The European Union’s Northern Dimension

Nicola Catellani

Outlining the Northern Dimension: toward regional cooperation in Northern Europe

1. Introducing the Northern Dimension
2. Five areas of concern
3. A partner-oriented approach
4. The multilevel approach: the actors in the Northern Dimension
5. Finland and the Northern Dimension
6. Conclusions

Antonio Missiroli

At odds, compatible, or complementary? Italy and the Northern Dimension of the EU

1. Out of sight, out of mind
2. Comparing interests and priorities
3. The level of interdependence
4. Conclusions
1. Introducing the Northern Dimension

Over the last decade the European Union has developed a Transatlantic and a Mediterranean policy. Its most recent enlargement to the North has extended the EU’s borders to Russia. Such novel situation, and the many problems connected to it, has led Finland, the most directly affected member, to launch the ‘Northern Dimension’ (ND) initiative that has today become an external policy of the Union towards one of the areas adjacent to its new borders.

The Union’s Transatlantic Dimension, which refers to an institutionally rich area where cooperation has been flourishing at several levels over the last decade, as well as its Mediterranean Dimension, have been established with different purposes and in different historical and geopolitical contexts and thus differ sensibly from the Northern Dimension. A case in point is the Mediterranean Dimension, established in 1995 from a Spanish initiative with the aim of opening a political and economic dialogue with the countries on the Southern shore of the Mediterranean Sea. The main instrument so far developed is the Euro-Mediterranean Partnership,\(^1\) a substantially traditional instrument of North-South cooperation that has produced over the years fairly poor results mainly because of vague and uncoordinated actions and structure. It is therefore likely that in the near future a major overhaul of the EU’s Mediterranean Dimension objectives and structure will take place and will be surely influenced by the results obtained in other European subregions such as the Baltic Sea area.
The first step in the analysis of the Northern Dimension consists of the definition of the concept, which has been given varying meanings by both official sources and scholars. All the sources examined here, however, present a common element: the consensus revolves around the paternity of the ND, which derives mainly, if not exclusively, from a Finnish idea. Indeed, Prime Minister Esko Aho mentioned the need for a subregional policy for the Northern part of the European Union for the first time in 1994, on the eve of Finland’s entry into the EU.

The Northern Dimension has been variously defined as ‘a package of proposals of long term cooperation with Russia’, or as ‘a political process’, while others have instead defined it ‘as the main instrument the Finnish government has used to customise the [European] Union’. All these definitions tend to emphasize important, but sectoral, aspects of the concept of Northern Dimension. The most effective and comprehensive definition has probably been given by Ambassador Stenlund, according to whom ‘the ND in the policies of the EU is a means of identifying the interests of the EU in the region and establishing a consistent and effective line of action’. Herein lies the real core of the matter. The EU, largely because of its recent enlargement to the North, has so far not been able to define a clear set of interests to pursue in the area. The essence of the ND is therefore the creation of a structured, comprehensive agenda for the development of a politically stable, secure, and economically prosperous area. Placed in this context, Ojanen’s definition acquires a particularly interesting meaning, whereby the Northern Dimension would be a means through which the Union’s interests are adapted to those of Finland. Most of the issues dealt within the framework of the initiative are topics which have traditionally played a very important role in defining the Finnish foreign policy before and after the fall of the Eastern block.

The absence of previous subregional policies, together with the lack of interest in the past years on part of the other EU nordic countries in urging EU members to create a Northern Dimension, have allowed Finland to put forward a proposal that practically identifies many Finnish strategic and economic interests as EU interests. Even the linguistic choice of ‘Northern’ instead of ‘Nordic’ Dimension carries a particular meaning. The exclusion of the word ‘Nordic’, which identifies the traditional Nordic cooperation in the framework of the Nordic Council and, especially in the minds of the Scandinavian, identifies a particular approach to subregional cooperation, is certainly no coincidence. Probably this choice is the ultimate sign of change taking place in the Scandinavian states. The dominant model of cooperation in the subregion, developed within the framework of the
Nordic Council for the last fifty years, has been sided by a more complex model which will include a broader spectrum of actors and will be working at different institutional levels.

From the point of view of international relations theory, no single theoretical framework is specific or flexible enough to describe this new type of institutional structure and cooperation tool. Nonetheless, institutionalist theory arguably provides the best analytical framework in the case of the ND, especially given the importance of the role played by subregional organisations in the structure of the ND. The institutionalist approach focuses neither specifically on the structure of the international system, emphasized by the realist school in its neo-realist variant, nor on the dynamics between domestic politics and international relations, upon which the core of liberalism lies. By contrast, the principal focus of institutionalism is on international political processes. Indeed, Keohane and Nye have argued that ‘institutionalist analysis makes a distinctive claim of its own: that despite the lack of common government in international politics, sustained cooperation is possible under some fairly well defined conditions. These conditions include the existence of mutual interests that make joint (Pareto-improving) gains from cooperation possible; long-term relationships among a relatively small number of actors; and the practice of reciprocity according to agreed-upon standards of appropriate behaviour. Such cooperation is not the antithesis of conflict but constitutes a process for the management of conflict’. 

2. In this essay, the ongoing cooperation in the Baltic Sea region will be considered subregional according to the definition of subregion given by Cottee. See Cottee, A. (ed.) (1999) Subregional Cooperation in the New Europe: Building Security, Prosperity and Solidarity from the Barents to the Black Sea, London, Macmillan/St. Martin's Press.
A second important conceptual framework, to which is also possible to refer when dealing with the Northern Dimension, is the ‘non-traditional’ concept of security. This approach, best described as a constellation of specific theories unified by a largely common methodology and by certain common concerns, provides a particularly interesting explanation of the dynamics that lie behind the ND initiative, especially when it comes to its agenda. It should also be stressed that these visions have attracted a lot of attention throughout Scandinavia and that therefore have played, and still play, a role in the ND.

The Northern Dimension initiative first took shape at the time of Finland’s accession negotiations to become a full EU member. Prime Minister Esko Aho first mentioned the need for the European Union to develop a Northern Dimension in March 1994, during a speech delivered at the University of Tartu. Officially, however, the history of the Northern Dimension begins in September 1997, when Prime Minister Paavo Lipponen presented the initiative at a Conference on the Barents region. A quite detailed proposal emerged from the speech, already containing all the elements that today constitute the official policy of the EU. In December 1997, the Finnish government put forward the ND proposal at the European Council meeting in Luxembourg. The Council requested the European Commission to prepare a report, the so-called Interim Report, which was submitted a year later, in December 1998, to the European Council in Vienna.

In essence, the Commission’s Interim Report on a Northern Dimension for the policies of the European Union was, a relatively vague indication of the EU’s challenges and priorities for the subregion. The areas of concern mentioned in the report, however, reflect those that had been pointed out by the Finnish government from September 1997 onwards. The specific contents of the proposal were thus left fundamentally unchanged, with the exception of issues concerning structural funds and agriculture. The Commission did, however, introduce one new element in the Interim Report: that the ND had to be developed and implemented within the framework of existing bilateral programmes, financial instruments and subregional organisations.

The Vienna European Council welcomed the Interim Report underlining the importance of the ND for the internal policies of the EU as well as its external relations, in particular with the Baltic Sea Region and Russia. Moreover, it emphasized ‘the need for further exchange with all countries concerned [...] and
invited the Council to identify, on the basis of the Interim report, guidelines for actions in relevant fields', later adopted at the General Affairs Council in May 1999, on the eve of the Cologne summit. The Council reiterated the Commission’s view pointing out the fields of possible intervention, and stressed once again that ‘the implementation and further development of the Northern Dimension should be done in close consultation with the partners through the existing agreements [i.e. Europe Agreements, Partnership and Cooperation Agreements and European Economic Area] and within subregional bodies such as the Council for Baltic Sea States (CBSS) and the Barents Euro-Arctic Council (BEAC)’. Furthermore, the Council invited the Commission to establish contacts also with the Arctic Council, an institution that had not been included by the Commission in its report, but whose role has been emphasized by the Finnish government on several occasions.

At any rate, by late May the EU Council welcomed the initiative but did not make any practical decision about the implementation of the ND. It mandated instead the Conference on the ND, called for mid-November, to ‘discuss the concept and elaborate concrete ideas’. Finally at the Helsinki meeting in November 1999 the Foreign Ministers substantially confirmed the structure of the Northern Dimension and asked the Commission to prepare an Action Plan to be approved at the end of the Portuguese Presidency in the first half of the year 2000.

13. Finland did not consider these two areas as part of the initiative, the Commission instead introduced them in its report. See Ojanen, H. (1999), p. 21.
15. As above.
17. As above, p. 6.
2. Five areas of concern

The implementation of the ND will depend largely on the action plan that is expected to be adopted during the year 2000. So far the three main actors behind the initiative, the Finnish government, the Commission and the EU Council, have made three key points of the initiative substantially clear: first of all, the areas of concern range from nuclear safety to training and research; secondly the adoption of the so-called ‘partner-oriented approach’; and thirdly, a multilevel implementation of the Northern Dimension.

A closer look at the fields in which the ND will operate requires a very important background element. Fundamentally, the ND aims at reducing the life-standard differences in the subregion and, more generally, at creating an area of economic and political stability. The graph below comparing GNP per capita in the Northern Dimension subregion, illustrates the gap between the EU states and most of the ND’s partners. Among the non-EU states a further differentiation should be made between the EEA states, the applicant countries and Russia. The former in fact enjoy higher living standards than the EU states with over US$ 25,000 per capita against the EU average of US$ 21,000 and the Scandinavian average of US$ 22,600. By contrast, the new market economies of Eastern Europe and Russia show a dramatically low level of GNP per capita. It is therefore within the framework of this gap that the Northern Dimension will develop in those fields, as underlined by the EU Council, ‘in which the expected value added is greatest’.

The fifteen priority fields chosen by the EU range from energy to education. Many of them have traditionally occupied a very important place on the agenda of the organisations active in the Baltic Sea region. Security, defined in the traditional way, has been excluded by the EU member states from the agenda. Given the infant stage of the EU process towards acquiring political and military means for crisis management, the Union does not have the political capacity or will to identify a common security policy for the northern part of the continent. Yet the Northern Dimension deals largely with security issues. Behind national policies and international cooperation in fields traditionally considered ‘soft’ in terms of security policy, (fight against cross-border crime, nuclear safety, health related problems and so on), lies an alternative approach to security based on an effective cooperation in areas from which non-conventional security threats are most likely to come from. In practice, through a subregionalisation of cooperation, the EU strategy, which brings the greatest benefits to the Scandinavian member states,
aims at creating stronger links with the three Baltic Republics, Poland and Russia, thus drastically reducing the chances of a confrontation in traditional security terms. The ‘non-traditional’ theoretical dimension best reflects this specific concept of security and illustrate the strategies adopted internationally to tackle new ‘soft security concerns’.\textsuperscript{21} While at this stage it is hard to argue that the ND initiative embodies a ‘revolutionary’ approach to security, given that ‘the old agenda of threats, security, and divisive borders is still there’, it certainly constitutes a first and remarkable effort to focus, in terms of political guidelines, on phenomena such as ‘dynamization, integration, free flow, networks and such like’.\textsuperscript{22}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{gdp_per_capita.png}
\caption{GDP per capita in 1998 in the area covered by the Northern Dimension (US $ thousand)}
\end{figure}

19. For the purposes of this essay, GNP per capita was the selected criterion because it is the best economic indicator giving a clear and immediate view of the economic discrepancies between the EU and the other countries. Other indicators, such as inflation, trade balance, direct investments confirm the picture offered by the graph presented here.
The Council has outlined the five main areas which should receive priority in the implementation of the ND:

1) Energy, transport and telecommunications, infrastructure. Energy supply represents one of the Union’s most important priorities. The figures are clear in this respect. Today the EU imports roughly half of its natural gas consumption. If this trend is maintained, it has been estimated that in about 20 years the EU will be importing nearly 70% of its natural gas consumption and nearly all of its oil. One solution lies in the vast, and still mostly unexploited, gas reserves in North-West Russia. In the future these huge reserves can play a central role in the energy supply of Europe. Therefore, two important strategic interests of the Union in this area are the creation of new pipelines to convey gas between North-West Russia and the EU, and the coordination or even integration of the energy networks of the Baltic sea region to optimise the use of different sources of energy within the subregion.

The transport and communication system of Northern Europe, strictly connected to the energy issues, constitute another important interest. The main problem here is represented by the absence of infrastructures. Apart from the ports of the Baltic Sea States, the subregion lacks corridors allowing Russian exports to reach Europe. As the Commission has pointed out, it is therefore necessary to further develop the Trans European Network (TEN) and to make the pan-European transport corridors operative, like the so-called Helsinki corridors. Finally, together with infrastructural development, a new communication network has to be built to give the subregion a higher degree of competitiveness and especially to create the basis for the attraction of investments from the EU private sector.

2) Environment, nuclear safety and natural resources. Environmental protection has traditionally held an important role in the agenda of the Nordic governments. Unsurprisingly it is considered one of the most urgent priorities, especially given that 10 nuclear reactors (6 of which are the same type as Chernobyl) are in full activity and produce a conspicuous amount of nuclear waste in the area bordering the EU. However, the primary source of concern regards the approximately 150 nuclear submarines, most of which are practically abandoned in the military bases of the Kola Peninsula. Their state of decay, together with the problems created by the radioactive waste management, are among the main priorities of the Scandinavian countries,
which together with the other EU countries emphasized the need for harmonization of the legal framework and further technical assistance. Finally, attention will also be paid to transboundary pollution coming from maritime and land-based sources. As far as raw materials are concerned, suffice here to emphasize that Russia is extremely rich of minerals and forests. The Union aims therefore at obtaining access to these resources that in time will become important to the industries of its member states.

3) Public health and social issues. The discrepancy between the EU Nordic countries and the rest of northern Europe in the field of public health and social issues is outstanding. Of course, Russia is in incomparably worse conditions than its potential EU Nordic partners. A distinction also has to be made between the applicant countries (the Baltic Republics and Poland) and Russia. While in the former the situation is generally improving thanks to the pressure exercised by the application process, in Russia health conditions in the border areas are particularly worrying. The Northern Dimension will have to deal especially with ‘the fight against communicable diseases (i.e. tuberculosis), drug abuse as well as the need to ensure an equivalent level of safety standards for agricultural and other food products’.

4) Cross-border cooperation, trade and investment, fight against crime. The ND will also tackle safety issues on the borders between the European Union (i.e. Finland) and Russia, as well as the borders between the partners of the Northern Dimension. The main priority in this field will be, on the one hand, to


24. The pan-European transport corridors include the Via Baltica, the Turku - Helsinki - St. Petersburg - Moscow route, the Nordic Triangle connecting four Nordic capitals and the Euro-Arctic Transport Region of the Baltic Sea.


26. Russia’s forests constitute over 20% of the world’s pine forests, offering a great potential to develop forestry and forest industries in northwestern Russia.

improve the border facilities and, on the other, to improve cooperation between law enforcement and judicial authorities of the countries involved. Other problems linked to the cross-border cooperation in the Northern part of Europe are the fight against illegal trafficking of drugs and nuclear material, illegal migration, criminal activities across borders and money laundering. Individual states alone do not have the tools to address these new security issues of transnational cooperation. The ND will tackle these new issues through a reinforcement of border control and an effective and deep cooperation between the national and local authorities of the subregion.

As the economies of the area are increasingly interlinked, the removal of trade barriers at national and local levels becomes essential for the overall development of the subregion. It is impossible to conceive subregional economic development without the concrete removal of all those elements that tend to prevent or delay a process of economic integration with the EU single market that for the three Baltic Republics and Poland has already started and, for Poland and Estonia, is relatively advanced. In this field the role of subregional organisations like the CBSS and the BEAC will be of fundamental importance mainly because they have already established for many years permanent working groups which have been able to coordinate their efforts and achieve a certain degree of success, and because they are in the position to reach the local level where trade barriers have so far been difficult to remove.

5) Education, training and research. While setting the guidelines for the implementation of the ND, the EU Council has emphasized the importance of education and human resources development. Traditionally, this field has played an important role in the framework of first the Nordic cooperation, and, later, the Baltic one. In substance the ND will, through a better coordination of the existing exchange programmes, encourage the exchange of graduate and post-graduate students and researchers between the EU and the other ND countries, Russia in particular.

3. A partner-oriented approach

The Northern Dimension initiative, unlike other similar projects (the Transatlantic agenda and the Mediterranean policy), has developed as one of its main features a so-called partner-oriented approach. In other words, the initiative
is not principally aimed at developing directly the Northern part of the Union, but it
is rather addressed to partners that presently are not EU members. In fact the ND
will involve countries with different ties to the EU, ranging from membership, as in
the case of Germany, Finland, Denmark and Sweden, to a Partnership and
Cooperation Agreement (PCA) in the case of Russia, while between these two
positions stand the applicant countries and the EEA countries.

Because of this varied situation the bilateral dialogue between the Union and
its partners is likely to play an important part in the implementation phase of the
ND. However, one of the Union’s main interests is to develop multilateral
cooperation from the bilateral relations, in particular among its partners. It is
therefore interesting to look at the five partners more closely. Among the non-EU
countries directly involved in the ND, Russia plays by far the most important role.
Some have concluded that fundamentally the Northern Dimension is about
strengthening the EU-Russia relations.\textsuperscript{30} Indeed many, if not all, of the areas
examined above are tailored for Russia: from raw materials to education and
research, Russia represents for the Union a great opportunity, economically
speaking. As a nuclear power, an economic or institutional collapse in Russia would
pose security challenges for Europe as a whole. Tying Russia to the Union through
the ND and to the subregional organisations of the Baltic Sea Region is therefore
extremely important for the EU, and in particular for its neighbours (read Finland).
On the other hand, despite the importance of Russia in the framework of the
Northern Dimension, it would be too simplistic to look at the whole initiative in
Russia-EU terms since the ND represents an innovative approach to subregional
cooperation that cannot be reduced merely to a subchapter of the EU-Russia
relations.

The main instrument on which the European Union has recently based its
relations with Russia is the Common Strategy adopted by the Union in early June
1999, which sets out the objectives as well as the means to be used by the Union in
taking forward the partnership. Despite the fact that ‘the core of the relationship

\textsuperscript{28} For further details on the matter see the 1996 Visby Declaration of the CBSS. \\www.baltinfo.org.
\textsuperscript{29} See CBSS home page www.baltinfo.org. and for the BEAC see www.usis.usemb.se.
\textsuperscript{30} See Stenlund, P. (1998) Policies for the Northern Dimension, speech held in Bonn, 1 December,
between the Union and Russia remains the Partnership and Cooperation Agreement (PCA), with its aim of promoting the integration of Russia into a wider area of cooperation in Europe, as well as through creating the necessary conditions for the future establishment of a free trade area between the European Community and Russia’, the Common Strategy indicates four main goals the Union should pursue while deepening its relations with Russia. These goals range from consolidation of democracy, the rule of law and public institutions in Russia to ‘the Common challenges on the European continent’ – exactly the same goals on which the ND is to concentrate.

In previous years the main practical instrument developed by the EU to coordinate financial and technical assistance to Russia and the other former Soviet Republics has been the TACIS programme. Between its inauguration in 1991 and 1997, the programme has allocated Euro 3.280 million to the countries of the Commonwealth of Independent States (CIS) with the aim of facilitating the reconstruction of industry, commerce and public administration. Throughout the first period, Russia obtained Euro 1016 millions of the funds allocated. Recently the TACIS programme has undergone major restructuring. The new priorities focus on a greater concentration of assistance to achieve maximum impact and a strong support for the objectives of the PCA and of the Common Strategy. There will be, first of all, a change in the programming – from a ‘demand-driven’ to a ‘dialogue-driven’ rationale –, secondly the creation of an incentive scheme and thirdly an increase in the number of the assistance instruments.

The overall success of the Northern Dimension will depend heavily on how Russia will respond to the initiative and, in particular, on the extent to which Russia will be able to further cooperate economically and politically in the subregion. So far the results of ongoing subregional cooperation are moderately encouraging, despite recent tensions between Russia and the EU over the Russian intervention in Chechnya. The regional and subregional institutions operating in the Baltic Sea Region have provided a cooperative arena which has contributed to reduce the tensions and the contrasts thanks to a common groundwork aimed at solving the concrete shared problems of the subregion. Such an enabling environment has influenced positively not only the EU-Russian relations but also the relations between Russia and the Baltic Republics. In particular the OSCE has played an important role on the issue of the rights of the Russian minorities in the Baltic states. This important policy issue, which in the early 1990s was a great source of tension, has also been discussed at subregional level and the renewed dialogue
between Russia and the other partners has led to the appointment of a CBSS Commissioner for Minority Rights. There is no doubt that Russia is still looking for a new – post imperial? – geopolitical identity. A coherent EU regional policy towards Russia, inclusive in character, that could link it to the multilevel institutional network of the subregion, would have a decisive role in giving Russia’s identity a clear North-western orientation. Such a scenario would probably reduce the possibility of tension between the EU and Russia.

The Northern Dimension also addresses some of the EU applicant countries. In particular the Commission and the EU Council have earmarked Poland, Estonia, Latvia and Lithuania as main partners. Some of these countries, such as Poland and Estonia, enjoy a better economic position than Russia but are still far from getting close to EU standards. Contrary to Russia, economic conditions in applicant countries are kept under strict control by the Union. The reports of the Commission have pointed out, among other things, the need for improving infrastructure, border controls and environmental standards. The PHARE programme has been at the basis of the cooperation between the EU and these countries. The programme, in substance, has made available financial means to support the economic transition and the democratisation process. Between 1990 and 1996 the programme allocated roughly Euro 2.500 million, 40% of its total funds, to Poland and the three Baltic Republics. Today the programme is being renegotiated also according to the needs emphasized through the ND. The recent agreement on Agenda 2000 has increased the amount of funds allocated to PHARE to Euro 1560 millions per year, which means that, if the percentage of the allocated funds to the four states will not change significantly, they will obtain Euro 4368 millions for the period 2000-2006. Politically the three Baltic Republics and Poland have much to gain from the Northern Dimension: it would grant them a way in for further institutionalisation of relations with the EU, and give them a wider and stronger presence in the

32. See the Commission’s Explanatory Memorandum on TACIS and in particular its budget performance in //www.europa.eu.int/comm/dg1a/tacis/index. See also //europa.eu.int/comm/dg1a/tacis/programmeming/prog_find.htm.
subregional cooperation fora from which they could achieve greater political visibility vis-à-vis the western partners.

The ND also includes two Nordic countries that, for different reasons, are not EU full members. Both Iceland and Norway are today EFTA members and take part in the EEA, which is the main cooperation framework between the EU and EFTA. As shown by Figure 1, the two countries did not join the ND initiative in order to receive assistance, as their GNP per capita is much higher than that of the EU. Their presence within the ND has a substantial political significance. Throughout the decade the two countries have been able to survive in a sort of ‘isolation’ from the European integration process that was taking place in Scandinavia. While economically the EEA agreement gives them relatively strong economic ties with EU markets, politically both countries have been marginalised. Such marginalisation was due on the one hand to the institutional structure of the EEA, which has not allowed Norway and Iceland to influence concretely the decisions made by the Union even when their national interests were affected directly. On the other hand, the traditional Nordic cooperation, in the framework of the Nordic Council, has been more or less dormant for the last 30 years and with Sweden and Finland’s accession to the EU it became clear that it did not constitute any longer a viable framework to influence the EU from outside, despite its institutional reform.

Both countries needed to find another arena in which they could have, if not equal footing, at least a real opportunity of influencing EU decisions. It should come as no surprise that both governments, the Norwegian one in particular, warmly welcomed the ND initiative. Norway and Iceland are the non-EU partners that in political terms have the most to gain from the ND, especially from the domestic point of view. It is known that the public opinions in both countries is still deeply divided, and substantially against, full EU membership. But over the last decade the political elite, especially in Norway, has been largely in favour of EU membership, even if great importance has been given to the subregional context. Participation in the ND could therefore represent an important compromise between the will of a vast part of the electorate and the needs of the political elite. In terms of European integration history the participation of the two countries, Norway in particular, to the ND could have a very interesting outcome. In fact, when the Northern Dimension will be implemented, the two countries will find themselves in a peculiar situation, characterized politically by a minimum risk (minor loss in terms of sovereignty)/maximum gain (more influence vis-à-vis the EU) pattern, that interestingly other
Scandinavian countries (Sweden in particular) have tried to reach, in vain, for at least two decades.

4. The multilevel approach: the actors in the Northern Dimension

While the areas of concern and the partner-oriented approach are important aspects of the ND, its most innovative element seems to lie in what could be defined a multilevel approach - multilevel because of the subregional institutional environment in which it is applied. In substance a multilevel approach is, in the case of the ND, a more effective way of conceiving coordination and cooperation at different institutional levels: in this case the EU, the subregional and the national (and to a certain extent subnational) levels. The basis of this approach is that several regional and subregional institutions already operate in the area, a wide variety of cooperation programmes are already in place, and the EU Council has decided that the implementation of the ND will not require new instruments.

As a consequence of the fall of the Soviet bloc, at the beginning of the decade the traditional Nordic cooperation widened its sphere of action from the Scandinavian area to the Baltic Sea region. The Scandinavian countries began intense cooperation with the three Baltic republics, Poland and to a certain extent with Russia. This cooperation was institutionalised with the creation of several subregional organisations. Moreover, other non-Scandinavian actors - Russia, the U.S. and Canada - became involved in new cooperation projects that were being set up. As Joenniemi emphasizes, ‘it seems that the Baltic options for easing cooperation both within and across state borders, thereby blending different levels of actions, have

35. EFTA stands for European Free Trade Association, founded in 1960 by those seven states that did not want to join the EC.
36. The last (unsuccessful) attempt to give new impetus to Nordic cooperation took place in 1970 with the NORDEK initiative.
37. The Nordic, and today Baltic, subregions have always played a very important role in the foreign policies of these countries. As was been pointed out recently by the Norwegian government 'stability and security in our neighboring areas are key Norwegian foreign policy objectives'. CBSS Secretariat, Council of Baltic Sea States, 8th Ministerial Session Palanga, in Baltinfo, No 22, July 1999, Stockholm. For further information on the priorities of the Norwegian CBSS presidency see: //www.baltinfo.org.
been utilized with particular determination’ in the subregion.\textsuperscript{38} This trend has led to the institution of several organisations, creating \textit{de facto} many subregional programmes that, despite limited financial resources, were developed in parallel to the EU programmes PHARE, TACIS and INTERREG. This process has created two levels of cooperation, at both state and subregional levels, dealing substantially with the same typology of problems but without the means to interact with each other. Furthermore, a third subnational level also emerged, given the key role of subnational organisations when it comes to the practical implementation of programmes. This means that currently in the subregion cooperation and aid are operating on different, and badly interconnected, levels. Cooperation has taken place horizontally and has lacked any form of coordination between three key levels: the EU, the subregional and the national levels. The ND should therefore add a sort of ‘vertical’ dimension to current cooperation.

In essence, through increased coordination among the institutions and a more efficient use of the resources it should be possible to direct the many existing programmes and synergies towards a clearly identified set of objectives. The key question will regard how the different levels of action should be coordinated so that decision making processes at lower levels are effectively influenced by the dynamics produced at the top level and vice versa. The answer to this question remains largely unclear. However, there is widespread optimism in the Baltic Sea region and the subregional and sub-state actors seem to be fully aware of the role they might play in opening up a new approach to subregional cooperation.

The Council of Baltic Sea States was established in 1992 and today counts eleven members.\textsuperscript{39} Although the Council represents the most structured attempt of institution-building in the subregion, its main task has been ‘to serve as a forum for guidance and overall co-ordination among the participating states’.\textsuperscript{40} Until the mid 1990s, the CBSS agenda was mostly dominated by issues of transition and by those left over from the immediate post Cold War period. However, the fact that the current cooperation areas covered by its agenda roughly correspond to the EU priorities set out in the ND suggests that there is enough political space for a more future-oriented phase of the organisation. The Council has developed its activities mainly through the ‘Action programme’ adopted in 1996. The Programme focuses on three framework areas (political stability and participation, economic integration and prosperity, and environment) and each framework area is divided into several more specific fields of action. Another important feature of the CBSS is its function as an umbrella-forum for subregional cooperation.\textsuperscript{41} The CBSS maintains close ties
with and, to a certain extent, coordinates the activity of, many subregional actors such as the Baltic Sea States Subregional Cooperation (BSSSC), the Union of the Baltic Cities, the Business Advisory Council and the Baltic Chamber of Commerce Association.\(^{42}\) These institutional links allow the Council to play an important mediating role, between the subregional and local level, where the Northern Dimension guidelines will be implemented, and the EU level.

Following a Norwegian initiative, the five Nordic countries, Russia and the European Commission established in 1993 the Barents Euro-Arctic Council (BEAC). The objectives of this organisation resemble those of the CBSS in that its main activities support the transition process in the Russian part of the Barents region, giving particular attention to public institutions, market economy and environmental issues.\(^{43}\) The peculiarity of the organisation resides in its institutional two-level structure. At the higher, or central, level cooperation is carried out by the foreign ministers of the members states. At the lower, or sub-state, level cooperation is carried forward by the provinces and counties\(^{44}\) of the member states that have decided to join the organisation. Compared to the CBSS, the BEAC has developed a stronger and more interrelated structure vis-à-vis the sub-state actors, in this case provinces and counties. As the ND is implemented, it will be interesting to see how the relations between the EU and this organisation evolve in terms of interaction between the EU and the subregional actors.

---

39. The members of the CBSS are: Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia, Sweden, and the European Commission, see: //www.baltinfo.org.
40. See note 22. For further details on the tasks of the CBSS see the Copenhagen Declaration, //www.baltinfo.org/docs/ministerial/11/declar.
41. It should also be mentioned that the CBSS has established a ‘Commissioner for Human Rights and Democratic Institutions, including the Rights of Persons Belonging to Minorities’ that has mainly worked in a low-key fashion but has obtained some relevant results.
42. The subregional organizations operate in an extremely wide variety of fields. Here only the main ones have been listed. For further information on their activities see for the BSSSC: //www.bsssc.com; for the Union of the Baltic Cities: //www.ubc.net/; for the Baltic Chamber of Commerce Association: //www.ihk.de/kiel/bcca/bcca1.htm.
43. See //www.usis.usemb.se/.
44. Geographically, the Barents cooperation covers an area twice the size of France. It includes Nordland, Troms and Finnmark counties in Norway, Norrbotten county in Sweden, and Lapland County in Finland, and in Russia, Archangel and Murmansk provinces (oblast), the Autonomous Area (okrug) of Nenets and the Republic of Karelia.
The Arctic Council was established in September 1996 in Ottawa, Canada, as a high level intergovernmental forum, providing a mechanism to address the common concerns and challenges faced by the Arctic governments and the people of the Arctic.\textsuperscript{45} The members of the Council are Canada, Denmark, Finland, Iceland, Norway, the Russian Federation, Sweden, and the United States of America. The Association of Indigenous Minorities of the North, Siberia and the Far East of the Russian Federation, the Inuit Circumpolar Conference, the Saami Council, and the Aleutian International Association are all Permanent Participants in the Council. The main activities of the Council concern the protection of the Arctic environment and sustainable development as a means of improving the economic, social and cultural well-being of the North. The choice of this organisation as one of the ‘privileged’ actors in the northern subregion has provoked frictions within the EU between the Commission, which did not mention the Arctic Council in its report, and Finland, which instead has stressed the need to cooperate with it on several occasions. In the end the Finnish point of view was accepted by the EU Council and the Arctic Council was included in the guidelines for the ND in late May 1999. However, the Arctic Council was not invited to the Conference. This could be the result of pressures coming from the recently established Prodi Commission to open the ND to the Transatlantic partners only at a more advanced stage of implementation. The new Finnish position was made public in a recent speech of the Finnish Secretary of State Valtasaari who argued that ‘as soon as the EU and the aforesaid countries [the East European partners and Russia] have managed to close ranks, cooperation will be expanded to comprise all interested parties. This would involve the United States and Canada, in particular.’\textsuperscript{46} In any case, the decision to include the Arctic Council is substantially linked to strategic reasons since the Council includes among its members both the U.S. and Canada. The will to involve, even if indirectly, these two states in matters concerning northern Europe could indicate that a new conviction is gaining support among the EU governments: in order to address the economic and security problems of a subregion successfully, a form of cooperation going beyond the borders of the subregion is needed.

Although it has not been formally involved in the ND’s implementation phase, the Nordic Council (NC) has historically played an important role in the Baltic Sea region.\textsuperscript{47} When discussing cooperation in northern Europe, it is impossible to ignore an institution that in recent years has undergone major internal organisational reform and a substantial re-adaptation of its sphere of action, extending its geographical scope from Scandinavia to the whole Baltic Rim. In 1994 both the
Nordic Council and Nordic Council of Ministers (NCM) changed their structures mainly because of the new ties that some of their members had established with the EU. The NC transformed itself from a committee structure to a three pillar structure based on relations with the EU, relations with adjacent areas and traditional Nordic policies. The new structure of the Nordic Council has made cooperation with the Baltic States and North-West Russia an integral, and important, part of its policy.

The Nordic Council of Minister in particular has been extremely active in trying to get involved in the ND initiative. For example at a seminar for high level officials held on 11 October 1999 under the Icelandic chairmanship of the NCM, the European Commission presented its proposal regarding the environmental aspect of the ND as part of its consultation process. Moreover, the Northern Dimension was on the agenda at the recent meeting between the Nordic Ministers of cooperation and the Nordic Ambassador to the EU. Finally, it should be mentioned that the NC has produced publications concerning several priority areas of the ND.

While it is hard to deny that the Nordic Council and the NCM are cooperating to some extent with the Union in several of the above mentioned areas, the interaction between the two levels is unbalanced. The NC has been extremely active and is trying to create the conditions for a stricter cooperation, but the same cannot be said for the EU. Furthermore, the NC and the NCM have only been involved in the consultation process and not, as in the case of the other subregional organisations which are clearly indicated as active partners in all the EU declarations on the ND, in the implementation phase.

From a broader perspective, the reasons that have led to the partial marginalisation of the Nordic Council from the Northern Dimension are likely to be

45. For further details on the institutional structure of the Arctic Council see: //arctic-council.ugs.gov.
47. A good analysis of the Nordic Council activities at the peak of its splendor has been carried out by Solem, E. (1977) The Nordic Council and Scandinavian integration, New York, Praeger.
48. For further information about the current activities of the Nordic Council and Nordic Council of Minister, see the comprehensive internet site at //www.norden.org.
found in the degree of competitiveness fostered by the number of new subregional arrangements in that part of Europe. The CBSS and the BEAC incorporate a new mentality and new ideas, reflecting a post Cold War approach to cooperation and security that is more in tune with the ND compared to the intentions of its major sponsor, Finland. Indeed, the ND promises to be something substantially new in its principles, allowing several subregional, but also substate, actors to interact with each other in a non traditional pattern of interaction.

5. Finland and the Northern Dimension

Before coming to the conclusions of this essay some words must be spent on Finland, since it is the actor that has conceived the ND and has supported it very strongly throughout the process described in the first paragraph. The reasons for the Finnish support to the initiative are several. First of all, by promoting the ND Finland has ‘protected’ itself from a redistribution of the Union’s resources. Nordic countries are net contributors to the EU budget, and with the next enlargement their contributions could increase. The ND provides a channel to attract funds, although its role in attracting resources can only be assessed in a few years time. Secondly, due to geographical proximity, Finland has a clear economic interest in the exploitation of the Russian raw materials, which will provide the EU with vital supplies of which Finland will benefit the most. A similar situation may also emerge in the field of transport. In particular the creation of new transport and communications systems such as the Helsinki Corridors would enhance, economically speaking, Finland’s strategic position in the subregion.

From a wider perspective, Finland’s historical relations with Soviet Union/Russia also play a part in supporting the ND. Finland’s policy of neutrality adopted after the Second World War rested on Soviet patronage, a relationship that was ratified with the Treaty of Cooperation and Friendship signed in 1947. This Treaty played a very important role in country’s foreign policy decisions during the Cold War since it practically subjected all relevant decisions concerning Finland’s participation in any cooperation project and/or integration in Europe or in Scandinavia to Soviet approval. Only after the collapse of the Soviet Union was the country free from external constraint in foreign policy. This new scenario with a more western oriented Russia allowed Finland to submit an application for EU membership in the mid 1990s.
In the last five years, and interestingly after Finland’s EU accession, the relations between the EU and Russia have improved sensibly, witness the establishment of a PCA and a Common Strategy. It is difficult to assess to what extent Finland has influenced this process, however it’s undeniable that in several occasions, like the Ahtisaari and Chernomyrdin mission to Belgrade during the Kosovo crisis, the country has played an important mediating role between the EU and Russia. Furthermore, from the security point of view, an improved set of relations between the two main actors in the subregion diminishes sensibly the possibility of direct confrontation, drastically reducing Finland’s risks in traditional security terms.50

Finnish national interests constitute a good starting point for a more general reflection on the role Finland has been playing within the EU both as a member state and as President. Holding the EU Presidency surely presents many difficulties, especially for a relatively new member like Finland. At the same time, evaluating the degree of success of a Presidency is equally hard – if not harder – given the numerous elements constituting good indicators. Schout, for example, suggests that if the Presidency can provide political leadership, keep a neutral attitude towards the issues discussed and, at the same time, promote its national interests, then it will have proved successful.51

Apart from the ND, two other issues were at the top of the Presidency agenda: the creation of a European crisis-management capability and enlargement. Using Schout’s indications, overall substantial progress52 has been achieved on both issues. In particular the agreement on the development of an EU crisis management capability was the one where the best results, for Finland, were probably obtained, especially in view of the fact that it is a sensitive topic for a Scandinavian country with a traditional security policy of non participation to military alliances. Despite the difficult task of balancing national and EU interests, the Presidency

52. Progress on certain issues towards a more advanced level of integration is identified here as one of the main elements expressing political leadership.
Conclusions suggest that the step forward made in the definition of security and defence has also been influenced by Finnish national interests. Two points of the declaration are particularly interesting in this respect:

- ‘The Union recognises the primary responsibility of the United Nations Security Council for the maintenance of international peace and security.’ This statement clearly excludes NATO as the primary actor in charge of the maintenance of peace. Finland, but also Sweden and the other Nordic countries, have a foreign policy that traditionally underlines the predominant role of the UN.

- ‘This process will avoid unnecessary duplication and does not imply the creation of a European army.’ Here is another important point: the explicit exclusion of the creation of a European defence force, that would obviously be in contrast with the Finnish (Swedish, Austrian and Irish) security policy.

- The Annex II to the Presidency Report focuses on non military crisis management which has always been considered an important point for Finland and Sweden.

A similar pattern can also be found when analysing the issue of enlargement. Even in this case Finland was able to strike a good balance between political leadership, neutrality and national interests. In particular, the principle of granting all the applicant countries (including Turkey) an equal footing and a single framework in which to negotiate accession provides another example of how the Finnish interests have been mediated by a neutral behaviour.

The ND issue, instead, had a somewhat different outcome. Although the ND received much attention throughout the period, the key ministerial meeting of November 1999 was successful only in part. The meeting was supposed to gather the Foreign Ministers of the EU and of the other ND partners, but it turned out to be a meeting of high officials since most of the EU Foreign Ministers, including the one of Portugal (holder of the Presidency for the first half of 2000), were absent. The events in Chechnya also played a negative role in the sense that most of the EU foreign affairs ministers wanted to show, through their absence at the meeting, their disapproval towards Russia’s policy. The Council still met the expectations and asked the Commission to build an action plan, but Finland clearly suffered a certain loss of credibility or, as Schout’s puts it, of political influence. It was precisely on its per project that the Finnish Presidency suffered a setback.

In sum, from the dynamics that have characterized the relations between Finland and the EU since 1995 two main elements have emerged. Firstly, Finland
has been engaging actively in the Union by entering the European Monetary Union with the first group of countries and by promoting its role as a bridge builder vis-à-vis Russia. The second element regards the benefits that Finland has reaped in terms of stronger status among the fellow EU members, and the possibility of influencing the interests of the European Union to fit its national interests through the Presidency and especially through the Northern Dimension. Mouritzen, in his analysis on Finnish policy towards the EU in terms of value priorities and modes of adaptation, identified a similar trade-off between influence and active participation to the European integration process, even if he believed that the Finnish government did not ‘nurture EU core group ambitions’. As the last two years have shown, Finland did join the EU core group developing a greater political and strategic flexibility than Sweden and Denmark. The other Nordic countries face a different situation domestically, in terms of public support, which prevent, to a certain extent, the governments from developing a more flexible position towards the main themes of European integration.

### 6. Conclusions

This essay has tried to underline that the Northern Dimension initiative represents a very good opportunity for testing the viability of subregional cooperation as an effective approach to a series of problems affecting a certain European subregion. From the analysis of the ND structure, two points have emerged as particularly interesting. The first one concerns the so-called partner-oriented approach. The ND involves EU member states, EEA states, applicants for EU membership and states that stand firmly outside the Union, providing a high level framework where these actors can work out common solutions to subregional

problems. The number and the variety of states involved, along with the attention that the Union will devote to coordinating its bilateral relations with them under the pressure of North European EU members, endow the ND with an undoubtedly innovative character.

The second closely related point is constituted by the multilevel approach to subregional cooperation. The ND provides the basis for the involvement of several actors at different institutional levels, namely the EU, subregional organisations, and national governments. So far these actors have not coordinated their action towards the subregion in a sufficiently harmonised manner. Through the ND coordination among the different levels will be strengthened and made more effective.

In spite of its promising conceptual start, it is fair to say that several problems may hinder the initiative. In November 1999, the Helsinki summit requested the Commission to prepare a detailed action plan for the practical implementation of the ND. Since then the optimism, at different institutional levels, that had characterised the early phase described in this paper seems to have faded away leaving room for more skeptical positions about the future of the initiative. Two elements have contributed to this new situation. On the one hand Finland, one of the youngest member, has probably put an excessive effort in sponsoring and shaping the ND giving to it a maybe too strong Finnish characterisation. On the other hand Germany, a key actor in the region, has substantially taken an ambiguous position on the matter. Its full involvement and its political weight will be necessary in order to push forward the process of implementation.

At this stage any final judgment is premature since the implementation process will not last only a few months but, on the contrary, will take years. The Portuguese Presidency has never shown a particularly strong interest towards the initiative. As mentioned above, the absence of the Portuguese Foreign Minister at the November meeting was just the anticipation of what has happened at the Lisbon meeting: the issue was left out of the agenda. Now much will depend on how France, whose relations with Finland are undoubtedly very positive, and Sweden will be able to give new impetus to the implementation process.

In particular, Sweden will come to play a key role since it is one of the actors directly touched by the ND. However, it is likely that Sweden will try to approach, and possibly mould, the initiative in a different way. Two reasons might lead the Swedish government in this direction. The first one has rather historical grounds:
Sweden has always played an important political and economic role among the Nordic countries, a pivotal role. Any key supranational initiative in the field of economic or political cooperation in the Northern part of Europe had to come from Sweden or anyway required its participation if they wanted to have some chances of success. Through the ND and its full participation to other EU projects Finland has apparently overshadowed Sweden in its traditional leadership role. It is therefore likely that Sweden will try to gain once again its outstanding role among the EU Nordic countries. Secondly, Sweden will try to mould the initiative according to its vision of subregional cooperation in the BSR which is largely in tune with the Finland’s one but differs especially in terms of emphasis on the role of subnational cooperation in practical issues.

The European Commission’s action plan will give us some first indications on the shape the ND will finally acquire. If the great potentialities that lie in the key points of the partner-oriented approach initiative and in multilevel coordination are emphasized and developed, the chances of a successful implementation will be greater.
Buzan, Barry et al. (1997) Security: A new framework for analysis, Copenhagen, COPRI.


**Official document, newspapers**


The Northern Dimension


Stenlund, Peter (1999) Policies for the Northern Dimension, speech delivered at the meeting of the DG X Directors, Rovaniemi, 18 June.


Valtasaari, Jukka (1999) The EU’s Northern Dimension, Union’s strategy towards Russia and our views on the forthcoming WTO Millennium Round, speech delivered at the meeting of the European Economic and Social Committee in Vaasa, 6 October.


1. Out of sight, out of mind

Perhaps understandably, the Northern ‘dimension’ of the European Union – and of Europe in general – has never been high on the agenda of Italy’s foreign policy, nor has it been a major focus of public attention. The country and its elites have always conceived and perceived themselves as primarily Southern European and Mediterranean, albeit with a West-Central penchant. Moreover, of the two key arenas of Italy’s post-war foreign policy, NATO has usually been considered as having mainly an Eastern and a Mediterranean dimension – this has been, at least, the country’s perception of its security exposure – whereas the EC/EU has long lacked a specifically Northern dimension. On top of that, insofar as it acquired one such dimension with the 1973 enlargement, the overall effect was to dilute the original drive for integration, in that such Eurosceptic countries as the UK and Denmark were taken in. As a consequence, Italy has always tried to compensate each opening of the Community/Union to the North with a) a comparable opening to the South, and b) a further deepening of European institutions. The Southern enlargement(s) of 1980/86 and the Single European Act are good cases in point. Besides, German unification was promptly followed by the Maastricht Treaty.²

Such pattern repeated itself in the mid-1990s. If somewhat weakened by the deep domestic crisis that started in 1992 and lasted until 1996, Italy addressed Sweden’s and Finland’s bids for EU membership with mixed feelings: on the one hand, every enlargement of the European ‘family’ is welcome by integrationist Italy, the more so because the application could be read as a late recognition of the EC/EU’s success story and, furthermore, because it did not affect any essential Italian interest. On the other hand, the Northern enlargement – neighbouring
Austria’s accession was strongly supported by Italy, in connection also with the solution of the bilateral controversy over South Tyrol – seemed to shift the geopolitical centre of gravity of the EU further North and to potentially create a new subregional bloc. In addition, the prevailing post-neutral attitudes in the candidate countries – especially after Norway’s (second) ‘No’ to accession – sharply contrasted with Italy’s increasing emphasis on a bigger role for Europeans to play in security and defence matters and with its preference for a prospective overlap of EU and NATO’s European membership. On the whole, however, Italy stayed rather on the sidelines during the accession negotiations, leaving to other fellow Mediterranean countries (Greece, Spain) the task of fighting for the ‘Club Med’ interests. In part, this occurred because in 1993/94 Italy was primarily absorbed by its own deep domestic political crisis, that made it particularly inward-looking and conspicuously absent on the European scene. Yet this occurred also because, after all, Sweden and Finland – as opposed to Austria – were little known and even less familiar to the average Italian: paradoxically, the lack of knowledge (shared by Italian opinion leaders, as proved by regular ad hoc surveys) contributed to dispelling some fears and to making acceptance easier.³

2. Comparing interests and priorities

The latter remark helps explain why it is quite difficult to assess what specific connotations are linked to the Northern Dimension by Italian foreign policy elites. First, there certainly is an intra-EU angle, mainly linked to the building of coalitions of interests inside the Council. The ‘Northern’ EU partners are seen as less committed to the integration process: after all, only Finland joined monetary union, yet it still is lukewarm on European defence. Denmark and Sweden are out of the euro and out of WEU – albeit with different statuses – and all Nordic countries (EU and non-EU) are still out of Schengen, and with different statuses, although they may soon join collectively through the Nordic Passport Union. During the latest Intergovernmental Conference (1996/97), Sweden and Finland proposed to incorporate WEU’s so-called Petersberg tasks into the TEU (now art. 17) – a move that was supported by Italy – but, at the same time, all Nordic EU partners opposed the proposal (co-signed by Italy) gradually to integrate the same WEU into the EU: a behaviour that was seen as inconsistent by Rome and that strengthened the overall impression of the selective Europeanism of the Nordics.⁴ For its part, Italy has fought hard over the past years to be ‘inside’: therefore it is only natural that attitudes vis-à-vis European integration are perceived as fundamentally different.
In addition, common interests look hard to detect: this is to say that alliances and coalitions on specific issues may occur, if ever, rather occasionally and/or on the blocking side, i.e. by jointly opposing other countries’ interests, than on the proactive side, i.e. by promoting causes of common concern.

A second angle encompasses the enlargement process. Here, again, Italy’s foreign policy elites sound rather lukewarm vis-à-vis a new intake of EU members before a substantial deepening of the present institutional set-up is agreed upon. Generally speaking, therefore, Italy is not on the forefront of advocacy for enlargement to Central European countries. Firstly, in Rome’s view too quick an opening could mean unravelling what is presently being discussed in terms of further strengthening of common institutions and decision-making procedures. Secondly, enlargement to Central Europe has to be matched by some parallel opening to the Mediterranean basin: not so much to Cyprus though – that poses specific problems, especially with reference to Turkey’s role – as to Malta, a traditional protegé of Italy’s, that now seems keener on making progress on its decade-long application for EU membership. Thirdly, even among the Central
European candidates Italy has its own favourites, namely Poland, Hungary and, above all, Slovenia: here trade and economic relations, strategic calculations and cultural affinities play a cumulative role in making Italy – hardly different in that from other partners – a selective sponsor of candidates already on the fast track of the negotiations. Finally, even among the remaining official candidates, Italian foreign policy elites seem prone on promoting Lithuania rather than Latvia, Romania rather than Bulgaria. In both cases, cultural factors – of a religious (Lithuania) or a linguistic nature (Romania) – are at play, although tiny Lithuania looks much easier to integrate by the EU than huge Romania. The recently improved relations between Poland and Lithuania have further strengthened Italy’s selective advocacy, while the geographical distance and the limited interest for environmental issues help explain its lack of engagement on the closure of the Ignalina nuclear plant.5

The third and final angle encompasses relations with Russia as a strategic and regional actor. Italian diplomacy has traditionally been very keen on not antagonising Russia in Europe and on increasing economic interdependence. Foreign direct investment in Russia and bilateral trade, however, have not been primarily directed at the Baltic coastal provinces of the country nor to areas close to the Northern European rim. Therefore, Italy is not particularly interested in (nor affected by) cross-border cooperation and subregional projects, inasmuch as they are central to the Northern Dimension blueprint, yet it has no reason to oppose them as complementary means to achieving one and the same goal: the democratisation and stabilisation of Russia as a reliable regional and global partner. If some competition can be detected, it may be linked to Italian support for the (potentially alternative) Trans-European Network Corridor that is expected to run from Trieste to Kiev via Ljubljana and Budapest. Yet nothing has come to the surface so far. By contrast, foreign policy elites look still worried about the prospect of importing into the EU the problem of the status of Russian minorities in the Baltic Republics and of giving backdoor hard security guarantees to any of the three Republics by integrating them in the Union. Italy’s preference for Lithuania has to be seen in this light too: not only is the country mainly Catholic, it also has no relevant source of bilateral tension with Moscow over domestic Russian-speaking minorities. Among the three Baltic Republics, finally, Lithuania is the one that could most easily be integrated into the Atlantic Alliance, thus minimising Russian fears about NATO’s Eastern expansion: the issue of the Kaliningrad enclave is hardly considered by Italy as a serious threat to relations with the Russian Federation. This is also why Italy is basically lukewarm vis-à-vis the Baltics’ demand to join
NATO: here the imperative not to antagonise Moscow goes hand in hand with the consideration that the same countries are already involved in NATO’s Partnership for Peace programme and, even more significantly, in joint NATO-Russian peacekeeping operations such as IFOR/SFOR in Bosnia-Herzegovina. No need therefore to rush developments that may unnecessarily spoil the dialogue with Moscow – and, once again, if NATO is to be enlarged any further, then other countries in Italy’s neighbourhood (from Slovenia to Albania) should be considered first.6

3. The level of interdependence

Existing economic and trade relations basically underpin this general picture.7 They have to be sub-divided into a) relations with the Nordic countries, and b) relations with the Baltic Republics. In addition, of course, membership of the EU or the EEA affects bilateral flows remarkably. On the whole, Italy has a trade surplus with both groupings as of 1997: their relative share of Italy’s foreign trade, however, is relatively modest.

Trade flows between Italy and the Nordic countries seem to be characterised by highly relevant intra-industry flows, with only a few sectors showing strong positive (leather and footwear, wearing apparel, textiles) or negative (food, beverages, tobacco, energy) specialisation. The leading sector in terms of contribution to the trade surplus is agricultural and industrial machinery. By

7. The following analysis is based on the official figures of the Italian Institute of Statistics (ISTAT) and on those available from the monthly Bulletin jointly published by the Italian Foreign Trade Institute (ICE) and the Italian Foreign Trade Ministry (Scambi con l’estero. Note di aggiornamento). I am grateful to Nicola Catellani, Sergio Lugaresi and Luca de Benedictis for their help in providing them.
contrast, trade flows between Italy and the Baltic Republics are characterised by a pattern of inter-industry trade that is quite similar to North-South economic relations: at this stage, in other words, the three Republics import everything in exchange for energy and labour-intensive productions (textiles, leather and footwear).

Bilaterally, Sweden is the most relevant partner among the group of countries under consideration: commercial exchanges grew by approximately 50% between 1991 and 1997, thus further easing acceptance of EU membership. With it, Italy has a growing trade deficit, at approximately 10% of the overall trade value, and Swedish investments in Italy outstrip Italian investments in Sweden. Denmark, the oldest EC/EU member among the Nordics, is the second most relevant partner: with it, Italy was in surplus both in 1996 and in 1997 (perhaps still due to the previous devaluation of the lira), and the composition of trade is quite differentiated. Finland is the third most relevant partner, with a surplus in 1996 and a deficit in 1997: as with Sweden, foreign direct investment is mainly from Finland into Italy rather than the other way round; and, as with Denmark, the Italian degree of bilateral specialisation is very high only in wearing apparel and leather and footwear. Norway comes fourth (third in terms of export), and Italy can boast a growing trade surplus: its composition is highly concentrated and the degree of bilateral specialisation is very high in many sectors, in that Norway only exports energy and imports almost all the remaining products. Finally, trade with Iceland is almost irrelevant: Italy is in permanent surplus, only importing from Iceland mineral, agricultural and fishery products.

Among the Baltic Republics - substantial bilateral trade flows only started between 1993 and 1994 - Lithuania is the most relevant partner: the value of bilateral trade flows, however, is very limited, and Italy (presently Lithuania’s fourth overall economic partner) runs a permanent surplus, mainly due to agricultural and industrial machinery and chemicals. With Latvia, trade flows are almost unidirectional: Latvia only exports textiles and Italy runs a permanent surplus, mainly due to agricultural and industrial machinery. Same pattern with Estonia, that only exports minerals and leather and footwear. Yet the potential here for increasing trade and investment over the coming years is, of course, huge, as much as the potential for strengthening bi- and multilateral cultural ties, to date still underdeveloped - with the sole exception of Lithuania, whose connections to Italy are, however, primarily mediated by the Holy See and Catholic organisations.8
4. Conclusions

To sum up, it would prove difficult to argue that the Northern Dimension of the EU is seen by Italy as vital or even important in its own right. Yet it is not secondary, in that it raises the issue of subregional balancing and geographical emphasis inside the Union. In Italy’s view, any further attention given to the Northern countries – both inside the present architecture and in the perspective of enlargement – should be compensated by parallel actions aimed at the Southern/Mediterranean rim. This said, Italy’s foreign policy elites are well aware that, in the short term, it will be much easier to open the EU’s doors to the three Baltic Republics than to Cyprus or, for that matter, Albania. Even putting Malta on the fast-track for accession would not match the impact of the Baltic States on the overall inner geopolitical balance of a larger Union. Yet, again, their likely membership raises the issue of representation and of institutional reform, that Italy deems necessary to address before any future enlargement.

On the whole, however, if the Northern Dimension succeeds in setting a precedent for more focused and more systematic EU policies vis-à-vis its ‘flanks’, it will be welcome as a ground-breaking initiative for the common good: even beyond the Barcelona Process, a specific South-Eastern initiative, aimed at the eastern Balkans and Turkey, or an Adriatic dimension would then be easier to push forward.

---

Bibliography


ICE - Ministero per il Commercio con l’estero, Scambi con l’estero. Note di aggiornamento.


