise allocation for the ND area. The key document of reference in relation to the funds committed by the EU and other sources to the Baltic Sea area is the Report on the Current State of and Perspectives for Cooperation in the Baltic Sea Region, approved by the Madrid European Council in December 1995. According to the Commission's document "the total of the resources which could be made available for the period 1995–99, by the various providers of assistance to the Baltic Sea region, amounts to 4,655 MECU".[360] If compared to the total of €4.425 million [361] in EU aid to the Mediterranean, of which €3435 million is allocated through the MEDA programme and € 424 million was to the Palestinian Authority in the framework of the peace process, the funds allocated to the BSR seem at first glance to be more substantial.[362] However, a closer look reveals a different picture. As a matter of fact the EU aid to the Mediterranean, the second largest budget line in the area of the Union's external relations, should include €4.808 million of EIB loans that have been granted in the period 1995–1999 and, as mentioned above, the funds for the Baltic Sea area that already include the EIB loans were only estimates, not committed funds.

The question of a single budget line is above all a matter of visibility. The policy of the EU towards the Mediterranean neighbourhood is certainly more visible than the ND because, as a framework, the Barcelona process, with its set of tools—the Euro-med Association Agreement - has only one clearly identifiable and tangible instrument, the MEDA programme. In the Northern neighbourhood, instead, the Northern Dimension refers to a wide range of institutional frameworks (Europe Agreements, the Partnership and Cooperation Agreement, the European Economic Area) that do not correspond to a visible instrument but to a number of instruments spread throughout the EU budget.

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[360] European Commission , *Report on the current state and perspectives for cooperation in the Baltic sea region.*

[361] The Commission's website indicates as total sum € 4.422 Million.

[362] The funding line was renewed in 1999 with a 25% increase in funding to € 5.4 billion but intended to cover seven rather than a five years. This has been largely due to the lack of spending capacity of the Mediterranean partners.

In the case of the ND the absence of a budget has reduced the status of the initiative, particularly among some key partners, and, to a lesser extent, within the DGs for External Relations. Russian policy makers had difficulties in understanding what kind of policy the ND was precisely because it did not have a budget and therefore could not produce, in their eyes, any tangible benefits.

The question related to the establishment of a dedicated budget line has been an issue that also permeated the development of the EC/EU neighbourhood policy towards the Mediterranean countries but the issue was more marginal to the elaboration of the Euro-Med Partnership once there was an agreement on the need to elaborate a brand new policy, more comprehensive than the previous ones, which could balance the increased attention of the CEEC countries. An interesting question linked to this issue lies in the interrelation between funding and effectiveness.

As the implementation of the EMP has demonstrated, the actual availability of substantial funds through a dedicated programme like MEDA does not automatically imply more effectiveness and, above all, it does not mean that the priorities set out in the Barcelona Declaration will be more easily achieved.

The lack of capacity for spending the committed funds has been a greater obstacle than expected and the reduced annual amount (from € 0.97 million through MEDA I to € 0.77 million in MEDA II) supports the claim that substantial funding does not necessarily entail generally enhanced effectiveness of the initiative in question, particularly in the light of the scarce concrete results achieved in the first five years.[363]

At the same time, as shown by the positive results of the Northern Dimension Environmental Partnership, the progress achieved by the ND in the first year since the adoption of the Action Plan indicate that the absence of a budget line can serve as a driving force that leads member states, partners and International Financial Institution to find new ways of successfully collaborating to bring together funding for specific objectives.

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[363] See Joffé G., "Multilateralism and soft power projection in the Mediterranean", in *Nação e Defesa*, nº 101, 2ª Série Europa e o Mediterrâneo; spring 2002.

Another structural element that differentiates the content of the ND and EMP has been the involvement of regional organisations. As was demonstrated in chapter six, one of the innovative elements introduced by the ND was the involvement of the regional organisations in the implementation of the initiative. This has introduced a bottom–up element in the approach towards its neighbourhood that is practically absent from the Euro-Mediterranean Partnership.

In essence it can be argued that such a difference is the result of the diverse regional cooperative structures, and cooperative cultures, that have characterised the two areas. In the Mediterranean no regional organisation, with the exception of the aborted CSCM, was able to see the light. The difficulties that have emerged on a regular basis in fostering solid South-South cooperative dynamics; the plethora of open conflicts, especially the Greek-Turkish-Cypriot "triangle"; the Palestinian issue in the Middle East; Islamic fundamentalism across North Africa; and the Balkan conflict, coupled with the failure of the EU members in the region to use regional cooperation to settle problems of common concern, are some of the key reasons behind the lack of active regional organisations. Nor has the continued priority given by France, Italy, Spain and Greece to matters in their own vicinity, and the privileges granted by them in bilateral relations with some Mediterranean partners, facilitated the process of institutional network building, which has been characteristic of the Baltic or Barents Sea region.[364] Paradoxically, the increasingly strong presence of the EU in the Mediterranean both in terms of financial and institutional resources has provoked, at least in the southern part of the region, a negative effect on the attempts and efforts related to the creation of North-South regional fora at governmental level. Last, but not least, the difficulties that regional cooperative projects have met in their initial phase can also be linked to the "grand objectives" that they all aimed to achieve. For example, while the CSCM initiative aimed at fostering security at regional level, replicating a mechanism tested in Helsinki aimed at global detente, the Arab Mahgreb Union aimed to set up a single market and a single currency and

[364] See Aliboni R. et al. (eds.) *Security challenges in the Mediterranean region*, London: Frank Cass, 1996. and see also Calleya S., *Conflict prevention and Peace Building Measures in the Mediterranean*, New York:UN, 2002, http://www.unesco.org/webworld/peace_library/MALTA/PEACE/CONFLICT.HTM .

ultimately to replicate the process of European integration on a smaller scale. In contrast, the success of regional cooperation in the Northern part of the continent has been largely due to the low profile of the regional organisations and the practical matters discussed, that is, issues of so-called low politics.

The stark contrast in terms of the political commitment that the EU has attached to cooperation in the Mediterranean vis-à-vis the Northern neighbourhood has also transpired from the "institutional attention" paid to the Southern neighbourhood by the Commission and the Parliament.

Table 6.6 Structure Of The Commission's DG for External Relations: Directorates E AND F

Directorate E : Eastern Europe, Caucasus, Central Asian Republics
E/1 Horizontal matters
E/2 Russia, Ukraine, Moldova, Belarus
E/3 Caucasus and Central Asia
Directorate F : Middle East, South Mediterranean
F/1 Horizontal matters
F/2 Barcelona Process and Gulf countries, Iran, Iraq and Yemen
F/3 Near East
F/4 Maghreb

The table 6.6 shows the administrative structure of Directorates E and F of the Commission's DG for External Relations. The most interesting aspect supporting the claim that the EMP has more centrality and institutional attention rests in the fact that while the Barcelona Process has a dedicated unit (F2 Barcelona process and Gulf Countries) in Directorate F, that deals with the Middle East and the South Mediterranean, the Northern Dimension is managed together with other issues in unit E1, Horizontal matters, of the Directorate dealing with Eastern Europe, Caucasus and Central Asian Republics, notably dealing not only with the Northern Dimension but also with a number of other issues. The fact that before the adoption of the Action Plan by the DG for External Relations only one person

was *de facto* in charge of the whole initiative, together with the difficulties in the early stages even in setting up an ND Inter-Service group, which would meet on an ad hoc basis, give a fairly clear picture of the disparities in the commitments of the Commission and in particular of the DG managing the two initiatives.

The attention devoted by the European Parliament to the two initiatives seems to confirm the disparities between the two external initiatives discussed here. In particular, the elements that support this claim are, on the one hand, the creation of a Euro-Med parliamentary Forum in 2001 and, on the other, the six Parliamentary Reports that the Committee on Foreign Affairs of the European Parliament produced between 1995 and 1999 (and three more in the current legislature) to the Euro-Mediterranean Partnership as a policy framework.[365]

The Northern Dimension, in contrast, has only been on the agenda of the European Parliament's Foreign Affairs Committee once, in 1999, as a result of the Communication of the Commission in 1998. It was also discussed in the framework of the EU-Russia Parliamentary Cooperation Committee as part of EU-Russia bilateral relations.

Summing up, both in terms of financial resources and institutional attention from the EU institutions the disparities between the Barcelona Process and the Northern Dimension are remarkable. It is possible that the institutional attention of the European Commission and to a lesser extent of the European Parliament are directly linked to the budgetary question. In other words the absence of a budget for the initiative, if not that decisive in terms of the content or effectiveness of the initiative, as demonstrated by some important results obtained through the NDEP, is important in terms of the visibility and structural presence of the initiative on the agenda of the institutions.

6.4.2. National interests and regional framework

Both in the Barcelona Process and the Northern Dimension the driving force behind the launch of the two initiatives has been the specific national interests of two countries, notably Spain and Finland. There are some interesting similarities

[365] See http://www.europarl.eu.int/comparl/afet/pdf/4legisla/default_fr.pdf

between the actual development of the initiatives in question and their main promoters. First of all, both countries are geographically *peripheral* since they are located at the borders of the Union and therefore have a direct geopolitical interest in increasing Union attention towards their neighbourhood. The two countries were *newcomers* in the EU and they both launched the initiatives shortly after their membership (Spain also being the driving force behind the Renewed Mediterranean Policies). Both countries played by the "European rules" through active participation and engaged constructively in the framework of the key integrative processes that took place in the Union during the 1990s (Common Market and European Monetary Union, Development in the field of CFSP).[366]

Last, but not least, both countries geared the development of the BP and ND initiatives with their own Presidency of the Council: in fact, while Spain launched the Euro-Mediterranean Partnership during its Presidency in the second half of 1995, Finland planned the launch of the Northern Dimension with the aim of anchoring it firmly to the EU agenda by making it a key theme of its Presidency in 1999.

Spain's EU membership in 1986 and Finland's membership in 1995 both introduced a new set of geopolitical interests and long-standing bilateral relations into the dynamics regulating the foreign policy of the Union. In particular, in the same way as Spain's relationship with Morocco, as reflected in the EP's rejection of Morocco's financial aid protocol in 1989, acquired a European dimension as a result of Spain's entry to the EC, the bilateral relations between Finland and Russia have also become to a great extent part of the broader bilateral relations between Brussels and Moscow.

Interestingly, both Spain and Finland have been able to successfully project their national concerns at EU level. They used the European Union as a vehicle through which to achieve national foreign policy objectives related mainly to their security concerns. If the core of both initiatives is examined, the key concern has been about soft-security issues. The fact that the Barcelona Declaration has attached centrality to economic cooperation should not divert attention from the fact that

[366] An example of how Spain's positive behaviour and constructive participation in the framework of the CFSP see D. Kavakas, *Greece and Spain in European Foreign Policy*, London: Ashgate, 2002.

the main strategic objective of the EU has been to achieve stability in the area and diminish those soft-security threats originating from the Southern shore of the Mediterranean. If, on the one hand, the launch of the Barcelona Process has coincided with Spain's pressing need to address problems stemming from social, economic and political deterioration in the Southern neighbourhood,[367] on the other hand, Spain, through the sponsoring of the Barcelona Process, was attempting to elevate to EU level its concerns related to illegal immigration and trafficking.

In the same spirit, through the launch of the ND, Finland was also aiming to bring to the attention of the EU the environmental problems and the health-related issues originating from the Russian neighbourhood.

One of Finland's main objectives linked to EU membership, but also to the Northern Dimension, was the projection at EU level of part of its own relations with Russia, a multilateralisation of its security concerns. As Forsberg and Ojanen point out "the EU is seen as a key instrument and a central framework for Finnish security policy, including its relations to Russia and to the Baltic states." The value of the European Union as a political security factor has, however, less to do with its potential military capability and more to do with its "soft" or civilian approach to security.[368]

Another issue that is intimately linked to the projection of national interests at EU level is related to the actual capacity of single member states to shape the regional framework in a more permanent fashion.

In both the Barcelona Process and the Northern Dimension the outcome has been convergence: even if the elaboration of a new neighbourhood initiative does attract EU attention to a specific area, the influence of single member-states over the initiative they launch is limited.

In the case of the Northern Dimension, Finland was able to play a decisive role up to its Presidency in 1999 but after that the initiative fell to a great extent into the

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[367] Gillespie R., *Spain and the Mediterranean: Developing a European Policy towards the South* , p. 159.

[368] Ojanen H. & Forsberg T., "Finland's new security policy", in Bonvicini G, Vaahtoranta T. & Wessels W.(eds.), Programme on the Northern Dimension of the CFSP, Vol. 12, Helsinki: Institute for International Affairs and Berlin: Institut für europäische Politik, 2001, p. 115.

hands of the Swedes as a result of their Presidency and their capacity to persuade the Commission to converge on their interests. In the same way, Denmark attempted to move the focus to its national priorities during its Presidency.[369] Despite a substantial continuity in the efforts of the Nordic countries in keeping the ND visible on the EU agenda, national short-term priorities linked to the Presidency have prevailed. However, if looked at from a medium-term perspective none of the Nordic countries has been able to "capture" the EU agenda in a more permanent fashion.

The Barcelona Process tells a similar story in the sense that Spain did exert influence over the process in its early stages, and also in this case thanks to its Presidency in 1995.[370] However, the capacity of Spain to play a leading role in directing the foreign policy of the EU in the Mediterranean neighbourhood faded away to a great extent for the similar reasons to those of the Northern Dimension case. Given the greater priority that the Mediterranean neighbourhood enjoys on the foreign policy agenda of the EU, the efforts of many EU Presidencies, and not only those of countries in the area, to shape the process has made opportunities for a single country to shape the initiative in a more permanent fashion virtually impossible. On the one hand, the British, German and French Presidencies and the Euro-Med Ministerial meetings that took place in the first five years of the implementation process contributed to redirect the Euro-Med Partnership according to the different perceptions of the problems affecting the implementation of the Barcelona Declaration. On the other, domestic political changes, notably the election of a new government under the leadership of Jose Maria Aznar, also contributed to make Spain less of a driving force as a result of new foreign policy priorities set out by the non-socialist government.

Strongly linked to the progress of the two initiatives, a crucial element in the development of the two policies of the Union has been the use that both Finland and Spain have made of their respective Presidencies to anchor or launch their

[369] The Danish presidency in the second half of 2002 was less successful in shaping the initiative even in a short-term perspective. The main success of the Danish presidency was the involvement of Greenland and the elaboration of the guidelines for the Second Northern Dimension Action Plan.

[370] See Kavakas D., *Greece and Spain in European foreign policy*, 2002.

"pet projects" on the foreign policy agenda. Paradoxically, however, Finland did gear the launch of the initiative with her period at the helm of the Union but then during the Presidency kept a low profile on the ND initiative for fear of criticism for overtly partial behaviour.[371] On the contrary, Spain maintained a substantially different attitude by making the Euro-Mediterranean Partnership one of the key themes of its Presidency. The Spanish Presidency also coincided with the launch of the initiative but resulted in strong influence by the Chair, thanks also to the overall positive climate surrounding the Barcelona Conference, which did not materialise at the Ministerial Conference on the ND called during the Finnish Presidency.

In sum, the claim that small member states can influence or customise the EU agenda in a structural manner should not be overemphasised.[372] Indeed, both the Barcelona Process and the Northern Dimension have allowed Spain and Finland to exert a greater short-term influence on the EU agenda and they have obtained political gains from the multilateralisation of the special neighbourly relationship with Mahgreb, Morocco in particular, and Russia, respectively. However, their capacity to "follow" their pet projects after the early stages has proved rather limited because of the very broad structure and content of the two initiatives. Both Spain and Finland contributed to creating two initiatives which have allowed a number of other actors and member states to play the role of agenda setting, mainly as a result, and within the framework, of their Presidency of the EU Council.

6.3.3. *Different rationales*

Together with the different degrees of institutionalisation of the two initiatives, another important difference that has characterised the Barcelona Process and the Northern Dimension has been a diversity in the underlying rationale. Such differences rest, first, on the long-term relations between the EU and the neighbourhoods that the two initiatives aspire to establish and, second, upon the nature of the approach, i.e. top–down or bottom–up, towards region-building.

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[371] Tallberg J., *The presidency as Agenda shaper*, unpublished paper, Stockholm, 2003.
[372] See also Joenniemi P., "From small to smart: reflections on the concept of small states", in *Irish Studies in International Affairs*, n. 9, 1998, pp. 61-63.

As was shown in chapter five, the objective of the introduction of horizontality has opened up questions related to long-term relations with Russia and, in particular, with those parts that are more closely interrelated and perhaps even dependent on economic links with the European markets. The long-term objective in EU–Russia relations that emerges as a result of the successful regional cooperative efforts, i.e. bottom–up driven cooperation and the stress put upon horizontality in the EU's external action, seem to point to the creation of a comprehensive area of growth at the periphery of the EU de-bordering to include those areas of Russia institutionally and economically more oriented towards the EU, in particular, Kaliningrad and the St Petersburg area. The long-term dynamics emerging from the Northern Dimension seem, in sum, to point to a supportive position of the EU towards the process of region-building as a testing ground for future relations between the EU and Russia, particularly in the Baltic Sea.

In the case of the Mediterranean the objectives that the EU has set in the Barcelona Declaration seem to point to a different outcome. The creation of a Free Trade Area (FTA) does not seem to imply further measures to integrate the Southern neighbourhood into an enlarged EU. In other words, the FTA should be the ultimate objective of the North-South cooperation in the Mediterranean. Once in place it would facilitate the participation of the economies of the Southern neighbourhood in the European market but there is no indication that the partial economic integration offered by the FTA will be coupled by the free movement of people or other measures aimed at integrating the Mediterranean partners from a social, perhaps even an institutional, point of view.

In the same way, another important element that has characterised the different approaches of the EU towards the neighbouring areas has been in the room for manoeuvre left to the non-EU actors. The question boils down to the so-called top–down or bottom–up approaches to policy shaping and policy implementation. As was demonstrated in chapter five, in the case of the Northern Dimension an essential role, particularly in the implementation phase, was played by the regional organisations involved in the initiative and indirectly by the regional and subregional networks linked to them. The more central role that they have been allowed to play resulted in an overall greater dynamism in the whole ND

initiative. In contrast, in the case of the Mediterranean the rigid top–down approach, also employed in the previous policies of the EC towards the area, has contributed to the difficulties of the implementation phase. Indeed one of the main problems has been that all the main attempts to set up regional organisations have so far failed while the regional networks at subregional level, like COPPERM (cooperation among local authorities), remain structurally weak, due also to the security problems affecting the intergovernmental level, and cannot therefore play any decisive role.

6.4. Conclusions

Even if the focus of this chapter has been largely on the Barcelona Process, important elements have emerged which have contributed to defining further the nature of the Northern Dimension. The two initiatives differ obviously from one another not only in terms of the degree of institutionalisation but also in the approach to neighbourly relations that they embed.

The first part of this chapter analysed the development of relations between the EC/EU and the countries on the Southern shore of the Mediterranean. A regional approach to North-South cooperation in the Mediterranean only emerged in the beginning of the 1990s and until 1995 was characterised by the low priority attached to the EU as a key forum for regional cooperation. The failed attempts of the early 1990s have demonstrated that the main framework through which to develop a comprehensive set of relations with the countries on the Southern shore of the Mediterranean was, and still is, the European Union. The launch of the Euro-Mediterranean Partnership, also known as Barcelona Process, merged both the ambition of the EU to develop a policy that could improve its capacity to act effectively in its immediate neighbourhood and the successful efforts of Spain in re-directing the financial and institutional attentions of the EU towards its neighbourhood. The essential innovation introduced by the Barcelona Process lies in the close link it has established between security and socio-economic development. Despite the ambitious long- term objectives of creating an area of stability and security and, by 2010, a Free Trade Area covering the whole

Mediterranean, the reality of the first seven years of implementation has been characterised by little progress in the economic sphere and a *de facto* deadlock on the security side because, to a great extent, of the difficulties surrounding the Middle East Peace Process. In other words, it has been the very direct link between security and economic dynamics that has provoked the serious slowdown of the implementation of the EMP.

The comparative part of the chapter demonstrates that while the Barcelona Process and the Northern Dimension remain at odds in terms of the degree of attention that they enjoy from the EU institutions, their development has shown interesting similarities in the way they have been used to project specific national priorities at EU level. However, the element that perhaps tells us more about the way the EU interprets its neighbourhood relations lies in the different rationales that transpire from the two initiatives both in relation to the long-term objectives of the Union and the process of region-building developing in the two neighbourhoods. If, on the one hand, the Barcelona process has been conceived in a top– down and "foreign policy-oriented" fashion with a very limited involvement from actors that operate in the area—such as the AMU or the Western Mediterranean Forum, on the other hand, the bottom–up approach that has characterised the development of the Northern Dimension has given importance to the involvement of the "outsiders" and the development of a vision centred on a fuzzier distinction between the domestic and the foreign policy space

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7. CONCLUSIONS

THE NORTHERN DIMENSION A CASE OF FOREIGN POLICY "BY THE BACKDOOR"?

The development of the European Union's capacity to act in the foreign policy sphere will increasingly require a more diversified approach to the politics of foreign policy, and *in primis* to the politics of neighbourhood policy.

The European Union's Northern Dimension is one of the external initiatives of the EU that has in the recent years attracted a remarkable amount of the attention from both policy makers and academics. The interpretation of the Northern Dimension offered in this work indicates that one possible reason for such attention lies in the ND's departure from previous attempts to deal with the EU's neighbouring areas, and especially its key neighbour, Russia. In other words, the Northern Dimension incorporates different approaches to neighbourhood politics in terms of the agenda it focuses on and in how the dynamics of cooperation have been shaped through the involvement of regional organisations and increased coordination among the external instruments.

The ND, in spite of its more modest ambitions when compared to the Euro-Mediterranean Partnership or other policies such as the Common Strategy towards Russia, represents the primary visible change in the way the EU interprets its relations with the neighbouring areas.

The regional dimension to EU–Russia relations that has been added by the ND has been the most significant feature of the initiative. Possibly because of the down-to-earth ambitions of the outputs from the initiative, particularly the NDEP, it has actually influenced overall EU-Russia bilateral relations. One could argue that the influence exerted through the NDEP initiative has so far been one of the most successful attempts put in place by the EU and its member states to move Russia's internal political and financial attention towards a priority area, which

has traditionally been near the bottom of Russia's domestic agenda. Indeed, the financial incentive provided by the NDEP has played a role in pushing Russian policy makers to address environmental questions domestically. It has, in sum, emerged as a possible new model for influencing the political agenda of those new neighbours of an enlarged EU upon which conditionality has less of a grip, given the absence of membership as a viable political option.

This chapter focuses on some of the key questions addressed by this work. Three sets of issues that have emerged, in particular, are addressed in the following pages.

The first broad set of questions is related to the internal dynamics of the EU's foreign policy-making process. How does the EU produce its neighbourhood policy? To what extent do regional interests and North-South rivalries within the EU Council influence the final shape of external policies? Is there a link between the EU's main neighbourhood initiatives and the fact that they have all been launched by "newcomers"?

A second set of questions is related to the EU's need to approach its relations with neighbours in a more structured manner than it has done previously. What kind of response should the EU develop to deal with the post-enlargement neighbourhood? Is the grand policy approach adopted by the EMP more effective and constructive than the more modest one of the ND?

Finally, the third set of issues discussed are related to the ND as a possible model for relations with the new neighbours of an enlarged European Union, i.e. those countries like Belarus, Moldova and Ukraine that do not have membership as a viable political option.

7.1. Looking Back

Looking back at what has been discussed in this work, the first chapter dealt with the development of the European Union's 'actorness' and presence in its neighbouring areas and served as an introduction to the main questions discussed throughout the thesis. One of the key themes is related to what kind of initiative the Northern Dimension is and what the implications of its nature are for the

broader EU foreign policy-making system. The fact that at least three different approaches to the analysis of the Northern Dimension initiative have emerged in the ND-related literature represents an indication of the complexity of the issue. The three main approaches that dominate the debate on the Northern Dimension are the "institutionalist" approach, the "security studies" approach and the regionalist approach. Each has provided an explanation, or better a focus, of its own in relation to the nature of the Northern Dimension. This work has largely drawn on the institutionalist perspective, given the centrality that has been attached here to the EU institutions and the dynamics unfolding between the various components of the EU foreign-policy system.

However, the works of the regionalists have also influenced the approach adopted here, particularly in the sections dealing with the two innovative elements introduced by the Northern Dimension, i.e., the involvement of the regional organisations and the notion of enhanced coordination of external instruments.

The second chapter focuses on the historical background that has characterised the Northern Dimension area since the beginning of the cold war. It is argued that three factors in particular shaped the political dynamics of the area: security concerns as the driving element of foreign policy; the emergence of Nordic and regional cooperation; and the increased attractiveness of the European integration process.

The third chapter describes and analyses the main concerns of the governments in Northern Europe in the mid 1990s and deals with the regional dynamics underlying the creation of the three regional organisations involved in the Northern Dimension: the Council of the Baltic Sea States, the Barents Euro-Arctic Council and the Arctic Council. The analysis then moves on to the origins of the initiative and, in particular, to the process which culminated in Lipponen's proposal, launched in late 1997, to set up "a policy for the Northern Dimension".

The fourth chapter focuses on the initiative and its development. It has been argued that the Northern Dimension represents a new sort of foreign policy because it deviates from the previous policies set out by the European Union to

deal with its neighbours. The analysis of the EU's institutional process through which the ND developed highlights the central role played by the frictions among competing regional coalitions of interests in the development of the EU's neighbourhood policy. Finally, the chapter deals with the outcomes of the initiative. It is demonstrated that part of the ND's outputs relate to the benefits derived from the development of the initiative per se, in other words the socialization process which has taken place as a result of meetings among the EU members and the partners. At the same time the initiative has also produced tangible outputs such as the Northern Dimension Environmental Partnership and the Northern e-Dimension, two initiatives, the content and development of which, reflect the innovative elements introduced by the ND.

The fifth chapter examines two of the characterising elements of the initiative, considered here to be the two most important and innovative elements introduced by the Northern Dimension into EU foreign policy-making. The first element deals with the involvement of the outsiders in the implementation process of the ND. Particular attention is devoted to two regional organisations: the Council of the Baltic Sea States and the Barents Euro-Arctic Council. The second element introduced by the ND is the notion of "horizontality" intended to enhance coordination of the EU's external instruments. It is clear from this chapter that the implications for the EU of an "enhanced coordination" of its instruments pertain to two intertwined aspects: the introduction of a "territorial approach" to (foreign) policy making and internal coordination among the DGs of the Commission.

Finally, chapter six focused on a comparison between the Northern and Southern Dimensions of the EU's neighbourhood policy. It is demonstrated that the historical development of relations between the EC/EU and the Southern neighbourhood has been characterised, until the mid 1990s, by an aid-like dynamic with a post-colonial flavour rather than a strategy aimed at closing the socio-economic gap between the Northern and Southern shores of the Mediterranean. The launch of the Euro-Mediterranean Partnership, also known as Barcelona Process, partially changed this situation. The EMP merged the ambition of the EU to develop a neighbourhood policy that could improve its capacity to act effectively in its immediate neighbourhood with an approach centred on a

comprehensive regional approach linking economic development with security. A key difference between the two initiatives that emerges from the comparison lies in the commitment of the EU both in terms of institutional and human resources.

The comparative approach proposed in chapter six focuses on three main aspects: the characteristics of the two initiatives; their degree of institutionalisation and the convergence between national and EU interests; and the political rationale expressed by the two initiatives.

From the comparison, it emerges that the two initiatives seem to be at odds in terms of their institutional shape and their presence on the EU's agendas as well as in terms of the EU's approach to neighbourhood politics that they reflect. In contrast, when it comes to the dynamics related to the projection of national interests at EU level, the similarities between the Northern and Southern EU have been substantial. In particular, two elements have emerged as common to the development of both initiatives: the use that both Spain and Finland made of their own Presidency as a launching pad for the EMP and the ND, and the successful multilateralisation of key national security concerns, in particular Morocco and Russia, respectively, achieved by the two countries.

7.2. The Northern Dimension and EU foreign policy-making

The Northern Dimension, and by comparison the Barcelona Process, have offered interesting elements for generating further the discussion about the kind of foreign policy actor the EU is and whether they are the defining elements of the EU's foreign policy towards its neighbouring areas.

In particular, two aspects of the (EU) policy-making process have emerged from this work. On the one hand, the ND has an element of EU foreign policy has shown the central role played by geographical constellations of interests, i.e. coalitions of states along regional interests, in the framework and in the development and progress of initiatives aimed at the neighbouring areas. On the other hand, the capacity demonstrated by new members to influence the EU's neighbourhood agenda and attract the political, and in the case of the Barcelona Process—financial, attention of the Union to their neighbourhood.

As is demonstrated in chapter four, the development of the Northern Dimension has been deeply influenced by the determination of the Southern states to avoid a diversion of resources and political attention from other neighbourhoods of the European Union, and above all the Mediterranean. The staunch resistance of Spain to even discussing the possibility that the ND might have a budget line of its own, or to involving the regional organisations in the implementation phase, as well as France's rejection of a coordination between the ND and the US-sponsored Northern European Initiative are perhaps the most clear reflection of the rationale that dominates the EU's policy-making process. The underlying principle seems to be that a foreign policy initiative progresses, as far as it does, by not infringing the established interests or the current distributive settings in terms of resources.

The ND case demonstrates that it is not the case that "geographical" coalitions within the EU Council take shape only in order to block or remove potential threats to Southern national interests. They also, perhaps more often, appear when it comes to furthering certain initiatives within the Council. As a matter of fact the coordinated political efforts of Finland, Sweden and Denmark during their respective EU Presidencies, and Germany's support both at EU and at regional level, have been crucial not only for the development of the ND but also for its implementation and the creation of a follow-up mechanism.

One could argue that the competitive element between the South and the East/North has acquired a sort of endemic character in the process of the (re)distribution of EU resources. Historically, this element has acquired strength in parallel with the enlargement process and, indeed, reached its peak in the second half of the 1990s, largely thanks to Spain, with the launch of the Euro-Mediterranean Partnership to counterbalance the attentions of the EU towards the East. Is such a trend going to become more marked in an enlarged EU? The historical record backs the argument that an increase in the number of EU members is likely to increase the "regionalisation" of the EU's foreign policy interests. The enlargement to include the Mediterranean countries in the 1980s and the Nordic countries, often (wrongly) perceived as a single lobbying group, in the 1990s has favoured a North-South rivalry. The 2004 enlargement is therefore

likely to produce similar effects adding a set of Eastern foreign-policy interests to be safeguarded or furthered.[373]

The second aspect of the neighbourhood policy-making process that this work highlights is related to the capacity of new member states to influence the overall agenda of the EU. As promoter of the Northern Dimension Finland was able to project its national interests at EU level and partially transform its foreign policy towards Russia into EU policy towards Russia. There has been, in sum, a considerable overlap between two elements of the EU foreign-policy system, i.e., the national foreign policies and the EU foreign policy. The moderate ambitions of the Northern Dimension and its practical nature could also be considered a reflection of the actual approach to neighbourhood policy expressed by the EU members sponsoring it. This does not mean that small EU member states can only produce low-profile initiatives. However, one should note that Finland's foreign policy towards Russia was characterised, at least in the 1990s, by a fairly pragmatic cooperation on environmental issues, border management, energy and transport issues. The time of the "note crisis",[374] characterised by purely political issues, to a great extent, belongs to the past. Today, the foreign policy agenda in Northern Europe is about cooperation in the fields of nuclear safety, health issues, IT, and the fight against organised crime.

In the same way, the approach to neighbourhood relations of the Spanish-sponsored Barcelona Process seems more in tune with a neighbourhood policy that still has at its centre an ambitious grand-design concerning security and economic relations. This could be considered to be substantially in line with the foreign policy carried out by Spain in the framework of the EU during the 1990s—particularly during the Aznar's governments[375]—with Madrid's perception of itself as a kind of medium-sized power in the Mediterranean.

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[373] The issue of regionalisation has been discussed only marginally in the literature. One reason might be that such a process goes against the very idea or image of the EU that institutions such as the Commission and the European Parliament have been building. In other words regionalisation is regarded as negative because it is seen as producing divisions and conflict. P. Joenniemi, for example, writes about the regionalisation of the post-enlargement European Union.

[374] See chapter 2, p. 47.

[375] The attitude of Spain in the framework of the enlargement process and in the Northern Dimension's institutional process, together with the tough positions on its "voting status" within the Council that it took up in the framework of the Intergovernmental Conference called to agree a

Finally, it should be added that another element emerges from chapter four. The EU policies towards the neighbouring areas are, to a great extent, centred on the institutional process and its procedures rather than on actual outputs or the practical management of the neighbourhood agenda.[376] On the one hand, if the long institutional process that, in the absence of tangible outcomes, characterised the Northern Dimension substituted *de facto* for policy in its early phases, on the other hand, the practical nature of the Northern Dimension indicates that, when it comes to neighbourhood policy-making, the centrality of institutional procedures is being partially challenged by the attention given to local and regional agendas and by the greater room for manoeuvre given to the regional and sub-regional organisations.

7.3. The Northern Dimension and the diversification of EU's neighbourhood policy

This work puts forward a possible interpretation of the nature of the Northern Dimension as an external policy of the EU towards the Northern neighbourhood. Three approaches to the analysis of the ND have been set out in the first chapter: the ND as a part of EU foreign policy, the ND as a neighbourhood policy, the ND as an element of "network governance". It has been demonstrated that the initiative does not fall in only one of the three categories but incorporates elements belonging to the three notions.

There have been a number of elements that characterise the initiative that have contributed to, if not confusion then at least, uncertainty about its nature and, more generally, its role in the framework of EU–Russia relations.

The presence of some atypical elements such as the absence of a budget line, the emphasis placed on coordination of existing instruments and the involvement

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European Constitutional Treaty are some of the elements supporting the argument put forward here.

[376] Wallace W. and Allen D., "Procedure as a substitute for policy", in Wallace W. & Wallace H. (eds.), Policy Making in the European Community, 1977, Oxford:OUP.

of the regional organisations as well as the absence of 'high-political' issues have contributed to downgrade the initiative to a sort of "second class" policy.

At the same time, the results that emerged from the first year of implementation, up to the summer of 2001, have proved that the Northern Dimension is producing significant results in some of the areas it addresses. In particular, the environment, with the Northern Dimension Environmental Partnership, and the IT sector, with the Northern eDimension, have emerged as the areas in which, thus far, the most tangible results have been achieved. Progress has also been made in other issues like the question of Kaliningrad.

As is suggested above, the nature of the ND lies somewhere between the tangible results that have been emerging from the implementation phase and its atypical constitutive elements. The link between the concrete outcomes of the initiative and its constitutive elements seems to reflect the emergence of a (new?) form of EU approach to those areas or countries that neighbour the European Union based on an inclusive approach which softens the differences between insiders and outsiders.

The case of the Northern Dimension demonstrates that the nature of those "foreign" policy initiatives that address the neighbouring areas is being increasingly blurred with elements pertaining to the domestic sphere. On the one hand, the nature of the threats that the Northern Dimension has been dealing with, such as the environment, health threats, and the fight against organised crime, is transnational in essence and therefore has implications for both the domestic and the foreign policy spheres of the Northern EU member states and, by implication, for the EU. On the other hand, both the emphasis placed on the "enhanced coordination" of the EU's external instruments and the increasingly active engagement of a number of non-EU actors, regional and sub-national organisations, both public and private, in the implementation of the EU's neighbourhood policies bring elements to the foreign policy-making process that contain both internal and external connotations.

It is no coincidence that the most important results obtained from the framework of the Northern Dimension have been achieved within the fields of the environment and IT—two policy areas that have traditionally had a strong

domestic connotation but that have in recent years acquired an increasingly important international dimension. This indicates that the agenda of neighbourhood policy is, both at EU and member-state level, becoming less and less an issue which pertains *exclusively* to foreign policy. Because of this, also in the framework of the EU Commission, neighbourhood policy as a policy issue is becoming more horizontal and has partially slipped away from the hands of the DG for External Relations.

The comparison between the Euro-Mediterranean Partnership and the Northern Dimension emphasises the different approaches of the actors in the EU foreign policy system to neighbourhood relations in the two areas. If, on the one hand, relations vis-à-vis the Mediterranean have been shaped along a *de facto* continuation of the distinction between insiders and outsiders, on the other hand, in the Northern neighbourhood relations between the EU and Russia have been characterised by the inclusive dynamics of cooperation pointing to a long-term economic integration between the north-west Russian *oblasti* and the Northern part of an enlarged EU. Progress in EU-Russian negotiations about the transit issue in Kaliningrad, favoured by the Northern Dimension, and the increased attention by the EU towards the area of St Petersburg (many of the twelve projects financed through the NDEP are in the St Petersburg area) and, more generally, towards north-west Russia seem to confirm that a long-term approach to a "Europeanisation"[377] of the ND neighbourhood, i.e. North West Russia, seems to be the strategy that the European Union is pursuing in its relations with Russia.

It could be argued that the Baltic Sea area is becoming as sort of testing ground for new cooperative arrangements between Russia and the Union. Even if this claim might be over-emphasizing the actual political importance of North West Russia to EU-Russian relations, it is undeniable that, excluding the works of the PCA's bilateral bodies and the regular summits, the Baltic Sea area remains the context in which relations between the EU institutions and Russia are most intense and continuative. There is, in sum, a regional dimension being added to the traditional foreign policy level incarnated by the CFSP, i.e., the Partnership and

[377] The term Europeanisation is used here in the same way as Se M. Emerson, *The wider Europe Matrix*, Brussels: CEPS, 2004.

Cooperation Agreement, on the one hand, and the Common Strategy, on the other. The weak links and the lack of interaction between the two levels of EU policy towards Russia indicate a situation in which *de facto* there currently exist two parallel policies: the bilateral one (PCA) following a rather exclusive approach based on the "foreign policy" approach, the regional one (the ND) instead is centred on an inclusive approach based on elements of neighbourhood policy approach and network governance. However, it is evident that from this perspective the regional dimension must be fully integrated into bilateral relations between the EU and Russia.

The Northern Dimension is therefore a reflection of a diversification from the previous EU approach to neighbourhood relations, as exemplified by the EMP or the Common Strategy, that has been introduced in the way the EU interprets relations with its neighbours. If we look at the EU's foreign policy system, and in particular at its two main components—member states and the EU institutions, such a diversification has been largely the result of the efforts of member states, Finland and Sweden in particular, that have sponsored the notion of a regional approach "by the backdoor", i.e., based on a so called "low politics" agenda, and succeeded, by compromising on important elements, in persuading the other EU member states and the Commission to adopt it.
In this work, particularly in chapters 4, 5 and 6, it has been shown that the ND, or better the approach to neighbourhood relations it fosters, has introduced a number of changes in the way that the EU as a system produces its neighbourhood policy. A first and rather obvious explanation of this lies in the fact that such a diversification touches upon different components as well as different institutional levels of the EU foreign policy "machinery".

Such changes have been of different kinds. Some have been procedural and technical, such as the changes in the coordination among the external instruments, some have been political– institutional, such as the involvement of the regional organisations and, indirectly, local actors in the implementation of the initiative, and, last but not least, some of the changes pertained to the nature of the EU as a foreign-policy actor.

The first important set of changes promoted by the Northern Dimension has been of a technical nature, and has largely been related to the improved coordination of the external actions of the EU instruments targeting the Northern neighbourhood.

The most relevant technical changes took place in the framework of the coordination between the INTERREG III initiative and the TACIS programme.[378] The measures taken vary from new criteria in the selection of projects in the framework of TACIS CBC, based on the existence of a complementary INTERREG project on the other side of the border, to developing a coherent timeline between the management of the applications in the framework of the two instruments.[379]

Despite the fact that the technical changes brought to the instruments at work in the ND area might look relatively marginal to the broader political dynamics related to the EU neighbourhood policy, its importance should not be underestimated. The external action of the EU, and in particular of the European Commission, has been, and still is, greatly influenced by technicalities. As demonstrated in chapter 5, the technical bottlenecks that have emerged from the implementation of the external instruments of the EU have been one of the main preoccupations of the Commission in the Northern neighbourhood since the launch of the Baltic Sea Region Initiative in 1996.

The point is that procedural problems can hamper the effectiveness of the external action of the Union as much as the lack of incisive political guidance or the setting out of grand political objectives which prove to be "wishful thinking" in practice. Procedural issues have increasingly been perceived inside the EU institutions, particularly in the Commission's DGs for External Relations and

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[378] The INTERREG III is a Community initiative running until 2006 and focusing on: 1) cross-border cooperation, 2) transnational cooperation and 3) interregional cooperation. Originally set up to enhance the socio-economic cohesion of the EU member states border regions it has evolved into an important instruments in the framework of the cross-border cooperation on the external border of the EU.
In the framework of TACIS a part of the funding is dedicated to a sub-programme called TACIS CBC focusing on cross-border cooperation projects.

[379] See European Commission, *A guide to bringing INTERREG and TACIS funding together, DG for Regional Policy*, DG for External relations, Brussels, 2001.

Regional Policies, as one of the key factors at the root of the lack of capacity of the European Union to effectively exert influence in its neighbourhood.
The second set of changes introduced through the ND is of a political–institutional nature. On the one hand, the ND has given the opportunity to actors, such as the regional organisations most active in the region, i.e., the Council of the Baltic Sea States and the Barents Euro-Arctic Council, which have traditionally been kept at the margins of the European integration process, to play a role the implementation process of an EU policy. On the other hand, it has introduced a policy framework, i.e., that of an umbrella concept, as a format through which to approach the neighbouring countries.

The dynamics related to the involvement of the regional organisations operating in Northern Europe and the sub-regional actors linked to them has been explored throughout this work and in particular in chapters 3 and 5. The importance of the inclusion of outsiders, in particular the CBSS, to the implementation of a neighbourhood policy like the ND rests in the recognition of their role as institutions where the interests of the outsiders and the insiders are mediated in a different logic from the one underlying EU-Russian bilateral relations. The neighbours of the EU have had the opportunity to act on an equal footing in the framework of such organisations[380] and to take responsibility for the implementation of specific cooperative projects at regional level. This has indeed served an important function of socialisation between the countries of the region and, above all, provided a complementary context for a more intense and output-oriented cooperation on specific issues such as the environment, IT, and the fight against organised crime.

The issue of the involvement of the regional organisations has been first and foremost political, as was demonstrated in chapter 4. The question of whether to allow outsiders to have a role, even a technical one, required a political decision that was opposed in the early stages by those EU countries, like Spain and the United Kingdom, that were more reluctant to allow external actors to participate in the management of EU policy. The initial worries deriving from the issue of the so-called "double table", i.e. decisions being taken on two different political

[380] In the framework of the CBSS, Russia and the other candidate countries contribute to the same extent to the expenses of the organisation.

"tables" at EU and regional level, where not all the participants were present, has largely vanished as a result of the proactive, but not intrusive, role that the CBSS, and, to a lesser extent, the BEAC have acquired in the implementation and the positive developments achieved in areas where they have taken a more central position.

The second aspect related to the institutional changes has been reflected in the policy-framework format of the Northern Dimension. There is indeed a link between the policy-framework format of the Northern Dimension and the absence of a dedicated budget line for the initiative. The argument put forward in the framework of the EU Council by those who had only a lukewarm response to the ND initiative was centred on the assumption that the EU instruments, and institutional attention in terms of funding, provided to the Northern neighbourhood during the 1990s had been more than sufficient.[381] A restructuring of the EU budget aimed at the creation of a Northern Dimension budget line could, it was feared, have led to more funding being pumped away from the Mediterranean neighbours, albeit that they lacked the capacity to spend the EU funding available. At the same time, the Nordic member states, and in particular the Finnish government, were worried about the negative consequences that a separation of the TACIS and INTERREG budget lines could have provoked in terms of the amount of resources dedicated to the ND area.[382] In other words, the Nordic EU members were worried about losing what they already had at their disposal.
Given the absence of a budget along the lines of the Euro-Mediterranean Partnership, the choice of format for the policy framework of the initiative has, all in all, proved successful.

As demonstrated in chapter 5, the policy framework format has reduced the visibility of the initiative and its presence on the agenda of the EU institutions, particularly the European Parliament and the EU Council. It has also given the ND a kind of unbinding character, reflected in the first Action Plan, and a rather

[381] See Document of the Commission presented at the Barcelona European Council in 1995.
[382] Given that TACIS covers the whole CIS the sectioning of its budget could have meant a small amount of resources available for north-west Russia. Interview with an official of the Finnish MFA, Helsinki, February 2002.

ephemeral nature. On the other hand, this has allowed a degree of flexibility in the framework of the institutional process and, above all, during the implementation phase of the initiative.

At the same time the comprehensive nature of the initiative, and the room for manoeuvre left to the Nordic EU Presidencies[383] for the prioritisation of the areas of intervention according to their agenda, contributed to reduce the potential for internal EU struggle that regional initiatives like the ND or the Euro-Mediterranean Partnership can encourage, as the reaction of the Swedish Government to the launch of the initiative demonstrates. The ND policy framework structure has been premised on the assumption that whoever wants to play a central role can do so. In other words, the most engaged and interested parties have been granted the opportunity to lead the ND. This has been true for member states as well as for outsiders, i.e. regional organisations. The increased centrality of the CBSS, for example, has been made possible both by its proactive stance and by the open and flexible nature of the initiative as such.

Furthermore, the Northern Dimension, as an umbrella concept, has served as a catalyst for a number of initiatives both at regional and local level. It has offered a "European label" for extending and deepening exchanges of information among regional actors from the private and public sectors, and local actors such as cities. The Northern Dimension Business Forum, the Baltic Chamber of Commerce Association and the Finnish Northern Dimension Forum are examples of how the business community and civil society have been "mobilised" through the Northern Dimension.[384]

[383] In particular the Swedish and the Danish Presidencies had the opportunity to influence the agenda of the initiative. As was shown in chapter four the Swedish Presidency prioritised the environment, the fight against organised crime and Kaliningrad. The Danish Presidency focused on the so called "Arctic Window" and on the follow-up mechanism of the initiative.

[384] The Northern Dimension Business Forum was created by the Estonian and Swedish Ministries of Foreign Affairs in Tallinn on 4 April 2001, within the framework of Swedish Presidency of the European Union. The Forum has offered business leaders representing the countries covered by the Northern Dimension initiative the opportunity to identify problems in the business environment of the region and outline possible ways of approaching them. Source: Estonian Ministry of Foreign Affairs http://www.vm.ee/eng/kat_166/321.html .

Finally, the third kind of change that the Northern Dimension has introduced relates to the character of relations that the EU has been establishing with its different neighbourhoods.

In this work, it has been argued that a differentiation is emerging between the approach that the EU is developing towards its Northern and Southern neighbours. Despite the fact that on paper both the Northern Dimension and the Euro-Mediterranean Partnership aim to achieve similar broad objectives, i.e. economic prosperity (for the neighbours) and security (for the EU), the rationale driving the two initiatives seems to differ in terms of the long-term dynamics of cooperation fostered by the two policies. Indeed, a key reason behind this difference rests with the neighbours themselves. In terms of socio-economic development, the long-run perspectives for Russia and for the Mahgreb or Mashreq countries differ substantially, and so do the military and political weight that these neighbours can exert on the European and global stage.

When it comes to Russia the main issues which occupy the agenda pertain mainly to economic and energy cooperation, while the agenda of the Southern Mediterranean neighbourhood, along with economic questions, is heavily influenced by issues such as the fight against terrorism, regional conflicts and human rights issues, as well as the transitions of those regimes towards more democratic forms of government.

Furthermore, while Russia aspires to the status of an equal economic partner of the EU, and indeed has the potential to attain that objective in the long-term, the southern neighbours do not seem likely to be in that position in the foreseeable future and, in the long term, are more likely to acquire the role of economic, and perhaps political, satellite states of an enlarged EU.

When examining the two main components of the EU foreign policy system, i.e. member states and the EU institutions, there is a clear parallelism between the inclusive (or exclusive) nature of the EU neighbourhood policies elaborated by the EU institutions and the nature of the relations between the EU member states at the periphery and their neighbours.

As a matter of fact, beyond the official rhetoric, the attitude of the Italian, French and Spanish foreign-policy makers, both at national and at EU level, seems to

reflect a sort of exclusive pattern of behaviour when it comes to bilateral relations with the countries on the southern shore of the Mediterranean. In sum, apart from the Free Trade Area planned for 2010, the development of the long-term dynamics of integration stretching across a wider spectrum of policy areas in the southern neighbourhood seems unlikely.

In the Northern neighbourhood, however, Scandinavian and, in particular, Finnish policy-makers have been developing a more inclusive long-term vision concerning the involvement of the north-western regions of Russia, particularly in the Karelia region, in the economic and political dynamics of cooperation unfolding both in the Baltic Sea area, after the enlargement a *de facto* inner sea of the EU, and, to a lesser extent, in the Barents Sea region. As was demonstrated above, the economic interdependence of the areas around the Baltic Sea is growing as a result both of the projects implemented through the EU instruments targeting the region and the economic attraction that EU markets are exerting on the local and regional economies of the north-western Russian *oblasti*. In the long-term, the potential for growth in the Baltic Sea area will exponentially increase as a result of the expected post EU-membership development of the economies in Poland and the three Baltic states. Such a perspective should be considered as one of the factors that have contributed to the change both at regional and at EU level in the foreign policies of the Nordic countries towards inclusive attitudes and socialisation strategies in their neighbourhood.

Finally, if we look at the institutions in Brussels, the pattern of neighbourhood relations emerging seems to be largely, but not completely, a reflection of the regional dynamics of cooperation. The differences pointed out in the comparative chapter of this work confirm that the neighbourhood policy of the EU is assuming a multifaceted character that reflects not only the specificities of the neighbours and their political weight but also the different nature of the political relations of the member-states at the periphery of the EU towards their immediate neighbourhood.

7.4. Looking ahead: the Northern Dimension and the relations with the New Neighbours

The enlargement of the European Union will open up a number of questions about its final shape. The cold war and its bipolarity overtly served the western Europeans well because they did not have to bother to think about where the outer limits of the European integration process were.[385] With the end of the cold war and the break-up of the Soviet Union the growing number of aspirant members of the EC/EU pushed onto the agenda the question of where Europe ends. The 2004 enlargement will not supply an answer to this question but it will give an opportunity and the time to the EU to develop a response vis-à-vis those neighbouring countries which do not have membership as a viable political option.

The Northern Dimension can be considered, to an extent, the first attempt made by the European Union to approach relations with the neighbourhood in a new spirit. Even if the Euro-Mediterranean Partnership represented an important attempt to approach relations with the southern shore of the Mediterranean in a more comprehensive way, it was permeated by an exclusive approach, because integration of the "partners" was never a "genuine" objective. The driving force behind the EMP has been, and still is, security and the prevention of threats, and not the creation of a sort of permanent form of cooperation substituting membership but based upon integrative formats.

The ND, as this work has hopefully demonstrated, can instead be considered as a first attempt to find a more articulate way to regulate relations with a set of neighbouring countries. The focus on policy areas such as the environment and the fight against organised crime has led to the involvement of regional organisations, an increased coordination of the external instruments and is part of an inclusive approach vis-à-vis those neighbouring areas of Russia that are economically and politically oriented towards the EU.

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[385] Wallace W., From Twelve to Twentyfour? The challenges to the EC posed by the Revolutions in Eastern Europe, in Crouch C. and Marquand D.(eds.) "Towards greater Europe? A continent without an Iron Curtain", Oxford: Blackwell Publisher, 2003.

The question of how to deal with countries like Belarus, Moldova and Ukraine, let alone Russia and the enclave of Kaliningrad, is now acquiring priority on the agenda of the enlarging EU. The Northern Dimension, or at least some elements of it, could represent a possible model to draw upon when (re)designing relations with the three new neighbours. The creation of a regional dimension of cooperation based on a modest, but perhaps more practicable, agenda together with the creation of a single external instrument,[386] are steps forward in the quality of relations with the eastern neighbours. Such an approach could, however, be a primary tool in a phase, similar to the current one, in which their domestic situation is characterised by instability and weak, semi-democratic regimes. A bottom–up approach involving local and regional entities as well as actors from the business community and civil society over a number of tangible issues could produce more effective results than a Partnership and Cooperation Agreement left, to a large extent, unimplemented.

In the medium to long-term an ND-like approach would not be sufficient on its own. There will, in sum, be a need to develop some other formats for institutional cooperation that can define in a more permanent fashion the degree of economic integration and institutional cooperation between Brussels and those tiers of neighbours, Russia included, at the doorstep of the European Union.

[386] In its Communication of March 2003 on "Wider Europe- Neighbourhood: A new framework for relations with our Southern Neighbours" the Commission has proposed the creation of a single programme to focus on the neighbours. This implicates a rationalisation of the current situation in which the existing 5 programmes are creating difficulties and administrative bottlenecks. The ND has somehow anticipated this trend through its focus on horizontal coordination among the external instruments at work in the area.

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