

Europe and the US challenge Russian domination of the Baltic states

Steve James**6 November 1999**

The collapse of the Soviet Union has transformed a number of Cold War frontiers into crossroads for an expanding flow of trade and capital. Both Europe and the United States are seeking to make one critical area, the Baltic region, a stable access point to exploit Russia's considerable natural assets.

On November 12 in Helsinki, Finland the foreign ministers of 22 countries, along with representatives of the European Commission and other inter-regional groupings in the Baltic Sea area, will assemble to discuss what has become known as the European Union's "Northern Dimension." Present will be all fifteen EU countries, along with Norway, Russia, Poland, Iceland and the Baltic states of Latvia, Estonia and Lithuania.

The conference is being held under the auspices of the Finnish presidency of the European Union. It represents an attempt to propel European business interests into Russia's north and northwest and develop valuable resources such as natural gas and oil, without threatening the political stability of the region.

The initiative for the "Northern Dimension" has come from Finland, and to a lesser extent Sweden. The entry of both countries into the European Union in 1995 placed Finland in the strategically critical position as the only EU state with a direct border with Russia, at least until Poland or some of the Baltic states join the EU.

The Finnish government is attempting to use its longstanding connections with the ex-Stalinist leaders of Russia to broker agreements between all the regional players and establish a dominant position for Finnish and other European oil and forestry interests. In recent speeches, Finnish President Marti Ahtisaari has promoted Karelia—the former Finnish province occupied by the Soviet Union for most of this

century—as a possible site for business training centres and "company hatcheries".

One of the main points of discussion will be the progress of plans to extract and sell billions of cubic metres of Russian gas reserves—one third of the known world reserves. Since 1997 the Russian power company Gazprom and the Finnish Fortum Group have been working on piping the massive Russian gas reserves into the industrial regions of central Europe. The intention is to have a \$5-6 billion pipeline ready by 2005.

The Fortum Group estimates that Russian natural gas could supply as much as 40 percent of Europe's energy needs. Together with the Finnish government, they are promoting the "Northern Dimension" in general, and the gas pipeline in particular, as a more stable source of Russian energy than southern supplies from the highly volatile Caucasus region.

The US has not been invited to the "Northern Dimension" conference, although the EU's plans and those of America have ostensibly complementary aims. Both promote Western trade and commercial penetration into Russia, stress the need for stable political conditions, and incorporate assurances on the need to work with their respective transatlantic partners.

In an address last May in the US, the Finnish director general of political affairs at the EU, Pertti Torstila, spoke of a "new dimension to the transatlantic relationship conducted between the United States and the European Community/Union. During the Finnish Presidency, it will be our task to promote the dialogue on political and security issues between the two leading actors in world politics."

The US Council for Foreign Relations Task Force on "US Policy Towards North Eastern Europe", chaired

by ex-National Security Adviser Zbigniew Brzezinski, underscored the same concerns in April. "In particular, the United States should work closely with Finland to promote closer EU-Russian-US cooperation in north eastern Europe in areas such as drug traffic control, energy development, and building civil society," the task force declared.

The US already has \$18 billion worth of investments in the Baltic region, including \$7.6 billion in Sweden—the largest source of foreign investment in the country. The US Task Force made clear that they regard the Baltic region as crucial to American interests in Europe.

The Clinton administration's concentration on the region was viewed as something of an experiment in European integration, drawing Russia closer to Europe, "defusing the potential for conflict in the region, and promoting its stable economic and political development." The Baltic area was described as "the one region in Europe where a US-Russian confrontation is still conceivable."

The task force proposed that the US work with regional allies in the Baltic and the EU to ensure that the Baltic states join both NATO and the EU, without provoking a dangerous response from the Russians. It urged the US to pay particular attention to the Russian minorities in the region, because the most nationalist elements within Russia could exploit the minorities question to impose an anti-American political line. The task force warned of potential trouble amongst ethnic Russians in Latvia, Estonia and Kaliningrad.

It declared: "To the extent possible, US economic assistance should be channelled directly to the regions in north western Russia rather than going through Moscow. This would ensure that the assistance actually goes to local entities and NGOs [non-governmental organisations] rather than into the pockets of the central authorities... Together with St. Petersburg, Kaliningrad could become Russia's gateway and window to the West, helping to link it more closely to Europe."

At present, the Russian response appears benign. Welcoming the EU's "Northern Dimension" earlier this year, Gennadi Seleznyov, the speaker of the Duma (parliament), noted that Russian hopes for the Finnish EU presidency were that "the 'Northern Dimension' will take on material content, and that Russia will have a worthy place in the programme." But this situation

could rapidly change, given that US and EU policy appears to be veering away from connections with Russia towards establishing direct relations and control of former Soviet republics.

For the present, Europe and America are working in parallel, but the projection of US wealth and influence into what is increasingly regarded by the EU as its own backyard raises the inevitability of future conflicts. The US task force was forced to note that Germany, for one, was "far less enthusiastic about the inclusion of the Baltic states in NATO".



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