



BULLETIN

No. 83 (678), 12 June 2014 © PISM

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The Security Policy of the Baltic States vis-à-vis Russia

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Although the instrumental use of Russian-speaking minority issues by Moscow have again worried primarily Latvia and Estonia, Lithuania became the most active in terms of demanding increased security guarantees from NATO. Russia will probably exacerbate relations with the countries of the region, primarily with Lithuania, with a policy of “divide and rule,” but at the same time will try to maintain its existing political and socio-economic influence in the Baltic States. Poland should cooperate with them to increase the level of security and stability.

The Perception of Security in the Baltic States. The Baltic States define security in a broad context, ranging from the purely military dimension, through the economic or energy security, and including new challenges such as cyber security and information security. The annexation of the Crimea led Lithuania, Latvia and Estonia to intensify activities primarily in the military dimension, including the deployment of additional forces in their area. Thus, on 26 May 2014, at a trilateral meeting in Tallinn, the defence ministers of Latvia (Raimonds Vējonis), Lithuania (Juozas Olekas) and Estonia (Sven Mikser) officially supported increased activity in the field of collective security, in order to ensure the permanent presence of NATO and allies in the region. They expressed their support for the strengthening of Air Policing in the Baltic States’ airspace, and for the participation of NATO forces in regional military exercises. Ministers announced the participation of the Baltic Battalion in NATO’s Response Force (NRF) in 2016, and the development of cooperation in planning and command operations (Baltic Combined Joint Staff Element). The relatively low financial capacity and human resources of the Baltic States mean that they tend towards a high degree of specialisation, for instance in the field of cyber security, while at the same time they are determined to strengthen cooperation at regional level. For this purpose, institutional mechanisms such as the Baltic Military Committee (BMC), a Joint Baltic Air-Space Surveillance System (BALNET) and the Baltic Naval Squadron (BALTRON) have been developed.

The B3 in NATO—Security Provider or Consumer. Due to the Baltic States’ clearly limited resources, they treat NATO as a key guarantor of security in the region. However, despite their involvement in international missions such as the ISAF in Afghanistan, they are still perceived as security consumers.” This applies particularly to the period after the economic crisis (from 2008 to 2010), when defence budget cuts of between 21% and 36% were made in 2012. Only Estonia fulfils the requirement of spending a minimum of 2% of GDP, while for Lithuania (0.8% of GDP) and Latvia (less than 1% of GDP) it is an unreachable threshold. This is mainly due to the ongoing effects of the economic collapse, and because of the real needed for structural reforms, such as tax and pension systems. The relatively low financial contribution to the defence sector in the Baltic States aroused controversy among other NATO members. However, due to changing geopolitical conditions, Lithuania, Latvia and Estonia have regained an argument for greater NATO involvement. At the same time, these countries are aware of the need to demonstrate a greater contribution to NATO. Moreover, Lithuania and Latvia have declared that by 2020 they will gradually raise defence spending.

Despite the difficulties in financing defence, the Baltic States actively participate in, and are co-organisers of military exercises, on their territory. On exactly 9 June this year, Saber Strike started. It is a long-standing, multilateral, multifaceted, U.S. Military Europe-led security cooperation exercise primarily focused on the three Baltic States.

In May this year, the “Iron Wolf” exercise took place in Lithuania, including the participation of 1,500 Lithuanian troops and representatives of other NATO countries. The “Spring Storm/Steadfast Javelin” manoeuvres, in which a Polish contingent participated, were organised in Estonia. “Flaming Sword 2014,” this year’s special forces exercise taking place in Lithuania and Latvia, allowed defence deployment plans to be updated further.

Russia’s Attitude towards the Baltic States. Russia has repeatedly demonstrated that it considers the so-called Pribaltika part of its sphere of influence, particularly in the geopolitical dimension, which is facilitated by close proximity and the strategic role of the Kaliningrad oblast. Since the escalation of the Ukrainian crisis, the number of civil disturbances of Lithuanian maritime traffic has increased noticeably. Recently, during military manoeuvres, three units of the Russian Baltic Fleet reached Lithuanian waters, and the incident ended with an exchange of diplomatic notes. From the perspective not only of the Baltic States, the violation of their boundaries by aircraft of the Russian Federation Air Force, engaged in transit flights between Russia and Kaliningrad, is also problematic. Since 2011, the number of times that airspace patrols have been scrambled has increased significantly. In addition, Russia unilaterally suspended its agreement with Lithuania on the exchange of information about the armed forces. The 2001 agreement on additional confidence-building measures and security provided for the exchange of information and reciprocal inspections on the basis of the Treaty on Conventional Armed Forces in Europe (CFE), and here (in this case) meant that Russian troops stationed in Kaliningrad were covered by these provisions.

Economic ties remain significant, and trade, investment, and energy, are strategic sectors in which Russia has managed to maintain its influence in Lithuania, Latvia and Estonia in spite of their European integration. The imposition of economic sanctions against Russia would have serious consequences for the Baltic States. Moscow is an important trading partner for the three of them, primarily for Latvia (12% of Latvian exports go to Russia, and about 10% of imports are from there). Of all the Baltic States, most Russian capital is invested in Latvia. A significant amount of Russian investment across the region is connected with real estate, as in Palanga in Lithuania and Jurmala in Latvia. Transport and logistics also rely heavily on Russia. The sector generates €800 million annually for the Estonian budget, and about 70% of transit business for the Estonian railway company Eesti Raudtee takes place to the east. The Latvian Ministry of Social Policy emphasises that the imposition of further sanctions could lead to the loss of about 20,000 jobs, which would be felt most strongly by the Latvian railway company (transport generates about 12% of GDP in Latvia). In March this year, Russia told Vilnius that it was suspending transport of food products through Klaipėda, through which more than one million tonnes of food products are exported and re-exported to Russia each year (Russian goods account for 20% of the total cargo). The Baltic States are also totally dependent on Russian gas supplies, despite the fact that Lithuania has opted for an aggressive policy towards Gazprom, by attempting implementation of a third energy package and the diversification of gas supplies, which an LNG terminal in Klaipėda will soon provide. Moreover, on 10 June Gazprom was fined \$48 million by Lithuania’s Competition Council for refusing in 2012 to negotiate a deal on gas exchanges with Lithuanian power producer Lietuvos Energijos Gamyba.

Russia’s continuing role at the political level is confirmed by the fact that there are organisations or parties in all three Baltic States that have ties with Russia (Unity in Latvia, the Estonian Centre Party, and the Lithuanian People’s Party). At the same time, Russia continues to use the issue of Russian minorities in its relations with the Baltic States. It repeatedly alleges discrimination against people of Russian descent in these countries, which constitutes 5% in Lithuania, 25% in Estonia, and 30% in Latvia. This results in the aggressive policy of the Russian language media, which generates a need for increased information security.

The Future Security of the Region. Although Russian intervention is unlikely, it is likely that Russia will seek to maintain its current position in the Baltic States, and to develop scenarios and measures such as the defence of the Russian minority, to escalate the crisis. The Baltic States will continue striving to increase NATO security guarantees in the region, and to continue the Air Policing mission, including the permanent inclusion of the Estonian base in Ämari, or applying for deployment of additional forces, at least until the crisis stabilises.

The change in geopolitical circumstances offers the possibility of greater involvement by Poland in this region.

Renewing the credibility of security guarantees for the Baltic States would lead in part to Poland committing to further Air Policing and to the development of military cooperation with Lithuania. Poland intends to provide its own GROM-ZM Mesko anti-aircraft missile system. It could also mean the creation of a joint Polish–Lithuanian–Ukrainian brigade in Lublin. Poland could develop closer cooperation with Estonian centres specialising in the field of cyber security, including the NATO Cooperative Cyber Defence Centre of Excellence in Tallinn.

In view of the Baltic States’ strong economic ties with Russia, it would be worth considering examining the role of Russian capital in regional development, to increase transparency in companies with Russian capital. Closer banking supervision would be advisable, especially due to collapse of the nationalised Snoras Bank in Lithuania (and its Latvian branch), which had mainly Russian capital support.

Information security is a challenge. Poland, by engaging media specialists and experienced journalists, could be included in the implementation of a new Russian language news channel propagating the EU perspective. According to estimates by the Estonian public broadcaster ERR, the production of such a regional Baltic channel would cost each country about €2.5 million per year.