CROATIA-SLOVENIA DISPUTES: AN EXAMPLE WORTHY OF CONSIDERATION

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Ever since they gained independence following the breakup of Yugoslavia, Croatia and Slovenia have locked horns over a wide range of disputes. The latest one to receive international media attention at the time of writing revolves around the question of how to settle the losses of Croatian deposits in Ljubljanska Banka (LB), a Yugoslav-era bank that abruptly pulled out of Croatia in the early nineties, leaving depositors there very little time to claim their cash. The Croatian government compensated many of its nationals at the time, and is now seeking reimbursement from Slovenian state-owned Nova Ljubljanska Banka (NLB), which was formed out of LB and is considered to be its successor. The amount concerned is in excess of €100 million.

Slovenia had proposed that the dispute be settled as part of the succession negotiations between the former Yugoslav republics under the supervision of the Bank of International Settlements (BIS). Croatia, on the other hand, has maintained that the issue is a bilateral one, both between the bank and the account holders concerned, and between Slovenia and Croatia, respectively.

In 2010, Croatia reluctantly agreed to the Slovenian proposal and participated in BIS-supervised negotiations. However, these negotiations have made markedly little progress, and the issue, which from the outset was a popular topic with the Croatian media, has become one of several caught up in the passions of domestic politics. As a result, the government of Croatia eventually pulled out of negotiations again and returned to its earlier position. In the eyes of Slovenia, this *volte-face* amounted to blatant reneging on an agreement between the two, prompting it to retaliate by following through on an earlier threat to block Croatia's accession to the EU: it suspended its parliamentary ratification of the accession treaty.

In March 2013, with notable assistance from the European Commission, the two countries finally reached a deal on how to go forward – namely, by going *backwards* and returning to the *status quo ante*. The "deal" provides for Croatia's

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suspension of all legal action against Slovenia regarding the matter and resumption of its participation in the BIS-supervised negotiations, while Slovenia, as a *quid pro quo,* has agreed to expedite its parliamentary ratification procedure. Barring the unexpected, such ratification paves the way for Croatia's accession to the European Union on 1 July 2013, as scheduled.

In a written statement addressed to the two prime ministers upon their signing of the memorandum of understanding (MoU), the president of the European Council hailed the arrangement, describing the constructive approach towards the resolution of "bilateral issues like the maritime sea border dispute and now the Ljubljanska Banka as a sign of maturity", adding that the way in which the two governments have handled these issues "serves as an example for the whole region", and concluding that the signing ceremony sends a clear message that "...issues that seemed intractable for years can be addressed."[1]

Time will tell, of course, whether these negotiations will yield mutually acceptable results or whether they will eventually stall, breakdown or otherwise fail. The choice of the parties to negotiate (if it was, indeed, a choice for *both* sides) should be respected. Even in the unfortunate event that the negotiations fail, all would not be lost. Other approaches are still open to the two countries for settling the dispute, one of which is third-party dispute resolution.

Such an approach was adopted by the two countries in their territorial and maritime dispute. This dispute involves a number of disparate land border issues, including several along the Dragonja River, and the better-known maritime dispute regarding the Bay of Piran that, among other things, includes a claim by Slovenia for access to the high seas by way of a "corridor" through Croatian waters (Figure 1).

The dispute has burdened relations between the two countries for over twenty years. It almost derailed Croatia's application to join NATO, and significantly complicated its accession to the EU. Slovenia, which was already an EU member state at the time, rejected certain documents that Croatia had submitted in the context of the accession procedure as being "prejudicial" to the outcome of any future bilateral negotiations or third-party settlement regarding their disputed border. The country imposed a blockade on Croatia's accession that lasted a full ten months before it was lifted in October 2008.

The case has witnessed many ups and downs: hopes would be high for an imminent breakthrough, only to be dashed again just moments later. The cause was

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[1] European Council/President, *Written Statement*, Brussels: 11 March 2013 EUCO 63/13 (OR. en), Presse 106, PR PCE 55

Figure 1. Disputed maritime area and the "corridor" to the high seas.

Source: *Wikimedia Commons*
http://en.wikipedia.org/wiki/File:Bay-of-Piran_maritime-boundary-dispute.SVG 14 Dec 2006

often interference by opposition parties or groups in one of the two countries intent on politically exploiting the dispute and, in particular, the government's handling of it, typically appealing to nationalistic sentiments in the run-up to elections. As a result, a dispute that was already intractable would become totally insoluble – for the time being at least. Such a cycle, where emotion and passion replace reason, can perpetuate itself without end. Sadly, such situations are a familiar pattern in Europe and around the globe.

After years of missed opportunities, there must have been a deep sigh of universal relief when on 4 November 2009, the prime ministers of Croatia and Slovenia, Jadranka Kosor and Borut Pahor, in the presence of Fredrik Reinfeldt, the prime minister of Sweden, which was holding the rotating Presidency of the Council of the European Union at the time, signed an agreement in Stockholm to resolve the dispute through arbitration. The agreement has a number of salient features. Article 3(1) provides that the arbitral tribunal "shall determine (a) the

course of the maritime and land boundary between the Republic of Slovenia and the Republic of Croatia; (b) Slovenia's junction to the High Sea; (c) the regime for the use of the relevant maritime areas." Article 4, however, provides that "the arbitral tribunal shall apply (a) the rules and principles of international law for the determinations referred to in Article 3(1)(a); (b) international law, equity and the principle of good neighbourly relations in order to achieve a fair and just result by taking into account all relevant circumstances for the determinations referred to in Article 3(1)(b) and (c)."

The critical date is specified as 25 June 1991, meaning that no evidence with regard to the situation after that date (such as display of governmental authority) can be entertained. In addition, the agreement specifies that none of the material presented by either state in their accession negotiations with the EU, such as documents, reports or maps, can be used in support of their claims.[2]

The arbitral tribunal constituted for this case is chaired by Judge Gilbert Guillaume (France), former president of the International Court of Justice. The other members are Professor Vaughan Lowe QC (United Kingdom), Judge Bruno Simma (Germany), Dr Jernej Sekolec (Slovenia), and Professor Budislav Vukas (Croatia). The Permanent Court of Arbitration at The Hague acts as registry in the arbitration by agreement of the parties.

One of the questions currently capturing the imagination of interested parties is how the arbitral tribunal will apply article 15 of the UN Convention on the Law of the Sea (UNCLOS), in light of the different emphasis the two countries put on it. The article reads: "Where the coasts of two States are opposite or adjacent to each other, neither of the two States is entitled, failing agreement between them to the contrary, to extend its territorial sea beyond the median line every point of which is equidistant from the nearest points on the baselines from which the breadth of the territorial seas of each of the two States is measured. The above provision does not apply, however, where it is necessary by reason of historic title or other special circumstances to delimit the territorial seas of the two States in a way which is at variance therewith."

Croatia favours the first sentence of the article while Slovenia emphasises the relevance of the second. With Slovenia's short coastline and the concave nature of the northeast corner of the Adriatic, Slovenia would only generate a relatively small maritime space beyond the Bay of Piran if equidistance were strictly applied in determining its maritime boundaries. Hence its request for a corridor of maritime

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[2] Durham University/International Boundaries Research Unit (IBRU), Boundary News: *Voters in Slovenia approve boundary arbitration with Croatia*, 7 June 2010.

jurisdiction that would extend beyond the 12 nautical mile territorial sea allowing it access to areas of less restricted navigation.[3]

It will be interesting to see how far the arbitral tribunal is willing to go in applying principles of "equity" and "good neighbourliness", in addition to international law, in its efforts to "achieve a fair and just result" as it has been asked to do as concerns Slovenia's junction to the high seas and the regime for the use of the relevant maritime areas. This part of the decision in particular-based on *ex aequo et bono* – is awaited with great anticipation.

In February 2013, Croatia and Slovenia submitted their first written pleadings in the arbitration. The significance of the submissions "in accordance with the procedural calendar set at the [arbitral tribunal's] first procedural meeting" was not lost on those who have been following this longstanding dispute along with the numerous well-intentioned but failed attempts at resolving it. The pleadings include multiple volumes of maps, documentary evidence, and legal authorisations. A second round of written pleadings is to be filed on 11 November 2013, and a hearing before the arbitral tribunal is expected in mid-2014.[4]

Whatever the eventual outcome of this case (which is not expected before 2015), the arbitration stands out as an example of third-party dispute resolution worthy of consideration by other states searching for a way out of deadlock as they, too, confront intractable and seemingly insoluble disputes with their neighbours.

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[3] Durham University/International Boundaries Research Unit (IBRU), Boundary News: *Croatia and Slovenia submit arbitration agreement to UN,* 2 June 2011.

[4] Permanent Court of Arbitration, Press Release: *First Round of Written Submissions in Territorial and Maritime Arbitration between Croatia and Slovenia,* The Hague, 18 February 2013

FROM RUSSIA WITH LOVE: INTERNAL BALANCE OF POWER IN RUSSIA AND THE SURVIVAL OF LUKASHENKO'S REGIME

Laurynas Jonavičius*

Abstract

This article analyses the relationship between the stability of Alexander Lukashenko's authoritarian rule and the power balance of different factions competing for power in Russia. The article aims to demonstrate that Lukashenko's survival not only depends on his ability to trade on Belarus's geopolitical position between Russia and the West but is also is a function of the existing composition of the ruling elite in Moscow. Being increasingly dependent on Russia's political and economic support as well as on its energy, Lukashenko manages to use Russia's internal situation of informal political competition by supporting one or another side. Historically, Lukashenko relied on the support and cooperation of groups that were associated with soviet nostalgia, interests in increasing the state's role in political and economic life as well as representatives of military and military-industrial complex in Russia. Changes to the balance of power within Russia, the withdrawal of older factions and the entrenchment of new ones, has significantly decreased Lukashenko's ability to manoeuvre in Russian political life and has minimised his ability to manipulate the competition among the Russian power elite. While retaining some leverages and sporadic contacts with the *siloviki* faction in Russia, Lukashenko faces more and more difficulties in defending his country's sovereignty and his own autonomy.

Introduction

Lukashenko does not love Russia; he loves power. The paradox is that Lukashenko needs Russia to remain in power, yet Russia is also the only player capable of removing him from power. Russian possibilities for deposing the President of Belarus are much greater than those of the EU, the US or any other state. But

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even in the context of continuous excuses and failures to keep promises given to Moscow, Lukashenko remains untouchable. What is the secret of the president of Belarus? What is his recipe for retaining his position? Why is he still there as the president of Belarus, and not as a pensioner in an *agrogorodok* (farm) in Venezuela[1], a prisoner in the Hague or a governor in the 84th Federal Subject of the Russian Federation?

One may argue that it is all very simple: Russia needs Belarus as a geopolitical buffer. Moscow cannot afford for Belarus to turn toward the West, and therefore allows Lukashenko to do and say things it would not allow any other leader of such a small and dependent state to do or say. This answer has a strong logic behind it, but it is also insufficient. Russia could easily remove Lukashenko and replace him with another, much more loyal and less stubborn leader. This would be logical considering that Lukashenko does not allow Russian oligarchs to privatise profitable Belarusian assets, and regularly blackmails Moscow about its ambition to integrate post-soviet space in return for additional concessions. But Lukashenko does not go. Conversely, Russia perpetually supports him when he faces harsh criticism or sanctions from Europe or when he desperately needs additional financial resources to keep the 'miracle of the Belarusian economy'[2] alive. There have been attempts to remove him; but he manages to win election after election and even dares to mouth off at the Russian leaders who are actually the guarantors of his stability. How does he do that? What is Lukashenko's secret strategy?

This article argues that the success of the Belarusian president derives from the internal and informal power balance in Russia. Lukashenko is lucky because there is no monolithic Russia. Fighting, clashes of interests and power balances in the Kremlin are a source of Lukashenko's – and his regime's – stability and survival. There are different factions (some call them 'clans' or groups) in the Russian elite that fight for power, assets and resources. And Lukashenko uses their internal fighting creatively for his own sake.

It is not easy to prove such an argument (especially with 'hard' scientific data). It is also very easy to slip towards conspiracy theories. But it is necessary to look at the informal aspect of relations between Russia and Belarus in order to understand the essence and peculiarities of the relationship between the close strategic partners and "Slavic brothers".

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1 Евгений Кононович, "Дипломатия дружбы и сотрудничества" ['Diplomacy of Friendship and Cooperation'], <http://www.souzveche.ru/articles/integration/19746/>.

2 See Havlik P., *Belarus Between Russia and the European Union – Some Reflections on Belarus' "Economic Miracle" and Future Prospects* in Heinrich H. And Lobova L. (eds.) *Belarus: External Pressure, Internal Change*, Frankfurt am Main, Berlin, Bern, Bruxelles, New York, Oxford, Wien, 2009, p. 53-74

It is also important to underline that the focus of this article on informal power relations in Russia and their influence on Belarus does not reject the importance of other variables (geopolitical, ideological and ideational). The aim of this article is to shed some light on one specific element of Russian-Belarusian relations and to show the complexity of their cooperation. By placing special attention on the interaction between Lukashenko and the different factions within Russia's internal political landscape, the article aims to provoke and encourage more detailed discussions on the issue, which seems to be unduly neglected despite its importance considering the nature of the political regimes in both Russia and Belarus.

1. Looking "behind the curtain" – an alternative way to understand relations between Russia and Belarus

What is missing, especially in Western academic and analytical society, when we talk about the sources of stability of Lukashenko's regime, is its informal side, especially informal relations between Belarus and its main supporter – Russia. There is a common agreement that the alpha and omega of the Belarusian political regime is Alexander Lukashenko and his authoritarian, or even totalitarian, rule. It is not an accident that Belarus is called the last dictatorship in Europe. But the question – why is Lukashenko still here? – seems to require an analysis not only of the traditional variables but also of much less visible factors.

When the research is about Belarus, the majority of Western academic discourse focuses on the EU's democratisation strategies and tactics (and their failure) for Belarus.[3] A bulk of articles has also been written about Russia's support for authoritarianism in its 'near abroad' (including Belarus).[4] What seems to be

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[3] Bosse G., *A Partnership with Dictatorship: Explaining the Paradigm Shift in European Union Policy towards Belarus*, *Journal of Common Market Studies*, Volume 50, Issue 3, May 2012, p. 367-384.
Korosteleva E., "Questioning democracy promotion: Belarus' response to the 'colour revolutions'", *Democratization*, Volume 19, Issue 1, 2012, p. 37-59.
Ioffe G., "Belarus and the West: From Estrangement to Honeymoon", *Journal of Communist Studies and Transition Politics*, Volume 27, Issue 2, 2011 p. 217-240.
Marples D. R., "Outpost of tyranny? The failure of democratization in Belarus", *Democratization*, Volume 16, Issue 4, 2009, p. 756-776.
Bosse G., Korosteleva-Polglase E., "Changing Belarus? The Limits of EU Governance in Eastern Europe and the Promise of Partnership", *Cooperation and Conflict*, June 2009, **V**olume 44, Number 2, p. 143-165.

[4] Kästner A., "Russia: Supporting Non-Democratic Tendencies in the Post-Soviet Space?", German Development Institute Briefing Paper 2/2010.

omitted is the relationship between the situation within Russian internal politics and its impact on policy towards Belarus. More specifically, there is insufficient research (at least in the English language) that explains why Belarus is allowed to continue on an even keel despite the fact that Russia has all the instruments necessary to integrate Belarus or at least to put down Lukashenko's sometimes offensive rhetoric. The fact that at the end of the 1990s Lukashenko was treated seriously as a candidate for the post of the President of the Union State of Russia and Belarus is an important hint at his connections with the Russian political establishment, which have a long history and may be useful direction for deeper analysis.

This article will follow "process-tracing"[5] logic. It is based on the assumption that Lukashenko's ability to retain power in Belarus and to keep his country independent is based on his ability to manoeuvre between the interests of different players in Russia. The other assumption is the existence (and importance) of informal internal competition for power in Russia. Several "factions"[6] compete for the control of Russia. Belarus is not a direct focus for their competition; the interests of different Russian factions towards Belarus are rather derivative than direct. But Lukashenko, who has a long history of relations with different Russian factions, successfully manoeuvres among these interests using the geopolitical, geostrategic, and geo-economic position of Belarus as a lifeline for Belarusian independence and his own survival.

The article has the following structure. Firstly, the current status quo of the relationships between Russia and Belarus is presented in order to understand existing dependencies, strengths and weaknesses of both sides. Secondly, an overview of Russia's internal (and informal) composition of influential players is given in order to present a picture of the groups that compete for power, their interests and their attitudes towards Belarus. Thirdly, a history of Lukashenko's relations with Russia and its different factions is provided. The aim is to show that Lukashenko is not (or at least used not to be) a total 'foreigner' within Russia's internal politics. Finally, bearing in mind the milieu of political, economic and

Cameron D. R., Orenstein M. A., "Post-Soviet Authoritarianism: The Influence of Russia in Its "Near Abroad"", *Post-Soviet Affairs*, Volume 28, Number 1, January-March 2012, p. 1-44.
Ambrosio T., *Authoritarian Backlash: Russian Resistance to Democratization in the Former Soviet Union*, Ashgate, 2009, p. 240.

5 George A.L., Bennet A., *Case Studies and Theory Development in the Social Science*, MIT Press, Cambridge, 2005, p. 205-232.

6 Sakwa R., *The Crisis of Russian Democracy: The Dual State, Factionalism and the Medvedev Succession*, Cambridge University Press, 2011, p. 85-131.

strategic decision-making in Russia, some conclusions and forecasts for the future of Russia-Belarus relations are given.

2. What is Russia for Belarus?

Experts usually highlight several issues that are of crucial importance for the survival of Belarus's political regime and its socio-economic model.

Firstly, there is a very strong economic element. Russia is the main trading partner for Belarus. The creation of the Customs Union of Russia, Belarus and Kazakhstan implies that these ties will only get stronger. Statistics also show that since 1996 the volume of bilateral trade between Russia and Belarus has increased almost 7 times and in 2012 constituted 43.8 billion USD. 35.4% of Belarus's exports (16.3 billion USD) and 59.3% of imports (27.5 billion USD) goes to and from Russia respectively.[7] Even the exports of Belarus that were oriented towards the West and constituted more than half of country's GDP in 2006–2010[8] were dependent on the trade in oil products produced from cheap Russian oil and were later sold (much more expensively) to Western Europe.

Table 1. Main trading partners of Belarus in 2012

Trading partner	Export	Import
Russia	35.4 %	59.3 %
Other CIS countries	16.1 %	5.6 %
EU countries	38.2 %	20.0 %
Other countries	10.3 %	15.1 %

Source: "Справка внешней торговли Республики Беларусь с Российской Федерацией в 2012 году"
['Note on Belarus's foreign trade with the Russian Federation in 2012'],
<http://www.ved.gov.ru/exportcountries/by/by_ru_relations/by_ru_trade/>.

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7 "С 1996 года объем внешней торговли товарами Беларуси с Россией вырос в 6,7 раза" ['Trade in goods between Russia and Belarus has grown by 6.7 times since 1996'], <http://naviny.by/rubrics/economic/2013//03/27/ic_news_113_413559/>.

8 Belarus is among 30 countries in the world that have the highest index of GDP dependency on exports. See: Данильченко В., Осипов Р. Д., "Экономика Беларуси: оценка воздействий конъюнктурных колебаний" ['Economy of Belarus: evaluation of impact of conjecturial variation'], <http://ru.forsecurity.org/>.

Secondly, Belarus is dependent on other countries for its energy and relies mainly on Russia for its energy imports: imports of energy resources from Russia amount to almost 90%. Bearing in mind that Russia is also the main financial supporter of the newly planned nuclear power station[9], Belarusian energy dependence is not expected to decline in the foreseeable future. According to calculations, in 2012 Russian energy subsidies constituted around 10 billion USD (16% of Belarus's GDP).[10] It is also important to note that energy prices for Belarus are "political" – different from market prices and usually much lower (see Tables 2 and 3).

Table 2. Prices of natural gas for Belarus

Year	Price (USD/1000m³)	Amount imported (m³, in billions)
2010	187	21.6
2011	265	20
2012	165.6	21.6
2013	185	–

Table 3. Gazprom gas prices for European countries (First half of 2012)

Country	Gas price (USD/1000 m³)	Remarks
Macedonia	564.3	
Poland	525.5	
Bosnia	515.2	
Czech Republic	503.1	
Bulgaria	501	
Italy	440	
France	393.7	
Germany	379.3	
The Netherlands	371.4	

[9] Макушина Н., "Комментарий: Белорусская АЭС усилит зависимость Минска от Москвы" ['Comment: Belarus's Nuclear Station will increase Minsk's dependence on Moscow'], <http://www.dw.de/комментарий-белорусская-аэс-усилит-зависимость-минска-от-москвы/a-16113597-1>.

[10] "Российские энергосубсидии в 2012г составили $10 млрд, или 16% ВВП Беларуси – эксперт" ['Experts: Russian energy subsidies constituted 10 billion USD or 16% of GDP in 2012'], <http://www.interfax.by/news/belarus/129595>.

United Kingdom	313	Most competitive market; Gazprom supplies only 10% of the total amount
Average spot-trade price	342	

Source: Исполатов С., "Больше всех в Европе «Газпрому» платят македонцы и поляки" ['Macedonians and Poles pay the highest price to Gazprom in Europe'], <http://izvestia.ru/news/544100#ixzz2T4Ds5t3c>.

There is also a tendency towards increasing dependence on Russia in the oil sector (see Tables 4 and 5). As mentioned, Russian oil is of huge importance to the export capacity of Belarus. It is true that Belarus is looking for different ways to reduce its dependence on Russia. Best known are the attempts to import oil from Venezuela or Azerbaijan; but due to the existing pipeline infrastructure, oil type and distance, these remain political gestures towards Moscow rather than real, economically based alternatives.

Table 4. Oil exports from Russia to Belarus

Year	Amount of oil (millions of tons)	Total price (billions, USD)	Remarks
2000	11.9		
2005	19.2		
2009	21.4	7.06	
2010	13	5.5	Customs duty on oil exports was introduced
2011	18.1	7.44	Customs duty was removed
2012	21.3		Belarus had to return 2.1 million tons of refined oil products to the Russian market (toll manufacturing)
2013	11.5 (first two quarters)		Belarus will have to return 3.3 million tons of refined oil products

Source: Author's calculations from different sources

Table 5. The share of petroleum products in total Belarusian exports (2005–2011)

	2005	2006	2007	2008	2009	2010	2011
Total exports (billions USD)	15.9	19.7	24.3	32.5	21.3	25.2	40.2
Exports of petroleum products and oil (billions USD)	4.8	6.7	8.1	11.9	7.8	6.7	13.8
% of total exports	24.6	34	33	36.6	36.6	26.1	34.3

Source: Kłysiński K., Konończuk W., "An inexhaustible source of income? The significance of Belarusian refineries and the outlook for the future", <http://www.osw.waw.pl/sites/default/files/commentary_81.pdf>.

To sum up, Russian energy is a source of stability, and even some growth, for Lukashenko's economic model. It is also an instrument of increasing Russian control over not only the Belarusian economy but also its politics, especially during discussions about the creation of the Customs Union of Russia, Belarus and Kazakhstan and its political successor – the Eurasian Union.

Thirdly, Russia is the main external financial creditor of the Belarusian economy. Some time after the 2010 presidential elections in Belarus, which were not recognised by the West, Russia became perhaps the only significant source of external credits for Belarus (with some minor exceptions from China and Venezuela – see Table 6). Other possible sources of finance, such as the IMF, World Bank and Western countries, are not very willing to lend money to Lukashenko due to his authoritarian politics, lack of respect for human rights, and continuous blockage of economic reforms.

Table 6. External credits to Belarus 2008–2012

Year	Amount (billions USD)	Source	Remarks
2008	2 0.5	Russia Venezuela	
2009	3.46	IMF	1.1 bn USD repayment due in 2013
2010	1 0.3	1st Eurobond issue Government bonds placement in Russia	5 years maturity. 8.75% p.a. RUR 7 bn for 2 years. 8.7% p.a.

2011	0.8 3 1 1	2nd Eurobond Issue Eurasian Economic Community (Russia) Russian Sberbank China	7 years. 8.75% p.a. In six tranches of around 0.5 bn USD throughout 2011-2013
2012	10	Russia	Building of the nuclear power station
2013	0.5-0.6 2.5	3rd Eurobond issue (potentially) Russia (potentially)	Prerequisite – privatisation of Belarus's assets

Source: Business notes #2: Belarusian Foreign Debt, <http://belarus-project.eu/2013/03/belarusian_foreign_debt/>.

Belarus's credit dependence, together with its energy addiction, leaves the country less and less able to prevent Russian intentions to take over the total control of its economy. In 2013 Belarus will have to repay around 3 billion USD to foreign creditors.[11] As experts conclude, "taking into consideration that the dominant slice of the debt is Russian, the Belarusian government's ability to resume its geopolitical manoeuvring will be significantly limited".[12] The continuation of external borrowing is getting more and more expensive, the political costs of agreements with the IMF are too high for Lukashenko, and privatisation, which Russia is requiring in exchange for further credits, also seems to diminish the sovereignty of Belarus.

Fourthly, Russia successfully uses the Belarusian energy and credit dependency to increase its presence in the Belarusian economy. It is a well-known fact that the sale of Beltransgaz to Gazprom was a consequence of increased Russian pressure after one of the 'energy wars' between the two countries.[13] More recently, Russia openly declared that there was a direct link between new credits and the privatisation of the biggest companies in Belarus, as well as deeper economic integration with Russia. As Russian ambassador to Belarus, Alexander Surikov, noted, Belarus can

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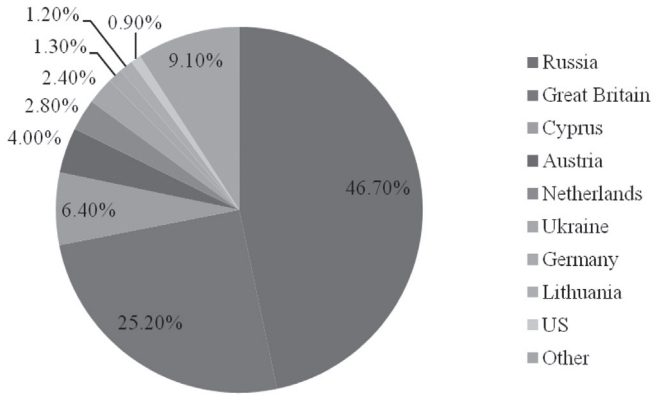
[11] Левшина И., "Белорусские власти сами затягивают кредитную петлю" ['The government of Belarus is putting itself into the debt cycle'], <http://naviny.by/rubrics/economic/2013/02/14/ic_articles_113_180833/>.

[12] Preiherman Y., "Belarus The Indebted", < http://belarusdigest.com/story/belarus-indebted-6882>.

[13] *Ibid*.

Figure 1. Foreign direct investments in Belarus (2012)



Source: Firsava D., "Who Invests in Belarus", <http://belarusdigest.com/story/wh-invests-belarus-13783>.

count on Russian credits only on the condition of increased Russian presence in Belarus.[14]

Fifthly, Russia is also the biggest foreign investor in Belarus (see Figure 1). In 2012 foreign direct investment (FDI) from Russia constituted 46.7% of all Belarus's FDI. Although it may appear that Great Britain and Cyprus (i.e., European investors) could be strong competitors for Russia, this is not the case in reality. As the research on Russian foreign investments and its capital movement shows[15], there is evidence that Russian capital follows the 'round-trip' cycle: it is invested in offshore financial centres (which Great Britain and Cyprus are) and comes back to Russia or other post-soviet countries in the form of FDI. So, Russian capital, as well as energy, is dominating Belarus's market. As a consequence, Russia has a grip, which it continues to strengthen, on the Belarusian economy.

Last but not least, Lukashenko depends on Russia as a source of his regime's legitimacy. Though this may not seem as important as economic or financial dependence, legitimation is necessary for the Belarusian leader, especially conside-

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[14] Заяц Д., "Александр Суриков: о финансовых, газовых и нефтяных делах Беларуси и России" ['Alexander Surikov: about gas, oil and the financial affairs of Russia and Belarus'], <http://naviny.by/rubrics/politic/2013/04/29/ic_articles_112_181623/>.

[15] Ledyaeva S., Karhunen P., Whalley J., "If Foreign Investment is not Foreign: Round-trip versus Genuine Foreign Investment in Russia", <http://tippie.uiowa.edu/economics/tow/papers/ledyaeva-spring2013.pdf>.

ring that the issue of Belarus's sovereignty, which Lukashenko so strongly defends, is based on his ability to balance Russia and the West. Since the West cannot provide legitimacy for Lukashenko's regime (all elections since 2001 have been termed 'not free or fair' by the OSCE, the US and the European Union), Russia has consistently legitimised Lukashenko's rule both diplomatically and politically, going so far as to actively defend Belarus's questionable elections.[16]

3. What is Belarus for Russia?

Although so strongly dependent on Russia, Belarus still enjoys some advantages in its relations with Moscow. Its strongest trump cards are related to strategic, security and, perhaps, identity issues.

Firstly, Belarus is a geopolitical buffer for Russia. It is commonly agreed that Russia is (or at least pretends to be) a Great Power. This is very clearly fixed in all strategic Russian foreign policy documents. It is also the leitmotif of all the main (international) speeches of the Russian presidents. Russia's perception is that Western (or perhaps, American) global hegemony should be counterbalanced in order for Russia to rise as an equal participant in the global (geo) political game. One of the elements of this counterbalancing is stopping the eastwards expansion of NATO (and the EU). Belarus is of key importance here because it is the last frontier between NATO and Russia's borders. Keeping Belarus out of Western integration processes is a strategic aim for Russia: it is necessary for Russia's security, identity and international status. Lukashenko perfectly understands his country's importance and skilfully uses it in negotiations with Russia.

Secondly, in military terms "Belarus is pivotal merely as a territory on which Russia could station additional military objects and missile divisions; Russia certainly needs Belarus as an ally to defend its western borders".[17] Military experts claim[18] that Belarus is necessary for Russia in terms of military geography. In the case of a (theoretical) air strike from the West, Russia would need some time to put its own fighters into action. It would take approximately the same time as it would

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16 Ambrosio T., "The Political Success of Russia-Belarus Relations: Insulating Minsk from a "Color" Revolution", <http://www6.miami.edu/maia/ISAS05/papers/Russia-Belarus_Thomas_Ambrosio.pdf>.

17 Marin A., "Trading-off Sovereignty. The Outcome of Belarus's Integration with Russia in the Security and Defence Field", Centre for Eastern Studies Commentary, Number 107, 25.04.2013, <http://www.osw.waw.pl/sites/default/files/commentary_107.pdf>.

18 Гладкова Е., Сивков К., "Россия разместит военную авиабазу в Белоруссии" ['Russia will place a military airbase in Belarus'], <http://www.odnako.org/blogs/show_25333/>.

take NATO's bombers to fly over the territory of Belarus. To put it briefly, Belarus is not only a geopolitical, but also a military operational-tactical, buffer for Russia.

Belarus is also necessary for Russia in terms of military industry. First of all, the military-industrial complex of Belarus is an important part of the Russian complex because it performs the function of an assembly-unit for the Russian military. For example, Minsk's Wheel Tractor Plant (MWTP – *Минский завод колёсных тягачей*) is the only company in the world that specialises in manufacturing unique multi-axle heavy-duty trucks. These trucks are the only ones in the world that are capable of carrying Russian mobile anti-missile systems such as the S-300 and S-400[19] as well as multiple rocket launchers Smerch and Uragan or the mobile theatre ballistic missile system Iskander. The Russian military also uses optics, navigation systems, radiolocation equipment and many other military items that are produced in Belarus.[20] This means at least a conditional Russian dependency on Belarus. To be consistent, it also means increased Russian attempts to acquire control of and take over the entire military-industrial sector of Belarus. Experts predict that a recent agreement that allows Belarusian companies to participate on an equal basis with Russian companies in all state tenders of defence procurement[21] is only a first step towards persuading Lukashenko to open his national defence industry to Russian shareholders. Among the most desirable assets of the defence industry in Belarus are MWTP, Agat, Integral, Horizont Peleng and Tetraedr.[22]

Russian security in its western flank significantly depends on two military bases on Belarusian soil: the radiolocation detection system, Volga, near Baranovichi and the 43rd Communication Hub, Vileika. Volga is an integral part of Russian space forces (*космические войска*) and serves as part of the Russian missile defence shield's warning system. Volga can detect missile launches and the movement in space of objects with diameter of only a few millimetres within a distance of 5,000 kilometres. The Vileika hub serves as a communication centre for maintaining contact with Russian nuclear submarines all over the world. Belarus does not charge Russia for the rent of these facilities.[23]

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19 Minsk Wheeled Tractor Plant (MZKT), <http://www.globalsecurity.org/military/world/belarus/mzkt.htm>.

20 See Алесин А., "Россия готова на корню скупить белорусскую «оборонку»" ['Russia is ready to buy Belarus's military complex'], <http://naviny.by/rubrics/economic/2013/02/10/ic_articles_113_180787/>.

21 Marin (see note 17).

22 *Ibid.*

23 "Военные базы РФ за границей" ['Russian military bases abroad'], <http://ria.ru/spravka/20100215/209344182.html#ixzz2SUbaHoQe>.

Thirdly, Belarus is an important player in Russian plans to reintegrate the post-soviet space. Being isolated from the West, Belarus (together with Central Asian republics) remains the only country on Russia's western borders that consistently supports all integration projects initiated by Russia. Without Belarus as a member, the Customs Union of Russia, Belarus and Kazakhstan, the Eurasian Union and the Collective Security Treaty Organisation would have lost their 'European' component, which Belarus represents. This would be unacceptable for Russia and its Great Power status, so Lukashenko takes advantage of that possibility.

Fourthly, some experts argue that Belarus's strength in relations with Russia is its status of a transit country. It is well known that the economy, internal stability and external capabilities of Russia are heavily dependent on revenues from energy exports (to Europe). Revenues from energy exports constitute about 17% of Russian GDP. Prior to the opening of Nord Stream, about 80% of Europe's natural gas imports from Russia was transported through Ukrainian pipelines. The Jamal-Europe gas pipeline, which runs through Belarus and Poland, currently carries about 20% of Russian gas exports to Europe.[24] Bearing in mind the tensions between Russia and Ukraine regarding the energy issues, intensive talks have taken place about increasing the transit of Russian gas through Belarus by building a second branch of the Jamal-Europe pipeline.[25] Though it may appear that such a project would increase Russia's dependence on Belarus as a transit country, one should not forget that since 2011 Gazprom has controlled the main gas infrastructure and transportation company of Belarus – Gazprom Transgaz Belarus (previously known as Beltransgaz).[26] This means that Russia has control of the gas pipeline system in Belarus and does not have to fear interruptions of the gas supply to Europe. The situation is different in the oil transit sector, since all refineries and transit pipelines in Belarus are under the jurisdiction of the state-owned holding, Belneftekhim.[27] Previous oil wars, and schemes by Belarus's government to cheat Russia of its oil products exports (the so-called 'solvents problem'[28]) have contributed to Russia's

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[24] Ratner M., Belkin P., Nichol J., *Europe's Energy Security: Options and Challenges to Natural Gas Supply Diversification*, CRS Report for Congress, March 15, 2013, <http://www.fas.org/sgp/crs/row/R42405.pdf>.

[25] "Беларусь «оседлает» новую трубу?" ['Belarus will saddle ne pipe?'], <http://bdg.by/news/economics/21658.html>.

[26] Up until December 21, 2011 it was known as "Beltransgaz". The name of the company was changed after Gazprom acquired 100% control of its assets.

[27] This includes: the Belarus section of the Druzhba transit pipeline for Russian oil to Europe, the Mozyr and Novopolotsk refineries, the Palimir petrochemical plant, and some smaller assets.

[28] Firsava D., "Belarusian Solvents: A Tricky Path to Economic Growth", <http://belarusdigest.com/print/10438>.

decision to invest in oil pipelines that bypass Belarus (Nord Stream, Baltic Pipeline System–2) and reduce its dependence on unpredictable Minsk. So today we have a situation in which Russia has gained control of the entire gas transit system of Belarus and has created alternatives for oil transit to Europe. There is still some Russian oil that goes to Europe through Belarus (about 30%), but this is much lower compared to several years ago, when it was around 70%.[29]

Finally, there is an argument that there is Russian willingness to have a "dictatorship" nearby. Being 'the last dictatorship in Europe' Belarus plays into Russian hands by attracting negative attention from Europe and the Western world for being the most repressive regime in the region, which allows Vladimir Putin to 'save face' and not look as bad (in terms of democracy, human rights and the rule of law) as he really is. At the same time, from the ideological perspective Belarus is useful for Russia as a 'laboratory of authoritarianism'. Experiments with "pre-emptive authoritarianism"[30] on external soil (i.e. in Belarus) serve as a good example for Russia to learn what does and does not work in order to keep the regime stable. This is not to argue that Russia directly manipulates Lukashenko's actions in this respect – the Kremlin simply learns the lessons of the harshest of Lukashenko's experiments. In any case, the (at least formally) independent Belarus is beneficial for the Russian elite in this respect.

4. Dependent but still independent

A shallow overview of relations between Russia and Belarus may create a picture of mutual dependency of both players. However, it is obvious that Belarus needs Russia much more than Russia needs Belarus. The socio-economic foundation of Belarus continues to survive only due to special oil and gas prices, inexhaustible Russian credits and permissive Russian legitimation of Belarus's political regime. Russia is a source of vitality for Belarus.

On the other hand, Belarus for Russia is nothing more than a territory which removes imagined Western threat by 600 km – a buffer. But it is also a problematic

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[29] Жахов Ф., "Сколько той «Дружбы»" ['How much of that 'Friendship'], <http://www.belgazeta.by/ru/2013_02_04/economics/25762/>.
For information: in 2011 Russia exported around 250 million tonnes of oil to the EU of which 60.77 million tonnes were exported through Belarus.

[30] Silitski V., *Contagion Deterred: Preemptive Authoritarianism in the Former Soviet Union (the Case of Belarus),* CDDRL Working Paper No.66, June 2006, <http://iis-db.stanford.edu/pubs/21152/Silitski_No_66.pdf>.

buffer, which regularly steals energy, hinders integration, mouths off at Russia and behaves as a sponger.

Anyone who even occasionally follows the remarks and actions of Lukashenko and especially his regular excesses against his main partner and ally – Russia – may be confused about how such a country as Russia and its 'macho' president Putin[31] remains patient and does not just kick Lukashenko to the side. This question becomes especially interesting in light of Belarus's total economic and political dependency on Russia's oil, gas, and political support. And really – why does Russia continue to support Lukashenko's rule; his arrogant, sometimes even unexplainable, behaviour and statements? As one observer has noticed, in politics Belarus remains, perhaps, the only absolutely independent European country, whose policy is based exclusively on national interests (which are synonymous for the interests of the president of Belarus).[32] How can Lukashenko remain independent while being so dependent?

One possible answer to this question is related to internal Russian political dynamics. From a purely economic point of view, Russia is interested in gaining control of the most valuable assets in Belarus – pipelines, energy systems, oil refineries, military-industrial complexes and some of the most profitable companies. Knowing that control of assets increases the relative power of its owners, it is also possible to make an assumption that there could be competition among different factions inside Russia regarding the control of Belarus. From Lukashenko's perspective it also means an opportunity for playing different Russian actors off against each other and gaining some advantages. To understand what is this all about we have to know, at least in general, the history of Lukashenko's relations with Russia's domestic power centres.

5. Russia divided

Back in the 1990s T. Graham suggested that "various economic structures struggled for access to the president and thus to state resources in order to engineer a political stability that would ensure their hold on power and the country's financial

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31 "Putin's macho image", <http://www.reuters.com/news/pictures/slideshow?articleId=USRTR2UVJN#a=14>.

32 Лукьянов Ф., "Конец суверена" ['The End of the Sovereign'], Russia in Global Affairs, May 19, 2011, <http://www.globalaffairs.ru/redcol/Konetc-suverena-15204>.

resources".[33] It is also well known that attempts of privatisation in the beginning of nineties in Russia created what have been called oligarchic structures and different clans who were fighting for resources in order to increase their personal wealth and political influence.[34] President Yeltsin had to rely on oligarchs' support during his rule, as he had to fight permanent opposition from the State Duma. The informal system of political control formed in Russia was based on a very close intertwining of business, political and security structures. Formal mechanisms of power existed mainly as a facade and the real political and economic processes were mostly hidden from publicity and made within the small circles of the political elite. The elite hasn't been monolithic either, since influential players with different backgrounds, identities and understandings of the rules of the game competed with each other. Authors distinguish various groups of influence whose interests had to be taken into account by the formal political leadership of Russia. For example, T. Graham identified at least four competing groupings during Yeltsin's presidency.[35] There was the *Chernomyrdin coalition*, built around government bureaucracies outside the economic-policy bloc and financial-industrial groups, such as Gazprom and Lukoil. There was also the *Luzhkov coalition,* or *Moscow Group*, built around the Moscow mayoralty's control of key political processes and economic assets within the city of Moscow. The *Korzhakov/Soskovets coalition* was built around the metallurgical sector (especially aluminium), arms exports, and the presidential security apparatus. Finally, the loose *Chubays/Berezovsky coalition* was centred on the macro-economic policy bloc in the government and the new moneyed financial-industrial groups, which controlled most key national media. In addition, there were separate regional leaders of Russian federal subjects who enjoyed great freedom during the almost anarchical Yeltsin's presidency. At the beginning of Yeltsin's second term the so called *Family* had been formed, which included Yeltsin's daughter Tatiana Diatchenko, her husband and the head of Yeltsin's administration Valentin Yumashev, and oligarchs Boris Berezovski and Roman Abramovich. The Family was competing for control and power with a Saint Petersburg group of 'young reformers', who included Anatoly Chubais, Boris Nemtsov, Vladimir Potanin, and also had to balance a third player – the Moscow Group.

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[33] Quoted in Sakwa (note 6) p. 90

[34] See Kotz D.M., Weir F., *Russia's path from Gorbachev to Putin: the demise of the Soviet system and the new Russia* London, New York: Routledge, 2007.

[35] Graham T., "From Oligarchy to Oligarchy: The Structure of Russia's Ruling Elite", *Demokratizatsiya*, Number 3, Summer 1999, <http://www2.gwu.edu/~ieresgwu/assets/docs/demokratizatsiya%20archive/07-3_Graham.pdf>.

Permanent competition in an environment of anarchy (the state wasn't able to guarantee observance of the law; different groups even had their own military and security units) made national or state interests only secondary to those of the factions. State and political power became the instrument of enrichment. Formal political institutions did not serve their intended functions and existed mainly as a window-dressing for the informal system. Russia became a 'dual state'[36] with two parallel systems, formal and informal, functioning at the same time; the latter system was dominant and the former served mainly as a 'democratic facade'. Access of the elite factions to resources became the main engine of political processes. Public interest and the state's effectiveness were given only secondary and merely instrumental importance (though they were still required to legitimise the existence of the system). Factions, not political parties or government agencies, were the main players in the political field. And they played according to very traditional *realpolitik* rules of the game – either you defeat the opponent or you are defeated yourself. In such a system all competing factions were interested in gaining more power and resources than the others to promote their own interests and secure survival. Respectively, everyone sought to prevent the emergence of one dominant group. An illustrative example is the previously mentioned alliance between the Family and the Saint Petersburg group, which were forced to unite against the growing influence of Yury Luzhkov and Yevgeny Primakov's Moscow Group.[37] Such configuration of power relations created opportunities for smaller or external players to promote their interests as long as their support could be used to increase the power of any of the groups. As will be shown later, Lukashenko successfully found his niche in this internal fighting within the Russian elite and managed to capitalise on significant support by allying himself with the Moscow Group.

Under Putin's presidency the composition of the factions and some of the informal rules of the game changed slightly. Clearly understanding that the continued exploitation of the state resources by factions is devastating to Russia as a state, its international status, and power, Putin initiated the re-centralisation of control in the hands of the president. The combination of high oil and gas prices, Putin's connections within 'power structures' (*силовые структуры*), and personal charm made him the saviour of ailing Russia. He managed to rebalance the influence of competing factions by shattering most of the old clans, pulling

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[36] Sakwa (see note 6).

[37] Ивашкевич С., "Как Лукашенко стал белорусским и не стал российским президентом" ['How Lukashenko became President of Belarus and not the President of Russia'], <http://naviny.by/rubrics/politic/2012/10/23/ic_articles_112_179662/>.

those he trusted and those who were the most useful and placing them in his own circle of trust and power. The power balance between the old oligarchs and the new faction of '*siloviki*' (people from power structures – KGB, Ministry of Interior, intelligence) had been changed in favour of the latter by redistributing (renationalising) the assets that had belonged to the oligarchs to the people who were close and loyal to Putin – and the so-called *silovarchs* were created.[38] According to Richard Sakwa, notwithstanding the fact that Putin was brought into the Kremlin as a representative of the Family, he quickly escaped from their control and succeeded in guaranteeing himself the role of the main arbiter of the game.[39] Putin's main achievement was the stabilisation of the informal system and the introduction of some agreed rules, which all factions had to follow.[40] Some new powerful players emerged in Russia under Putin, too. Instead of the Family, oligarchs and many other smaller factions, three new groups took the dominant positions – Liberals, technocrats and *siloviki*. Among those three, Liberals and technocrats formed an alliance to balance the growing influence of the *siloviki.*[41] From Lukashenko's perspective, the emergence of new players and the diminished influence of his former supporters required new approaches and new partners in order for him to retain the balance of power between Russia and Belarus.

However, after the 2012 presidential elections, which brought Putin back to the position of President, new reshuffles in the informal balance of power became visible. They had appeared even earlier – in 2010 the then 'puppet president' Dmitry Medvedev managed to increase the influence of the liberals and technocrats. The changing economic situation, weakened positions of Russia's energy giant Gazprom and other factors contributed to a gradual unbalance of power relations and provoked the new phase of restructuring the elite. As Yevgeny Minchenko and Kirill Petrov suggest, the ruling elite attempted to secure its stability by redistributing power and property through a new stage of privatisation, use of budgetary resources and preferences by government agencies in order to develop profitable business and create new rents.[42] The *siloviki* and Liberals were in almost

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38 Treisman D., *Putin's Silovarchs*, *Orbis*, Volume 51, Number 1, Winter 2007, pp. 141-153.

39 Sakwa (note 6) p.199.

40 The best known example is the agreement between Putin and the oligarchs in 2002. Putin offered a deal: the Kremlin would not revisit the privatisation results (which were very non-transparent) if the oligarchs stayed out of politics. Khodorkovsky, Brezovsky and Gusinsky, who did not obey this rule, were forced out of Russian politics.

41 Sakwa (note 6) p. 117.

42 Minchenko Y., Petrov K., Vladimir Putin's Big Government and the Politburo 2.0, <http://minchenko.ru/netcat_files/File/Big%20Government%20and%20the%20Politburo%202_0.pdf>.

direct competition and Belarus (especially its valuable assets) became the target for both groups, though with different possible consequences for the stability of Lukashenko's regime.

To make a long story short, the Yeltsin era in Russia saw the rise of many informal groups, which were fighting for influence, power and resources. The situation hasn't changed substantially in the eras of Putin and Medvedev. Though Putin has usually been associated with the introduction of strict "vertical power" and control over predatory oligarchs, in reality Russian politics was rooted not in a rigid hierarchy but in a fluid conglomerate of key players, informal clans, and groups competing with one another for resources and influence. During his first term Putin managed to establish some stability and cohabitation of competing groups by distributing assets and not allowing one group to become significantly stronger than the others. Nevertheless, the internal balance and stability was shaken by the global financial crisis and the need to sustain the regime's legitimacy in the eyes of the world – Putin had to find the solution to the so-called "succession problem" in 2008. Despite the relatively smooth castling of posts with Medvedev, an internal rebalancing of power took place and new equilibrium had to be found. In the face of economic decline it was a challenge. Informal tensions and competition for resources continued[43] and became more and more visible publicly.[44] Looming changes in world's energy market (shale gas, LNG and renewables) also required Russia to adapt and contributed to increased tensions and intensified battles among the different groups.[45] What is important is that these internal jostles also contributed to intensified Russian attempts to compel Lukashenko to implement privatisation and other promises he had made to Russia.[46]

The next chapter is devoted precisely to a more detailed analysis of how the internal balance of power in Russia affects Lukashenko's position.

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[43] Whitmore B., *The Return Of The Clans*, *Radio Free Europe Radio Liberty*, March 14, 2012, <http://www.rferl.org/content/the_kremlin_clans_are_back/24515865.html>.

[44] "Игорь Сечин vs. Дмитрий Медведев в комиксе «Короли скважины»" ['Igor Sechin vs. Dmitryi Medvedev in cartoons 'Kings of Boreholes"], <http://m.forbes.ru/article.php?id=233737>.

[45] Kazantsev A., "The Crisis of Gazprom as the Crisis of Russia's "Energy Super-state" Policy towards Europe and the Former Soviet Union", *Caucasian Review of International Affairs*, Volume 4, Number 3, Summer 2010, <http://www.cria-online.org/Journal/12/Done_The_crisis_of_Gazprom_as_the_crisis_of_Russias_energy%20super-state_policy_towards_Europe_and_former_Soviet.pdf>.

[46] "Беларусь в эпицентре войны российских кланов" ['Belarus in the epicentre of the war among Russian clans'], <http://charter97.org/ru/news/2012/8/13/56729>.

6. The not-so-visible side of the relations between Russia and Belarus

Let's have a brief historical overview of Russia's relations with Belarus and its internal situation.

6.1. Lukashenko and Russia under Yeltsin

The first presidential elections in Belarus took place back in 1994 with four relevant candidates competing. These were Prime Minister Vyacheslav Kebich (the strong favourite, preliminarily supported by Moscow); chair of the Gorodec collective farm Lukashenko; first head of the independent state of Belarus Stavislav Shushkevich; and nationalist politician Zyanon Paznyak. Being relatively unknown at that time Lukashenko managed to win support by using his populist rhetoric, the card of anti-corruption, and threatening Russia that nationalist (i.e. anti-Russian) Paznyak could beat Kebich in the second round of voting.[47] Lukashenko got the support of the Russian Duma (which was in a conflict with Yeltsin's administration and his government) and persuaded Russians that both candidates supported by Moscow (Kebich and himself) should go through to the second round.

Playing on the nostalgia of some politicians and society in Russia regarding the re-unification of Russia and Belarus, Lukashenko got into close contact with some of the conservative groups in Russia and secured their support (financial and political) for his rule in Belarus. Among his supporters in Russia were communists, representatives of the military, certain state officials and broad layers of ordinary Russians who were nostalgic about the Soviet Union.[48] Particularly important were Lukashenko's ties with the influential at that time Moscow Group under the leadership of Moscow's mayor, Luzhkov, and future prime minister Primakov.[49]

A specific element of Lukashenko's strategy was his loud rhetoric of reintegration between Russia and Belarus[50], which was strongly supported by some forces inside

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47 Ивашкевич (see note 37).

48 Plaschinsky G., "The Belarus Regime's Lobbyists in Russia", <http://belarusdigest.com/story/belarus-regime%E2%80%99s-lobbyists-russia-6847>.

49 Ивашкевич (see note 37).

50 Drakokhrust Y., Furman D., *Belarus and Russia: Virtual Integration* in Balmaceda M.M., Clem J. I., Tarlow L.L. (eds.) *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*, 2002, Harvard University Press, p. 234.

Russia and President Yeltsin himself.[51] It is well documented that Lukashenko used this rhetoric and made steps towards the creation of the Union State with a goal of becoming a President (or at least vice-president) of this new confederation.[52]

Lukashenko's support for reintegration also created tensions in Russian political circles. Unification with the developing autocratic Belarus wasn't part of the plans of Russia's liberals (westernisers), who saw the integration as a threat to improving Russia's relations with the West.[53] The strongest opponents of reunification in Russia included the 'Piter (Saint Petersburg) clan' (or 'young reformers', according to Sakwa) with Chubais and Nemtsov in the lead. Their position was to incorporate Belarus, not to unite with it on equal terms. At the same time Yeltsin used the reunification card as his election slogan in the presidential election in 1996, which meant that Lukashenko and Belarus became an important element in the Family's play for power in the Russian political scene.

Such a brief overview reveals one interesting element about Lukashenko's relations with Russia, and especially about Russian support for Lukashenko during Yeltsin's presidency. Yeltsin, his presidential administration and supporters (Family) were in a permanent fight for power with the Russian Duma (communists and nationalists). In this fight Belarus and Lukashenko served as a useful tool for Yeltsin to soften the pressure from the Left. With the support of Lukashenko, the idea of Russian-Belarusian reunification diverted some criticism and pressure and strengthened Yeltsin's popularity internally. Later Lukashenko gained new supporters in Russia – the group led by Luzhkov and Primakov. The Moscow Group was competing for influence with the Family and Saint Petersburg groups and needed a charismatic person to be their face in society and saw Lukashenko as a possible candidate (Lukashenko used to be very popular even in Russia at the time) for the post of the leader of a Russia-Belarus unified state.[54] Therefore, Lukashenko successfully used Russia's internal power (un)balances to advance his positions both in Belarus and Russia. His flirtation with Russia's regional leaders also allowed him to strengthen his own position. To put it briefly, Lukashenko's (selective) involvement in Russia's internal politics by aligning with some groups gave him leverage to (a) increase his own popularity, and (b) accumulate support for his position in Belarus. This support was also solidified by Lukashenko's offers

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51 Observers conclude that B.Yeltsin suffered the "Belovezh complex" – feeling of a guilt and responsibility for the collapse of the USSR.

52 Drakokhrust, Furman (see note 50) pp. 244-245.

53 *Ibid*., p. 235.

54 Ивашкевич (see note 37).

to Russian counterparts in privatising certain Belarusian assets.[55] On Russia's side the tendency also became clear – Belarus (and Lukashenko) could be used as additional instruments (a) to strengthen internal positions in competition with other groupings, and (b) to make profit and increase personal wealth by exchanging support to Lukashenko with assets in Belarus.

6.2. Lukashenko and Russia under Putin

An important element of Putin's foreign policy was the turn towards pragmatism. As Antje Kästner indicates, in Putin's first term Russian relations with post-soviet republics were increasingly dominated by the economic interests of the oil and gas sector. To consolidate Russia's position in the global energy market, the Russian leadership installed a more pragmatic bilateral approach, trading subsidies for economic concessions.[56] The second important element of Putin's rule was the centralisation and stabilisation of the political system and the introduction of very strict (both formal and informal) rules that created some balance of power between the competing factions (*siloviki*, liberal-technocrats, oligarchs and statists) and made Putin the 'faction manager'.[57]

This was important for Russian-Belarusian relations because the romantic Yeltsin's policy of re-integration ended and the much more materialistic and pragmatic approach became dominant. Putin's efforts to build 'vertical power' reduced the influence of regional leaders and oligarchs and decreased Lukashenko's possibilities for manipulating internal tensions in Russia for his own gain. Lukashenko was no longer allowed to travel freely to Russian regions[58], which also contributed to his reduced capability to generate support. Finally, Putin's image, popularity and demonstrated strength decreased the popularity Lukashenko

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[55] According to A.Wilson, Russian 'mediation' in the face of V. Chernomyrdin and G. Seleznev during the 1996 impeachment and referendum crisis in Belarus was crucial in strengthening Lukashenko's rule. In exchange, Russian companies (B. Berezovsky) got control of Belarus's Metallurgical Factory and Lukashenko also agreed to remove all remaining nuclear weapons from Belarus (which was in the interest of Russia). See Wilson A. *Belarus: the Last European Dictatorship*, Yale University Press, 2011, p. 182.

[56] Kästner A., *From chaos to pragmatism? The domestic dimension of Russian foreign policy 1991–2008*, *German Development Institute, Discussion Paper*, 19/2008, <http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_contentByKey)/ANES-7JKGJ8/$FILE/DP%2019.2008.pdf>.

[57] Sakwa (see note 6) p.132-133.

[58] Sanikov A., "Russia's Varied Roles in Belarus" in Balmaceda M.M., Clem J. I., Tarlow L. L., eds., *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*, 2002, Harvard University Press, p.231.

enjoyed during the last years of the ill and weak Yeltsin. One of the strongest of Lukashenko's supporters in Russia – Boris Berezovsky – lost Putin's confidence and became less useful for the President of Belarus. Moscow's mayor, Luzhkov, and his wife, Yelena Baturina, also lost significant influence after Putin's federal reforms (though more significantly only in the second term of Putin's presidency). As evidence of the weakened position of Lukashenko in Russia the first 'energy wars' began in 2002 (and became almost regular afterwards – in 2004, 2007, and 2010). It was also under Putin's rule that talks about Russian-supported anti-Lukashenko politicians inside Belarus became regular.[59]

Having lost much of the earlier opportunities to use internal tensions and weakened nostalgia for the USSR in Russia, Lukashenko had to readjust his tactics. His response was tightened authoritarianism and increased control of all and everything around him. Though it prevented internal instability in Belarus, it also alienated Lukashenko from the West and, consequently, made him even more dependent on Russia – both politically and economically. Lukashenko continued to rely on his old (though not so influential any more) ties with Luzhkov and the Russian communists, but this was only enough to prevent consolidation of unified anti-Lukashenko thinking in Russia.

One additional leverage Lukashenko had at his disposal, even during the Putin's rule, was his relationship with the military-industrial complex of the Russian Federation and his ability to act as a dealer in the arms trade. According to Andrew Wilson, Belarus developed a niche market in servicing old Soviet weaponry.[60] This is confirmed by the Institute for Security & Development Policy analysis, which concludes that "several factors determine the rise of Belarus as an arms exporter: a significant stock of arms that was left in Belarus after the dissolution of the Soviet Union, the criminal and corrupt nature of the political regime in Belarus, close relations with rogue regimes, and the military, political and economic alliance with Russia, and Belarusian international isolation".[61] Since Belarus is not a member of the Missile Technology Control Regime or the Nuclear Suppliers Group, Russia is able to use Minsk as an outlet for the export of Russian arms and technologies. Such a position increases Belarus's importance for Russia and especially for those factions that have a military-industrial complex as their financial and power base. Such a faction in Russia is, first of all, the *siloviki* and its leaders – Igor Sechin and Sergey Chemezov.

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59 Wilson (see note 55) p. 200-201.

60 *Ibid*., p. 187.

61 Kegö W., Molcean A Nizhnikau G., "Belarus arms Trade", The Institute for Security & Development Policy, *Policy Brief*, Number 60, March 14, 2011, http://www.humansecuritygateway.com/documents/ISDP_BelarusArmsTrade.pdf.

Wilson claims that Sechin is one of the main beneficiaries in Russia from the illegal (shadow) arms trade of Belarus.[62] Hence, Russian arms-traders are interested in stability (the status quo) of political situation in Belarus, because they benefit from informal cooperation with Lukashenko. It is also in their interest not to shake the foundations of his rule because there would be no guarantee for the continuation of very beneficial trade after Lukashenko is gone or his position is significantly weakened. Lukashenko's well-known relations with many of the world's rogue states (Syria, Venezuela, Iran and Libya) also serve as a good foundation for the further development of Russian-Belarusian cooperation in arms trade. Cooperation with Belarus in this respect is also useful for Russia because it enables Russia to avoid Western criticism, which would be inevitable if Russia traded with those countries directly.

The wave of 'colour revolutions' has also contributed to the relative self-restraint of Russia in its actions towards Minsk. Though this factor is not directly related to the internal situation (balance of power) in Russia, it was very important for Russia's geopolitical considerations. As D. Trenin notes, after the colour revolutions in Georgia and Ukraine, the Kremlin branded them as a Western ploy to install pro-American regimes on Russia's periphery and then to engineer a regime change in Russia itself.[63] In other words they were perceived in Moscow as a Western attempt to weaken Russia's positions in the "near abroad". Consequently, Russia constrained itself from pushing too hard on Lukashenko in order to avoid one more revolution in its closest neighbourhood.

Finally, Lukashenko successfully used Belarus's geopolitical position between Europe and Russia by making positive signals about a possible 'opening' to the West. The years 2007 and 2008 saw a thaw in Belarus-European relations and Lukashenko instrumentally used it to threaten Russia with a possibility of his "westwards turn".

A summary of the Belarus-Russian relations during Putin's presidency is as follows.

Firstly, Lukashenko lost important elements of his influence in Russia. Putin's internal reforms created a much more stable and more predictable situation, which significantly differed from the anarchical war of all against all during Yeltsin's presidency. This deprived Lukashenko of the opportunity to play the role of a 'balancer' in Russia's internal fighting. Factions that supported Lukashenko started to lose influence (communists, Moscow's mayor Luzhkov and oligarch Berezovskyi).

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62 Wilson (see note 55) p.189.

63 Trenin D., "Reading Russia Right", Carnegie Moscow Centre, *Policy Brief*, Special edition, Number 42, October 2005, http://carnegieendowment.org/files/pb42.trenin.FINAL.pdf.

Others, while retaining their importance (*siloviki*) were restricted by the need to maintain the internal balance and had no big incentives to fight on Lukashenko's side. Support of and for Belarus lost its weight in Putin's Russia.

Secondly, the need to retain close and strategic cooperation between Russia and Belarus gained a very pragmatic character under Putin. Hence, Lukashenko was also denied the opportunity to play the card of nostalgia for the USSR, which was important under Yeltsin's rule. Increased Russian pragmatism implied much more rational calculations on Russian side, which resulted in a decrease in unconditional financial, political and moral support for the Belarusian leader.

In such a situation Lukashenko's room for manoeuvre shrank significantly and his dependence on Russia's backing strongly increased. Geopolitics and some external tendencies have allowed him to keep his sovereignty and independence, but this has become more and more 'virtual'.

6.3. Lukashenko and Russia under tandem rule

It has already been mentioned that the 2008 presidential elections in Russia were a challenge not only for Russia but also for Belarus. Representative of the Liberals (Saint Petersburg technocrat) Medvedev became the President of Russia and Lukashenko faced a new wave of pressure from Moscow. During Putin's second term Russia had already recalibrated the price of its support for Minsk. It has not ended the subsidies, but it made its financial and other support more conditional. At the same time, the shifts in the internal power balance in Russia made Lukashenko's old ties with *siloviki* Sergei Ivanov and Sechin less efficient and sometimes even dangerous under the new Putin-Medvedev tandem.[64] The increased influence of Medvedev's faction (which historically grew from the old liberal group, Chubais) was a bad sign for Lukashenko, who usually relied on the more conservative elements of Russia's elite.[65] Trust in Lukashenko's devotion to a strategic partnership between Russia and Belarus also diminished after Medvedev

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[64] Wilson A., "Belarus's Post-Georgia Elections: A New Paradigm or the Same Old Balancing Act?", Heinrich Boll Stiftung, October 2008, <http://www.boell.de/downloads/Belarus_post_Georgia_Elections_A.Wilson.pdf>.

[65] There are even arguments that the 'Piter clan' disrupted the signing of the agreement on the Union State of Russia and Belarus in 1997, which envisaged the establishment of the post of common President that Lukashenko sought to occupy. See Ивашкевич С., "Кого поддержит Москва на выборах в Беларуси в 2015 году?" ['Who will be supported by Russia in the 2015 Belarus election?'], < http://naviny.by/rubrics/politic/2012/11/06/ic_articles_112_179812/print/>.

publicly accused Lukashenko of failing to deliver on his pledges to recognise Abkhazia and South Ossetia.[66]

At the beginning of 2010 the dissatisfaction of all Russia's influential factions with Lukashenko became clear. The *Siloviki* railed against what they saw as openended subsidies for little return.[67] Gazprom (liberal-technocrats) saw no sense in subsidising Belarus in a time of economic crisis. The forthcoming presidential elections in Belarus served as useful instrument for Russia to increase pressure on Lukashenko and to make him pay the bills. The summer of 2010 was especially hard. In June the gas price for Belarus started to increase; in July the 'Godfather' (*Крестный Батька*) series (which depicted Lukashenko as a criminal) were released on Russian NTV (controlled by Gazprom).[68] Lukashenko was forced to sign the Customs Code of the Customs Union, which moved forward the creation of an even closer economic and political integration of Russia, Belarus, and Kazakhstan. The idea of the Union state of Russia and Belarus completely lost its importance and was replaced by the vision of the Customs and Eurasian Union, which left no space for a specific role for Lukashenko.

Lukashenko also had to promise a large-scale privatisation of Belarus's assets to Russian companies – the step he usually tried to avoid due to the fear of losing sovereignty.

At the end of the day, the brutal crackdown of opposition in the aftermath of the presidential elections in December 2010 once again decreased Lukashenko's freedom to manoeuvre. The West denounced Lukashenko's actions (and later increased his personal travelling and financial sanctions), pushing Belarus even further into Moscow's arms.

The disappointment of all the main players in Russia with Lukashenko's unfulfilled promises, his non-recognition of South Ossetia and Abkhazia, and his hindering of the integration in the Customs Union gradually deprived Lukashenko of most of the instruments at his disposal to influence Moscow. His attempts to find a way out of the situation by developing alternative economic relationships with China and Venezuela, by cheating and stealing from Russia (the 'solvents scandal')[69], though it may have been done with the silent support of some Russian oil companies, also seemed to be counterproductive.

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66 Blagov S., "Russian Checkmate in Abkhazia, S Ossetia", *ISN Security Watch*, 20 August 2010, <http://www.isn.ethz.ch/isn/Digital-Library/Articles/Detail//?lng=en&id=120406>.

67 Wilson (see note 55) p. 230.

68 *Ibid*., p. 230.

69 Firsava (see note 28)

In 2010–2011 the economic, political and personal pressure on Belarus from Moscow reached its peak. Among other reasons for such tightening of the screws, the internal situation in Russia was of specific importance. Medvedev and his supporters had never felt much benevolence towards Lukashenko. Having increased their status, liberals wanted to maintain it by weakening the resource base and power of the other most influential group – the siloviki. The fact that the siloviki were much friendlier to Lukashenko than the liberals leads to a logical conclusion that Belarus also became a bone of contention in the competition between two factions of the Russian elite. The increasing dependence of Lukashenko on Russia and the more intense competition among the Russian factions implied that the parcelling out of Belarus would continue almost without any relevant participation of Lukashenko himself. Having the geopolitical status of Belarus as the only argument left in his hands, Lukashenko felt himself to be in a situation where he was gradually becoming a passive observer of his country's redistribution and his sovereignty's decline. The increasing role of the Liberals in Russia seemed to have turned Lukashenko into the administrator of a formally independent country, which was actually soon to become the 84th Federal Subject of the Russian Federation.

However, Lukashenko managed to survive once again. Despite gloomy perspectives (which had been in the air since the beginning of this century but still have not come true) some optimism for Lukashenko was renewed before and after the parliamentary and presidential elections in Russia (at the end of 2011 and in March 2012). Having formally accepted most of Russia's conditions regarding the creation of the Customs Union, Lukashenko took advantage of the forthcoming elections and openly supported Putin's candidacy. Such support and demonstrated loyalty bore some fruits – Russian subsidies and political support were restored.[70] Lukashenko also attempted to renew Belarus's lobby in the Russian regions and among the Russian political elite.[71] Therefore, the activation of competition between Medvedev (and his vice-prime minister Arkady Dvorkovich) with Sechin for the control of Russia's energy sector[72], has created a new niche for Lukashenko because Putin has to balance the influence of both the competing factions.

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70 *Белорусский внешнеполитический индекс №6, Январь-Февраль 2012.* [*Belarus Foreign Policy Index. January-February 2012]*, Belarusian Institute for Strategic Studies, <http://belinstitute.eu/images/doc-pdf/mm6-ru.pdf>.

71 *Белорусский внешнеполитический индекс №8, Май-Июнь 2012 [Belarus Foreign Policy Index. May-June 2012]*, Belarusian Institute for Strategic Studies, <http://belinstitute.eu/images/doc-pdf/bfpi8.html>.

72 (note 44)
Also see Mehdi A., Yenikeyeff S., "Governors, Oligarchs, and Siloviki: Oil and Power in Russia",

Companies for privatisation in Belarus

- Creation of the joint venture Rosbelavto on the basis of Russian Kamaz and Belarusian MAZ. It is being put forward that initially the joint venture will be formed based on parity but as KAMAZ is more expensive than MAZ, Rostechnologii will purchase 25% of the shares of Rosbelavto. As a result, State Corporation's share in the holding will grow to 75% and it will receive a control over MAZ.
- Roskosmos is interested in gaining a controlling block of shares in Belarus's defence industry flagship, Pelenga.
- Two oil refineries – Naftan in Novapolotsk and Mozyr – are in the sight of Rosneft (Sechin) and Lukoil (Liberals). Rosneft and Gazpromneft already hold 42.5% of shares in Mozyr.
- Mobile operator MTS Belarus – Belarus's government was trying to sell 51% of the company's shares in 2011 and 2012 but the price was much higher than the value of the assets.
- Belaruskali – the most valuable among Belarus's assets. In Russia Uralkali (controlled by Medvedev's supporter Suleiman Kerimov) is interested in gaining control of the company. If such a deal happens, Uralkali would become the largest potash fertilizer company in the world. This would significantly increase its influence internally. According to the media, Sechin is against the take-over of Belaruskali by Uralkali.
- Grodno-Azot (the largest gas consumer in Belarus), Belshina (producer of tyres), and Mogilevchimnvolokno (producer of chemical fibres).

Of course, the return of Putin was not a warrant of stability in itself. The increased influence of Medvedev's faction during his presidency, as well as the willingness of his main opponent – the Sechin group – to retain the balance, prompted the tendency of continued instability and redistribution of assets both inside Russia and externally (e.g. in Belarus). The most valuable assets in Belarus, over which the competition is going to continue (see the box below), are interesting for Medvedev's as well as Sechin's companions. The history of Lukashenko's relations with Russia's factions encourages belief that it will be the *siloviki* who will have Lukashenko's support if Belarus runs out of arguments against the

Russia.NEI.Visions, Number 68, February 2013, <http://www.ifri.org/?page=contribution-detail&-id=7521>.

privatisation. In the situation where Lukashenko is in desperate need of money and influential lobby of his policy in Moscow, the sale of Belarus's assets is more likely to companies from the *siloviki* flank (for example, the Naftan oil refinery could be sold to Rosneft, controlled by Sechin, rather than to pro-liberal Lukoil).[73]

Illustrative of how Lukashenko may use the internal fighting in Russia for his own sake is an investigation into the privatisation case of Belaruskali. The main candidate to privatise Belaruskali in Russia in last two years has been Uralkali, controlled by Medvedev's protégé Suleiman Kerimov. According to the media, Karimov is a well known raider and reseller. His goal is not to run the company but to resell it at the highest possible price.[74] The acquisition of Belaruskali by Uralkali would perfectly serve the Kerimov's goal of a price increase. Therefore it is logical that Medvedev is in favour of early privatisation while Sechin is naturally against it. Up to now Lukashenko has managed to keep Belaruskali in his own hands, which seems to be due to Putin's balancing policies. Considering that one of the most important of Putin's goals after his comeback to the position of President is maintaining the role of a powerful arbiter and moderator with the last word in conflict situations[75], it seems that the necessity of balancing Sechin's and Medvedev's ambitions serves Lukashenko's interests. This also means that if the struggle for resources between Liberals and *siloviki* continues[76], Lukashenko once again could have the opportunity to find a lifeline for his survival.

In summary, Medvedev's presidency was like a nightmare for Lukashenko. In a few years he was stuffed into the corner by unfriendly liberals in power in Russian. He had to accept all Russia's conditions on the creation of single economic space in the Customs Union of Russia, Belarus and Kazakhstan. He faced increasing pressure for privatisation, and external financing of his economy became more and more conditional. The only light at the end of Lukashenko's tunnel is the endless (and currently intensified) rivalry of the *siloviki* and liberal factions in Russia. The unwillingness of the *siloviki* to give up Belarus's assets to Liberals' control, Putin's need to keep both factions balanced and the remaining geopolitical and geostrategic importance of Belarus's territory allows Lukashenko to keep his head

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73 Лавникевич Д., Топалов А., Матвеева А., "Лукашенко сдает «Нафтан»" ['Lukashenko gives up 'Naftan'"], <http://www.gazeta.ru/business/2013/03/23/5113993.shtml>.

74 Ивашкевич С., "Лукашенко «прокинул» Медведева с «Беларускалием» с разрешения Путина?" ['Lukashenko rejects Medvedev with Putin's support?'], <http://naviny.by/rubrics/economic/2012/08/14/ic_articles_113_178831/print/>.

75 Minchenko, P. (see note 42).

76 Belton C., Clover Ch., "Putin's people", *Financial Times,* <http://www.ft.com/intl/cms/s/0/8d0ed5ce-aa64-11e1-899d-00144feabdc0.html#axzz2TfwlckTl>.

above the water. How long he will be able to continue such flotation depends mainly on factors Lukashenko cannot influence directly and significantly.

Conclusions

It seems that the sincere love towards Belarus under Yeltsin's presidency in Russia has totally evaporated. Neither Putin, nor Medvedev have feelings other than pragmatism and power calculation towards A. Lukashenko and his country.

It also seems that Belarus is slowly losing its opportunities to make independent moves in the face of the irresistible growth of Russia's influence. Lukashenko slowly but safely has put himself in a corner with only one exit – Russia. Particularly in the last three years, Lukashenko has lost his strongest instruments in Moscow and now has to accept almost everything the Kremlin is imposing on him.

Good news for Lukashenko remains the fact that Medvedev and Putin don't have a true love for each other either. They tolerate each other, but nothing more. Putin, Medvedev, Sechin, Vyacheslav Volodin, Ivanov, Chemezov and others – leaders of competing factions and groups for power in Russia – also share this feature. The tradition and influence of informal institutions and methods of competition are deeply rooted in Russian mentality and remain important even in the twenty-first century. This informal layer of Russian politics is very important for the President of Belarus knowing that economically, energetically and financially he is in Moscow's pocket.

The brief historical overview also shows that Belarus has always been an important (but never crucial) element of infighting among Russian factions. By making contact with separate groups of power, by providing economic benefits to their members, and by playing on their identity and nostalgia Lukashenko for many years managed to strengthen his position not only as a geopolitical necessity for Russia but also as a player in Russia's domestic power games.

Lukashenko usually collaborated with conservative groups, who shared the ideas of strong state, neo-imperialism and pan-slavism. This was the Moscow Group under Yeltsin and the *siloviki* to the present day. Lukashenko also never felt sympathy towards liberals in Russia. Neither Chubais, nor Medvedev were pleased with Lukashenko either. It is difficult to elaborate on the attitude to Belarus and Lukashenko of Putin himself, but the fact that his role in Russia is more of arbiter than of a representative of one of the groups indicates that his perception of Belarus and Lukashenko is mostly instrumental. Belarus is important as a supporter of post-soviet integration (the Customs Union and Eurasian Union). Belarus is

also important as a military and strategic buffer against the West. Lukashenko himself is useful only as long as he does not create too many obstacles for the implementation of Russian goals and does not allow Belarus to capitulate with the West's temptations or intimidations.

Finally – and most importantly – the Russian domestic balance of power needs perpetual attention and support. Both *siloviki* and the Liberals, as well as different tycoons, are always looking for opportunities to increase their absolute and relative weight. The need to maintain internal stability is a challenge for Russia's president Putin. He is well aware that an increased role of the *siloviki* would be devastating for Russia's economy because this group is conservative, strongly anti-innovative and has a Cold War perception of Russia's relations with the West. Putin is also well aware that Russia needs at least gradual modernisation of its economic, political and social systems. The problem is that any step towards changing the current 'sovereign democracy' political regime is also a step towards instability among the different players in Russia. Finally, Putin knows that giving free rein to the Liberals is not possible either because of their dangerous desire to experiment with the state's role.

Lukashenko (with differing success) has always tried to take advantage of this peculiarity of the Russian system. Playing his geopolitical card, providing space for illegal economic and financial operations (arms trade, scheming of oil exports) Lukashenko managed to attract the support of specific Russian factions and to retain his political status.

How long will he be able to continue such manoeuvring? It seems that the answer is hidden in Moscow and depends first of all on the situation in Russia. After the last presidential elections in 2012 the internal balance in Russia was shaken and opportunities for the President of Belarus increased. Following closely the continued competition between Sechin and Dvorkovich on the control of Russia's energy sector may be useful in answering the raised question. If the *siloviki* gain the upper hand, Lukashenko can expect a stronger backing; if the Liberals do, his situation may become more unstable. It is possible that if the creation of the Eurasian Union goes smoothly, Lukashenko will get a chance to survive until the next presidential elections in Belarus in 2015. Since Lukashenko controls everything in Belarus, for Russia it is much easier to have him as the only partner. His removal would mean uncertainty and an increased number of power centres in Minsk and would require much more effort and investment from Russia to achieve its goal. Ugly, but lonely Lukashenko is a preference in the Kremlin to other – not so predictable and lonely – options.

CREATION OF THE EURASIAN UNION AND ITS IMPLICATIONS FOR THE EUROPEAN NEIGHBOURHOOD POLICY

Laurynas Kasčiūnas, Dovilė Šukytė*

Abstract

This article is based on "The Eurasian Union: a Challenge for the European Union and Eastern Partnership Countries", a broader study carried out by experts from the Eastern Europe Studies Centre in 2012. The purpose of the study was to analyse the potential impact of the emerging Eurasian Union on the EU and the Eastern Partnership countries, and to provide recommendations for EU policy with respect to the Eurasian Union. This article provides a deeper look into the geopolitics of creating the Eurasian Union: the political and economic interests of both Russia, the leading member of the Eurasian Union, and the EU. It explains how the integration model of the Eurasian Union is challenging the EU's Eastern Partnership initiative, and raises the question of whether to recognise the Eurasian Union as a legitimate regional block.

Introduction

Following the dissolution of the Soviet Union (USSR), there have been various attempts over the past two decades by the Commonwealth of Independent States (CIS) to promote deeper economic integration. However all of these initiatives included clauses allowing member states to choose the depth of integration. This can be explained by the fact that for many countries, the motive behind the establishment of the CIS was not in fact a search for (re)integration, but rather a means to ensure conditions for the former members of the USSR to "part" in an orderly manner.

The CIS trade regime basically consisted of bilateral trade agreements periodically supplemented with exemptions. Meanwhile, multilateral agreements

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coordinated specific issues, such as unification of customs procedures and rules for determining the origin of goods. All of the multilateral agreements had to be ratified by national parliaments, and this was an additional safeguard for those countries that were apprehensive about deeper integration. As a result, the commitments of CIS members under these agreements were very limited.[1]

Failure to achieve deeper integration forced the architects of (re)integration of the post-Soviet space (whose driving force has always been Russia) to rely on the "multi-speed" formula, whereby countries that are willing or motivated in some way to do so form a core and integrate in a given policy sector. The practical manifestation of such an approach can be witnessed in the Collective Security Treaty Organisation (CSTO) and the Customs Union of Belarus, Kazakhstan and Russia (CU).

Unlike the free trade agreements that had previously existed in the CIS, the CU, which launched on 1 January 2010, is a qualitatively different and deeper stage of integration, as it introduced not only a free trade area, but also a common import taxation structure and a common external tariff, as well as the harmonisation of product quality, sanitary and other standards. On the other hand, the CU is still not the ultimate goal of integration: on 1 January 2012, at least formally, the members launched the Single Economic Space (SES), and the Eurasian Union (EAU) is foreseen to come into effect by 2015.

Obviously, the architects of the Eurasian Union intend to take five years to create what took almost 40 years in European integration. The question is whether this duplication is a facade, or whether it does, after all, contain mutually assured interests, including the goal to integrate.[2]

Along with the process of integration, the institutional architecture of the Eurasian Union has started to emerge. Its most important link is the supranational Eurasian Economic Commission (EEC). The Commission has the mandate of the member states in such areas as trade policy, customs, external tariffs and non-tariff barriers, trade protection instruments, and technical regulations. There are plans that in the long term (up to 2015), the EEC mandate may expand to the areas of energy policy, public procurement, sale of services, competition and investment. It should be noted that the EEC architects are learning from past mistakes and are

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1 "Kodėl Ukraina negali tapti ES nare?" ['Why is Ukraine Unable to Become an EU Member?'], Eastern Europe Studies Centre, Centre for Eastern Geopolitical Studies, *Analytic Review,* No 1 (1), 2009, <http://www.eesc.lt/uploads/news/id451/Analitine%20apzvalga%202009%20Nr%201.pdf>.

2 Hoffmann K., "Eurasian Union – a new name for an Old integration idea ", *Russian Analytical Digest,* No. 112, 20 April 2012, <http://www.css.ethz.ch/publications/pdfs/RAD-112.pdf>.

striving to create an institutional framework where decisions taken by supranational institutions would be legally binding for the participating states, and would be applied directly, without any additional internal legislation or ratification.[3]

Another important question is what kind of relations the EU should have with this supranational institution to which Russia, Belarus and Kazakhstan are assigning increasingly more power. What model should the relationship between the EU and the Eurasian Union (and the EEC representing it) be based on, given the EU negotiations with Russia for a new strategic agreement, and with Kazakhstan for an enhanced partnership and cooperation agreement? Should the Eurasian Union be recognised as a legitimate regional bloc? And what would the implications of such recognition be?

These problematic issues are related to the broader field of EU interests, and how the Eurasian Union could potentially impact them: for example, the EU's capacity to expand security and stability in its neighbourhood, the functionality of the EU's Eastern Partnership (EaP) initiative, which is meant to strengthen relations with partner countries through economic integration, and the EU's external trade policy, which focuses on the reduction of protectionist barriers in the international environment.

Analysis of the emerging Eurasian Union should provide an answer to the question of whether this is a project of natural regional economic integration (modelled on the EU example) which may eventually create conditions for a common economic space "from Lisbon to Vladivostok", or whether this is an alternative space for integration, whose relationship with the World Trade Organisation (WTO) is problematic (due to unequal status of its members in the WTO and the introduction of protectionist barriers), and whose aim is geopolitical, i.e. Russia's efforts to limit the opportunities of post-Soviet states to join the EU economic integration space, to take over strategic economic sectors of these countries, or to split Europe into two competing political and economic blocs.

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[3] Dragneva R., Wolczuk K., "Russia, the Eurasian Customs Union and the EU: Cooperation, Stagnation or Rivalry?" *Chatham House Briefing Paper*, No. 1, 2012, p. 6, <http://www.chathamhouse.org/sites/default/files/public/Research/Russia%20and%20Eurasia/0812bp_dragnevawolczuk.pdf >.

1. The geopolitics of the Eurasian Union

Assessing the motives behind the establishment of the CU and the planned Eurasian Union, many analysts highlight the instrumental importance of this structure in increasing the influence of Russia and its partners in international politics, and quote Putin's aspirations to create "a powerful supranational structure" which would speak with the U.S., China or such regional structures as the EU on an equal basis.[4] At the same time, other studies note that the economic impact of the launch of this regional union has been undervalued.

It should be noted that so far, the advance of Russia's influence in the post-Soviet space was based on effective instruments of "soft" (preferential gas prices, strengthening the position of the Russian language, etc.) and "hard" (deployment of military bases in separatist conflict zones, the function of the geopolitical arbiter, etc.) power, yet weak binding international agreements did not provide leverage for Russia over the relations of post-Soviet states with alternative integration spaces.

These weaknesses were challenged and put into use by the EU's "integration without membership" concept, which, through the EaP initiative, started offering access to the EU internal market in exchange for the adoption of European rules.

Russia was aware that the stimulus offered by the EU would restrict Moscow's opportunities to retain political control over the CIS space, and aimed to establish an alternative integration model with more favourable conditions of access and participation. It should be noted, though, that after Putin outlined the vision of the Eurasian Union in greater detail, there were no public allusions to competition of this structure with the EU and the EU's EaP initiative. Moreover, Putin stated, "entry into the Eurasian Union allows each of its participants to, more quickly and from a stronger position, integrate into Europe."[5] This can be linked to the

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4 Halbach U., "Vladimir Putin's Eurasian Union. A new integration project for the CIS?" *Stiftung Wissenschaft und Politik,* SWP Comments, 2012, <http://www.swp-berlin.org/fileadmin/contents/products/comments/2012C01_hlb.pdf>; Adomeit H., "Putin's 'Eurasian Union': Russia's integration project and policies on post-Soviet space", Center for International and European Studies (CIES) at Kadir Has University*, Neighbourhood Policy Paper*, No. 4, 2012, <http://www.khas.edu.tr/cms/cies/dosyalar/files/black_sea_04%281%29.pdf>; Wisniewska I., "The Customs Union of Belarus, Kazakhstan and Russia: a way to strengthen Moscow's position in the region", *ISPI Analysis*, No. 146, 2012, <http://www.ispionline.it/en/pubblicazione/customs-union-belarus-kazakhstan-and-russia-way-strengthen-moscows-position-region>.

5 Adomeit H., "Putin's 'Eurasian Union': Russia's integration project and policies on post-Soviet space", p. 2.

pronouncement of another Putin vision a decade ago about "a common economic space from Lisbon to Vladivostok".

However, despite Putin's visions, there is considerable doubt about the relationship between the Eurasian Union and the EU – especially the possibility for EaP countries to harmonise liberalisation of economic relations and adoption of regulations in both directions.

Leaders of the EEC and its member states declare their intentions to adopt EU regulations, but this is still a theoretical possibility rather than an advanced process. Adoption of EU product quality regulations – particularly regarding production – will be a costly process for businesses in this region. The main motive for them to adopt EU standards would be the need to sell their products on the EU market. If this motive is not strong enough, the adoption of EU rules might stumble, with no guarantees of ever being completed. Thus, it is hardly possible to talk about Putin's advocated vision of economic integration "from Lisbon to Vladivostok".

EU practice indicates that any significant liberalisation of EU trade with its eastern neighbours and movement of people, capital and services will inevitably be associated with the adoption of European regulations. However, if the countries of the Eurasian Union continue to follow technical standards and regulations dating back to the Soviet era (GOST), differences in regulations will remain for quite some time and will function as non-tariff restrictions on trade between the EU and members of the Eurasian Union. Theoretically, it is certainly possible to imagine a free trade, tariff-free area between the EU and the Eurasian Union, but it would be fragmented and limited to certain products that may be of no interest to Eurasian countries.

2. (In)compatibility and competition between the EU and the Eurasian Union

At the moment, the countries of Eastern Europe and Southern Caucasus participating in the EaP programme are finding themselves caught in the middle between European economic integration (through a network of enhanced free trade agreements with the EU) and Eurasian integration. Though the enhanced free trade agreements with the EU do not preclude further integration of EaP countries with each other, the countries would, however, be deprived of the opportunity to have bilateral agreements with the EU if they were to join the CU. Thus, the members of the EaP will inevitably have to make a choice.

The EU seeks to model neighbouring countries according to its own pattern. Therefore, the internal integration model within the EU creates a strong barrier for partner countries seeking to join the EU internal market. It should be noted that the EU's support for the Deep and Comprehensive Free Trade Agreement (DCFTA) is strongest when it comes to the expansion of EU regulatory standards outside the EU and contributes to maintaining the EU's competitive advantage in international markets.[6] As a result, the DCFTA proposes that EU partner countries no longer be based solely on the logic of tariff reduction, but also on such issues as the removal of non-tariff barriers, liberalisation of the services sector, elimination of protectionist measures, and favourable conditions for foreign direct investment. In this way, the agreement acquires a comprehensive nature[7] and partner countries gain the status of a "political successor".

It should also be taken into consideration that implementation of the EU reform package would inevitably change interaction between the state and business. Meanwhile, many sectors of the economies in post-Soviet countries are sensitive to international competition and rely on the protection of the state. Finally, bearing in mind the nexus between business and politics that exists in the post-Soviet space, which results in the political system being strongly influenced by oligarchic business groups, EU rules may become too high of a bar for integration, especially since all EU requirements – from adoption of technical standards to fundamental structural reforms – must be implemented simultaneously.

The importance of different standards and regulations becomes particularly apparent when the bar of rules for joining the Eurasian CU is set much lower than EU requirements. The CU is dominated by the same GOST standards that were used in the USSR. These standards are also used in regulating cross-border relations within the CIS.[8] This indicates that adaptation to CU standards would not create any barriers or convergence costs for EaP countries. In other words, while the EU requires convergence towards high standards that may result in "shock therapy" for business groups operating under the old business patterns and schemes, the CU

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6 Diez T., "Normative Power as Hegemony", conference presentation *2011 EUSA Biennial International Conference*, Boston, <http://euce.org/eusa/2011/papers/7l_thomas.pdf>.

7 Rodriguez E. V., "The European Union Free Trade Agreements: Implications for Developing Countries", *RIE Working Paper*, No. 8, 2009, p. 5-6, <http://www.realinstitutoelcano.org/wps/wcm/connect/a85925004f018b93b9dafd3170baead1/WP8-2009_Valerdi_EUFTA_Developing_Countires.pdf?MOD=AJPERES&CACHEID=a85925004f018b93b9dafd3170baead1>.

8 Shumylo-Tapiola O., "Ukraine at the Crossroads: Between the EU DCFTA & Customs Union", Ifri Russia/NIS Center, 2012, p. 14, < http://www.ifri.org/?page=contribution-detail&id=7104 >.

does not necessitate any fundamental reorganisation or adaptation to high quality standards and regulations.

In addition to the cost-benefit analysis of integration into the European or Eurasian economic spaces, the Russian factor must also be taken into account. Russia's strength, which is directly related to CU integration, lies in two factors: 1) informal rules and practices (the business-politics nexus, corporate culture, oligarchic trends, etc.) which can be used to "cement" the post-Soviet states together, and 2) Russia's ability to combine economic integration with integration in the energy sector (or more specifically – its option to supply energy to partner countries at Russian domestic market prices) and the credit resources it has available for neighbouring countries. Based on these factors, functioning of the Eurasian Union may diminish the advantages of the EU as a power centre and undermine the functioning of initiatives such as the European Neighbourhood Policy and the EaP.

In exchange for preferential prices for energy resources, provision of credit and access to its domestic market, Russia may take over strategic areas of the economy of other members of the Eurasian Union, and thereby strengthen its influence among EaP states. By integrating energy sectors, Russia may, in return for gas supply at domestic market prices, use the Eurasian Union as a means to take over the energy infrastructure in partner countries, establish joint ventures, develop energy corridors favourable to Russia, and so on. Something similar could also take place in the transport sector, where joint ventures could be established by Russia, Belarus and Kazakhstan (such as a common railway company) to control the main Eurasian transport flows.

Russia's political leaders emphasise that the Eurasian Union is an opportunity for post-Soviet countries to strengthen their bargaining power in developing a common economic space with the EU.[9] It is argued that by strengthening the integration of post-Soviet space, countries of the region will have more leverage to create a free trade area "from Lisbon to Vladivostok" together with the EU in a playing field favourable to them. Despite the actions of the EU and Russia within the common WTO framework, differences between the rules and standards of the EU and the emerging Eurasian Union cannot be ignored. Thus, it would be appropriate to speak about competition between two alternative spaces of integration and centres of power, rather than their harmonisation.

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[9] Putin V., "A new integration project for Eurasia: The future in the making", *Izvestia*, 3 October, 2011, <http://www.russianmission.eu/en/news/article-prime-minister-vladimir-putin-new-integration-project-eurasia-future-making-izvestia-3->.

The Eurasian Union may encounter obstacles that were not typical, for example, in EU integration. One of them is the standard approach of Eurasian countries (and Russia itself) to cooperation in international organisations, particularly those of a supranational character. Within the EU, particularly close relations of interdependence exist, which give rise to the principle of voluntary delegation of sovereignty. Meanwhile, Eurasia is a geopolitical space with a dominant realpolitik approach to international relations, where the states follow the golden rule of non-interference in internal affairs. Such a strategic approach restricts the process of voluntary delegation of sovereignty and devolution of powers to supranational institutions, and turns the entire integration process into a geopolitical/economic exchange policy.

The decision-making procedures within the framework of the Eurasian Union also explain the existence of realpolitik in the CU. Decisions of the commission of the CU, which was launched on 1 January 2010, were planned to be taken by qualified majority voting (Russia had 57% voting weight and Kazakhstan and Belarus had 21.5% each) which meant that support of at least one member state was sufficient for Russia to take a final decision. Such a system makes it possible for countries to "buy" and "sell" support for any initiative which would deepen CU integration, and certain coincidences have provided grounds for such speculation. For example, on 18 November 2011, the presidents of Belarus, Russia and Kazakhstan signed an agreement for the establishment of the Eurasian Union; shortly after, information emerged about agreements between Russia and Belarus concerning the grant of more than USD 1 billion in credit, and a 50% decrease in gas prices (from USD 300 to USD 150 per thousand *cubic metres*). Signs such as these may indicate an on-going trend whereby Russia's assistance to the Belarusian economy may be linked to support from Minsk for the further integration of the Eurasian Union. It should be noted that even though the principle of unanimity in the institutional architecture of the Eurasian Union has been strengthened, conditions for "trading" political support for integration have not been abolished. As long as Russia will not be ready to treat former republics as partners rather than objects of its ambitions and executors of its orders[10], agreements will be taken behind closed doors. The use of qualified majority voting at least made influence more transparent, while the transition to intergovernmentalism suggests a return to the "passive consensus" typical of the CIS, and integration through bilateral pressure. Such a scheme can lead to higher integration costs for Russia, because

[10] Korejba J., "Will Putin Restore the USSR?" *New Eastern Europe*, 26 February, 2013, <http://www.neweasterneurope.eu/node/670 >.

unlike in the case of a qualified majority, Russia will need to "acquire" not one, but two voices with every round of decision making.

3. Caught between two models of integration: Ukraine's decision

Ukraine's decision of whether to establish free trade with the EU or join in the creation of the Eurasian Union will determine not only trade flows with its neighbours, but the pace and direction of structural reforms as well. Ukraine is a key country in the EU EaP programme: it was the first to receive an invitation for economic integration and to complete negotiations for an enhanced DCFTA. On the other hand, Ukraine is strategically important to Russia, which seeks to restore its lost influence in the CIS region and to ensure stability for the Eurasian Union.[11]

In 2008, Ukraine became a member of the WTO and started negotiations with the EU on the Association Agreement and the DCFTA. The negotiations indicated Ukraine's intention to adopt some 70% of the EU's legal regulations governing trade as well as other sectors, such as energy, transport, and environmental protection. When EU–Ukraine agreements were about to be signed at the end of 2011, Putin announced the vision for the Eurasian Union. Meanwhile, Ukraine's domestic politics and legal actions against Yulia Tymoshenko and other members of the former government resulted in the signing and ratification of EU agreements with Ukraine being suspended. As EU–Ukraine relations began to deteriorate, Russia significantly intensified its efforts to use energy – particularly the dependence of Ukrainian industry on Russia for supply of less expensive natural gas and oil, as well as the significant income that transit of Russian products through Ukraine generates – as an argument to convince the Ukrainian leadership to reconsider its position on participation in the Eurasian Union. The newly-inaugurated Nord Stream pipeline and, in particular, the planned South Stream pipeline, may also be exploited as bargaining tools, threatening to cut natural gas transit through Ukraine along with the income that comes with it. Although Ukraine may not be joining the Eurasian Union immediately, Russia also offered a variety of sectoral agreements to enhance cooperation with Ukraine and thereby create conditions for its gradual integration.

[11] Shumylo-Tapiola O., "Ukraine at the Crossroads: Between the EU DCFTA & Customs Union", p. 4.

Ukraine's political leaders continue their support for the EU partnership projects; however, the final decision will be determined by a cost-benefit analysis of the large corporate groups that form a nexus with the political elite. Ukrainian business is fragmented: the majority want to preserve privileged trade relations within the CIS space, while others focus on the EU market. Ukraine has tried to manoeuvre by proposing a "3 +1" integration model with the CU (Ukraine would have a standard free trade agreement with the CU), but this was rejected by Russia.

3.1. Ukraine's trade with the EU and the Eurasian Union

The countries of the EU and the CU are Ukraine's biggest trade partners, accounting for approximately two thirds of Ukrainian turnover. The dynamics of the past decade show that prior to the 2008 financial crisis, the EU's role in trade with Ukraine increased, while the role of CU countries decreased. Later, however, increasing energy prices and changes in the demands of the recovering economy resulted in Ukraine turning to the CU market. From 2000 to 2010, the share of Ukrainian export to the EU fell by 7.7% (to 25.4% of total export) and the share of import from the EU fell by 5.3% (to 31.4%). At the same time, export and import from CU countries increased by 5.9% (to 32.3%) and 9% (to 42%) respectively.[12]

Ukraine exports energy, agricultural products, chemicals, iron and steel to the EU, and imports a variety of machinery, vehicles and equipment, agricultural products, textiles, and clothing.[13] Trade with CU countries is much less diversified, limited primarily to natural resources (imports) and machinery and vehicles (exports). In order to maintain the existing direction of trade, traditional business relations with the CIS markets are vital. The volume of trade in services with both unions is similar, but the most telling indicator is in the technology sector, where trade with the EU is almost double that of with the CU (40.2% and 23.9% respectively).[14] In a sense, these differences illustrate the choice Ukraine will be

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[12] Movchan V., Giucci R., "Quantitative Assessment of Ukraine's Regional Integration Options: DFCTA with European Union vs. Customs Union with Russia, Belarus and Kazakhstan", German Advisory Group, Institute for Economic Research and Policy Consulting, Berlin/Kyiv, 2011, p. 2, < http://www.beratergruppe-ukraine.de/download/Beraterpapiere/2011/PP_05_2011_en.pdf?PHPSESSID=1cd210cedc1658ddf3540f1f77b8035d>.

[13] DG Trade, "Ukraine. EU Bilateral Trade and Trade with the World", 2012, <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113459.pdf>.

[14] Movchan V., Giucci R., "Quantitative Assessment of Ukraine's Regional Integration Options: DFCTA with European Union vs. Customs Union with Russia, Belarus and Kazakhstan", p. 2.

making: either urgent economic and technological modernisation or preservation of the existing domestic economic structure.

3.2. Effects of free trade agreement between the EU and Ukraine

Evaluation of the impact the DCFTA with the EU has on Ukraine usually focuses on advantages. Firstly, growth and welfare – trade with the EU means a greater variety of products for consumers (although stringent safety requirements will make products more costly), as well as new business opportunities, which in the long term will generate per capita growth. Secondly, the agreement would guarantee duty-free access to the world's largest market – the EU's GDP at purchasing power parity is 5.67 times that of the Eurasian Union countries. Thirdly, harmonisation of national legislation with EU regulations would create a legal environment of business acceptable to foreign (primarily western) investors.

On the other hand, comprehensive free trade with the EU may lead to problems caused not so much by the EU, but by the backwardness and structure of the Ukrainian economy. Elimination of tariff barriers (approximately 95% of all custom duties applied for the EU) and reduction of non-tariff barriers would increase competition in the domestic market, which would pose a threat to local producers enjoying protectionist support. Only annual export quotas for strategically important production – 1.6 million tonnes of grain, meat, sugar and its products – would be retained.[15] Adoption of EU standards and EU legal framework would inevitably result in high adjustment costs, especially as this has to be done before entering into free trade. It would be easier for Ukraine to adjust if the EU was primarily focusing on the development of free trade, in which case transition phases would be established for adoption of European rules and quality standards.

The prospect of membership in the Eurasian Union also has its advantages and disadvantages. As far as disadvantages are concerned, the prospect of losing an independent trade policy should be emphasised. The Eurasian Economic Commission would conduct negotiations with third countries and other trade blocs, bypassing the capitals of the member states (which de facto would mean Russia's leverage in controlling Ukraine's trade policy). Furthermore, while

[15] Movchan V., Shportyuk V., "EU-Ukraine DCFTA: the Model for Eastern Partnership Regional Trade Cooperation", CASE - Center for Social and Economic Research, October 2012, No 445, p. 12–13, <http://www.case-research.eu/en/node/57857>.

establishment of a free trade zone with the EU implies modernisation by adopting costly EU quality standards and legal framework, membership in the Eurasian Union would mean higher costs for investment from countries outside of the union, and subsequently smaller investment and innovation flows.[16]

Another economic disadvantage of Ukraine's accession to the CU is the WTO factor: unlike Kazakhstan and Belarus, Ukraine is a member of the WTO. By joining the CU, Ukraine would have to review its tariff commitments agreed in negotiations with the WTO and align them with those that Kazakhstan and Belarus negotiate during their accession to the WTO. Adjustment of WTO commitments would require Ukraine to compensate the losses incurred by other WTO members, an amount estimated at USD 1.9 billion.[17] This leads to the conclusion that Ukraine should only consider membership in the CU when all of the union's member countries have acceded to the WTO, or under the assumption that USD 1.9 billion would be covered by Russia in exchange for Ukraine's accession.

3.3. Russian discounts as bait to join the Eurasian Union

The majority of the arguments in favour of Ukraine choosing membership in the Eurasian Union are related to possible elimination of domestic market protection measures on behalf of Russia and the sale of Russian oil and gas to Ukraine without export duties. On the other hand, membership in the CU does not guarantee energy supplies at Russian domestic market prices, because CU policy exemptions (for example, regarding export duty) still apply to energy trade. Export duties for energy trade can only be eliminated as a discount or as an incentive offered by Russia on a bilateral basis (as in the case of Belarus).

If Ukraine were to join the CU, Russia would have the opportunity to eliminate export duties on energy resources for Ukraine, but selling them at domestic market prices would be a daunting decision for Russia. On the one hand, discounts in energy trade would indeed be an effective tool. In 2010, energy imports accounted for 67% of total imports from Russia; according to Ukraine's minister of Economic Development and Trade, elimination of export duties on gas alone would allow Ukraine to save USD 3–3.5 billion per year.[18] However, it is more realistic to speak

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16 Movchan V., Giucci R., "Quantitative Assessment of Ukraine's Regional Integration Options: DFC-TA with European Union vs. Customs Union with Russia, Belarus and Kazakhstan", p. 9.

17 *Ibid*, p. 9.

18 "Решение об интеграции в Таможенный союз нужно принимать уже в первой половине

about a 10% discount, which would make the price equal to that paid by Russia's large-scale EU buyers, at USD 400 per thousand *cubic metres,* compared to the USD 426 Ukraine paid in Q3 2012.

On the other hand, Russia itself is caught on the horns of a *dilemma* over its desire to maximise profits from oil and gas exports and to lure Ukraine to the Eurasian Union. It should be noted that internal Russian business interest groups, in particular, those with ties to Gazprom, may not be interested in the implementation of Russia's geopolitical interests at the expense of export profits. Ukraine is too big of a market to provide tangible discounts without major economic loss. Practice shows that Putin also gives priority to profit. In the gas sale agreement concluded with Ukraine in 2009, high gas prices turned even relatively pro-Russian Ukrainian political elite groups against Russia.[19] Moreover, given that the 2009 agreement on gas prices was concluded because Russia had cut gas supplies to Ukraine, and thereby to central and southern European countries, the complexity of energy and political dynamics becomes even more evident.[20]

A 2012 analysis conducted by the Saint Petersburg Centre for Integration Studies and the Eurasian Development Bank states that the scenario of Ukraine's accession to the Eurasian Union by 2030 promises a 6–7% higher GDP growth than in the case of the status quo scenario. Such growth is based on an increase in exports to the countries of the Single Economic Space (primarily Russia) and traffic in transit, as well as less costly raw materials for Ukrainian industry.[21] These benefits, which are the product of potential Russian rebates and incentives rather than the direct result of membership in the Eurasian Union, are essential in many calculations supporting the advantages of the Eurasian Union.

In conclusion, Ukraine's choice between an enhanced free trade regime with the EU or membership in the Eurasian Union is basically a choice between

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2011 года", <http://kommersant.ua/doc.html?docId=1615189> quoted in Bugriy M., "Strategic Flexibility a Key Issue for Ukraine in Trade Relations with Russia and the EU", *Foreign Policy Journal,* 2011,
<http://www.foreignpolicyjournal.com/2011/04/09/strategic-flexibility-a-key-issue-for-ukraine-in-trade-relations-with-russia-and-the-eu/>.

19 Umland A., "ES-Ukrainos-Rusijos trikampis, 'Šiaurės srautas' ir Rytų Europos ateitis" ['The EU-Ukraine-Russia triangle, Nord Stream and the future of Eastern Europe'], *Geopolitika*, 2011, <http://www.geopolitika.lt/?artc=4956>.

20 Jonavičius L., "Dujos vėl teka, bet padėtis Ukrainoje nesikeičia" ['Gas flows again, but the situation in Ukraine does not change'], *Eastern Europe Studies Centre*, 2009, p. 1.

21 Eurasian Development Bank's Saint Petersburg Centre for Integration Studies, Ukraine and the Customs Union, Report 1, 2012, p. 29,
< http://www.eabr.org/general//upload/reports/Ukraina_doklad_eng.pdf >.

long-term and short-term gains. Comprehensive free trade with the EU would not only mean adaptation to "expensive" EU standards (short-term costs), but also modernisation of the Ukrainian economy and a qualitative leap in economy and trade in the medium and long term. The Eurasian Union does not require major structural changes or higher standards, but promises Russian discounts in the energy sector. These potential discounts and incentives should be viewed by Ukraine through the prism of national sovereignty.

4. Whether or not to recognise the Eurasian Union

Though the creation of the Eurasian Union is still in progress, the issue of its recognition has been raised vigorously. However, before discussing the underlying motives for international recognition, a pivotal question must be answered: is the creation of the Eurasian Union a political process leading to the establishment of a new entity of international relations, or is it just another example of deeper regional economic integration?

There are no major doubts or discussions about the fact of the emerging structure in the EU's eastern neighbourhood, which may currently be described as the emerging CU. It can be defined by four objective criteria. Firstly, there is a common external tariff, although it does not apply to all goods. Secondly, there is a common CU Customs Code, which is meant to guarantee common import procedures, classification of goods, customs valuation, and other related issues. Thirdly, development of common CU standards and technical regulations is in progress. Fourthly, CU countries are gradually abolishing mutual cross-border controls and other restrictions on the movement of goods within the CU.

It should be noted that the new economic structure will have an effect on the future accession to the WTO of two CU countries – Belarus and Kazakhstan. For example, Kazakhstan's decision to join the CU has not only delayed, but also complicated, its WTO membership. Due to its membership in the CU, Kazakhstan was forced to raise its import duties and will have to continue introducing other protective measures, primarily reflecting Russia's interests. Such actions on behalf of Kazakhstan and the planned economic integration will affect areas of the economy negotiated for accession to the WTO (trade in services, investment regime, protection of intellectual property, public procurements, etc.) and may delay Kazakhstan's WTO membership for a few years or even much longer.

If Belarusian negotiations on WTO accession were to resume, there would be many more unanswered questions and problems. The accession process has been stalled for many years, and the declarations made by Belarusian officials, promising to meet the formal requirements of the WTO because Russia has become a member and its commitments are already implemented on the CU level, are not sufficient. To provide an impetus to the process of accession, a favourable – or at least neutral – attitude of the international community towards Belarusian membership in the WTO is required. Belarus must also make efforts to carry out economic reforms and allocate required capacities to not only duplicate Russia's WTO membership commitments but also to negotiate and implement the ones of its own.[22]

Negotiations between the EU and the Eurasian Union are possible only when all members of the Eurasian Union join the WTO. Otherwise, Russia, which has completed its WTO accession negotiations, will have authority to renegotiate the WTO terms at the expense of other members of the Eurasian Union. Furthermore, differences in the WTO status of the three members of the Eurasian Union could lead to legitimation of the Belarusian regime (i.e. may provide conditions for Belarus to enter the EU's internal market "through the back door") and further reduce potential measures directed against the regime.

So what should EU strategy be with respect to the Eurasian Union? Russian officials keep suggesting that negotiations on a new partnership and cooperation agreement between the EU and Russia should be replaced by negotiations on a regional agreement between the EU and the Eurasian Union.[23] Russia also continues refusing to transfer the commitments undertaken during WTO accession negotiations (known as "WTO-plus" obligations) to a bilateral agreement with the EU. It is unlikely that negotiations would be more successful even if the EU would agree to start a dialogue with the EEC. It appears that before deciding whether or not to recognise the Eurasian Union, EU foreign ministers should first clarify to what extent Russia is ready to open its markets to the EU. Until this question is answered, EU officials should not waste their time solving the dilemma of who to negotiate with – Russia or the EEC.

Therefore, the EU's strategy vis-à-vis the Eurasian Union should be based on the following: a) no inter-regional negotiations or other cooperation initiatives (so

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22 Klysinski K., "Consequences for the Belarusian economy of Russia's entry into the WTO", Centre for Eastern Studies, EastWeek 12 September, 2012, <http://www.osw.waw.pl/en/publikacje/east-week/2012-09-12/consequences-belarusian-economy-russia-s-entry-wto>.

23 "Putin to visit Brussels as ‚Eurasian Union' leader", *EurActive*, 4 December, 2012, <http://www.euractiv.com/europes-east/putin-comes-eu-eurasian-union-le-news-516419>.

as not to legitimate potential power imbalances between member states or create loopholes for authoritarian regimes such as the one in Belarus); b) maintenance of a bilateral approach and the European Neighbourhood Policy as an unequivocal priority that cannot become hostage to regional integration among the three countries; c) regular monitoring of the development of the Eurasian Union, support for the rule of law, judicial independence, political and economic freedoms and other elements of liberal democratic order, and assessment and neutralisation of potential risks; and d) a commitment on behalf of the EU to constantly strengthen visibility and accessibility of the advantages of the EU's political and economic model in the eastern neighbourhood.

This final objective – to cultivate eastern neighbours' interests in entering the EU economic space – should be pursued in the following ways:

Firstly, the EU should abandon the "Russia first" principle whereby all EU initiatives are first implemented with Russia and only later become available to countries in the eastern neighbourhood. The EU will find it difficult to prove the advantages of the Eastern Partnership initiative to partner countries if Russia, which is not part to the initiative, gets access to the EU internal market (or visa-free regime) before they do. This weakens the role of the EU as a regulatory power centre in the region.

Secondly, the EU has to find a formula for how to reduce the cost for partner countries to access the EU internal market. A clear reward in the EU internal market must be offered to partner countries in exchange for the adoption of European rules and high standards.

Thirdly, the EU must learn to offer incentives to major business structures in partner countries that might profit from access to the EU markets. These businesses might serve as "locomotives" for EU integration of the partner countries.

Fourthly, the EU must use its capacities to support the strategic economic sectors of the EaP countries – particularly those of energy and transport. For example, extension of the Connecting Europe Facility to embrace EaP countries would allow for direct EU participation in development of the energy and transport infrastructures.

Conclusions

The EU and the Eurasian Union are two very different economic and political systems, with different sets of regulations, rules, and even values. These alternative integration projects differ not only by their standards and technical requirements, but also by the characteristics of their political and economic system: unlike the EU,

the Eurasian economic area has particularly strong vertical politics and oligarchic business trends, as well as an extremely prominent nexus between politics and business. Therefore, every project of economic integration in the post-Soviet space must be seen and viewed through the prism of geopolitical interests, as politics and economics in this space are strongly bound.

Participation in the Russian-dominated CU does not leave room for any intermediate options that would enable countries to combine their European orientation and natural relations with the CIS countries. Expansion of the CU into the European Neighbourhood region (i.e. membership of Ukraine) could weaken EU regulatory power in these countries. Development of the CU is a serious challenge for the EU's EaP initiative, as its main pillar is access to the EU internal market through free trade agreements.

The EaP countries find themselves caught in the middle between two integration spaces - the EU and the Eurasian Union - and will eventually have to choose between them. Membership in the Eurasian Union would mean lower short-term adjustment costs for businesses, but integration into the EU presents greater economic development potential.

Cooperation or negotiations between the EU and the Eurasian Union may become possible only when all members of the Eurasian Union have concluded valid partnership and cooperation agreements with the EU and have acceded to the WTO. Recognition of the Eurasian Union prior to this would give the CU countries a pretext to further procrastinate in implementing WTO commitments; it would also provide conditions for Belarus to enter the EU internal market "through the back door", which would essentially equal legitimation of the Belarusian regime.

In this light, the EU should be cautious about making any decisions regarding political and technical cooperation with the Eurasian Union, and should avoid random mistakes that might lead to indirect legitimation of the CU institutions. The same awareness is required in bilateral relations with the CU member states. Finally, certain dimensions of the Eurasian Union, such as energy and transport policies, should be closely monitored. Development of these policies will inevitably have implications for both the EaP countries and the EU's energy and economic interests.

PRIORITIES OF THE LITHUANIAN PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION: FOR A CREDIBLE, GROWING AND OPEN EUROPE

Linas Linkevičius*

Lithuania is the first of the Baltic States to take the helm of the Council of the European Union. The Baltic countries have demonstrated their ability to pursue responsible policies. They have shown that it is possible to overcome the recession successfully and to return to sustainable growth. Naturally, not all measures used here can be adopted for other Member States, as they are dealing with different problems. But all Member States need the political will and determination that the Baltic States have displayed.

The Presidency is an opportunity to take responsibility for the EU decision-making process and actively seek solutions for the well-being and prosperity of the whole European family.

Decades ago, in our fight for independence, Europe symbolised freedom, human rights, prosperity, openness, growth and credibility. As the Presiding country, Lithuania will not lose sight of these values, which are very dear to us. We know that to sustain the world model of openness and prosperity, Europe needs policies that correspond to the current realities and open up more opportunities in the future.

This is why the Lithuanian Presidency will focus on three goals of a credible, growing and open Europe.

Firstly, the Lithuanian Presidency will focus on legislation, which is essential for renewing trust in the European economies. From the Fiscal Compact to the Stability and Growth Pact, steps have already been agreed by our leaders that, if implemented properly and consistently, will further improve the credibility of the whole European project. We will proceed with discussions on the strengthening of the Economic and Monetary Union, aiming for concrete results that can further

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enhance the effective functioning of the euro zone while preserving the integrity of a single market. In order to establish a well-functioning Banking Union, our efforts will be dedicated to the progress of the legislative processes of the financial services sector.

The Lithuanian Presidency will also pursue steps to improve the protection of the financial interests of the EU and Member States, including the fight against tax fraud as well as starting discussions on the establishment of the European Public Prosecutor's office.

Europe must remain credible in the eyes of its citizens. As 2013 is the European Year of Citizens, the Lithuanian Presidency will encourage and facilitate its wider involvement in the EU, focus on raising public awareness (especially among the young generation) of the common EU values as well as citizens' rights.

Secondly, we will seek to create the appropriate conditions for economic growth.

All EU institutions must agree on the Multiannual Financial Framework for 2014–2020 as soon as possible to ensure that EU budget funds reach the Member States in time and that the projects already begun are successfully carried forward and contribute to economic growth across the EU. For decades, the main driving force of economic growth in Europe was integration. But today our businesses and people still face various obstacles in the single market. Take, for example, services or energy issues. How much time, money and human resource is wasted due to the fragmentation of the single market? We must speed up our efforts to complete the EU internal energy market by 2014 – a stated EU goal – and unleash the potential of the services sector, if we want to be more competitive worldwide.

In the regulatory environment we need to make efforts to reduce the regulatory burden for companies, especially small and medium sized enterprises (SMEs), and develop and further integrate existing smart regulation tools (such as competitiveness proofing, ex-post evaluations, SME tests, and fitness checks). Due consideration will be given to the prevention of additional burdens arising from the transposition of directives.

In addition to the package of EU legislation that will contribute to higher youth employment, the Lithuanian Presidency will focus on a wide range of other measures to create new jobs. We will pay particular attention to the development of research and innovation and moving forward with the Digital Agenda, which will open up new opportunities for EU citizens as well as businesses.

The Lithuanian Presidency will strive for agreement with the European Parliament on the possibility of supplementary pension rights, on a decision

about the undeclared work platform, as well as the enforcement of the rights of EU migrant workers and their families in line with the fundamental principle of free movement of workers and with the aim of eliminating discrimination on the grounds of nationality.

We also see the EU macro-regional strategies, such as the Baltic Sea Strategy, as yet another means to encourage growth, which is why we will pay close attention to their review.

Thirdly, Lithuania will pursue efforts to make sure Europe continues to be a symbol of openness and security. We, together with the European External Action Service (EEAS), will continue to work with EU partners to address regional and global challenges, promoting EU interests and values to help to deliver a more secure and prosperous world for EU citizens.

European integration and the openness of Europe was a big stimulus for Lithuania itself to implement ambitious reforms two decades ago. Today, the EU should continue to motivate its neighbours in the east by offering closer integration.

We are working hard with the President of the European Council, the High Representative and the European Commission, and we hope that sufficient progress by the partner countries will allow concrete results to be achieved by the time of the Eastern Partnership summit in Vilnius in late November. We hope that the summit will create the necessary conditions for deeper, more effective and mutually beneficial cooperation between the EU and its eastern partners. It is in our interest to enlarge the space of democracy, stability and security. Taking the European Southern Neighbourhood into consideration, Lithuania will continue to focus the EU's attention on this important region, especially promoting democracy, stability and prosperity.

Lithuania will focus on the EU's determination to promote free, fair and open trade while at the same time asserting its interests in the spirit of reciprocity and mutual benefit. The Lithuanian Presidency will promote free trade relations with the EU's neighbouring countries by seeking substantial progress in the Deep and Comprehensive Free Trade Agreement (DCFTA) negotiations, including the signature and provisional application of DCFTA with Ukraine, the finalisation of agreements with Moldova, Georgia and Armenia, the advancement of negotiations with Morocco and, possibly, the opening of new DCFTA negotiations.

Our Presidency will also pursue the continuation of the enlargement process, promoting free, fair and open trade worldwide with strategic partners such as the USA and Japan. We will also strive for progress in negotiations on free trade agreements with the Association of South East Asian Nations (ASEAN) countries.

Openness must go hand in hand with security. This is why the Lithuanian Presidency will seek more effective control of the EU external borders and a stronger Common Security and Defence policy.

The Lithuanian Presidency will pursue a strategic EU approach to the processes leading to the formulation of an overarching post-2015 framework. A particular focus will be placed on the United Nations General Assembly Special Event in New York in September 2013. Also among our priorities are preparing Council conclusions on the financing for development; common EU positions for the Ministerial meeting of the Global Partnership for Effective Development Co-operation; as well as promoting better use of the EU Member States' transition experiences in EU development cooperation. Lithuania will closely monitor on-going and emerging humanitarian crises and will seek to improve the effectiveness of the response of the EU and the international community. Work will continue on the legislative proposal related to the establishment of the European Voluntary Humanitarian Aid Corps.

In conclusion, we know that success in all areas depends on joint efforts by all Member States and institutions of the EU. Lithuania is ready to build that European consensus for the better future of all Europeans. Encouraged by Lithuania's own success story, we come to serve as reliable stewards for the entire EU family.

FIVE APPROACHES TO DEVELOPMENT COOPERATION: AN ANALYSIS OF THE LITHUANIAN CASE

Anastasija Panasevič*

Abstract

The study aims to indicate the internal motives influencing the shape of the content of Lithuanian development cooperation policy. Five universal theoretical models for analysis of the internal motives of the development cooperation policy were developed: power-political; political stability and democracy; development and performance; strategic-defensive or Cold War; and economic-commercial. The official documents forming the development cooperation policy, qualitative interviews with experts and other data were analysed in order to identify the relevant theoretical model and corresponding motives influencing the content of Lithuanian development cooperation policy.

Introduction

After entering the European Union (EU) in 2004 Lithuania became a donor country, which means it is obliged to implement development cooperation policy towards developing countries. Before that time Lithuania did not have any development cooperation experience. In the last eight years the main partners of Lithuanian development cooperation projects have been post-soviet countries in the East (Eastern Partnership members): Belarus, Georgia, Moldova and Ukraine; and one country outside this region – Afghanistan.[1]

Lithuanian development cooperation policy consists of two parts: the Lithuanian contribution to the European Development Fund (EDF), and a bilateral

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1 The Government of the Republic of Lithuania, *The Provisions of the Development Cooperation Policy of the Republic of Lithuania for 2011-2012*, Vilnius: The Government of the Republic of Lithuania, 2011, p. 2.

development cooperation and democracy promotion programme. The EDF is the main instrument of the EU for providing development aid to African, Caribbean and Pacific countries and other overseas countries and territories. It is agreed for a multi-annual period (usually 5 years). The 10th EDF was set for 2008–2013 in 2000 and revised in 2005.[2] It is the first EDF in which new EU members are taking part. Lithuania committed to cover 0.12% (27,218,400 euro) of the total contribution of all EU members to the EDF. As a result of this, Lithuania was allocated one vote (as a proportion of the 1004 votes) in the EDF committee.[3] In 2013 Lithuania plans to allocate 14.5 million litas to development cooperation. 12.5 million litas will go to the EDF and 2 million will be reallocated through the bilateral development cooperation and democracy promotion programme, administrated by the Ministry of Foreign Affairs (MFA).[4] Thus, about 86% of the total funding for development cooperation goes to the EDF and only 14% is reallocated by Lithuania itself. Only having one vote implies that Lithuania has very little decision-making power on how the EDF funds are spent. Even if all Central and Eastern European EU members voted together, they would have only 26 votes out of 1004[5], which does not present any substantial voting power either.

Given that Lithuania possesses little decision-making power at the level of the EDF committee, as a unit of analysis only the Lithuanian bilateral aid was chosen because these funds are directly administrated by the Lithuanian government and the motives are clearly reflected through the decisions and policies pursued by the decision-making bodies in Lithuania.

Development cooperation policy is very new in Lithuania and it is still in the process of formation. The issue of development cooperation has barely been analysed. There are many questions and debates among policy implementers and policy makers: for example, should Lithuania change its development cooperation orientation from the east to the south? Which sector of development cooperation

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2 European Commission, *European Development Fund*, <http://ec.europa.eu/europeaid/how/finance/edf_en.htm> [15 12 2012].

3 Council of the European Union, *Internal Agreement between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multiannual financial framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies,* in *Official Journal of the European Union*, Brussels: 2006-09-09, Article 8, Part 2.

4 Information published during the annual meeting of the implementers of the projects of the Development Cooperation and Democracy Promotion Programme of the Ministry of Foreign Affairs of Lithuania. Vilnius, 14-12-2012.

5 Council of the European Union, Article 8, Part 2.

policy should be financed more? Which new sectors should be added? How should the efficiency of the developmental projects be increased? Yet the most important issue of aid effectiveness is missing from Lithuanian development cooperation policy discourse – what are Lithuania's internal purposes (motives) that influence the shape of the content of the development cooperation policy? In other words, what does Lithuania want to achieve through its development cooperation policy? The answer to that question would serve the numerous debates on the improvement and enhancement of the efficiency of Lithuanian development cooperation policy.

The research presented below did not aim to evaluate the efficiency, necessity or results of Lithuanian development cooperation policy. Rather, it aimed to identify the factors (internal purposes and motives) that influence the shape of the content (orientation and priorities) of Lithuanian development cooperation policy. First of all, the theoretical models of development cooperation, enabling us to analyse the internal motives of the country in implementing the development cooperation policy, were developed. Then, empirical research was conducted in order to identify which theoretical model of development cooperation could be applied to the Lithuanian case. The identification of the current model of the development cooperation policy served to identify the internal motives for the implementation of the development cooperation policy corresponding to the relevant model.

The qualitative case study method applied to the research allowed an analysis of multiple types of data (triangulation technique): legal acts; interviews with 15 experts in Lithuanian development cooperation (policy makers, policy implementers and independent experts); and information on the developmental projects conducted. This analysis contributed to the exploration of the broader context of Lithuanian development cooperation policy, which is a very important aspect of this study because there has been very little analysis of the issue of Lithuanian development cooperation in the past. What is more, the applied case study method proved to be the right choice as it contributed to the development of the five theoretical models for the analysis of the motives of the development cooperation policy.

1. Theoretical framework for the research

Development cooperation is a very modern phenomenon, which emerged in the middle of the 20th century.[6] There is still no systematic methodology for

[6] Lancaster C., *Foreign Aid: Diplomacy, Development, Domestic Politics,* Chicago: The University of Chicago Press, 2007, p. 25.

the analysis of the motives that influence the shape of the content of a state's development cooperation policy. The only attempt to systemise the theoretical findings on the internal motives of foreign aid is the set of approaches developed by Matthew Fielden. He rejected the humanitarian base of foreign aid. According to him, the decisions concerning the provision of aid made by donor countries are influenced by geopolitical interests rather than humanitarian motives. Fielden found four theoretical approaches for analysing motivations for the provision of aid: the power-political hypothesis, the political stability and democracy hypothesis, the development and performance hypothesis, and the strategic-defensive or Cold War hypothesis. The theoretical findings developed by Fielden will be described in more detail in order to develop several separate theoretical models of development cooperation policy. It is important to categorise these models, and identify specific criteria that will allow us to clearly distinguish the models and serve for their identification in real empirical cases.

1.1. Power-political model

The power-political model presumes that foreign aid to developing countries is being given in order to gain their support. The foreign aid is used as a tool of diplomacy, allowing countries to expand their 'soft' power. The concept of soft power is presented by Jr. Joseph S. Nye. According to him, a country may obtain the outcomes it wants without using 'hard' power (military tools; economic sanctions), but by becoming attractive to other countries through its values, culture, examples, its level of prosperity and openness – which is soft power.[7] According to Nye, foreign aid is one of the sources of soft power (it is not power per se, but only the potential for power) that promotes broadly shared values such as democracy and human rights.[8]

Soft power differs from hard power by the fact that it depends on the willingness of a target (aid recipient country).[9] Thus, a number of contextual variables affect the deployment of soft power by one state to another and the effect of such efforts, namely, geographic proximity, cultural similarity, historical relations, economic

[7] Jr. Nye J. S., Soft Power: The Means to Success in World Politics, New York: Public Affairs, 2004, p. 5.

[8] *Ibid*., p. 62.

[9] *Ibid*., p. 120.

ties, etc.[10] Some good examples of increasing soft power by giving aid include the policy of France in its former colonies, and the policy of China towards Africa and Association of South East Asian Nations (ASEAN) countries.

By providing aid, the donor country increases its soft power not only in the recipient country, but also within the international community. Giving aid means being among the strongest (most developed) of the world's countries. For young donor countries like Lithuania, this aspect is particularly important because at the beginning of a state's development cooperation policy the most important thing is the fact of giving aid itself, rather than the quality or quantity of that aid.

In a political context, aid can also be understood as a political symbol or sign. Increasing amounts of aid could signal increasing closeness in relations between the donor country and the recipient and vice versa: falling aid levels could be understood as cooling relations and alienation. What is more, aid allocations could show to other governments that the government providing assistance would support the recipient government in case of pressures from hostile states. It could also mean that the donor supports particular actions or policies of the recipient government (e.g. democratic reforms).[11]

The main criteria for the power-political model are: (1) attractiveness for the recipient country (image within partner countries); (2) role within the international community (image within the international community); and (3) cultural/historical ties with recipient countries.

1.2. Political stability and democracy model

The model of political stability and democracy claims that foreign aid is given to developing countries that correspond to particular standards of democracy and human rights.[12] It is based on the constructivism theory, arguing that national interests and cooperation between states are social constructs. Culture, norms and ideas are the most important factors in shaping the way in which states define their own strategic interests. According to constructivists, the mutually comprehensible

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10 Fan Y., "Soft Power: Power of Attraction or Confusion?" in *Place Branding and Public Diplomacy*, 4:2, 2008, p. 6.

11 Lancaster, p. 11-12.

12 Fielden M. B., "The geopolitics of aid: The provision and termination of aid to Afghan refugees in North West Frontier Province, Pakistan." In *Political Geography, 17(4)* 1998, p. 475, 467.

conduct of international relations is impossible without mutually recognised rules and norms.[13]

In terms of constructivism theory, development cooperation is not just about the provision of foreign aid to developing countries, but also the social reconstruction within these countries. The recipient country should comply with the norms of maintaining a secure and safe environment, democratic political processes, respect for human rights, etc. These are the norms followed by the international community and legitimised by the United Nations (UN).[14] Why is it important to request developing countries to respect these internationally recognised norms? The interests and preferences of states are malleable; they can be formed and changed by the international norms that provide international politics with structure and meaning.[15] Thus, in order to predict the behaviour of other states it is important to make them respect the same norms.

The main criteria for the political stability and democracy model are: (1) the secure, safe and predictable political environment; (2) social reconstruction within partner countries; and (3) mutually recognised norms (democracy, human rights, etc.)

1.3. Development and performance model

The development and performance model claims that aid should be allocated to the countries that have the best development prospects for the future.[16] It is based on the neo-liberal concept of global governance, arguing that foreign aid is a tool of states' tendency to cooperate in addressing problems of interdependence and globalisation.[17] The concept of global governance is based on the existence of the common global interests of all countries and nations and on their interdependency. The main argument is that the environmental (and other global) problems in recent years have become so crucial that the whole global community must join forces and create a common strategy for growth and development based on sustainability.

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13 Mughanda M., "Inquiry on self interested foreign aid: Insights from the ODA-migrations link in SSA countries." In *African Journal of Political Science and International Relations,* 5(4), 2011, p. 167.

14 Jemczyk E., "Norms and Their Effect on Humanitarian Aid", <http://atlismta.org/online-journals/0506-journal-government-and-the-rights-of-individuals/norms-and-their-effect-on-humanitarian-aid/#_ftn48> [24 11 2012].

15 *Ibid*.

16 Fielden, p. 467.

17 Lancaster, p. 4.

The widespread poverty in developing countries is significantly contributing to the global degradation of the environment, and the large population growth is putting increasing pressure on limited resources. Thus, rich countries should provide developmental aid to developing countries in order to ensure the implementation of their environmental policies.[18] The developmental (or in a broad sense, global) issues came to the attention of the foreign aid sector only in the late 1980s. This was a turning point in the provision of aid, as it started to be understood as a payment for delivered services.[19]

Increasing amounts of foreign aid are channelled to expand international control of global threats such as the spread of infectious diseases (smallpox, measles, polio, HIV/AIDS, malaria, tuberculosis, etc.), environmental degradation (global warming, loss of the ozone layer, pollution of air, water, and land etc.), population growth, global poverty, hunger and so on.[20]

In 2000 the UN agreed on the Millennium Development Goals (MDGs)[21], which aimed to halve the number of people living in absolute poverty. This was a holistic approach to the interconnected national and international challenges in order to create sustainable, gender-sensitive, people-centred development.[22]

The main criteria for the development and performance model are: (1) attempts to address global threats; (2) the role of the environmental problems; (3) the role of the health care; and (4) the role of the MDGs in general.

1.4. Strategic-defensive or Cold War model

The strategic-defensive or Cold War model is based on the Cold War political ideology and the competition between the West and the Soviet Union (Russia). This hypothesis claims that aid was given by Western countries to gain influence in less developed countries that were under pressure from external or internal

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18 Degnbol-Martinussen, J., *Aid: Understanding International Development Cooperation*, London: Zed Books, 2003, p. 15.

19 *Ibid*., p. 16.

20 Lancaster, p. 16.

21 MDGs are: 1.Eradicating extreme poverty and hunger; 2.Achieving universal primary education; 3.Promoting gender equality and empowering women; 4.Reducing child mortality rates; 5.Improving maternal health; 6.Combating HIV/AIDS, malaria, and other diseases; 7.Ensuring environmental sustainability; 8.Developing a global partnership for development.

22 Lee S., *Neo-Liberalism, State Power and Global Governance*, Dordrecht: Springer, 2007, p. 12-13.

communist threats.[23] It stems from the realism theory of international relations, claiming that states exist in an anarchic environment in which power, security and survival are their priority tasks. Thus, in this anarchic environment states use aid as a tool of hard-headed diplomacy. By giving aid the donor country increases its security, expands its power and influence and manages to survive.[24] An example of such purpose of foreign aid is the United States (US) and its foreign aid policy motivated by Cold War concerns.[25]

The explanation of this model should begin with a short historical excurse, as the Cold War used to be defined as the beginning of development assistance politics. The first development assistance programme was the Marshall Plan, which was initiated in 1948 and aimed to give massive amounts of aid to European countries in order to rebuild them economically after World War II.[26] Europe was in ruins and the population's discontent with the economic situation was increasing the chances of communists being elected in Italy and France. The eastern part of Europe had already been absorbed into the Soviet bloc. Thus, the only chance for the US to expand its influence in Europe was through the provision of economic assistance.[27]

In 1950, the US President Truman presented another development aid programme, which covered the developing countries threatened by communism (for example, South Korea and Taiwan). The official motives of these programmes were based on considerations of national security and commerce. The foreign aid programmes had to support US national interests in strengthening the countries of Western Europe against the expansion of communism in Eastern Europe and the Soviet Union, and the reconstruction of a free Europe for American business. The main idea was that the improvement of the population's living standards in the recipient countries would make people less receptive to communist propaganda.[28] Thus, as we can see, aid was "a child of diplomatic realism".[29]

The main criteria for the strategic-defensive and Cold War model are: (1) competition between the West (EU/NATO) and Russia; (2) Cold War ideology; and (3) military security issues.

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23 Fielden, p. 467.

24 Lancaster, p. 3.

25 *Ibid*.

26 Degnbol-Martinussen, p. 8.

27 Lancaster, p. 28.

28 Degnbol-Martinussen, p. 8.

29 Lancaster, p. 25.

1.5. Economic-commercial model

Matthew Fielden in his work did not indicate the economic approach to development cooperation. However, the economic aspect is very important and cannot be avoided. Thus, the fifth (economic-commercial) model will be added to the models investigated above.

This model is based on commercial liberal theory, which claims that economic interdependence and the realisation of material interests is the main factor that encourages cooperation, close partnership relations and peace among countries.[30] It determines foreign aid by the economic and commercial interests of donors.[31] It presumes that development cooperation with developing countries will be linked to trade enhancement and will increase secure investment opportunities. It means that the donors choose the development cooperation partner countries by their "economic worth" for this state.[32]

There are several ways in which foreign aid can contribute to the commercial interests of the donor state. First of all, the donor state can promote special political and economic reforms in the recipient country that would be beneficial for the commercial interests of donor. This mechanism includes the use of conditionality policies. The second method is the introduction of special rules in development cooperation programmes that would require that the grants and loans must be used to buy goods and services from the donor's country. This means not only an increase in sales of goods and services, but also better and smoother access to markets in the recipient country. The third method is less apparent: the development cooperation projects contribute to smoother cooperation between individuals, building confidence between the societies of the two states and creating a better climate for investments. In this way the foreign aid promotes the better understanding of the market structure in the other country, which also influences closer commercial relationships and promotes trade.[33]

The main criteria for the economic-commercial model are: (1) economic interdependence; (2) investment opportunities (better investment climate); and (3) commercial interests.

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30 Schneider G., "The Domestic Roots of Commercial Liberalism: A Sector-Specific Approach." In Gerald Schneider et al. *Globalization and Armed Conflict*, Oxford: Rowman & Littlefield Publishers, 2003, p. 103-104.

31 Hopkins R. F., "Political Economy of Foreign Aid." In Finn Tarp *Foreign Aid and Development: Lessons Learnt and Directions for the Future*, London: Routledge, 2000, p. 329-330.

32 Hopkins, p. 339-340.

33 Degnbol-Martinussen, p. 13-14.

2. Analysis

2.1. Power-political model

Lithuanian image within the international community of donors

Answering the question of why Lithuania implements a development cooperation policy, all respondents said that this is the obligation undertaken during the process of joining the EU. Such an answer confirms the prior findings of Ondřej Horký[34], stating that at least the initial stage of the Lithuanian development cooperation policy was totally compulsory and imposed by the EU. However, such imposition of a development cooperation policy is understood by the majority of experts as a matter of honour: a sign that Lithuania was recognised by the international community of donors as a developed country. Thus, noblesse oblige, Lithuania is using this policy in order to prove to be the right choice. Creating an image of Lithuania within the international community of donors is the one of the key points and goals of Lithuanian development cooperation. Lithuania is trying to create an image of a small country exceeding its capabilities, acting side by side with great countries, old donors.

Another important point regarding the Lithuanian image among international donors is the importance of Lithuania's expert knowledge. Lithuania is trying to introduce itself as an expert on Eastern Europe (especially Belarus) to become a bridge between the EU and Eastern Partnership countries.

So, it is evident that one of the main internal purposes of Lithuanian development cooperation policy is the attempt to create a positive image of Lithuania within the international community of donors, in the EU and NATO.

Lithuanian image within the partner countries

The power-political approach to development cooperation focuses on the expansion of the donor's soft power and gaining the support from the recipients.

The documents forming the development cooperation policy do not contain any specific information about the Lithuanian interests within the partner countries. The only general statement that the goal of the Lithuanian development

[34] Horký, O., Development policy in new EU member states: Re-emerging donors on the way from compulsory altruism to global responsibility, Prague: Institute of International Relations, 2006, p. 1.

cooperation policy is to enhance political, economic, social and cultural relations in the countries, appointed by the Government[35], can be found in the provisions of the development cooperation policy.

The majority of respondents agreed that Lithuanian development cooperation policy contributes to the promotion of the Lithuanian image within the partner countries. However, the only positive example mentioned by respondents was Georgia.

Why was Georgia a success story? The answer could be that **Georgia** was the most favourable place for Lithuanian development cooperation. It is a quite small country, willing to reform, with pro-democratic and pro-Western authorities. Lithuania, with its experience of democratisation and European and transatlantic integration, was perceived as a strategic partner, a big brother in the EU, and a bridge to the West. However, other priority countries were less receptive to Lithuanian support.

Ukraine is too big. Lithuania has conducted development cooperation projects in Ukraine since 2002. In general these are technical administrative capacity-building projects, implemented by Lithuanian state institutions. Since 2006 Lithuanian NGOs have also been involved in the development cooperation projects. Between 2006 and 2012 Lithuania allocated about 2 million litas[36] to developmental projects in Ukraine (~330,000 litas per year), which is a very small amount of money bearing in mind the scale of Ukraine. In comparison, for developmental projects in Moldova (which has only a twelfth of the population of Ukraine) 1.8 million litas were allocated during the same period (~300,000 litas per year), and 1.6 million litas were allocated to Afghanistan in 2012.[37]

According to policy maker 6, there is an interest on the part of Ukraine to work with Lithuania. Ukrainians are most interested in the European integration experience of Poland and Lithuania, because these two countries are historically and culturally very close to them.

Belarus is a country unwilling to make any reforms and unwilling to receive any support from Western countries; support can be provided only for democratic oppositional movements, which are not able to influence any governmental

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35 The Government of the Republic of Lithuania, *The Provisions of the Development cooperation policy of the Republic of Lithuania for 2011-2012*, Vilnius: The Government of the Republic of Lithuania, Chapter 3, Article 11.3.

36 Information published during the annual meeting of the implementers of the projects of the Development Cooperation and Democracy Promotion Programme of the Ministry of Foreign Affairs of Lithuania. Vilnius, 14-12-2012.

37 *Ibid.*

decisions or reforms, thus we cannot speak about real expansion of Lithuanian soft power in Belarus until the regime changes.

There are two sides to the effect of Lithuanian development cooperation in Belarus. On the one hand, there is an opinion that Lithuanian support for democratic movements in Belarus hampers the strategic (economic) neighbourhood relations between Lithuania and Belarus. The representatives of Lithuanian business express their protests against Lithuania's foreign policy seeking to promote the democracy in Belarus because, as they claim, Belarus is a very important strategic partner for Lithuanian business and such Lithuanian policy is harmful for business interests.[38] On the other hand, Lithuanian projects that promote democracy in Belarus are an investment in the future of Belarus as a politically independent, economically stable, and reliable neighbour and close partner. The current oppositional forces appreciate the support received from Lithuania; however, they do not currently have any power: thus, this support is only an investment in the future. In the case of Belarus, presently data from the interviews allow us to conclude that Lithuanian development cooperation projects in Belarus do not enhance Lithuania's soft power in the country. Therefore, the power-political model is not the case for Lithuanian development cooperation policy in Belarus.

Moldova has other partner countries that are implementing development cooperation and democracy promotion projects there, and Lithuania cannot "enter the market" because "Moldova has other close neighbouring countries, EU members, which are quite influential there, so we just do not withstand the competition".

In **Afghanistan** Lithuania does not have any goals or interests to expand its soft power. The main goal of Lithuanian presence in Afghanistan was to ensure respect from the international community (NATO) and create a positive image of a small but promising country. According to policy maker 1, the projects in Afghanistan are a tool of Lithuania's public diplomacy. The Ministry of Foreign Affairs (MFA) officially states that Lithuania's participation in the NATO mission to Afghanistan is to ensure the status of a reliable and active member of the alliance.[39] The positive image of Lithuania within NATO structures contributes to the state's security, as "Lithuania seems to be the responsible actors of international politics, contributing to the international security attempts. What is more, the Afghanistan project is the

[38] Lithuanian Confederation of Industrialists, *Economic Sanctions*, <http://www.lpk.lt/lt/naujienos/ekonomines-sankcijos> [2012 12 02].

[39] Ministry of Foreign Affairs of Lithuania, *Lithuania in NATO*, <http://www.urm.lt/index.php?1134003413> [01 05 2013].

military exercises for Lithuanian soldiers. In these missions they get the knowledge, which they bring back to Lithuania. That contributes to Lithuanian security."

What is more, the resources that Lithuania allocates to Afghanistan are too small to bring about any changes or progress.

Cultural/historical ties with partner countries

According to Ying Fan, cultural similarity and historical relations are effective tools of the expansion of the soft power.[40] Policy makers highlighted the importance of the cultural heritage of the Grand Duchy of Lithuania in the policy of development cooperation.

The protection of the cultural heritage of the Grand Duchy of Lithuania (GDL) in Belarus and Ukraine, the promotion of the idea that these nations have a common past, and the reminder about the glorious past and wealth of all nations in the GDL under Lithuanian rule fosters respect for Lithuania and forms the image of the country as a unifier of all these nations; the former leader of the region; the bridge between East and West. It also shows the proximity of Lithuania to these countries and promotes the idea that Lithuania is an EU country that understands the problems of these states. This contributes to the main goal of Lithuanian foreign policy – to achieve a favourable external environment for the country's safe existence.[41]

Lithuania implemented several cultural projects that were not related to the history of the Grand Duchy of Lithuania. Such projects took place in Georgia and Afghanistan. For example, the National M.K. Čiurlionis School of Art implemented the project 'The Legend of Vilnius for Georgian Children' in Georgia in 2010. This project aimed to promote the interest of Georgians in Lithuanian culture. The book The Legend of Vilnius was translated into the Georgian language in order to acquaint Georgian children with the history and culture of Lithuania.[42]

A very similar project was implemented in Afghanistan. It included the translation and publication of eight books of Lithuanian fairy tales into the Dari language. The project was implemented by Vilnius University in 2008–2009 and

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40 Fan, p. 6.

41 Seimas of the Republic of Lithuania, *Resolution No XI-52, Key objectives and principles of foreign affairs and of the European policy in the global environment*, <http://www.urm.lt/popup2.php?nr=1&item_id=256&_m_e_id=4&_menu_i_id=162;164&no_cache=1> [10 12 2012].

42 Ministry of Foreign Affairs of Lithuania, Lithuania. Culture of Development. Vilnius: Development Cooperation and Democracy Promotion Department, 2011, p. 15.

aimed to promote Lithuania's culture in Ghor Province in order to develop good relations between local people and the Lithuanian Provincial Reconstruction Team.[43]

Although these two projects were not related to the Grand Duchy of Lithuania, they aimed to promote Lithuanian culture abroad and in this way establish closer relations with the recipient country and earn the respect of the population. However, the real added value for the development of these recipient countries remains unknown and doubtful.

All in all, it should be concluded that Lithuanian development cooperation cultural projects have very clear political and strategic motivations – they promote the history of the Grand Duchy of Lithuania (reminding recipients of the former powerfulness of the state), show the cultural closeness of Lithuania to strategically important neighbouring countries (Belarus and Ukraine), promote Lithuanian culture abroad, build closer relations with strategically important recipient countries (Georgia and Afghanistan), and make Lithuanian development cooperation policy more visible in the international arena.

2.2. Political stability and democracy model

The political stability and democracy approach to development cooperation seems to be very relevant to the Lithuanian case as in public the most emphasised point seems to be the importance of the Lithuanian post-communist transition, democratisation and European integration experience. Officially, the goal of Lithuanian development cooperation policy is to contribute to the development of the democracy, security and stability in the neighbouring and post-conflict regions.[44]

In the provisions of the development cooperation policy, prepared by the government of Lithuania, it is also stated that Lithuania seeks to share its experience in the enhancement of the rule of law, democracy, human rights, gender equality, transformation to the market economy and European integration with developing countries willing to reform.[45] The sharing of the democratisation experience and values contributes to the security of Lithuania.

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43 *Ibid*., p. 13.

44 The Provisions of the Development Cooperation Policy of the Republic of Lithuania for 2011-2012, Chapter 3, Article 11.2.

45 *Ibid*., Chapter 2, Article 5.

Although a lot of the respondents mentioned that the development cooperation in Belarus is not effective enough – it was called "monologue, rather than dialogue"; "talks with ourselves" – they concluded that "still we should do something there". The importance of Belarus as a development cooperation partner country was considered quite high, with respondents giving it 4.3 points out of 5. In addition, Belarus was ranked second (after Georgia) among priority countries. This fact shows that a peaceful and stable neighbourhood (foreign policy goal) is a more important factor influencing the choice of priority countries for development cooperation programmes than the real levels of poverty, hunger and disease in these countries (theoretic goals of development cooperation).

Capacity building, good governance projects, support for regional development, and support for European integration aspirations form a major part of Lithuanian development cooperation.[46] In the framework of such projects Lithuanian public institutions and services share their experience with colleagues from partner countries. Such projects have twofold results. First of all, they contribute to closer, smoother and more efficient international cooperation between these institutions (a good example is Twinning projects). Secondly, Lithuanian institutions can learn from teaching others.

The political stability and democracy model of development cooperation is relevant to the Lithuanian case, as the normative aspect of the development cooperation policy is highly visible in the official documents forming the development cooperation policy, in the content of the projects implemented in the framework of development cooperation and in the democracy promotion programme.

Lithuania's attempts to share the democratisation experience with neighbouring countries contribute to the security of Lithuania. Furthermore, this matches the theoretical criterion of the secure, safe and predictable political environment. What is more, the technical capacity-building projects implemented by Lithuania contribute to social reconstruction within the partner countries (the second theoretical criterion).

2.3. Development and performance model

The development and performance approach allows us to look at development cooperation through the prism of addressing global threats, i.e. the spread of

[46] Ministry of Foreign Affairs of Lithuania, *Lithuanian Development Cooperation 2011*. Vilnius: Development Cooperation and Democracy Promotion Department, 2011, p. 3.

diseases, environmental problems, population growth, global poverty, hunger, and so on. These threats are mentioned by the UN in the MDGs. The UN Millennium Declaration is among the documents on which Lithuania bases its development cooperation policy.[47] However, directly only several goals could be found among the priority sectors of Lithuanian development cooperation policy, which were listed in the Lithuanian development cooperation provisions adopted by the Lithuanian government. These goals are support for health care, support for the rights of women, addressing environmental problems and the fight against climate change.[48]

Environmental issues

The reports of the MFA show that in 2011 four projects addressing environmental problems were implemented (one in Belarus, two in Georgia and one in Moldova). These projects addressed the issue of harm from nuclear power plants in Belarus (seminars), the issues of alternative energy resources (installation of bio-gas lines) and environmentally-friendly ways of life (competition for journalists on environmental issues) in Georgia, and the issue of environmental problems in Moldova (conference for NGOs).[49]

The relatively low number of projects implemented in this field shows that the environment is not the main priority of Lithuanian development cooperation. Interview respondents gave it 2.7 points out of 5 and it was ranked in 11th place among all priority fields. According to them, the role of the environmental issues in Lithuanian development cooperation is just a formality. According to policy implementer 1, environmental issues play only a minor role in the entire development cooperation policy; they were even called "cross-sectoral elements" rather than being a priority sector.

There are two reasons why this field is just a formality. Firstly, although Lithuania declared that it would contribute to the MDGs (thus, the environmental issues should be among the priorities) Lithuania lacks expertise in this field, there are still a lot of environmental problems within Lithuania, and this is quite a new field for Lithuania, so it would be difficult to teach others. Secondly, environmental

47 The Provisions of the Development Cooperation Policy of the Republic of Lithuania for 2011-2012, Chapter 1, Article 3.

48 *Ibid.*, Chapter 6, Articles 15.2-15.7.

49 Ministry of Foreign Affairs of Lithuania, *Lithuanian Development Cooperation 2011*, Vilnius: Development Cooperation and Democracy Promotion Department, 2011, p. 7-11.

projects require a lot of resources and the Lithuanian development cooperation programme is very limited.

Health care

Health care seems to have a more important role in Lithuanian development cooperation policy than the environmental issues. The main health-care projects were implemented in Afghanistan. In 2008 Lithuania began implementing health-care projects in the Ghor province of Afghanistan. There was an urgent need to rebuild the hospital. In 2009 Lithuanian architects and engineers accomplished the technical design of several departments of the hospital, and in 2011 the reconstruction began. The project is very expensive and Lithuania has already allocated 1.85 million litas to the reconstruction. However, Lithuania succeeded in finding several partners: Greece, Japan and the USA also contributed.[50]

According to policy maker 1, attracting other partners to health-care projects is the most efficient way for Lithuania to implement them. This could be a Lithuanian function: to evaluate need, develop the project and then make the advocacy campaign within the international community in order to find potential partners.

In 2010–2011 there were several capacity-building projects for Afghan medics, especially in the spheres of children's and women's health. Lithuanian medics went to Ghor province in order to provide consultations for medics and patients.[51]

The health-care projects in Afghanistan seem to be needed. However, in the context of the whole of the Lithuanian development cooperation the projects appear to be single initiatives without any systematic nature.

Regarding the MDGs that are among the priorities of Lithuanian development cooperation, it is important to point out that after 2011 the environment and the fight against climate change, and the empowerment of women's social activism were excluded from the priority sectors listed in the guidelines of the Lithuanian development cooperation programme. These issues remained only in the project application forms in the shape of a question: "How does the project contribute to the MDGs?" According to policy makers 6 and 7, gender equality and environmental issues are not independent sectors of development cooperation but

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50 Ministry of Foreign Affairs of Lithuania, *Lithuanian Development Cooperation in Afghanistan*, Vilnius: Development Cooperation and Democracy Promotion Department, 2009, p. 13, 21.

51 Ministry of Foreign Affairs of Lithuania, *Lithuanian Development Cooperation 2011*, Vilnius: Development Cooperation and Democracy Promotion Department, 2011, p. 4.

are just principles that cut across all sectors. The implementers should ensure that their projects will be environmentally-friendly and gender-sensitive. However, as mentioned previously, implementers consider such a requirement to be an absurd formality. Thus, it could be concluded that MDGs have only a second-rate, cross-sectoral role in Lithuanian development cooperation and that the development and performance model is not relevant to the Lithuanian case.

2.4. Strategic-defensive or Cold War model

This approach presumes that the Lithuanian development cooperation policy towards Eastern Europe is implemented in order to accelerate their integration into the EU and NATO, and in this way to diminish Russia's influence within the region.

In the goals of its foreign policy, Lithuania officially announced its support for the development of democracy in the Eastern neighbourhood states and their integration into the EU and NATO; for the efforts of Georgia and Moldova to maintain the integrity of their territories and become free from Russian troops; for the promotion of the development of democracy in Russia's neighbourhood; and its intention to contribute to the stability and security of the whole region.[52] This permits presuming the presence of the geopolitical aspect of the competition between the West and Russia in the official documents forming Lithuanian development cooperation policy. However, in the rhetoric of the experts interviewed for this research this aspect was not clearly observed.

In order to find evidence for or against the strategic-defensive model, the respondents were asked about the influence of the development cooperation policy on the national security of Lithuania. However, the majority of them referred only to the non-military security issues – health care, the environment, economic issues, a secure neighbourhood, etc. Another security aspect of Lithuanian development cooperation policy is the image of Lithuania within NATO, which has already been discussed in the context of the power-political model.

The attitudes of Lithuanian policy makers towards Russia in the context of development cooperation policy are not militant. On the contrary, several policy makers and independent experts stressed the willingness and necessity to resume

[52] Seimas of the Republic of Lithuania, *Programme of the Government of the Republic of Lithuania*. Resolution No XI-52 of 9 December 2008, Articles 191-199. <http://www.urm.lt/popup2.php?item_id=256> [29 12 2012].

its development cooperation programme in the Kaliningrad region and even other regions of the Russian Federation (for example, Pskov, St Petersburg).

The Kaliningrad region of the Russian Federation was included in the list of priority regions in the provision of Lithuanian development cooperation policy in 2003.[53] In the provisions for 2006–2010 Kaliningrad disappeared from the list. It was stated that Lithuania would implement development cooperation policy within Eastern Europe (Belarus, Moldova and Ukraine), South Caucasus (Armenia, Azerbaijan and Georgia), and the post-conflict countries (Afghanistan and Iraq). If there is the financial ability, Lithuania will also support the countries of other regions, particularly the poorest African countries.[54] However, the Kaliningrad region remained in the guidelines of the development cooperation programme, and the projects (cultural, youth exchanges, economic relations, energy security) were implemented there until 2010.[55] The policy makers from the Ministry of Foreign Affairs explained such change by saying that the Kaliningrad region was taken out of the priority regions because the Russian Federation is not an ODA recipient country (i.e. it is not included in the list of ODA recipients prepared by the OECD); this means that the funds allocated for development cooperation projects in the Kaliningrad region do not count towards the Lithuanian ODA. Given the fact that Lithuania has an obligation to increase its ODA to 0.33% of GNI by 2015, it could be easily concluded that this change is of a rational nature, i.e. not allocating any developmental funds to non-ODA recipient countries. This fact once again proves that the main driver of Lithuanian development cooperation policy is obligation.

The criterion of the competition between the West and Russia was not proven to exist, as there is no evidence for such a statement in the legal acts or among the projects implemented. Only a few hints, expressed by a few experts, were observed. Moreover, the lack of a militant attitude towards Russia and the willingness to implement development cooperation policy in the Kaliningrad region expressed by the experts allows for an argument against the existence of this criterion. This is also proven by the examples of projects implemented in the Kaliningrad region of the Russian Federation until 2010.

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53 The Government of the Republic of Lithuania, *The Provisions of the Development and Aid Policy of the Republic of Lithuania for 2003-2005*, Article 5, Part 13.

54 The Government of the Republic of Lithuania, *The Provisions of the Development Cooperation Policy of the Republic of Lithuania for 2006-2010*, Article 7, Part 18.

55 Ministry of Foreign Affairs of Lithuania, *The Development Cooperation and Democracy Promotion Projects in 2010*, <http://www.orangeprojects.lt/site/?page=11&sub=537> [05 01 2013].

The criterion of the military security issues is not relevant to the Lithuanian case: no evidence was found in the legal acts and only the non-military security issues were listed by the respondents.

2.5. Economic-commercial model

The economic-commercial model of development cooperation looks at development cooperation policy through the prism of economic and commercial interests of the donor.

Before 2010 the guidelines of the development cooperation programme placed emphasis on the economic and trade relations between Lithuania and its partner countries. In the guidelines for 2009, the following priority sectors of Lithuanian development cooperation were listed: enhancement of bilateral economic and trade relations between Lithuania and Belarus; establishing partnerships between Lithuanian and Georgian business structures; the promotion of business initiatives among Lithuania and the Kaliningrad region of the Russian Federation; and even the promotion of business initiatives with business structures from the partner counties in general as a separate chapter of the guidelines.[56] However, after 2009 these priorities relating to economic relations disappeared. Although the promotion of economic and trade relations is listed among the sectors of the Lithuanian development cooperation programme (in multi-year provisions, prepared by the government)[57], they are not included in the programme guidelines prepared by the Ministry of Foreign Affairs (MFA).

Since 2012 the MFA has financed only 13 projects aiming to contribute to the promotion of business initiatives. In 2007 one project was implemented in Moldova, which aimed to present the opportunities to invest in the economy of the Gagauzia region of Moldova.[58] In 2008 there were two projects in Ukraine; they both aimed to support the cooperation between the Sumy and Telšiai regions, in order to promote the development of small and medium businesses and establish

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56 Ministry of Foreign Affairs of Lithuania, *The guidelines for the Development Cooperation and Democracy Promotion Programme 2009*, Vilnius: Ministry of Foreign Affairs of Lithuania, 2008.

57 The Government of the Republic of Lithuania, *The Provisions of the Development Cooperation Policy of the Republic of Lithuania for 2011-2012*, Chapter 6, Article 15.4.

58 Ministry of Foreign Affairs of Lithuania, *The Development Cooperation and Democracy Promotion Projects in 2007*, <http://www.orangeprojects.lt/site/newfiles/files/pdf/2007_metu_VB_projektu_suvestine.pdf> [02 01 2013].

business partnerships.[59] In 2009 the largest number of projects in the sector of the promotion of business initiatives was financed: three projects in Belarus[60], three projects in Georgia[61], two projects in Ukraine[62], and one project in Azerbaijan.[63] All of these projects aimed to promote cooperation and partnership relations between entrepreneurs from Lithuania and these partner states. The total amount of funds allocated for the implementation of these projects in 2009 was nearly 450,000 litas or 7% of the total funds allocated to the development cooperation programme that year.[64] However, since 2010 the projects promoting business relations have disappeared. Only a few projects, addressing the entrepreneurial skills of women and youths, were implemented; however, they did not directly promote business cooperation.

Such change could be explained by the financial crisis of 2009 and the financial cuts to the development cooperation programme. While the resources were available, the enhancement of economic and trade relations and the promotion of business initiatives were financed through the mechanisms of the development cooperation programme. However, when the resources were cut, only the most important sectors of that programme remained – the promotion of democracy, the support for European integration aspirations, administrative capacity-building projects, etc. Since Soviet times, Lithuanian business structures have had close relations with partners from Eastern Europe; thus, Lithuanians have their own ways of doing business, developing contacts, etc. The economic crisis of 2009 was the turning point when the development cooperation programme showed that business is not its goal, and business decided that the development cooperation programme is not its method. Since that time, although they are both issues of foreign policy, they do not overlap.

The experts involved in this research evaluated the importance of the sector of economic development and trade relations in the development cooperation policy as 2.6 points out of 5 and it was ranked last out of the 12 priority sectors listed in

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59 Ministry of Foreign Affairs of Lithuania, *The Development Cooperation and Democracy Promotion Projects in 2008*, p. 23-24. <http://www.orangeprojects.lt/site/newfiles/files/pdf/Internetas_2008_metu_VB_projektu_suvestine.pdf> [02 01 2013].

60 Ministry of Foreign Affairs of Lithuania, *The Development Cooperation and Democracy Promotion Projects in 2009*, p. 10. <http://www.orangeprojects.lt/site/newfiles/files/pdf/2009_metu_VB_projektu_suvestine.pdf> [02 01 2013].

61 *Ibid*., p. 14.

62 *Ibid*., p. 19.

63 *Ibid*., p. 25.

64 *Ibid*., p. 27.

the provisions of development cooperation policy prepared by the government of Lithuania.

Policy makers were quite sceptical about the real impact of development cooperation on the economy. Only an indirect relationship between the Lithuanian development cooperation policy and its economic interests could be found. The main aspect of the interdependence of development cooperation and economic interests was the development of people-to-people contacts.

The Lithuanian development cooperation programme is too small and the funds operating in this field are very limited. This means that the policy cannot have any significant influence on the volume of sales of goods and services in Lithuania. The only field in which Lithuanian development cooperation policy could have influence is the development of closer relations with partners, enhancing confidence among partners which stimulates the climate for investments. Thus, the development cooperation policy could only have an indirect influence on the economic and commercial interests of Lithuania, and it is obvious that the economic-commercial model of development cooperation is not relevant to the Lithuanian case.

Conclusions

Although Lithuanian development cooperation could be called "compulsory altruism" and came to Lithuania with the EU accession process, the content of the policy was created by the Lithuanian government. This research aimed to identify the internal purposes – motives – that influenced the shape of the content of the Lithuanian development cooperation policy.

In this work, five theoretical models for the analysis of the motives of the development cooperation policy were developed. These were the power-political model, related to the concept of soft power; the political stability and democracy model, based on constructivism; the development and performance model, based on the neo-liberal concept of global governance; the strategic-defensive model, based on Cold War ideology; and the economic-commercial model, based on the commercial liberal theory. Specific criteria for each model were developed in order to conduct the research and identify the models in a real empirical case.

It is also important to highlight that these models clearly define (group) the motives of foreign aid only theoretically; in real life those purposes overlap and are often hidden, thus it is not easy to assign the goals of Lithuanian development cooperation policy to one or another model, as it might seem.

The conducted research showed that the power-political model of the development cooperation policy is the most relevant for the Lithuanian case. All three theoretical criteria developed for the identification of this model (attractiveness for the partner countries; role within the international community; cultural/historical ties with partner countries) matched the empirical patterns.

The relevance of the power-political model permits us to state that the main internal motives of Lithuanian development cooperation policy are the aspirations to create a positive image of Lithuania within the international community. The main means to this end are the implementation of developmental projects in Afghanistan, and creating the image of Lithuania as an expert on the Eastern European countries.

The second motive is the aspiration to become attractive for partner countries. The main projects aiming to create an attractive image of Lithuania within partner countries (Belarus, Ukraine, Moldova, Georgia and Afghanistan) are the cultural projects and technical capacity-building projects. Cultural projects are twofold: in part they aim to promote the cultural heritage of the Grand Duchy of Lithuania in order to remind partner countries of the former powerfulness of the state and show the cultural closeness of Lithuania to the strategically important neighbouring countries (Belarus and Ukraine); and partly they promote Lithuanian culture abroad, in this way contributing to the closer relations with strategically important recipient countries (Georgia, Afghanistan). The administrative capacity-building projects contribute to the attractiveness of Lithuania for the partner countries with aspirations of European integration (Georgia, Moldova and Ukraine). Such projects serve for the development of the administrative capacities of the recipient country to prepare for the implementation of EU standards. Lithuanian transitional experience makes the country attractive for the partner countries.

The analysis of the theoretical models also proved the relevance of the political stability and democracy model to Lithuanian development cooperation policy. All three theoretical criteria (secure, safe and predictable political environment; social reconstruction within the partner countries; and mutually recognised norms (democracy, human rights, etc.)) proved to be relevant to the empirical patterns of the Lithuanian case. It permits us to affirm that the third internal motive influencing the content of Lithuanian development cooperation policy is the aspirations to create a secure, predictable and stable Lithuanian neighbourhood. The main means to achieving this goal is sharing the Lithuanian democratisation, European and Atlantic integration experience with the country's neighbours.

The third development and performance model, which argues that development cooperation policy is a tool for states to cooperate in addressing

common global threats, was not confirmed in the Lithuanian case. Its criteria (global threats, environmental problems, health care, gender equality and MDGs in general) appeared to be only "cross-sectoral" elements in Lithuanian development cooperation policy, rather than the real priorities.

The strategic-defensive or Cold War model was also not proven. No evidence for the confirmation of the four criteria (competition between the West (EU/NATO) and Russia; Cold War; hard power; and military security) were found neither in the legal acts, nor among the projects implemented. However, such factors as the lack of militant attitudes of experts towards Russia and the non-military security issues served as arguments against this model.

The final model discussed in this study was the economic-commercial model. Only one of the criteria of this model (economic interdependence; trade enhancement; investment opportunities; economic worth of the partner country; commercial interests) proved to be valid – the investment opportunities. This issue was a priority for Lithuanian development cooperation policy until the financial crisis in 2009. However, more recently economic-commercial interests have not been the issue of development cooperation. Although the experts stressed the possible effect of the people-to people contacts developed through the development cooperation projects on the investment climate for Lithuanian business, there is no evidence to prove this model.

THE LITHUANIAN PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION ADVANCING ENERGY POLICY AND EASTERN PARTNERSHIP GOALS: CONDITIONS FOR EXERTING INFLUENCE

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Abstract

This article assesses Lithuania's potential to exercise added influence in EU decision-making during its upcoming EU Council Presidency in two priority areas: the energy policy and relations between members of the EU and the Eastern Partnership countries. This article presents a comprehensive empirical ex ante analysis of the potential influence of the Presidency, based on official documents, academic literature, and interviews with officials from Lithuania and other EU member states. We first reflect on the roles and functions of the Presidency, how these roles changed with the Lisbon Treaty, and how the incumbent can take advantage of its position to increase its influence. We then discuss the different national, issue- and context-related conditions for influence, and how they apply to Lithuania's upcoming Presidency. We conclude that Lithuania fulfils most national conditions for influence, but that energy and Eastern Partnership policies present specific constraints for individual Presidencies to exert influence, and that the policy context is not favourable for advancing ambitious goals in these areas.

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Introduction

Lithuania starts its first-ever Presidency of the Council of the EU (hereafter – Presidency) on 1 July 2013. Over the course of six months, Lithuania will organise and chair approximately 3,000 events – Councils, working group meetings, conferences, forums, etc. – of which 190 will take place in Lithuania.[1] In terms of budget, staff, logistics, and expertise, this constitutes one of the largest undertakings the Lithuanian government has faced since the country joined the EU in 2004. The Presidency also has an important political element, especially for a member state assuming it for the first time. Some have argued that a Presidency period can be seen as the ultimate test of whether new member states are capable of fulfilling their obligations in the EU.[2] Although the government holding the Presidency formally cannot and should not use its position for national purposes[3], there is a growing body of literature showing that the incumbent does exert additional influence on decision-making.[4] Indeed, fulfilling its obligations is not the only objective of the holder of the Presidency: the Presidency period constitutes a unique opportunity

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1 Lucenko V., "Préparation de la présidence du Conseil: le cas de la Lituanie (second semestre 2013)", in Charléty V., Mangenot M., eds., Le système présidentiel de l'Union européenne après Lisbonne, Strasbourg: École nationale d'administration, 2011, p. 75-77.

2 Drulák P., "Comparing the EU Presidencies: a Pragmatic Perspective" in Drulák P., Šabič Z., eds., *The Czech and Slovenian EU Presidencies in a Comparative Perspective*, Dordrecht: Republic of Letters, 2010, p. 1-20.

3 Dewost J.-L., "La Présidence dans le cadre institutionnel des Communautés Européennes", *Revue du Marché Commun*, 1984(273), p. 31-34; Ludlow P., "The UK Presidency: A View from Brussels", *Journal of Common Market Studies*, 1993, No. 31(2), p. 246-260; Vida K., "Introduction: a Theoretical Approach" in Vida K., eds., *The Impact of the 10 New Member States on EU Decision-Making: The Experience of the First Years*, Budapest: Foundation for European Progressive Studies, 2010, p. 4-11; Culley P., *et al.*, "Le trio de présidences" in Charléty V., Mangenot M., eds., *Le système présidentiel de l'Union européenne après Lisbonne*, Strasbourg: École nationale d'administration, 2011, p. 79-91.

4 Arter D., "Small State Influence Within the EU: The Case of Finland's 'Northern Dimension Initiative'", *Journal of Common Market Studies*, 2000, No. 38(5), p. 677-697; Bjurulf B., "How did Sweden Manage the European Union?" *ZEI Discussion Papers*, 2001, No. C 96; Tallberg J., "The Power of the Presidency: Brokerage, Efficiency and Distribution in EU Negotiations", *Journal of Common Market Studies*, 2004, No. 42(5), p. 999-1022; Schalk J., Torenvlied R., Weesie J., Stokman F.N., "The Power of the Presidency in EU Council Decision-making", *European Union Politics*, 2007, No. 8(2), p. 229-250; Warntjen A., "Steering the Union: The Impact of the EU Presidency on the Legislative Activity in the Council", *Journal of Common Market Studies*, 2007, No. 45(5), p. 1135-1157; Thomson R., "The Council Presidency in the EU: Responsibility with Power", *Journal of Common Market Studies*, 2008, No. 46(3), p. 593-617; Bunse S., *Small States and EU Governance: Leadership through the Council Presidency*, New York: Palgrave Macmillan, 2009.

for governments, interest groups, and NGOs of EU member states to promote their own views and projects.[5] Indeed, the Lithuanian administration has set increasing Lithuania's influence in the EU decision-making process as one of its goals during the Presidency, along with ensuring smooth management of the myriad meetings and other Presidency activities, and strengthening European values in the country.[6] The former speaker of the Seimas (Lithuanian Parliament) stated that "the Lithuanian Presidency […] is not only an opportunity to reinforce our membership in the European Union, but also a chance to achieve national goals", while the former foreign minister surmised that "the Presidency will be a chance for Lithuania to consolidate its position in the EU and take off its 'rookie's hat'. Lithuania will have the opportunity to present and protect national interests."[7]

Although there is evidence that the holder of the Presidency can exert some influence on EU decision-making and that Lithuania will also aim to do so, the impact of the Treaty of Lisbon, which entered into force on 1 December 2009, should be addressed. This treaty significantly curtails the opportunities the holder of the rotating Presidency has for shaping policy outcomes, leaving the incumbent member state more of a coordinating role. Furthermore, a trend can be detected among policy makers in Lithuania of the initial emphasis on focusing on national priorities during the Presidency, as illustrated by the quotes cited above, shifting towards an emphasis on broader European affairs and issues of European interest, which are being discussed more frequently as the Presidency period approaches. Nevertheless, finding a balance between advancing national priorities and managing the decision-making process while holding the Presidency in order to broker deals for bringing the European agenda forward remains an important issue.

This article discusses the extent to which Lithuania can be expected to exert increased influence in advancing national priorities during its Presidency in the current institutional context, based on a systematic analysis of the conditions for influence. In addition to the general priority of restoring economic growth and stability in the EU, Lithuania has identified four specific areas in which the EU

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5 Tulmets E., "Introduction: Identity and Solidarity in the Foreign Policy of East Central European EU Members: Renewing the Research Agenda", *Perspectives*, 2011, No. 19(2), p. 5-26.

6 For example, see Lithuanian Government, "Lietuvos pasirengimo primininkauti Europos Sąjungos Tarybai 2013 m. gairės (protokolo Nr. 38, 2010-05-26)", p. 2; Seimas, "Nutarimas dėl Lietuvos Respublikos pasirengimo pirmininkauti Europos Sąjungos Tarybai 2013 m. liepos 1 - gruodžio 31 dienomis (Nr. XI-846)", <http://www3.lrs.lt/pls/inter/w5_show?p_r=8212&p_d=119269&p_k=1>, 08 03 2013.

7 Lithuanian Presidency website, "Lithuania's Preparation for the Presidency of the Council of the European Union", <http://www.eu2013.lt/index.php?4294425822>, 20 11 2012.

should make progress during its Presidency: (i) increasing energy security within the EU, (ii) strengthening EU relations with Eastern Partnership (EaP) countries, (iii) strengthening the Baltic Sea Strategy, and (iv) effectively managing external borders.[8] These four "national" Presidency priorities are of importance primarily to Lithuania and the other countries of the Baltic/Nordic region. However these issues were formulated in consultation with the European Commission and taking its Work Programme[9] into account, and are thus considered crucial for the EU as a whole. In this article, we focus on the first two "national" priorities, i.e. energy security and the EaP, for several reasons. First, both topics touch upon the core interests of Lithuania in the EU, constituting an extension of the country's key European policy priorities as formulated since 2004, which are less important to (many) other member states.[10] Furthermore, these priorities were emphasised in the work programmes of both the 15th and the 16th Governments of Lithuania, which were responsible for the preparation period for the Presidency.[11] In addition, energy security policy, though it does touch on some external aspects, is largely related to internal EU policies, while EaP policies are part of the EU's external policies: this allows for the assessment of how the conditions for influence differ/converge in these two areas. Finally, energy security is particularly illustrative as an example of a national priority with no major decisions expected on the EU level during the Presidency term.

In what follows, we first sketch the (formal and informal) roles of the Presidency, how they changed with the Lisbon Treaty, and how these roles may increase or limit Presidency influence. Subsequently, we present an overview of the conditions for influence that have been identified in academic literature, and how they apply to Lithuania. This part also includes a description of the key priorities of the Lithuanian Presidency in the fields of energy policy and EU-EaP relations. In the third and final part, we analyse the main opportunities and challenges for Lithuania to steer EU decision-making in energy and EaP policies. We conclude that

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8 Seimas, "Seimo Nutarimo Dėl Lietuvos Respublikos pirmininkavimo Europos Sąjungos Tarybai 2013 m. Projektas (XIP-3550)", <http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc_l?p_id=409464&p_query=&p_tr2=>, 30 03 2012 ; Lucenko, (note 1).

9 Interview 8.

10 For the development of Lithuanian foreign policy since 2004, see Vilpišauskas R. "Lithuanian Foreign Policy since EU Accession. Torn between History and Interdependence", in Braun M., Marek D., eds., *The New Member States and the European Union. Foreign Policy and Europeanization*, London: Palgrave, 2013, p. 127-142.

11 Seimas, "Nutarimas dėl Lietuvos Respublikos Vyriausybės programos". Vilnius, 2008 m. gruodžio 9 d. Nr. XI-52.; Lietuvos Respublikos Seimas, „Nutarimas dėl Lietuvos Respublikos Vyriausybės programos". Vilnius, 2012 m. gruodžio 13 d. Nr. XII-51.

Lithuania fulfils most national conditions for exerting influence, but that the EU and international contexts, including the domestic situation in the EaP countries, are not favourable for advancing ambitious projects in the aforementioned policy areas. Each area also has its specific challenges and constraints for exerting influence.

This article's contribution to academic literature is mostly empirical and consists of two main aspects. First, it engages in an ex ante assessment of Presidency influence, contrary to most literature on Presidency performance, which usually makes ex post evaluations. The advantage of this approach is that it can act as a basis for later assessment in light of actual events. Second, the article provides the first systematic overview of the conditions for Presidency influence under the Lisbon Treaty rules applied to Lithuania, and is based on official documents, secondary sources, and interviews with officials from Lithuania and other EU member states.

1. Roles and influence of the Presidency in internal and external EU policies

1.1. Presidency roles

Formally, the Presidency only has one main responsibility: convening and chairing the meetings of the Council and its preparatory bodies, including a number of other organisational and administrative tasks.[12] However, over the past few decades, the Presidency has become an increasingly important actor in EU decision-making.[13] In addition to the role of organiser/administrator, five other political roles of the Presidency have been discerned in academic literature, of which agenda setting/shaping, mediation/brokerage, and representation are most often cited.[14] First, the incumbent is also an agenda setter or shaper: resources,

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12 Langdal F., von Sydow G., *The 2009 Swedish EU Presidency: The Setting, Priorities and Roles*, Stockholm: Swedish Institute for European Policy Studies, 2009; Chenevière C., "La présidence tournante du Conseil de l'Union européenne dans le cadre du traité de Lisbonne", *La XIIème présidence belge du Conseil de l'Union européenne: bilan et perspectives*, Bruxelles: Bruylant, 2011, p. 99-111.

13 Westlake M., Galloway D., eds., *The Council of the European Union*, London: John Harper Publishing, 2004.

14 Bjurulf, (note 4); Vos H., Baillieul E., "The Belgian Presidency and the Post-Nice Process after Laeken", *ZEI Discussion Paper*, 2002, No. C 102; Elgström O., "Introduction" in Elgström O., ed., *European Union Council Presidencies: A comparative perspective*, London: Routledge, 2003, p. 1-17; Tallberg J., "The agenda-shaping powers of the Council Presidency" in Elgström O., ed., *European Union Council Presidencies: A comparative perspective*, London: Routledge, 2003, p. 18-37; Thomson, (note 4).

time, rooms, interpretation services, etc. are limited, so there is a need to define priorities, which is done by the Presidency together with the European Commission. The Presidency programme puts certain issues in the foreground, indicates where results are expected, and sometimes excludes issues from the agenda. Second, the Presidency fulfils the role of mediator or broker: it builds consensus between the member states, as well as between the Council, the European Parliament (EP) and the European Commission. Third, the Presidency acts as a representative and contact point: it speaks and negotiates on behalf of the Council with the other EU institutions and represents the EU in contact with the media or third states and international organisations, although the latter role has diminished since 2009 (see infra). Fourth, some authors[15] have also described political leadership as a role of the Presidency: the chair promotes initiatives and priorities that further the process of European integration or that contribute to a better functioning of the EU. Finally, Adriaan Schout and Sophie Vanhoonacker[16] have discussed the Presidency's role as a representative of national interests, which is the most controversial one. The fact that all EU members hold the Presidency at a certain point has resulted in a tacit agreement in the Council that the incumbent can, to a certain extent, promote national preferences.[17] Indeed, member states cannot and do not ignore their own interests during their Presidency; the question is not whether or not the chair has preferences, but how it deals with them. In other words, being fair is more important than being neutral.[18]

1.2. Reform of the roles of the Presidency

During the Convention on the Future of Europe (2001–2003), a number of shortcomings of the rotating Presidency system related to continuity, leadership, coherence, excessive workload and costs were discussed.[19] The period of six months

[15] Elgström O., "The Presidency: The Role(s) of the Chair in European Union Negotiations", The Hague Journal of Diplomacy, 2006, No. 1(2), p. 171-195; Quaglia L., Moxon-Browne E., "What makes a Good EU Presidency? Italy and Ireland Compared", Journal of Common Market Studies, 2006, No. 44(2), p. 349-368; Schout A., Vanhoonacker S., "Evaluating Presidencies of the Council of the EU: Revisiting Nice", Journal of Common Market Studies, 2006, No. 44(5), p. 1051-1077.

[16] Schout, Vanhoonacker, (note 15).

[17] Tallberg, (note 14).

[18] See also: Schout A., "The Presidency as a Juggler: Managing Conflicting Expectations", *Eipascope*, 1998(2).

[19] Schout A., "Beyond the Rotating Presidency" in Hayward J., eds., *Leaderless Europe*, Oxford: Oxford University Press, 2008, p. 269-287; Bunse, (note 4); Vanhoonacker S., Pomorska K., Maurer H.,

is too short to introduce and finalise projects, resulting in a discontinuous stop-and-go process and a lack of follow-up of initiatives, often due to overambitious agendas. Discontinuity existed not only between successive Presidencies, but also between two Presidencies of the same member state, due to the long interval between its two semesters at the helm. In addition, the system entailed a lack of strategic direction and leadership, especially in external affairs. Moreover, EU policies were not always coherent because different actors (the Presidency, the European Commission and/or the High Representative of the Union for Foreign Affairs and Security Policy) were competent in different aspects of the same policy area. Furthermore, the growing agenda and successive enlargements of the EU had led to increased workload and high costs for the Presidency. Finally, some feared that the new and mostly small members would not be able to run the Presidency properly, or would represent the EU externally in a biased manner.

Proponents of the rotation system defended it as the most pure form of equality between member states. Other advantages of the rotating Presidency are the extension of policy makers' networks during their period at the helm, more awareness about EU affairs in the incumbent country, extra incentive to implement EU legislation during the period at the helm, and the modernisation of national administrations that the Presidency often entails.[20]

The Lisbon Treaty preserved the system of rotation, but made substantial changes with regard to the roles of the Presidency. The most drastic modifications were made in external policy.[21] The Foreign Affairs Council (FAC) is now chaired by Catherine Ashton, High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission (HR/VP), and the European Council is headed by Herman Van Rompuy, its first full-time president. Ashton represents the EU externally at foreign minister level, while Van Rompuy is the EU's representative at the level of heads of state. The newly established European External Action Service (EEAS) assists the HR/VP in ensuring coherence and consistency of external policies, and chairs most working parties related to external relations. The Presidency's role in external policies has thus changed,

"The Presidency in EU External Relations: Who is at the Helm?", *Politique européenne*, 2011(35), p. 139-164.

20 Bunse, (note 4); Vanhoonacker, Pomorska, Maurer, (note 19).

21 Bunse S., Rittelmeyer Y.-S., Van Hecke S., "The Rotating Presidency under the Lisbon Treaty: From Political Leader to Middle Manager?" in Van Hecke S., Bursens P., eds., *Readjusting the Council Presidency: Belgian Leadership in the EU*, Brussel: ASP, 2011, p. 43-63; Charléty V., Mangenot M., eds., *Le système présidentiel de l'Union européenne après Lisbonne*, Strasbourg: École nationale d'administration, 2011.

but it has not become entirely irrelevant.[22] The Presidency still chairs a number of crucial preparatory bodies related to external policy, including COREPER I and II, as well as all the other Council configurations, even if the topics discussed have external implications. The Presidency also chairs the FAC when trade issues are on the agenda. Moreover, although the HR/VP is the official external representative of the EU, in practice some third countries still prefer to negotiate either with individual member states or with the Presidency. Furthermore, the agenda of the HR/VP is overburdened with meetings, which has resulted in Ashton asking the Presidency to replace her on certain occasions. Finally, the Presidency plays an increasingly important role as mediator between the different EU institutions: the competencies of the EP in external relations have expanded considerably, and the Presidency can play a role in leading the files through the procedural steps in the Council, thus contributing to consistency between the different aspects of both external and internal EU policies.

The institutions of the EU have generally become more powerful since the Lisbon Treaty. The EP's areas of competence have expanded and the former co-decision procedure is now the ordinary legislative procedure. The European Commission's right of initiative is extended to former third pillar issues. The European Council is formally recognised as an EU institution. Since this body formulates long-term EU policies, the Council configurations will increasingly have to follow the guidelines set by the European Council, which will affect the agenda-setting powers of the Presidency.[23]

The practice of team Presidencies, established unofficially in 2002, was formalised.[24] From 2014 onwards, a new system of Qualified Majority Voting (QMV) will be in force, which will alter coalition building. QMV was also expanded to more policy areas.

In sum, the creation of the positions of HR/VP and permanent president of the European Council, the formalisation of Presidency trios, and the fact that

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22 Drieskens E., Debaere P, De Ridder E., Nasra S., "The External Role of the Belgian Presidency: Out of the Limelight, into the Shadow?" in Van Hecke S., Bursens P., eds., *Readjusting the Council Presidency: Belgian Leadership in the EU*, Brussel: ASP, 2011, p. 207-220; Gostyńska A., "Evaluation of the Hungarian Presidency of the Council of the European Union", *Polish Institue for International Affairs Bulletin*, 2011, No. 71(288); Vanhoonacker, Pomorska, Maurer, (note 19).

23 Van Hecke S., Bursens P., "Evaluating the Success of a Council Presidency in Post-Lisbon Europe" in Van Hecke S., Bursens P., eds., *Readjusting the Council Presidency: Belgian Leadership in the EU*, Brussel: ASP, 2011, p. 25.

24 Schout, (note 19); Fernández Pasarín A.M., "The Reform of the Council Presidency: Paving the Way for a New Synergy with the European Commission?", *Politique européenne*, 2011(35), p. 29-54.

an increasing number of working parties are headed by permanent chairs, point to growing "denationalisation" and "supranationalisation" of the Presidency.[25] The role of the rotating Presidency may become more important for procedural matters and less for content matters: its roles as agenda setter, political leader and representative of the EU are weakened, while its tasks related to administration and mediation have become more prominent. It is still unclear to what extent the role of national representative can (still) be played by the Presidency.

1.3. The Presidency as an influential actor?

The political roles of the incumbent can be approached from two competing perspectives: the Presidency seat can function either as a "silencer" or an "amplifier" of national preferences.[26] In the former case, the chair plays down ("silences") its national interests during the period of its Presidency. The dominant theoretical explanations for this effect are based on sociological institutionalism, pointing to expectations as well as formal and informal norms that shape the Presidency's behaviour.[27] The neutrality norm is the most important in this respect: the Presidency is expected to act as an honest broker. In the latter case, the country at the helm uses its formal power position to promote ("amplify") its preferences and ideas: the incumbent country temporarily becomes more influential in the EU. The underlying theoretical assumptions of this approach are based on rational choice institutionalism.[28]

The dichotomy of the Presidency period as an "amplifier" or a "silencer" is very pertinent to the key question addressed in this article, i.e. to what extent will Lithuania be able to exert influence during its Presidency, notably on energy issues and EaP policies. Influence is understood as "changing an outcome from what it would have been in the absence of an action."[29] In the next part, we discuss the

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25 Fernández Pasarín, (note 24).

26 Bengtsson R., Elgström O., Tallberg J., "Silencer or Amplifier? The European Union Presidency and the Nordic Countries", *Scandinavian Political Studies*, 2004, No. 27(3), p. 311-334.

27 E.g. Elgström O., ed., *European Union Council Presidencies: A Comparative Perspective*, London: Routledge, 2003.

28 E.g. Tallberg J., "Formal Leadership in Multilateral Negotiations: A Rational Institutionalist Theory", *The Hague Journal of Diplomacy*, 2006, No. 1(2), p. 117-141; Tallberg J., "The Power of the Chair: Formal Leadership in International Cooperation", *International Studies Quarterly*, 2010, No. 54(1), p. 241-265.

29 Quoted in Bunse, (note 4), p. 5.

conditions for Presidency influence as identified in academic literature and apply them to Lithuania.

2. Conditions for Presidency influence

Conditions for Presidency influence[30] can be divided into three categories: national conditions, which are related to the characteristics of the incumbent, the way it organises the Presidency, and its position in the EU; issue-specific conditions, which refer to decision-making rules as well as preferences and other aspects of policy areas or concrete issues; and external context – including both foreseeable and unexpected events – which impact the ability of the Presidency to be influential.

2.1. National conditions

National conditions include the incumbent country's size, government service coordination, preparation, reputation, and networks, as well as the division of labour between the national capital and the Permanent Representation (Perm Rep).

Size of the incumbent country has been discussed in relation to Presidency influence by several authors.[31] The Presidency period seems to be an opportunity for small member states to increase their leadership potential and ability to influence decision-making, which was one of the reasons why small EU member states were generally opposed to abolishing the rotating Presidency during the negotiations on the Lisbon Treaty.[32] Small states are rarely accused of having a national agenda that is too ambitious, since they are not expected to (be able to) promote their national interests in the same way as large states do; they "naturally" have a better reputation as honest brokers. However, there is no agreement in academic literature on the

30 For an overview, see: Vandecasteele B., Bossuyt F., "Assessing EU Council Presidencies: Conditions for Success and Influence", *Comparative European Politics*, 2013 (forthcoming).

31 Baillie S., "A Theory of Small State Influence in the European Union", Journal of Development and International Cooperation, 1998, No. 1(3-4), p. 195-219; Thorhallsson B., Wivel A., "Small States in the EU: What Do We Know and What Would We Like To Know?", Cambridge Review of International Affairs, 2006, No. 19(4), p. 651-668; Björkdahl A., "Norm advocacy: a small state strategy to influence the EU", Journal of European Public Policy, 2008, No. 15(1), p. 135-154.

32 Bunse, (note 4).

abilities of small states to manage the tasks required while holding the Presidency. Bo Bjurulf[33] has claimed that small Presidency holders can manage practical issues as effectively as large ones, since they are usually very motivated and have good contacts with EU institutions. Heidi Maurer[34], by contrast, argues that large Presidency holders are better managers, as they have more resources to employ labour-intensive methods, and they can function independently from the Council Secretariat.

Lithuania is a small state in terms of population, economy, military capacity and voting weight in the EU. Furthermore, its Presidency budget for 2012–2014, at 214 million LTL (approximately 60 million EUR)[35], is rather small compared to larger Presidency holders such as Poland, which had a budget of 100 million EUR.[36] On the one hand, it can be hypothesised that Lithuania, as a small state, will temporarily become more influential during its Presidency and steer EU decision-making in line with its preferences. On the other hand, however, Lithuania may have to focus all of its resources on the effective management of its administrative and organisational responsibilities, which would leave little or no room for discussing issues of national importance. One of the challenges for Lithuania will thus be to turn its small size into leadership capacities, while at the same time effectively performing its tasks.[37]

A second condition for exerting influence is effective inter-ministerial coordination and involvement of officials at all relevant domestic policy levels.[38] Negotiators should formulate clear and consistent positions if they wish to exert influence on decision-making. According to Bjurulf[39], small-state administrations typically ensure an efficient flow of communication. Smaller administrations also have more informal working relations, which can help in coordinating positions and reaching quick decisions under time pressure. A study of the 2008 Slovenian

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33 Bjurulf, (note 4).

34 Maurer A., "The German Council Presidency: Managing Conflicting Expectations", *Journal of Common Market Studies*, 2008, No. 46(Annual Review), p. 51-59.

35 Lithuanian Presidency Website, (note 8); Lucenko, (note 1).

36 Kaczyński P.M., *Polish Council Presidency 2011: Ambitions and Limitations*, Stockholm: Swedish Institute for European Policy Studies, 2011.

37 Most interviewees expect that Lithuania's small size will not hamper its performance. If there will be some impact, it will be a rather positive one, due to short bureaucratic chains and a stronger honest broker reputation (Interview 2; Interview 3; Interview 4; Interview 5; Interview 7; Interview 8; Interview 9; Interview11).

38 Bunse, (note 4).

39 Bjurulf, (note 4).

Presidency revealed, however, that the flow of information is not necessarily good in small administrations.[40]

In Lithuania, Vice-Minister of Foreign Affairs Vytautas Leškevičius is responsible for EU affairs and preparations for the Presidency. Within the formal structure of preparation for the Lithuanian Presidency, he is the head of the Coordinator Network, although some of his duties are performed by other Lithuanian officials. The Governmental Commission on EU Affairs (Vyriausybės Europos Sąjungos komisija, VESK), which consists of all the vice-ministers and is chaired by the foreign minister, plays a key role in formulating and coordinating positions on EU affairs. The commission, which was established in 2009, meets every Tuesday and prepares the EU-related issues to be discussed by the government on Wednesday. Input for the VESK meetings is provided on the one hand by the Department of EU Affairs under the Ministry of Foreign Affairs, and on the other hand by the Coordinator Network, consisting of representatives of the Seimas, the president, the prime minister and the ministries.[41] Alongside the Department of EU Affairs, the EU Council Presidency Department (Pirmininkavimo ES Tarybai Departamentas, PESTD) was created within the Ministry of Foreign Affairs.[42] The PESTD, a temporary department that will be dissolved in 2014, is responsible for the organisation of staff training, planning, communication, logistics and coordination of Presidency activities.[43] There are thus clear mechanisms for coordination between ministries, both regarding content (Department of EU Affairs and VESK) and logistics/planning (PESTD). However, it is still not entirely clear who will do what, and the PESTD also wishes to have a say in substantial policy content matters. The fact that Lithuania has no experience with EU Presidencies is cited as the main reason for this uncertainty.[44] Finally, it should be noted that President Dalia Grybauskaitė will provide significant leadership during the Lithuanian Presidency, especially in relations with other EU member states. Routine discussions of the upcoming Presidency in meetings with leaders of other countries, as well as her public comments on the need for the government and certain ministers to be prepared for the Presidency, illustrate her intentions

40 Kajnč S., Svetličič M., "What it Takes to Run an EU Presidency: Study of Competences in Slovenia's Public Administration", *Halduskultuur – Administrative Culture*, 2010, No. 11(1), p. 84-109.

41 Interview 11; Interview 16; Lithuanian Government, "Resolution on the Formation of the Commission on the European Union of the Government of the Republic of Lithuania (No. 512, 2009)."

42 Lucenko, (note 1).

43 Interview 8.

44 Interview 11.

to play an active role in promoting the Presidency agenda. She also criticised the government for being inconsistent in its communications on the construction of a new nuclear power plant, and claimed that such inconsistency would harm Lithuania's international reputation.[45]

A third condition is timely and thorough preparation[46], which allows for the formulation of clear priorities as well as the development of skills and expertise necessary for performing chairmanship; they are the preconditions for influencing the agenda or the compromises that are reached. Preparations for Lithuania's Presidency started approximately three years in advance. The VESK presented a preparations schedule to the European Affairs Committee of the Parliament (Seimas) in September 2010. Investing in human resources and institutional cooperation was named as the initial priority. The PESTD was created in December 2010.[47] Another important step was taken in the preparations in October 2011: all political parties represented in the Seimas signed an agreement by which they committed themselves not to use the Presidency as a ground for competition during the October 2012 general parliamentary election campaign. They agreed to ensure continuity in preparing for the Presidency, regardless the composition of the government after these elections.[48]

In the 2012 elections, the ruling centre-right coalition lost seats and became a minority; at the end of the year, a new coalition formed by centre-left groupings (Social Democrats, the Labour Party, Order and Justice, and the Electoral Action of Poles in Lithuania) was sworn in with a constitutional majority. The formation of the Cabinet of Ministers was strongly influenced by the factor of the upcoming Presidency, as President Grybauskaitė was explicit that knowledge of the English language would be a key precondition for her approval of prospective ministers. With all of the ministers and most of the vice-ministers being replaced, there was a danger of discontinuity in preparations for the Presidency. However, all interviewees assessed that the political parties did adhere to their agreement of 2011 and that there is considerable political continuity.[49] Officials in key positions were

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45 (On energy policy, see also *infra*). Source: Delfi, "D. Grybauskaitė: Vyriausybės atstovai menkina Lietuvos įvaizdį", <http://www.delfi.lt/news/daily/lithuania/dgrybauskaite-vyriausybes-atstovai-menkina-lietuvos-ivaizdi.d?id=61075157>, 05 04 2013.

46 Arter, (note 4); Bunse, (note 4).

47 Lucenko, (note 1).

48 Seimas, "Political Parties Represented at the Seimas Signed the Accord on Lithuania's EU Presidency in July-December 2013", <http://www3.lrs.lt/pls/inter/w5_show?p_r=8296&p_d=116591&p_k=2>, 23 10 2012.

49 Interview 1; Interview 2; Interview 3; Interview 5; Interview 6; Interview 7; Interview 8; Interview 9; Interview 10; Interview 11.

not replaced; approximately 6 per cent of the planned working party chairs has changed in the past year, a rate which does not exceed normal diplomatic rotation.[50] Some interviewees touched upon minor disadvantages of the new government, notably the lack of international experience and poor foreign language skills of some of the ministers.[51] In sum, the Lithuanian administration is well-prepared for the Presidency. At the political level, the change in government did not create disruptions in terms of priorities or organisation, although "it would be good if the Presidency would be one year later"[52], as this would give the new ministers more time to prepare. Furthermore, although there is much agreement on general EU policies, disagreements might appear once the Presidency agenda touches directly upon domestic interests such as the energy policy, where interest groups and political elites have often clashed over major projects. During the preparations for the Presidency, most work is performed by the Ministry of Foreign Affairs (which is also the main coordinator of the Presidency), while other politicians are mostly concerned about domestic issues, and have no significant interest in Lithuania's EU policies.[53] However, with the Presidency approaching, additional measures have been taken to prepare the ministers, including special training and a visit to Brussels in April 2013 to meet key EU officials. Members of the Seimas have also begun to show increased interest in the Presidency.

The fourth condition – a reputation as being impartial, effective and knowledgeable[54] – is crucial for being influential during the Presidency. The reputation of the Presidency is related to the incumbent country in general, but can also differ among individual chairpersons or heads of state. Familiarity of other EU member states with the geographical and historical context and the main priorities of the chair, as well as a positive attitude on behalf of the Presidency towards European integration[55], are factors that can improve the incumbent's reputation.

On the one hand, reputation as a condition for influence can be considered a challenge for Lithuania. The countries that know Lithuania best are for the most part its neighbours, such as Latvia, Estonia, Poland and the Nordic countries,

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50 Lithuanian Presidency website, "Lietuvos pirmininkavimo Europos Sąjungos Tarybai 2013 metų tarpinstitucinio 2012-2014 metų veiklos plano 2012 metų įgyvendinimo ataskaita", <http://www.eu2013.lt/uploads/files/Metine_TVP_ataskaita_2013_02_13.pdf>, 07 03 2013, p. 7; Interview 16.

51 Interview 4; Interview 5; Interview 6; Interview 17.

52 Interview 4.

53 *Ibid*.

54 Tallberg, (note 4); Bunse, (note 4); Kajnč, Svetličič, (note 40); Karoliewski I.P., Sus M., "The Polish EU Council Presidency", *Friedrich Erbert Stiftung - Perspective*, 2011.

55 Quaglia, Moxon-Browne (note 15).

with whom Lithuania (together with the other Baltic States) maintains good relations in various policy areas.[56] For the rest of Europe, Lithuania is perceived as a small country in the Eastern periphery with a Soviet background, yet also an old European country that is part of the West, with a rich history of statehood but a short history of recent independence; one that maintains vague relations with some of its neighbours, and has strong national interests in a few specific areas relating to security issues.[57] These areas correspond to the four main priorities of the Lithuanian Presidency specified above. As non-Lithuanian interviewees noted, Lithuania usually tends to emphasise these national priorities in a narrow way during discussions at the Council or at informal meetings, and has no interest in tackling a broader range of issues such as development cooperation with the poorest African countries.[58] Looking at the forthcoming role of the Presidency, this could be seen as a disadvantage. To be an effective leader and an honest broker, the chair is expected not to emphasise its national interests and to try to reach an agreement with a broad perspective and a clear opinion on all the issues that compose the current EU agenda.[59]

On the other hand, Lithuania has a relatively positive reputation as a "good European". The Charlemagne Prize awarded to President Grybauskaitė in 2013 acknowledges Lithuania as a committed EU member with a positive attitude towards European integration. As a former European Commissioner, Grybauskaitė contributed to the reform of the EU budget structure and later, as Lithuanian president, she strongly supported the fiscal austerity measures that have been implemented during the financial crisis in the EU.[60] At this point, Grybauskaitė is the leading figure shaping a positive reputation for Lithuania in terms of a stable, growing economy and restrictive budget spending.[61] This economic approach, an excellent record for implementing EU legislation, and a responsible attitude towards preparations for the Presidency, are the foundation for Lithuania's current reputation. Preparations started early on; approximately 1,500 Lithuanian diplomats and officials underwent intense training throughout 2011–2013[62], and

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56 Interview 14; Interview 15.

57 Interview 4; Interview 13.

58 Interview 13; Interview 15.

59 Interview 14.

60 Lithuanian President, press release: "International Charlemagne Prize is Recognition of Entire Lithuania", <http://president.lt/en/press_center/press_releases/international_charlemagne_prize_is_evaluation_of_the_whole_of_lithuania.html>, 06 03 2013.

61 Interview 13; Interview 14.

62 Lithuanian Presidency website, (note 50), p. 6.

their skills and knowledge about the EU are highly valued by representatives from other countries.[63] In sum, Lithuania is relatively unknown, but nevertheless has, in general, a positive reputation in the EU.

Finally, well-developed networks in the EU can aid the Presidency in moving issues forward. Networks include alliances with other member states, regional networks, personal ties, and inter-institutional relations.[64] They allow the Presidency to obtain first-hand information, formulate acceptable compromises, and build coalitions around certain topics.

Although coalitions depend on specific issues and policy areas, Lithuania's most frequently cited partners are the other members of the Nordic-Baltic group of six (NB6) countries (Denmark, Sweden, Finland, Estonia, and Latvia), as well as Poland, Romania and Slovakia.[65] There is also a group of like-minded countries on EaP-related issues, which occasionally meets at the level of political directors or vice-ministers; this group consists of the above-mentioned countries plus Germany, but minus Finland.[66] Lithuania is also a member of an informal group of countries – roughly consisting of the Baltic States, the Nordic EU members, and other "Northern" countries such as the Netherlands, the United Kingdom and Germany – which support further extension of internal market principles to areas like services and energy. To summarise, Lithuanian officials tend to focus on a relatively narrow set of issues which are seen as important for the country, and cooperate more intensely in informal settings with their closest neighbours.

In preparing for the Presidency, Lithuania held consultations in February 2013 with the EEAS on what can be expected in the second semester of the year; a second round is planned in June.[67] There has also been intensive contact with the Commission[68], and working agreements have been made with Van Rompuy's cabinet, especially with regard to the November 2013 EaP Summit.[69] Relations with Commissioner for Enlargement and European Neighbourhood Policy Štefan Füle,

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63 Interview 13; Interview 14; Interview 15; Interview 18.

64 Bjurulf, (note 4); Bunse, (note 4); Karoliewski, Sus, (note 54).

65 Interview 4; Interview 6; Interview 8; Interview 9. This confirms the conclusions of earlier studies of coalition building patterns which have been done in Lithuania and which noted that Poland as well as Latvia, Estonia and the Nordic EU States are most often preferred coalition partners of Lithuania (Vitkus G., Novagrockienė J., "The Impact of Lithuania on EU Decision-Making", *Lithuanian Strategic Annual Review*, 2007, p. 91-123).

66 Interview 9; Interview 12; Interview 19.

67 Interview 9.

68 Interview 8; Interview 9.

69 Interview 6; Interview 7; Interview 8.

who served as the Czech Ambassador to Lithuania in 1998-2001, are very good; this is further enhanced by Füle's rapport with Lithuanian Foreign Minister Linas Linkevičius.[70] Cooperation with the EP seems to be less developed. With regard to Lithuania's coordination with Ireland and Greece, its Presidency Trio partners, many interviewees indicated that they had insufficient information. The level of communication with the preceding Irish Presidency is evaluated satisfactorily, and Lithuania even sent three officials from different ministries to work within the Irish corresponding services in 2012–2013. By contrast, according to Lithuanian officials, cooperation with Lithuania's successor is almost non-existent, mainly due to a lack of interest on behalf of the Greeks.[71]

Finally, academic literature argues that Brussels-based Presidencies, with their centre of gravity at the Perm Rep, are more influential than those where the national capital keeps strict control.[72] Lithuania clearly opted for the Brussels-based model: although most of the working party chairs will not reside permanently in the Perm Rep, the majority of working party meetings will be chaired by a Brussels-based chair.[73] The chairs of working parties that meet regularly are posted to the Perm Rep, while those chairing working parties that meet only a few times per semester will travel from Vilnius.[74] One interviewee described the Presidency model as rather "chair-based"[75]: the chairs have more room for manoeuvring than other delegates. Furthermore, the staff at the Perm Rep has more than doubled, up to 180 officials[76], and approximately one quarter of the Presidency budget is allocated to the expansion of the Perm Rep.[77] As one official put it: "usually there are weekly instructions from Vilnius to the Perm Rep. But during the Presidency, all chairs will know their margin of negotiation and they will only get one very big instruction at the start of the Presidency: execute the work programme."[78]

70 Interview 9; Interview 12.

71 Interview 1; Interview 2; Interview 9; Interview 10; Interview 11; Interview 17.

72 Bunse, (note 4).

73 Lithuanian Presidency website, (note 50), p. 9, p. 37-38.

74 Interview 1; Interview 8.

75 Interview 8.

76 Lucenko, (note 1).

77 Lithuanian Presidency website, (note 8).

78 Interview 7.

2.2. Issue-specific conditions

Issue-specific conditions include the heterogeneity and intensity of preferences, voting rules, and the stage of the issue within the EU legislative process.

The heterogeneity (distribution) of preferences between the parties, as well as the intensity (salience) of these preferences, has an impact on the chair's ability to exert influence. Thomson[79] concludes that Presidencies with extreme positions have relatively more influence than other member states, and Bjurulf and Ole Elgström[80] have found that if the positions of different institutions diverge, a skilful chair can benefit from this situation and bring compromises closer to its own preferences. Jelmer Schalk et al. and Andreas Warntjen[81] have observed increased Presidency influence in areas that are highly salient to the chair. Simone Bunse[82] has formulated a more general observation: diverging but weak preferences in the Council allow the Presidency to build consensus around a compromise that is close to its own position, as long as a coalition of large member states against the chair's proposal does not exist.

In energy policy, the Trio programme focuses on the "three S's": "Security of supply, Safety, and Sustainability of energy production and use, while bearing in mind the decisive contribution of the EU's energy policy to competitiveness, growth and employment."[83] Lithuania has a track record of a consistent focus on advancing the principles of the internal market in the field of energy, in particular electricity and natural gas, which should also integrate the Baltic States into the northern and central European markets. Being an "energy island", Lithuania has been an outspoken advocate of including the provision on energy security into the Lisbon Treaty, and supported the adoption of the Council conclusions to complete the internal market where electricity and natural gas "flow freely" by 2014.[84] Lithuania also supported the adoption of the Baltic Energy Market Interconnection Plan (BEMIP) in 2009 as a way to coordinate and advance regional energy projects among the eight member states located along the Baltic

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79 Thomson, (note 4).

80 jurulf B., Elgström O., "Negotiating Transparency: The Role of Institutions", *Journal of Common Market Studies*, 2004, No. 42(2), p. 249-269.

81 Schalk, Torenvlied, Weesie, Stokman, (note 4); Warntjen, (note 4).

82 Bunse, (note 4).

83 Council of the European Union, "18 Month Programme of the Council (1 January 2013 – 30 June 2014)", <http://www.eu2013.ie/media/eupresidency/content/documents/Trio-Programme.pdf>, 02 04 2013, p. 84.

84 European Council Conclusions, EUCO 2/11, Brussels, 4 February, 2011, paragraph 4.

Sea; this plan has since been presented by the European Commission to other EU regions as an example of good practice in coordinating large infrastructure projects among groups of EU member states. Several projects are being developed to create a single energy market, including Lithuanian-Polish (LitPol Link) and Lithuanian-Swedish (NordBalt) electricity interconnections. The construction of an LNG terminal, another strategic project, has been halted due to obscurity related to public procurement, but is expected to be completed by 2015.[85]

BEMIP is an example of a coalition of countries with a common interest in the development of joint infrastructure projects that might not be of interest to others. However, heterogeneity of national interests remains even after the adoption of the Third Energy Package, due to the existence of different regulatory regimes in different EU member states. Although Germany and France usually form an avant-garde motor of integration, their drive for the creation of a common market has been visibly lacking in the case of the energy policy. Furthermore, different EU members attach different importance to the multiple objectives of competitiveness, sustainability, and security of supply. Finally, the recent history of Lithuania revising the instruments of implementing its strategic energy projects after each Parliamentary election, which resulted in numerous postponements of completion deadlines and controversial delays of dismantling the closed Ignalina Nuclear Power Plant, are likely to reduce the credibility of Lithuania's Presidency as a mediator of debates on energy matters.[86] Mere months before the commencement of the Presidency, the newly formed government was still deliberating the National Energy Strategy. The main question to be resolved is whether or not to implement the Visaginas Nuclear Power Plant project, which was prepared by the previous government.[87] The current ruling coalition also started a discussion on the extraction of shale gas, which is a controversial topic in the EU; different member states are developing diverging policies towards this unconventional gas resource, amidst debates about its possible impact on environment.[88]

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85 Černiauskas Š., "Stebuklas: dujotiekis dujų terminalui atpigo keliomis dešimtimis milijonų", <http://verslas.delfi.lt/energetika/stebuklas-dujotiekis-duju-terminalui-atpigo-keliomis-desimtimis-milijonu.d?id=60896345>, 02 04 2013.

86 Delfi, "Estų politologas: mus erzina lietuvių neapsisprendimas dėl VAE statybų", <http://verslas.delfi.lt/energetika/estu-politologas-mus-erzina-lietuviu-neapsisprendimas-del-vae-statybu.d?id=60412607>, 02 04 2013.

87 BNS, "Energetikos strategijoje – perspektyvos su ir be atominės elektrinės". <http://www.alfa.lt/straipsnis/15080503/Energetikos.strategijoje..perspektyvos.su.ir.be.atomines.elektrines=2013-02-14_15-44/>, 14 02 2013.

88 Directorate General for Internal Policies, Policy Department A: Economic and Scientific Policy, "Impacts of Shale Gas and Shale Oil Extraction on the environment and on Human Health." Study IP/A/ENVI/ST/2011-07, 2011 June.

Lithuania might face the dilemma of mediating as an impartial broker or advancing its national interests on issues such as the selection of projects to be financed by the Connecting Europe Facility. If selection of the projects to be financed during the new Multiannual Financial Framework (MFF) takes place in the second half of 2013, the Presidency will have to balance between lobbying for allocation of EU funding for infrastructure projects which are relevant to the immediate region and mediating for competing projects. Furthermore, Lithuanian energy priorities scarcely focus on the main policy directions in the EU – energy efficiency and the "Europe 20-20-20" goals. If Lithuania does not hold a more flexible and extensive position in the Council, this could harm its reputation as an honest broker.[89] Conversely, if the government manages to show considerable progress in implementing measures for improving energy efficiency in Lithuania (something the ruling coalition parties focused on during the election campaign and the first days of formation of the government), this might improve the credibility of the Presidency when further EU-wide energy efficiency measures are discussed.

With regard to the EaP, Lithuania strongly favours further integration of these countries into the EU.[90] It has an embassy in each of the six EaP countries, and Eastern Europe has become its niche in external policy; EaP policy is one of the areas where Lithuania is an EU policy-maker rather than a policy-taker. The country can share its experience with the region in "de-Sovietisation" and Europeanization. Lithuanian politicians and civil society representatives participate in various initiatives aimed at bringing the EaP countries closer to the EU, such as the Baltic Sea–Black Sea Axis, the Community for Democratic Choice, and the Baltic to Black Sea Alliance.[91] Lithuania has defined a set of ambitious goals for the EU's relations with EaP countries in general,[92] as well as for a number of

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89 Interview 1; Interview 13; Interview 14; Interview 15; Interview 18.

90 Raik K., Gromadzki G., Between Activeness and Influence: The contribution of New Member States to EU Policies towards the Eastern Neighbours, Tallinn: Open Estonia Foundation, 2006; Janeliūnas T., Kasčiūnas L., Dambrauskaitė Ž., The EU New Member States as Agenda Setters in the Enlarged European Union: Lithuania, Sofia: Open Society Institute, 2009; Vilpišauskas R., "National Preferences and Bargaining of the New Member States Since the Enlargement of the EU: the Baltic States - Still Policy Takers?", Lithuanian Foreign Policy Review, 2011(25), p. 9-32; Vilpišauskas R., The Management of Economic Interdependencies of a Small State: Assessing the Effectiveness of Lithuania's European Policy since Joining the EU, Reykjavik: Centre for Small State Studies Institute of International Affairs, 2012.

91 Kesa K., "Latvian and Lithuanian Policy in the Eastern Neighbourhood: Between Solidarity and Self Promotion", *Perspectives*, 2011, No. 19(2), p. 81-100.

92 Centre for Eastern Studies, "The Centre-Left Government Takes Power in Lithuania", <http://www.osw.waw.pl/en/publikacje/ceweekly/2012-12-19/centreleft-government-takes-power-lithuania>, 21

specific policies: ministerial meetings in Transport and Justice and Home Affairs are foreseen in parallel to the EU's Council meetings, with an aim to upgrade sectoral dialogue with the EaP to a permanent high-level cooperation. The November EaP Summit will be the main EaP policy event in 2013, and even the main Presidency event. Lithuania anticipates signature of the EU-Ukraine Association Agreement (AA) and the start of its ratification, the conclusion of AAs and Deep and Comprehensive Free Trade Agreements (DCFTA) with Georgia and Moldova, the implementation of visa liberalisation plans with Ukraine and Moldova, significant progress in negotiating AAs with Armenia and Azerbaijan, and the conclusion of visa facilitation and readmission agreements with Armenia and Azerbaijan.[93] Lithuania also plans to initiate a reflection in the EU and the EaP on the further development of their relations after the conclusion of AAs.[94] While EU-EaP relations are highly salient for the incoming Presidency, ambitions in other EU countries are expected to be lower. Reforms in the EaP countries are advancing rather slowly, leading to declined interest of many EU members in the region.[95] Whether or not Lithuania will be "allowed" to put EaP policies higher on the agenda will depend on developments in the EaP countries and the assessment of these developments in the EU capitals. The situation in Ukraine since the end of 2011 clearly illustrates how the domestic political situation can slow down or even stop the process of closer integration of an EaP country with the EU. Advances in the establishment of the Eurasian Customs Union and its offer of membership to Ukraine and other EaP countries further complicates the geopolitical environment in the EU's eastern neighbourhood.

A second issue-related condition for Presidency influence is the method of voting. Several studies[96] have concluded that Presidencies have more influence on decisions taken by QMV than when unanimity is required. The voting method as a condition for the influence of Lithuania's Presidency will probably not be crucial. Since the inception of the Lisbon Treaty, most policy areas are decided by QMV.

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12 2012; Ditrych O., "Good cop or bad cop? Sanctioning Belarus", European Union Institute for Security Studies Policy Brief, 2013(14).

93 Background note for the discussion on the Eastern Partnership in the Parliamentary European information centre, organised by the European Affairs Committee and the Institute of International Relations and Political Science, Vilnius University, 21.03.2013; Interview 2; Interview 3; Interview 7; Interview 8.

94 Interview 19.

95 EUObserver, "EU foreign policy: More for more, or more of the same?", <http://euobserver.com/7/113818>, 5 10 2011.

96 Elgström, (note 16); Tallberg, (note 29); Warntjen, (note 4).

However, for certain EaP-related decisions (including some aspects of common commercial policy and especially the signature of AAs), unanimity will be required, which could limit the influence of the Presidency.

Thirdly and finally, the stage of the issue within the EU legislative process shapes the Presidency's ability to exert influence. A number of studies[97] have shown that the Presidency is more influential in legislative issues if a final decision is taken during its term in office. The chair thus has more influence at the end of a legislative process than at other stages, but it usually has little influence on the timing of decision-making.[98] The progress in legislation on the energy policy will depend on the preceding (Irish) Presidency. Moreover, there are no major decisions foreseen during the Lithuanian Presidency regarding the EU energy policy; work will continue on the action plan to advance the internal market, as well as on energy efficiency and renewable energy. This will significantly limit the possibilities for Lithuania to advance its priorities on energy security, both in terms of completing the internal energy market and facilitating the convergence of the positions of member states on issues related to external energy supply. For EaP policies, this condition is less relevant, since most of the EU's external action is non-legislative. In the areas that do have a legislative character, such as AAs or DCFTAs, the negotiation process is led by the Commission, on the basis of negotiation mandates from the Council, and, as will be discussed below, progress in these dossiers highly depends on the EaP countries themselves. The contents of such decisions cannot be influenced by individual member states or by the Presidency, although the Presidency can work on trying to forge an internal consensus in the EU on the state of affairs in the EaP countries and the reforms required for major decisions like the conclusion of AAs.

2.3. External context

Presidencies are most likely to be influential when there is a favourable external political and economic environment.[99] External crises do not necessarily constitute an unfavourable external environment: if well-handled, unexpected events and crises can create opportunities for providing leadership, thus allowing

97 Bjurulf, Elgström, (note 80); Schalk, Torenvlied, Weesie, Stokman, (note 4); Thomson, (note 4); Warntjen A., "The Council Presidency: Power Broker or Burden? An Empirical Analysis", *European Union Politics*, 2008, No. 9(3), p. 315-338.

98 Bjurulf, (note 4).

99 Bunse, (note 4).

the incumbent to steer EU policies.[100] However, in the case of external (energy) policy, unexpected events or crises might only provide minimal opportunities for the Presidency to exert influence: Ashton and Van Rompuy are responsible for foreign policy in the strict sense, and the European Commission has extensive powers in external energy policy. In the event of an external crisis, these actors are likely to react first. Although it is difficult to describe the policy context in advance, four main challenges can already be identified, each of which limit the potential influence of the Lithuanian Presidency on energy and EaP policies.

First, the MFF for 2014–2020 will have to be finalised by the end of 2013. Since the EP rejected the MFF as proposed by the European Council, and there are approximately 70 legislative acts to be adopted;[101] Ireland will not manage to broker agreement on all of them, so a significant part of the work will be left for the Lithuanian Presidency and leave less room for other issues.

Second, the legislative cycle of the European Commission and the EP ends in May 2014, which will increase the pressure on the Council to finalise as many dossiers as possible. At the end of the five-year term, the legislative workload in the Council can increase as much as tenfold.[102] The new MFF and the end of the legislative cycle, which happen to coincide this year, will absorb most of the energy and administrative capacity of the Council, and thereby of the Lithuanian Presidency in managing these processes. The "inherited" EU agenda always constitutes approximately 90 per cent of a Presidency programme, but for Lithuania this share will be even higher, thus additionally limiting its ability to focus on "national" issues.

Third, continuing uncertainty regarding economic reforms required to maintain the euro, difficulties in some euro area countries, and the stagnating EU economy will create an important constraint limiting the possibilities to devote attention to other issues. The forthcoming German federal election in autumn 2013 might also affect discussions of certain issues on the EU agenda, for example, the creation of a banking union. Although the context is always difficult to a certain extent, the above-mentioned context factors will be especially constraining in 2013, also taking into account the fact that Lithuania has no former experience in holding the Council Presidency.[103]

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100 Bunse, (note 4); Langdal, von Sydow, (note 12).

101 Interview 7; Interview 8.

102 Interview 7.

103 EurActiv, "Tiny Lithuania prepares to wrestle with heavy EU dossiers", <http://www.euractiv.com/future-eu/lithuanian-presidency-readies-wr-news-519333>, 29 04 2013.

The final challenge is related to the EaP in particular: much depends on the domestic political situation in the partner countries.[104] The signing of Association and other agreements has been made conditional upon reforms within the EaP countries. For example, the EU has formulated 19 guidelines related to selective justice, electoral reform, and overall reform that must be in place before EU-Ukraine relations can move forward.[105] Another example is Azerbaijan, whose ambassador to the EU recently stated that he would like EU-Azerbaijan relations to develop into a strategic partnership, a status that is enjoyed by big powers such as Russia and China, thus downplaying the relevance of the EaP framework.[106] The success of the EaP depends very much on how the partner countries react to EU policies, as well on the stability of their governments.

In lieu of conclusions: opportunities and challenges in advancing energy and EaP priorities

As is the case for all countries holding the Presidency for the first time, Lithuania is faced with two chief opportunities related to its incumbency. The first is external: Lithuanian policy-makers can establish their country as an "old EU member", awareness elsewhere in the EU about Lithuania's culture and preferences may increase, and formal and informal contacts with other member states and the EU institutions will intensify.[107] The second opportunity is internal: the Presidency period can have a positive effect on the country's political capital and the further professionalization of its administration, since a high number of Lithuanian officials will get intensive, first-hand experience with EU affairs, which can later be brought into Lithuanian domestic and foreign policies.

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104 See also: Dudzińska K., Kaca E., "The Eastern Partnership Under the Lithuanian Presidency: Time for the EU to Keep an Eye on Eastern Europe", *Polish Institue for International Affairs Bulletin*, 2012, No. 93(426).

105 EurActiv, "EU sets May deadline for Ukraine's reforms", <http://www.euractiv.com/europes-east/eu-gives-may-deadline-ukraine-news-518052>, 10 03 2013.

106 EUObserver, "Azerbaijan dangles EU gas bonanza", <http://euobserver.com/foreign/118199>, 10 12 2012.

107 Lietuvos Respublikos Vyriausybė, "Nutarimas dėl Lietuvos Respublikos pirmininkavimo Europos Sąjungos Tarybai 2013 metais tarpinstitucinio 2013-2014 metų veiklos plano patvirtinimo", <http://espirmininkavimas.urm.lt/uploads/files/documents/Nutarimas_del_TVP_1277-23.pdf>, 20 03 2013.

With regard to the Presidency's roles, we assume that Lithuania will be a passive organiser for issues that it considers relatively insignificant. In more important issues that do not interfere with domestic interests, Lithuania might focus more on its role as mediator. The administrator/organiser and mediator/broker roles are mentioned by most interviewees as the main duties of the Presidency, and are the most obvious tasks of the incumbent since the Lisbon Treaty. This is the most feasible model, especially for small states. However, considering its ambitions in energy and in EaP policies, it is clear that Lithuania also aims to act as an agenda setter and political leader, and will try to bring these policies closer to its national preferences, as much as its position as holder of the Presidency allows doing so. On external representation, Lithuania is less ambitious and will concentrate on investing in good working relations with Van Rompuy and Ashton.

Returning to the central focus of this article, i.e. the extent to which the Lithuanian Presidency can be expected to exert additional influence on energy and EaP policies, we note substantial differences between the national, issue-related, and contextual conditions for influence.

Lithuania meets most national conditions for exerting influence: efforts have been made to ensure effective inter-ministerial coordination, training and preparations are being executed in a timely and responsible manner, the country's reputation in the EU is generally positive – although Lithuania is known for its narrow focus in European policies, the Presidency will be Brussels-based in practice – and the already existing formal and informal networks are being further expanded. Country-specific conditions seem to be less of a challenge compared to issue-specific conditions. The main country-specific challenges for Lithuania may be to turn its small size into a source of influence, and some officials indicated that a number of ministers lack international experience and language skills. The administration should also watch out for possible turf battles between the PESTD and other EU-related bodies. In general, it will be a challenge to mobilise interests and expertise on the full range of issues on the European agenda, contrary to Lithuania's usual EU policy of focusing on a few specific topics.

The external context in the second half of 2013, however, will not leave much room for Lithuania to manoeuvre. The adoption of the MFF for 2014–2020 and the end of the EP legislative term will both signify a heavy workload for the Lithuanian Presidency. The financial situation in the EU as well as the German federal election in September 2013 might also have an impact on the Council agenda. In addition to these contextual conditions that will limit the Presidency's ability to exert influence, there are some specific issue-related constraining factors for energy policy and EU-EaP relations respectively.

With regard to energy policy, there are two main challenges: first, the country's internal political struggles and indecisiveness on strategic energy projects might harm Lithuania's reputation and its position in negotiating EU-wide agreements. Second, the Presidency's honest broker role can be challenged by Lithuania's usual focus on national and regional projects for energy security and relative lack of interest in other energy issues that are of importance to many other EU members.

The challenges in EaP policies are of a different nature. The main challenge for the Presidency will be to play a significant role along with the other actors and institutions that engage in EU external action, i.e. the European Commission, the EEAS and the HR/VP, and the president of the European Council. The Presidency's formal capacities in this field are limited. Furthermore, the dependence that the success of EaP policies has on domestic developments in the partner countries will limit Lithuania's ability to shape those policies.

In summary, Lithuania has set ambitious goals in energy and EaP policies, two topics that are close to the country's national interests. This shows that the Lithuanian government and administration expect the Presidency period to "amplify" the country's preferences and influence to some extent. The degree to which Lithuania will be able to exert influence on EU policies depends on national, issue-related, and context-related conditions. While the national conditions for influence are, for the most part, in place, the general context in the EU is not the most fruitful for advancing projects that do not seem to constitute everyone's crucial interest, and there are also specific constraints for energy and EaP policies. This article has outlined the conditions for influence before the start of the Presidency; the actual influence of the Lithuanian Presidency can later be assessed based on this analysis.

Appendix No. 1: List of Interviews
Interview 1. Lithuanian official, Brussels, 19 February 2013.
Interview 2. Lithuanian official, Brussels, 20 February 2013.
Interview 3. Lithuanian official, Brussels, 20 February 2013.
Interview 4. Lithuanian expert, Vilnius, 4 March 2013.
Interview 5. Lithuanian official, Vilnius, 4 March 2013.
Interview 6. Lithuanian official, Vilnius, 6 March 2013.
Interview 7. Lithuanian official, Vilnius, 6 March 2013.
Interview 8. Lithuanian official, Vilnius, 7 March 2013.
Interview 9. Lithuanian official, Vilnius, 12 March 2013.
Interview 10. Lithuanian official, Vilnius, 12 March 2013.

Interview 11. Lithuanian official, Vilnius, 13 March 2013.
Interview 12. Lithuanian official, Vilnius, 13 March 2013.
Interview 13. EU diplomat, Vilnius, 5 March 2013.
Interview 14. EU diplomat, Vilnius, 13 March 2013.
Interview 15. EU diplomat, Vilnius, 15 March 2013.
Interview 16. Lithuanian official, Vilnius, 28 March 2013.
Interview 17. Lithuanian official, Vilnius, 29 March 2013.
Interview 18. EU diplomat, Vilnius, 19 March 2013.
Interview 19. Lithuanian official, Vilnius, 5 April 2013.