

The Baltic states on the conflict in Ukraine

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Before Russia began its aggression against Ukraine, including the annexation of Crimea, Lithuania, Latvia and Estonia had felt a higher level of security due to their membership in NATO and the EU. This has now changed. The authorities of these states claim that Russia has been pursuing an aggressive policy towards them for a long time, using various instruments of pressure. They claim that Russia is now able to organise acts of sabotage against them in several areas and that these could threaten both their internal stability and the territorial integrity of the region. The Baltic states' reaction to the threat from Russia has demonstrated that the level of cooperation between them is low. It has also revealed certain weaknesses in several areas of how these states function, which Moscow may be willing to use for its own purposes. Paradoxically, this has created a chance for the Baltic states' governments to take measures which in different political circumstances would meet with resistance from society, such as strengthening the military sector and the level of energy security.

From economic pressure to a weakening sense of security

Russia has for years been trying to maintain its influence in the Baltic states, which is still present in a number of areas, from politics to the economy. Whenever aimed at gaining control over the transit and energy infrastructure, Russia's actions in this respect have been aggressive in nature. Resource blockades have been applied, an excessive price of gas has been used, attempts have been made to corrupt political elites (by fostering cooperation between them and Russian business circles) and a permanent presence of Russian special services was maintained. The Baltic states' economic and infrastructural ties with Russia impeded their ability to integrate with Western Europe quickly. Political elites in the three Baltic states were balancing between the official pro-Euro-Atlantic course and attempts at maintaining the benefit of economic cooperation with Russia. By join-

ing NATO and the EU in 2004 the Baltic states gained the impetus to intensify measures focused on re-orienting their economies. Financial support from the EU has enabled them to take measures – to varying degrees and unfortunately not in step with each other – to increase the independence of their energy sectors. These sectors are crucial in the Baltic states' relations with Russia due to their resource dependence. The weakening of the sense of security in the Baltic states was inspired by the riots in Tallinn (in the spring of 2007) involving the Russian minority which supported the protest made by the government of Russia concerning the planned removal of the monument to the soldier of the Soviet Union (the so called "Bronze Soldier") from its location in Tallinn. At the same time, a cyber-attack was staged which paralysed the key aspects of the functioning of the Estonian state, although special services never managed to prove that Russia had been the external aggressor. After the 2007 cyber-attack, in 2008

Estonia created a Cyber Defence Centre of Excellence in its territory under the auspices of NATO (although outside of NATO's structures). The Baltic states' sense of security diminished further as a result of Russia's use of military power against Georgia in the summer of 2008 and its recognition of the independence of the breakaway territories. Also in 2008 President Dmitri Medvedev expanded the Russian Federation's foreign affairs doctrine to include clauses allowing Russia to unilaterally defend its citizens and business interests beyond its borders. This was received by the Baltic states as a signal that Moscow might be interested in taking more active measures to increase its influence in these countries. The annexation of Crimea and the outbreak of war in Ukraine have aggravated these fears, especially in the context of the intensification of Russia's propaganda campaign targeted at the Baltic states, which are perceived as enemies of Russia who are violating the rights of Russian citizens. This campaign accompanied Russia's acts of aggression against the Baltic republics. The propaganda was further strengthened by Russia's demonstration of its military power, which included: the Baltic Fleet exercises, the intensification of reconnaissance missions carried out by Russia's military aircraft, and the violation of the Baltic states' air space.

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Russia also used other measures to spread terror among the Baltic states' population. It announced that the Russian judiciary would reinstate criminal responsibility for Lithuanians who deserted the Soviet Army after 1990 when Lithuania regained independence. In Septem-

ber a Russian ship took a Lithuanian trawler over by force which had been fishing for crabs in the international waters of the Barents Sea, and towed it away to Murmansk. However, the incident which has most strongly influenced the social mood and which reinforced the popular belief that Russia would be willing to escalate the tensions in the Baltic region was the abduction of an Estonian intelligence officer from the territory of Estonia to Russia and accusing him of espionage¹. The incident took place on 5 September 2014, immediately after President Barack Obama's visit to Tallinn and during the NATO summit in Newport. All these actions were intended to create the impression that, regardless of their membership in the Western alliances, the Baltic states are weak and unable to guarantee security to their citizens.

Common challenges to security

Currently, the cooperation between the Baltic states has been visible mainly at the level of EU institutions and NATO, where their policies have been largely convergent. The historical experience connected with their relations with Russia has still been their strongest common element. It has inspired a clearly negative assessment of Russia's policy, and this is sometimes perceived by the Baltic states' Western allies as being excessively anti-Russian and non-constructive in the context of attempted diplomatic dialogue between the West and Russia.

In their bilateral relations with Russia the Baltic states have maintained considerable differences resulting mainly from their divergent political and economic interests. This has been impeding regional integration and deepening the distrust between them. Within the three societies (and the political parties which repre-

¹ Eston Kohver, an officer of the Estonian security service KAPO (dealing with counterintelligence and organised crime) was abducted on 5 September 2014 by Russian FSB officers and transported to Moscow; <http://www.osw.waw.pl/pl/publikacje/analizy/2014-09-10/powazny-incydent-w-stosunkach-estonsko-rosyjskich>

sent their interests) a polarisation of opinions has been visible – from extreme nationalism to pro-Russian attitudes. This makes it difficult to devise a uniform policy both of individual states and of the entire region.

The Baltic states' fears are focused on two issues – the escalation of hostile actions by Russia, and NATO's preparedness to grant the Baltic republics support within the alliance. Although a direct military attack from Russia is still considered unlikely, the possible hybrid war remains an important challenge for the Baltic states. In a hybrid war the aggressor achieves its goal by using means which do not activate NATO's collective defence measures. For Russia, one such goal is to weaken the position and the credibility of the Baltic states' ruling elite – both domestically, and internationally. One of the tools in this policy involves influencing the election results by fuelling social tensions, mainly within the Russian minority, and compromising the current elites in the public sphere. Another goal which Russia has is to disturb investments which threaten the interests of Russian companies and business – by influencing the economic and energy policy, using economic and energy blockades, or even by destroying energy, port and transit infrastructure. In the security sphere, Russia's goal is to counteract the attempts at strengthening NATO's military presence in the three Baltic states, to sustain the fear that a confrontation between the forces of NATO and Russia could take place in their territory, and to weaken the trust which the states of NATO have in the Baltic states' political elites and services.

Preparations for a possible hybrid war

The United States, the Baltic states' strategic ally in the area of security, has repeatedly criticised the low level of defence spending in Lithuania and Latvia. Estonia joined in the criticism; as the only country whose defence budget corresponds to the NATO standard of

2% of GDP (US\$ 479 million in 2013)² it claims the right to accuse its Baltic partners of impeding the defence cooperation with NATO.

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Meanwhile, in Latvia (with its defence budget amounting to 0.9% of GDP, US\$ 291 million) and Lithuania (0.8% of GDP, US\$ 354 million) the defence investments have been reduced due to spending cuts introduced as a result of the economic crisis. The lack of consensus within political elites over the issue was also evident. It was eventually reached in both countries only when the threat posed by Russia grew stronger. It seems that by 2020 Lithuania and Latvia will also increase their defence budgets to 2% of GDP, which will help maintain a high level of NATO's military involvement in the Baltic region and guarantee the continuity of NATO exercises in the Baltic states' territory, already underway for several months now³. The changes have already been evident in the level of defence spending planned in the 2015 state budgets – Lithuania's spending is expected to reach US\$ 518 million (1.11% of GDP), Estonia's should reach US\$ 512 million (2.05%), and Latvia's US\$ 315 million (1%).

The authorities of Estonia have assessed the FSB's abduction of the Estonian officer as an act of aggression, an element of a hybrid war. NATO consultations pursuant to Article 4 were considered. In the context of other cases

² http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_topics/20140224_140224-PR2014-028-Defence-exp.pdf

³ In line with the demands of the Baltic states and the decision taken at the Newport NATO summit in early September 2014, the monitoring of the Baltic states' airspace was cranked up (Baltic Air Policing) in two air bases – in Šiauliai in Lithuania and Ämari in Estonia; the scale of exercises with the participation of NATO troops has also been increased in the Baltic states.

of illegal crossing of the border (on the Narva River), including by two Russian former KGB officers, Estonia took measures to unilaterally demarcate the border so that it would be clearly visible and could be properly monitored, making it more difficult for Russia to repeat similar provocative actions in the future. Latvia has also been forced to unilaterally demarcate its border, as Russia has refused to cooperate on this issue.

Estonia prepared a new draft national defence law with its focus on new challenges in the security sphere, both in peacetime and during war⁴. It provides for the role of the prime minister and the government to be strengthened in managing the state's defence, and is intended to facilitate the decision-making process concerning emergency situations. It is scheduled to come into force on 1 January 2016. Lithuania has also joined in the preparations for a possible hybrid war. The law on the use of arms in peacetime has been drafted as a new legal solution⁵. Should foreign military troops appear on Lithuanian territory the country's president would be entitled to sign a decree introducing martial law. In connection with the opinion shared by the Lithuanian government that the potential aggressor can be deterred by the country's preparedness for defence alone, Lithuania managed to create its own rapid response forces within several months. As part of these plans, Lithuania decided to maintain the combat readiness of approximately one third of its permanent ground military personnel as from 1 November 2014⁶. The task of these troops is to react to all types of provocative acts, including nationalist-motivated conflicts, attacks

of groups of armed individuals wearing unmarked uniforms, foreign soldiers infiltrating Lithuania via the border, the violation of military transport procedures, as well as certain threats emerging in neighbouring countries. The decision to create this formation was motivated not only by fears that the process of building the NATO spearhead⁷ might be prolonged, but also by the willingness to demonstrate to NATO that Lithuania is ready to take greater responsibility for its own security and that of the region. In the debate on the creation of rapid response forces, the importance of territorial defence units has been emphasised, including voluntary units operating locally – these are considered more effective in estimating the level of threat in its initial phase. The problem, however, involves the fact that the regions where the proportion of national minorities is the largest are: the Polish minority (Vilnius region) and the Russian-speaking minorities (Visaginas, Narva, Riga and Daugavpils) and that these would be the most vulnerable to the outbreak of a hybrid war. In this case the territorial defence units would have to be composed of representatives of exactly those minorities which the authorities do not trust.

The debate has also focused on the reform of the army itself. Only Estonia has retained compulsory military service and regular military training. Lithuania has been attempting to replace conscription with the training of volunteers whose numbers have risen considerably in recent months in all three Baltic states. The level of advancement of the volunteers' training is not comparable with that of the regular reserves. Regardless of the level of training and equipment of the Baltic armies, the number of soldiers in active military service (11,800 in Lithuania, 5,300 in Latvia, 5,700 in Estonia) and the reserves (6,700 in Lithuania, 7,800

⁴ Based on the 2010 national security strategy. It requires the amendment of 37 acts.

⁵ Adopted on 16 December 2014.

⁶ Ca. 2,500 soldiers making up two infantry battalions able to be dispatched quickly, along with engineering, reconnaissance and anti-aircraft artillery sub-units. The first one could be dispatched to any location in Lithuania within two hours, whereas the other – within 24 hours to react to any incident or provocation occurring at the border or in the territory of Lithuania. NATO's spearhead will need more time to react.

⁷ Lithuania, Latvia and Estonia will be among the seven states which will establish the new rapid response forces within NATO.

in Latvia, 30,000 in Estonia)⁸ is still too small, which is why the issue of a possible return to conscription in Lithuania and Latvia has been the subject of recent debates.

Estonia's specialisation in cyberspace defence has inspired other states to try to identify their own specialisations which could serve as their contribution to the cooperation with NATO, but also a response to the needs of the region. In 2013 Lithuania opened its NATO Energy Security Centre of Excellence and in 2014 Latvia established the NATO Strategic Communications Centre of Excellence to focus also on Russia's soft power in the communications space. Lithuania and Estonia have made their air force bases available for the purposes of the NATO Baltic Air Policing mission – in Šiauliai and Ämari. In the context of NATO's increased operational presence in the Baltic Sea, Latvia has offered to adapt the post-Soviet military port in Liepāja along with the nearby airport to serve as NATO's sea base for the purpose of actions it carries out in the region. The port, itself a Latvian navy base, has already been used by NATO troops. The decision concerning this base, however, will prove more difficult than the previous ones, because account must be taken of certain threat factors such as the possible resistance on the part of local groups supporting Russia's policy. Today, ca. 40,000 Russian-speaking people live in Liepāja, one quarter of whom hold Russian citizenship. They receive financial support from local Russian business circles and the embassy.

Allies of the Kremlin and Russian propaganda

To revive Russian propaganda Moscow has re-activated its lobby in the Baltic states. This action is aimed at challenging the policy of these states and to weaken their citizens' level of trust. The Baltic states are unable to fully

neutralise these influences, therefore certain groups and individuals supporting the Kremlin's policy and interests operate officially in the public sphere. Their activity was evident right from the first stage of the Ukrainian-Russian conflict. The mayor of Tallinn and leader of the Centre Party Edgar Savisaar warned against the results of sanctions and joined Riga's Russian mayor, Nil Ushakov, in attempting to persuade society of the economic benefits resulting from the cooperation with Vladimir Putin's administration.

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The mayor of the Latvian town of Ventspils, Aivars Lembergs, joined in the criticism of NATO's military presence (seen as the presence of an occupying army) in the territory of the Baltic states. He attempted to spread terror among the town's residents, claiming that Latvia might become a battlefield in the confrontation between the USA and Russia. Criticism has also been voiced in relation to the dubious position taken by Latvia's president Andris Bērziņš, who refrained from condemning Russia's actions in Ukraine and even reiterated his invitation for president Putin to visit Latvia.

In the opinion of the governments of the Baltic states Russia has been waging an information war against them for many years now, and has also exerted economic pressure. On 7 October 2014 the Lithuanian Seimas rejected the amendments to the act on the media, submitted by President Grybauskaitė. The amendments involved a restriction of the retransmission of Russian broadcasts and introduced a requirement for at least 90% of the broadcasts retransmitted in Lithuania to be aired in the official EU language versions.

⁸ *The Military Balance* 2014, IISS, <https://www.iiss.org>

The Baltic media are not only unable to fight Russian propaganda, they in fact support it indirectly by neglecting certain other information areas. The problems of the region have not been covered by the local media which, if anything, prefer to inform the public of the particularly shocking scandals which occur in neighbouring countries. This prevents the building of common interests and mutual trust among the three states. Similarly, the Baltic states have failed to reach an agreement on the establishment of a common TV station to broadcast in Russian in order to combat Russian propaganda. Consequently, the operation of Russian television has been temporarily limited in Lithuania and Latvia. In Estonia it has been decided that such limitations are ineffective, because Russian propaganda spreads via satellite TV and the Internet. Nonetheless, in early January 2015 Estonia joined the initiative proposed by the foreign ministers of Lithuania, the United Kingdom and Denmark, calling for the European Commission to adopt a common EU action plan to counteract Russian propaganda.

The situation in Ukraine can be considered as a warning for the minorities. The potential for organising protests in the form of mass demonstrations and riots, similar to those staged in the past is much smaller.

The Baltic states have devoted a lot of energy to monitoring the mood within the Russian-speaking minority in Estonia and Latvia and within both the Polish and Russian minority in Lithuania. The popularity of the Russian media helps sustain a positive opinion of Putin's policy among the Russian-speaking population⁹.

⁹ According to a survey carried out by the newspaper *MK Estonia* (published in Estonia, financed by Russia), 22.8% of the Russian-speaking population approved of the presence of Russian troops in Crimea, 24.7% were against it, with the rest of the respondents remaining indifferent; <http://www.delfi.lt/news/daily/world/kod-el-v-putinas-netaps-gelbetoju-estijoje.d?id=64471712>

The Latvian Security Police has observed an increase in the number of Internet users whose task is to create the impression that large groups within Latvian society, including in particular the Russian-speaking population, support Russia's policy and oppose the presence of US and NATO troops in the region.

The tensions between the minorities and the governments have continued to exist, relating to issues such as the naturalisation policy in Latvia and Estonia, the right to speak the minority language and to receive tuition in the case of the Polish and Russian minority in all three states. The situation in Ukraine can be considered as a warning for the minorities. Today, the potential for organising protests in the form of mass demonstrations and riots, similar to those staged in the past in Latvia (concerning the restriction of education opportunities for minority groups) and in Estonia (the relocation of the Bronze Soldier), is much smaller, although the demands have remained the same. The awareness of the difference in the standards of living in the EU and Russia contributes to limiting the radicalism within the minorities and weakens separatist tendencies, which is also confirmed by representatives of local communities. Despite the sense of marginalisation within society, the majority of the Russian-speaking residents of Estonia and Latvia have already been granted citizenship of their states and enjoy civil rights (including the right to vote); also in Lithuania Poles have actively participated in the country's political life. The governments of the Baltic states, however, prefer to monitor the activities of the minorities, including using the special services, and are even considering further limitations (for instance in the field of education), rather than engage in an active dialogue concerning their rights. Currently, the nationalist tendencies within Baltic societies, fuelled by the increased threat from Russia and the persistent conviction that the minorities have no loyalty towards the state, have been imped-

ing the chances to overcome the tensions and the ethnic division within Baltic societies.

The difficult economic ties with Russia

The governments of the Baltic states have been reluctant to comment on the results of Russia's embargo on foodstuffs imported from the EU, announced in August 2014 in response to EU sanctions which the Baltic states support.

In the context of the events in Ukraine, energy security has again become a key issue, and the argument quoting the high costs of limiting energy dependence on Russia has lost some ground.

Attempts have been made to expand the list of Russian citizens banned from entering the EU and no support has been granted to demands voiced by the influential farmers' lobby in these states to be granted compensation by the EU. For the Baltic states, the embargo has been equivalent to the loss of an important export market (agricultural produce: dairy products, processed meat, vegetables) and revenues from the transfer of goods. For Lithuania and Estonia, Russia is the main export destination with 16% of total exports, whereas for Latvia it is the second largest export market with 11%. The greatest losses will be suffered by Lithuania: in 2013 the value of goods subject to the export embargo to Russia amounted to EUR 910 million, which equates to 2.6% of Lithuania's GDP and 3.7% of total exports. In the case of Estonia and Latvia the losses amounted to, respectively, EUR 72 and 67 million (0.4 and 0.3% of GDP), i.e. 0.6% of either of the countries' exports volume¹⁰. No quick reorientation of the directions of exports or change in the production profile

¹⁰ [http://www.europarl.europa.eu/RegData/etudes/BRIE/2014/536291/IPOL_BRI\(2014\)536291_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2014/536291/IPOL_BRI(2014)536291_EN.pdf)

is possible, although the authorities have been making such attempts¹¹. The Baltic transport companies handling the export of goods to Russia, as well as sea ports, have also suffered certain losses; the Lithuanian port of Klaipėda, which mostly handles the transit of goods to Belarus, has been relatively least affected. In spite of the necessary correction of GDP growth forecasts, the rate of economic growth in the Baltic states has continued to be one of the highest in the EU; currently, the EU's leader in this respect is Lithuania with 2.8%, whereas for Latvia the figure is 2.4%, and for Estonia 1.7%¹². The exports losses have been offset by increased level of domestic consumption and investments, which has resulted from the inflow of remittances by expatriate workers.

When introducing the embargo Russia did not use the full spectrum of possibilities of targeting the economic interests of the Baltic states. For example, the export of canned sprats has not been blocked (this would have particularly affected Latvian exporters). It is likely that Latvia may also become the target of other actions – the Russian processed oil exporting companies have announced that in January a decision will be taken to continue or terminate their cooperation with the ports in Riga and Ventspils (excluding the export of Russian coal, however). Were Russia to stop the transit of goods via this country (cargo from Russia accounts for as much as 80% of foreign goods transit via Latvia) this would contribute to a sharp drop in the revenues generated by the Latvian ports and railways. Russia would also have to exert influence on Belarus and other countries of the Eurasian Economic Union to discontinue their cooperation with the Baltic ports, Klaipėda in particular.

¹¹ Particularly in the milk and meat processing sectors which are of key importance for the country's exports – reducing the size of herds of cows, limiting the production of fast moving goods, revoking the ban on ritual slaughter and renewing cooperation with Muslim countries.

¹² <https://www.dnb.lt/en/publications/macroeconomic-forecasts-for-baltic-countries>

In the context of the events in Ukraine, energy security has again become a key issue, and the argument quoting the high costs of limiting energy dependence on Russia has lost some ground. For many years, energy independence for the Baltic states has been a very distant prospect. Energy has been one of the most significant areas of the Baltic regional cooperation – shared use of the local infrastructure and the development of electrical energy and gas exchange markets could guarantee the region's independence and integrate the Baltic markets with other EU energy markets. For this to be possible, the Baltic states would have to unify their energy policies and shape their relations with Russia in a convergent manner. Meanwhile, only Lithuania has managed to launch multilevel measures to reduce its energy dependence on Russia, in spite of resistance from pro-Russian groups slowing down this process. The key element of Vilnius's strategy has been the implementation of the Lithuanian LNG terminal project¹³, completed in December 2014. The prospect of a diversification of gas supplies will considerably change energy cooperation in the Baltic region where, so far, Gazprom has not only been shaping the prices, but also using its gas monopoly as an instrument of economic and political pressure. Estonia too seems to be determined to increase its independence. However, its key projects – the LNG terminal and the pipeline crossing the Gulf of Finland – depend to a large extent on its cooperation with Finland, which so far has been rather difficult. The authorities of Latvia, where Gazprom's position has been the strongest, have focused on negotiating favourable terms for long-term cooperation with Gazprom rather than achieving energy independence. The fear of Russia increasing its economic pressure might delay the implementation of the EU's Third Ener-

gy Package in Latvia. The supplier of the fuel (Gazprom) and the Russian-Latvian company Iteira are currently in control of the transit and distribution activities. They have also been involved in granting access to the only gas storage facility in the region located in Latvia, and without free access given to third parties no free gas trade market can be created in the Baltic states and the process of breaking the economic ties between the Baltic republics and Russia may be halted.

Conclusions

Russia has demonstrated that in the territory of the Baltic states it is able to carry out acts of sabotage which these states are not prepared for and which they will have difficulty responding to due to the low level of regional cooperation, the lack of mutual trust and the halted transformation in areas such as the economy, social policy, energy and the defence sector. The fear of losing sovereignty is currently present in Baltic societies and the local political elites have used this as an argument in favour of taking the most difficult and socially unpopular decisions such as increasing military spending or carrying out costly energy projects which might contribute to the improvement of security but which also pose an economic risk. The lack of real partnership between the Baltic states prevents them from uniting their potentials to counteract Russia's influence and pressure.

If the limitations on Baltic exports are sustained, the distrust of Russia as a trade partner will grow, which in turn will force Baltic producers to seek permanent cooperation with other markets. This would not be a long lasting process, though. A propaganda war intended to weaken any uniform position of the region's states and to sustain the relations with pro-Russian political and economic circles, has been under way for a long time and has recently gained momentum.

¹³ <http://www.osw.waw.pl/pl/publikacje/analizy/2014-11-05/litewski-terminal-lng-independence>

A key element of this war has been the skilful fuelling of conflicts within society over ethnic issues and challenging the level of trust in the state and its institutions. The fear of radicalism on the part of Russians or Poles may inspire the governments of the Baltic states to continue to

limit the rights of minorities, which – combined with the ongoing Russian propaganda – may finally lead to a more violent outburst of disappointment. This, in turn, might become a pretext for Russia to launch an intervention.

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