

Comment on “The Global and Regional Outlook in the Baltics,” by Piritta Sorsa

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Jan Klacek joked yesterday that Prague was the centre of Europe by all definitions. I don't think I have been in any country that doesn't view itself as the centre. But even if you take Brussels as the centre of Europe, you will find that Tallin is equidistant from Brussels with Lisbon, Dublin and Vienna. And Athens is equidistant from Brussels with Reykjavik, but of course the idea is to create a union which is not dependent upon geography, but upon the idea of shared values. These are not necessarily European values, but clearly they are the values which are embodied in the first Copenhagen criterion for enlargement. There are also the visions, the dynamism and the willingness to take on a membership ethic, and that is the fourth Copenhagen criterion which defines what this whole operation is about. I begin with this because I find that the Baltic states are not included in many conferences and reflections on the enlargement, and that annoys me. In fact, it is at odds with what the European Union tradition really is. I also believe that is why this is a special enlargement, in spite all of the difficulties. In the coming few years, intensive work will be undertaken to ensure that this enlargement takes place and takes place soon. There is a chance that the first enlargement will be a broad one, which the NATO enlargement certainly will not be.

Having been the beneficiary of this European Union attitude toward enlargement, and looking at the Baltic States' enlargement from a Swedish point of view, we want to extend these benefits to others. For us, it has to do primarily with security reasons, and permanently changing the situation.

There are also dynamic economic reasons. The figure of 0.2 per cent for the European Union carries political significance for current members who might want to stall the enlargement. But if you look at it from the Baltic sphere, it is clear that in a generation or so, immense gains can be realised by integrating over the Baltic Sea. This will create a boost in Nordic structural change which is extremely important. Gravity models work over a stretch of water as narrow as the Baltic Sea as well as over a Central European river – and you can cross the Baltic Sea more easily than some Central and Eastern European mountains.

We must also keep the time dimension in mind since we are talking about a rather long stretch of time. This transition started in 1989. It is now 1997, and we are talking about accession between 2000 and 2005. If we add to that a transition period of perhaps 5 to 10 years, we have a 13-year minimum from the beginning of the process to actual membership, and about 16 to 26 years if you include the transition period – that is a long time. Why any differences that may exist between the Baltic states and the Central and East European countries should not be overcome during this period I find hard to understand. The Baltic states may be perceived as small and distant or they may be associated with conflicts with Russia, but a closer look reveals that real change is taking place. The perspective that the Baltic states are frequently placed in is the result of a sort of laziness that is part of the European intellect. There is a lack of imagination, and we know how that attitude has affected some issues in other parts of Europe's disastrous history.

The Baltic states have a proven record. There is democratic change on the political front. There is an immature political party system, but uncertainty in the party systems of other current member countries exists as well. The issue of human rights is often made out to be a very big one. We can always discuss more practical compromises, but the human rights situation in the Baltics meets all international standards. Soon, outstanding border issues with Russia will be settled, so we are clearly over the threshold politically. Economically, they are also within the mainstream. They are through the first generation of reform, and they started from a worse position. Estonia is rightly singled out as having come further, but over a period of time the differences will not be that dramatic. Given their initial difficulties, there is a lot of imaginative dynamism there. They have no easy windfall gains like tourism in Prague, which significantly boosts Czech figures. This must be kept in mind when judging the Baltics.

There are some issues which need to be dealt with. Administrative capacity in the Baltic states has a long way to go. For example, a rule of law must be established. Organised crime is making life difficult there and restricting foreign direct investment. Long-term success in these countries will be easier if Russia changes, but even without changes in Russia, things are going quite well – just look at the trade statistics we just heard.

If we turn to some Baltic spheres of integration, there is an emerging political coordination on a number of political issues, but these countries are vastly different. Even during the interwar period, they were not working very closely with one another. But they are doing themselves a disservice by not working more closely politically and economically given their small markets. Such cooperation would instill confidence and attract greater foreign direct investment.

There was criticism of a customs union and I can understand that – Estonia would have to raise tariffs and so on. While no tariffs or a sort of unilateral liberalisation is a first best choice in all theory, are we really sure that this is the case in all transition situations? Mr. Drábek mentioned the glass industry and how it is included in the sensitive goods from the European Union. What would happen to the glass industry of the Czech Republic if there were to be unilateral liberalisation? These issues require more thought.

Turning to relations between the Baltic and Nordic countries, the 5 plus 3 notion may not be a concept in Central Europe, but it is clearly an issue in Nordic politics. There is a network between local communities on the regional level as being of singular importance in changing the way things are done, for modernisation in administration. We can speak of expanding that sphere to the full Baltic Sea states region and include Poland, Germany and Russia, and it becomes an important grouping with great potential. In May 1996 at the Visby Summit, leaders of the countries around the Baltic Sea established the basic guidelines for this evolving region within Europe. Furthermore, the ministers for foreign affairs in the Council of Baltic Sea States adopted three action programmes on people-to-people contacts, on economic and infrastructural cooperation, and environmental issues in July 1996. These are important for attracting FDI and for overcoming the obstacles to integration.

With regard to CEFTA, no doubt there is a lot to be gained by this integration. We have a beauty contest syndrome with regard to accession to the European Union. Mr. Drábek spelled out the post-Soviet unwillingness to create anything second or third best to full integration that is reminiscent of old Cold War map groupings, but the European Union is about membership solidarity and ethic. I am not saying that what is going on in Brussels is always ethical and transparent, but the willingness to take on membership responsibility is one clear requirement. This means that to be welcome, you must show that you are a partner who can take on multilateralist responsibility. As accession draws near, the present members are going to look to see what kind of creature you are. If you have a proven track record of behaving and cooperating with your neighbours, your competitors and even those you are not fond of, then you are going to have a greater chance of achieving your interests. CEFTA is important as a pre-accession issue. Another important issue is that some are not going to get in in the first round. We need something that goes beyond the hub-and-spokes attitude. Sweden's accession was made easier as a result of the European Economic Area. This idea needs to be developed for those who might not get in in the first round. It is, in fact, also interesting for those who do get in in the first round because they are going to be neighbours

with somebody who did not. This might be the case with the Czech Republic and Slovakia, for example.

Some final points on European Union membership. We need to seriously and substantially begin membership negotiations. This is clearly a Swedish security issue, but I believe there are also clear economic arguments as well as overall political arguments in Europe for the initiation of such negotiations. The main reason is that no matter what we do with regard to integration, whether in the European Union or in NATO, we must not create situations where countries risk being unable to influence their future. If you block someone from participation in the core, you create very unwelcome problems. This frustration can be the ground for populists to play havoc with Europe as they have done so frequently in our history. And we know from Sweden and Austria, there is a lot of scope for populist, anti-European feeling that can work against enlargement. We believe we are building a new Europe, but we must be very careful of what kind of frustrations we build into the enlargement process.

Winning the public is very much an issue of looking after your own interests. That is why the transition needs must be defined clearly and early. Yet, I see very few clearly spelled-out demands of the applicant countries on the Union for what kind of transition arrangement or considerations would be interesting for them. If you think you have none, then you need to look again because many issues evolve during the process which you don't foresee and I speak from Sweden's experience. We need to look at whether the political framework for the enlargement process is really in place. Ultimately, it is in everyone's interest to make the Union work. This is important because there is a clear dialectic between the integrational aspects and the transformation aspects. We are in the second transformation generation, involving institution-building. You must also discuss the social issues: what kind of Europe are we going to build? The European Union has built a strong common ground around the social market economy, and this common ground is part of the force for enlarging the European Union.