

The EU's Northern Dimension:
Testing a New Approach to
Neighbourhood Relations?

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Preface

This research report, *The EU's Northern Dimension: Testing a New Approach to Neighbourhood Relations?*, is written within the framework of the project Mot ett nytt och större EU (Towards a New and Larger EU), which aims to disseminate information about the enlargement of the European Union and stimulate debate on EU issues. My thanks and appreciation go to the author, Nicola Catellani, for a report in which he brings up a number of new and interesting elements of the Northern Dimension. I also want to thank Eve Johansson for her excellent work in editing and checking the language of the report and Gunilla Reischl for her good help in making the final preparations for printing. Finally I would like to thank the main sponsors of this project, the European Commission, the Swedish Ministry for Foreign Affairs and the European Parliament, for their support.

Gunilla Herolf
Stockholm, November 2003

Introduction

The events of the early 1990s have had tremendous consequences for Europe's North. The reunification of Germany, the fall of the communist regime in Poland followed by the breaking apart of the Soviet Union and the newly acquired independence of Estonia, Latvia and Lithuania changed the geopolitical scenario in Northern Europe radically.

One of the main consequences of the new post-cold war environment was the opening up of an opportunity to restructure bilateral and especially multilateral relations at regional level. The opportunity was soon seized by some of the countries in the area and resulted into a process of region-building which began in the early 1990s and grew in importance and political centrality through the decade, leading to an incremental reinforcement of political, economic and cultural links across the Baltic and Barents seas.

This report focuses on a regional initiative that the European Union (EU) has launched in respect of its Northern neighbours—the Northern Dimension (ND).

The Union's Northern neighbourhood stretches from north-west Russia to Iceland, as is embodied in the European Economic Area (the EEA, involving Sweden, Finland, Norway and Iceland) and after 1995 in the Baltic Sea Region Initiative (involving all the countries around the Baltic Sea area). The ND was not the first initiative taken by the EU in its Northern neighbourhood, but it was with the Northern Dimension that the Union engaged with it for the first time through a comprehensive regional initiative. As this report will show, the Northern Dimension originated in the 'soft' competitions that emerged among the Nordic countries as a result of the political opportunities opened up by the enlargement of the EU to include the European Free Trade Area (EFTA) countries. However, the main claim of this report will be that the Northern Dimension embodied two innovative elements—the involvement of the regional organizations; and the emphasis put on the horizontal coordination of the EU instruments, which has introduced, at least in principle, a new approach towards the EU's relations with its neighbours.

The report is divided into three main sections. The first will focus on the origins of the Northern Dimension initiative and the regional dynamics underlying the phase before it was launched. The second will concentrate on the initiative itself and focus on its development, its contents and, last but not least, its output; and the third will look at the two most innovative elements that the Northern Dimension has introduced in the way the EU approaches the relations with the (Northern) neighbours, and Russia in particular. The final section summarizes the conclusions.

1. The Background to the Northern Dimension Initiative

The Early 1990s: the Enlarging European Union and the ‘Soft’ Competition among the Nordic Countries

When the Nordic countries began to shift their political attention and interest from the European Economic Area (EEA) project to full European Union (EU) membership in the early 1990s, the question of what kind of approach to develop in order to deal with the Northern ‘near abroad’ landed on the EU agenda for the first time.

The first concrete actions taken towards the future Northern neighbours of an enlarged EU were, alongside the EEA process, mainly bilateral initiatives such as the Partnership and Cooperation Agreement (PCA) signed with Poland as early as 1989, and with Lithuania, Latvia and Estonia in 1992, and later transformed into association agreements.¹ The first element of something approaching a Baltic Sea area approach, at least on paper, is to be found in the Pact on Stability in Europe, drafted in 1993.² The EU launched the pact in an effort to bring stability to the eastern and south-eastern part of the continent using conditionality and the promise of substantial aid packages. One of the two ‘regional tables’ of the Pact focused on the Baltic Sea area as a region, recognizing it as a neighbouring area. However, it should be stressed that the approach was far from being regional—or, better, multilateral. On the contrary, it was in essence based mainly on bilateral dynamics between the EU and each country involved.³

Along the same lines, some piecemeal actions were emerging as a result of the European Commission’s efforts to provide assistance to the Central and East European countries and the former Soviet republics through instruments such as PHARE and TACIS.⁴

¹ See the European Commission website for further details concerning the association agreements—<http://www.europa.eu.int/comm/enlargement/pas/index.htm>.

² As early as the beginning of 1993, a proposal for a Pact on Stability in Europe was drafted under the aegis of French Prime Minister Edouard Balladur, focusing primarily on the status of minorities and the situation with regard to frontiers. That proposal was undertaken by the Copenhagen European Council in June 1993, and so became an EU initiative ‘with regard to respect for borders and rights of minorities’. The Brussels European Council in December 1993 agreed that the Pact on Stability in Europe was pursuing an objective of preventive diplomacy and was therefore not concerned with countries in open conflict, but rather intended to contribute to stability by preventing tension and potential conflicts in Europe, to promote good-neighbourly relations, and to encourage countries to consolidate their borders and resolve problems of national minorities. See also Archer, C., ‘The EU foreign policy in the context of the Baltic Sea region’, in H. Hubel (ed.), *EU Enlargement and Beyond: The Baltic States and Russia*, Nordeuropäische Studien serie, Vol. 18 (Berlin: Berlin Verlag, 2002), pp. 21–41.

³ Busek, C., ‘The Stability Pact for South Eastern Europe’, Speech at the Swedish Institute for International Affairs, Stockholm, 5 March 2002.

⁴ Launched by the European Communities in 1991, the TACIS (Technical Assistance to the Commonwealth of Independent States) programme provides grant-financed technical assistance to 13 countries of Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan), and mainly aims at

Also at regional level, the prospects of EU enlargement gave rise to a ‘soft’, ‘constructive’ (according to Herolf⁵) competition of a kind among the Nordic states and the prospective EU members—Norway, Sweden and Finland.

The Nordic countries aimed to occupy within the EU a pivotal role in the process of ‘approach-building’ to the Northern neighbourhood. The cooperative dynamics unfolded on two parallel and interconnected levels of analysis before and after EU membership.

The first level is the bilateral one. It involves the particularly strong patterns of cooperation emerging in the Baltic Sea area between the Nordic countries and their Baltic neighbours during the 1990s. Between 1991 and 1993 the Nordic countries undertook a major redirection of their foreign policies towards their neighbouring areas. The flourishing of Nordic-sponsored initiatives at regional level and the substantial financial resources invested by the Nordic governments in the eastern part of the Baltic Sea area should be interpreted as the most evident sign of a rush to exploit the political and economic opportunities opened up by the long-awaited ‘return’ of the Baltic states—Estonia, Latvia, Lithuania and Poland. As the graphs at figure 1 demonstrate, in the distribution of aid from the Nordic countries to the candidate countries in the Baltic Sea region between 1991 and 2000, something of a pattern emerges. Finland’s financial attention was directed mainly towards Estonia, while Sweden’s and Denmark’s aid was fairly evenly distributed.

The second level, and perhaps the most important, is the regional level. It involves the ‘institution-launch’ activity and the underlying political strategies aimed at both Brussels and Moscow that characterized the first half of the decade.

For the Nordic countries, despite their cautious attitude towards the European integration process, taking a leading role in shaping the priorities of an enlarging Union where the Northern neighbourhood was concerned meant the opportunity not only to maximize their influence and further their national interests within the EU but also to play a role as privileged referents for Russia within the EU, or, to put it differently, to function as a political interface between the EU and Russia.

At the beginning of the 1990s Denmark was on paper the Nordic country that was best positioned to lead such a process. Nearly 20 years of European Community (EC) membership, a good knowledge of the workings of the EU and the increasingly active stand the country had taken in the process of European integration following the fall of the Iron Curtain meant that Denmark was the EU member country ideally placed to lead the expansion of the EU presence in Northern Europe. The launch of the Council of the

enhancing the transition process in these countries. For more information see http://www.europa.eu.int/comm/external_relations/ceeca/tacis/index.htm.

The PHARE programme has been providing support to the countries of Central Europe since 1989, helping them through a period of massive economic restructuring and political change. Following the 1993 Copenhagen Council’s invitation to Central European countries to apply for membership of the EU, PHARE support was reoriented, including a marked expansion in support to infrastructure investment. For more information on PHARE see <http://www.europa.eu.int/comm/enlargement/pas/phare/index.htm>.

⁵ See Herolf, G., ‘The Swedish approach: constructive competition for a common goal’, in G. Bonvicini, T. Vaahtoranta and W. Wessels (eds), *The Northern EU: National Views on the Emerging Security Dimension*, Programme on the Northern Dimension of the CFSP, Vol. 9 (Helsinki: Swedish Institute of International Affairs and Berlin: Institut für Europäische Politik, 2000).

Figure 1. Bilateral aid to the EU candidate countries

Source: OECD statistics online, 'Disbursement of official bilateral aid and assistance from Sweden, Denmark, Finland and Norway to Estonia, Latvia, Lithuania and Poland, 1991–1999', <http://www.oecd.org>.

Baltic Sea States (CBSS) in spring 1992 should be seen as an attempt by Denmark to involve the EU, and in particular the Commission, in the Baltic Sea area. In the context of the more proactive attitude the Danish government was showing generally within the framework of European integration, the CBSS initiative takes on particular political significance, since for the first time it brought the Commission, Russia, Germany, the Baltic republics and the Nordic countries under the same cooperative umbrella.⁶

The Danish government did indeed appear to be the driving force behind the CBSS initiative, and the fact that the organization was launched after a bilateral meeting in Copenhagen supports that view; but closer analysis indicates that the idea of setting up the regional organization was not Danish but came instead from Germany, or more precisely from the government of Schleswig-Holstein, one of the German Länder. However, the German foreign minister of the time, Hans-Dietrich Genscher, was not in a position to launch such an initiative. At that point in time—in early 1992, 18 months after the reunification of Germany—a German initiative in the Baltic Sea area, with Russia as a partner, could easily have been misinterpreted at transatlantic level or, at

⁶ Petersen, N., 'Denmark and the European Union 1985–96: a two-level analysis', *Cooperation and Conflict*, vol. 312 (1996), pp. 185–210. The members are Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia, Sweden and the European Commission. The organization has a permanent secretariat in Stockholm and is formally involved in the implementation of the ND. For more detailed information about its current activities see <http://www.cbss.st>. See also Joenniemi, P., 'Security in the Baltic Sea Region: the contest between different agendas', in H. Rundblom et al. (eds), *50 Years After World War II: International Politics in the Baltic Sea Region 1945–1995* (Gdansk: Baltic Sea University Programme, 1997), pp. 231–47.

best, could have sent wrong signals at European level, reinforcing the fears of Southern members about a shift in the focus of the Union northwards. In this light, the Danish activism appears less ambitious in scope and seems to have been largely influenced by external determinants (i.e., Germany's request not to appear as the main promoter of the initiative⁷). Uffe Ellemann Jensen, the Danish foreign minister in the early 1990s, has been considered a key figure of those years. He contributed substantially both to the creation of the CBSS and, in a more general way, to the development of a more assertive stand by Denmark within the framework of the European integration process. However, the importance of his activism should not be overestimated, especially in the light of the role Germany played in connection with the launch of the initiative.⁸

The role played by Germany in Northern Europe seems in fact to be rather controversial. Both the launch of the CBSS, and, more recently, its active presidency of the EU in 2001 seem to go against the prevailing view that the Baltic Sea area has only a marginal position in Germany's foreign policy agenda.⁹

In late 1992 when the Danish people unexpectedly rejected ratification of the Maastricht Treaty. This dealt a decisive blow to Denmark's ambitions to play a pivotal role in the Northern neighbourhood of the EU and led its political elite and foreign-policy makers to adopt a less assertive stance at both regional and EU level. There was a return in a sense to the pre-1980s attitude, marked by a low profile and pragmatism.¹⁰

As Denmark was in a sense forced out of the game, Norway and, to a lesser extent, Sweden were the two Nordic applicants for EU membership that first understood the prospects which the acquisition of a central role in the relations between the EU and its Northern neighbours could offer. Both countries, in different ways, recognized that the EU had to be made a more active player in the North. The Commission in particular, in the eyes of the Nordic countries, was the key referent to address, given the financial resources it administered. Moreover, it was the institution with which they had developed most contact during the accession negotiations. A more substantial engagement of the Commission in the Baltic Sea area could be achieved most effectively by creating the conditions at regional level for an active commitment of the Commission in regional patterns of cooperation that were not limited to present and future EU members but also extended to Russia.

⁷ This is apparent from personal communications with and interviews conducted by the author.

⁸ The CBSS was established in March 1992 when the Danish and German foreign ministers invited the foreign ministers of Estonia, Finland, Latvia, Lithuania, Norway, Poland, Russia and Sweden, and a member of the European Commission, to meet in Copenhagen in order to strengthen cooperation among the Baltic Sea states.

⁹ Krohn, A., 'Germany's security policy in the Baltic Sea region', in L. Haadegard and B. Linstrom (eds), *NEBI Yearbook 1998: North European and Baltic Sea Integration* (Berlin: Springer Verlag, 1998), p. 505. See also Archer, C., 'The sub-regional aspects comparing different geostrategic and geopolitical experiences', Conference on Making the CFSP Work, Stockholm, 30 September 1999.

¹⁰ See Laursen, J. N. and Borring Olesen, T., 'A Nordic alternative to Europe: the interdependence of Denmark's Nordic and European policies', in H. Branner and M. Kelstrup (eds), *Denmark's Policy towards Europe after 1945: History, Theory and Options* (Odense: Odense University Press, 2000), pp. 223–59.

Geographically, the strategic interests of Sweden and Norway to a great extent did not overlap.

Since the end of the cold war, Sweden has focused mainly on the Baltic Sea area, which historically has been the core of its sphere of interests, while traditionally Norway's efforts have been devoted to the Far North, mainly for security and strategic reasons, and culminated with the launch of the Barents-Euro Arctic Council (BEAC) in 1993 on the initiative of the Norwegian Ministry of Foreign Affairs.¹¹ One could also add that the Far North was de facto the only area in Northern Europe not covered by any regional initiative. Geographically, the BEAC was not in competition with the Baltic regional process launched through the CBSS. Politically, however, even before it was launched the BEAC initiative raised some concerns among the other Nordic countries, Finland in particular, despite the Norwegian government's efforts to inform them, and in particular to involve the other Nordic partners. This was mainly due to the fact that it covered an area in which Finland had important geo-strategic interests. In other words, in the same way as Sweden had its core regional interests in the Baltic area, the Finns considered the High North as an area of primary concern.

The BEAC was not only aimed at 'reducing threats to Norwegian territory from civilian and defence pollution' through a multilateralization of Norway's local relations. It also had wider political objectives.¹² As Joenniemi points out: 'The aim [of the initiative] was to avoid marginalization and to open important channels to the EU and simultaneously allow the establishment of closer relations with Russia'.¹³ Within the framework of the EU's Northern enlargement, Norway was in short trying to involve the EU in the North through the BEAC by offering the Commission a possible agenda for the area. At the same time, by involving Russia, Norway was promoting itself as a key player for the development of the future relations between Russia and the European Union.

It could be argued that Norway's foreign policy of the early 1990s reflected that of Denmark in the way it marked a difference from the more cautious cold war attitude that had characterized both countries' foreign policies. The launch of the BEAC should therefore also be placed in the context of the more dynamic foreign policy profile that Norway assumed in the early 1990s, as demonstrated by the key role it gained in the Middle East Peace process.¹⁴ Paradoxically (as for Denmark), Norway's foreign policy activism suffered a severe setback, at least on the EU side, for internal reasons when the Norwegian people rejected accession to the EU for the second time.

¹¹ The member countries are Finland, Norway, Russia and Sweden.

¹² Bailes, A., 'The role of sub-regional cooperation in post cold-war Europe', in A. Cottey (ed.), *Subregional Cooperation in the New Europe: Building Security, Prosperity, and Solidarity from the Barents to the Black Sea* (London and New York: Macmillan, 1999).

¹³ Joenniemi, P., 'The Barents Euro-Arctic Council', in Cottey (ed.), *Subregional Cooperation in the New Europe*.

¹⁴ Norway hosted secret negotiations between the Israelis and the Palestinians which culminated in 1993 with the Oslo Agreement.

Sweden's approach to the opportunity opened up by the enlargement of the EU to the North had some similarities with, but also many differences from, the approaches of the other Nordic countries.

While in the case of Denmark and Norway—both members of the North Atlantic Treaty Organization (NATO)—it was the result of a referendum that de facto altered their foreign policies, in Sweden the change in foreign policy attitude came about as a consequence of a change in government. Especially after 1994 and the return to power of the Social Democrats, Sweden seemed to be less eager than Norway and Finland to carve out a political space—a role as an intermediary—between the EU and Russia. Some of this attitude has its roots in the Social Democrats' understanding of the role of Sweden in Northern Europe, and in a more general way in their perception of Sweden's place in the European security setting. The policy of non-alignment, maintained even after the fall of the communist bloc, had a major influence on Sweden's vision of a neighbourhood policy. It was focused mainly on the management of regional 'soft' security threats and centred on a pragmatic profile, devoid of any clear commitment or responsibility sharing—for instance, the obligations derived from collective defence—in broader or controversial security issues.

Between 1991 and 1994, and in particular during the accession negotiations, the Conservative government of Carl Bildt developed a more dynamic position which led him in 1991 to call for a 'Northern Dimension' of the Common Foreign and Security Policy (CFSP)¹⁵—a concept that seemed to entail a more proactive stand on key security issues and, in a more general way, a position aimed at gaining centrality within the framework of the European integration process. However, the focus of the Social Democratic government which came to power in 1994 was instead on the Baltic Sea area, and that was where the country wanted to redefine its post-cold war identity. Sweden's strategy was aimed at shaping the agenda of the EU in the Baltic Sea area and, in the same way as Norway had used the BEAC to involve the EU in the Far North, Sweden politically 'adopted' the CBSS (given Denmark's lower profile after the referendum in 1992) as a tool for influencing the agenda of the EU in the region.

The results of Sweden's lobbying efforts in Brussels were seen one year after it joined the EU, in 1996, when the European Commission launched the Baltic Sea Region Initiative (BSRI) at the CBSS' first heads of government summit meeting. The fact that it was launched could be read as an attempt by the Swedish government, and in particular Prime Minister Göran Persson, to profile Sweden and himself at both regional and EU level. The content of the proposal was particularly interesting in the framework of the EU's overall approach towards the North as it highlighted for the first time some elements that were to emerge again in 1998 at the core of the Northern Dimension.

The BSRI was the first active step the Commission took to strengthen political stability and economic development in the Baltic Sea area. It largely built on 'the potential for stronger concerted effort to enhance development and increase synergy

¹⁵ Bildt, Carl, 'Schweden: vom zögernden zum begeisterten europär', Speech delivered at the Office of the European Commission in Bonn on 13 November 1991, document obtained directly at the Bonn Office of the Commission.

through a regional integrated approach for co-operation in the Region'.¹⁶ The initiative focused on four key areas—infrastructure, the environment, energy and Cross-Border Cooperation (CBC)—and certainly represented the first effort of the EU to approach the area comprehensively. By launching the initiative within the framework of the CBSS, the Commission implicitly recognized the strategic importance that the area as a whole, and not only the territory of its member states, had for the economic and political interests of the EU. At the same time the BSRI could be seen as a sort of formal endorsement of the fact that the Union was already, as a matter of fact, a key player in the region, especially in financial terms, as demonstrated by the doubling of the amount of EU resources allocated to the region as a result of the enlargement northwards.¹⁷

The Commission underlined that the BSRI did 'not require funding additional to the existing Community program': its objective was rather to boost the coherence of the EU in the area through enhanced coordination of existing instruments.¹⁸ Interestingly, the BSRI recognized for the first time that the 'complementarity between the work of the CBSS and the Union is an important objective of future cooperation'.¹⁹

Although this element might seem secondary, it highlights two interesting points. The first is the recognition of a role for a regional, non-EU, actor in the management of the external relations of the EU. The novelty of this element should not be underestimated. As Ojanen has pointed out, the EU has never allowed external institutional actors, or 'outsiders' in general, to have a say in the elaboration of its policies or strategies towards the neighbouring areas, as the example of EU policy towards the Mediterranean demonstrates. Along these lines, the involvement of the CBSS, a regional organization, implied a certain discontinuity with the top-down approach the Commission has traditionally applied to the implementation of its external policies.²⁰

The launch of the BSRI initiative within the framework of the CBSS should be read as an indication that the Swedish efforts in involving the European Union more actively in the Baltic Sea area through the active participation of the Commission in the work of the regional organization were largely successful. However, Sweden's approach, in contrast to Finland's, was less aimed at using the EU as a vehicle for its own foreign policy towards Russia. In other words, from a Swedish perspective, the involvement of the European Commission and securing greater attention to the Baltic Sea area on the part of the EU were only a complement to its own bilateral relations with Russia and the other countries in the area.

Summing up, the first half of the 1990s was characterized by a strong activism in the Baltic Sea area and in Northern Europe in general. The enlargement of the EU towards

¹⁶ European Commission, 'Report on the current state and perspectives for cooperation in the Baltic Sea Region', Brussels, December 1995, <http://www.baltinfo.org/Docs/eu/eu3>.

¹⁷ See European Commission, 'Report on the Current state of and perspectives for cooperation in the Baltic Sea Region'.

¹⁸ See European Commission, 'Communication from the Commission to the Council on the Baltic Sea Region Initiative', SEC(96) 608 Final, Brussels, 10 April 1996.

¹⁹ European Commission, 'Communication from the Commission to the Council on the Baltic Sea Region Initiative', p. 6.

²⁰ See Ojanen, H., 'How to customise your Union', in *Northern Dimensions 1999* (Finnish Institute of International Affairs, Helsinki), 1999, pp. 13–27.

Northern Europe led Denmark, Norway and Sweden to launch political initiatives with the aim of playing a role both regionally and in Brussels as a referent for Russia. While Denmark's efforts to regain a role in the North of the EU were abruptly ended by the Danish electorate's decision not to ratify the Maastricht Treaty, and Norway's attempt was hampered by the referendum decision not to join the EU, the Swedish approach was all in all more successful, albeit at the same time less ambitious and limited in scope.

Finally, Germany, in a more ambivalent manner, was also actively involved at regional level in the Baltic Sea area, but the opening of the enlargement process in 1993 and the criticism of the Southern members of the EU, Spain in particular, of the excessive financial and political attention the EU was paying to the Eastern part of the continent prevented it from taking a leading role.

Finland and the Origins of the Northern Dimension

Within the framework of the competitive dynamics described above, Finland's role was rather marginal. Its low profile in the regional cooperative processes derived, on the one hand, from a different approach to the process of European integration and, on the other hand, from the centrality that relations with Russia had on its own foreign and security policy agenda. The Northern Dimension initiative, launched in September 1997, could be seen as a *coup de théâtre* in a regional setting which, after the launch of the BSRI in 1996, was finding its own political and institutional equilibrium.²¹ At the same time, however, it could also be argued that, unlike the BSRI, the Northern Dimension was an issue which could profile Finland in the EU it had recently joined.

In the Finnish domestic context two background elements deserve particular attention. The first is related to Finland's reaction to the regional dynamics described above.²² The second is linked to the emergence domestically of a notion of a Northern Dimension, identifying a gap affecting Finland's foreign policy in the mid-1990s.

As shown above, the regional cooperative processes that developed in Northern Europe in the first part of the 1990s did not see Finland as a main player. True, Finland was the promoter of the Arctic Environmental Protection Strategy (AEPS) and the resulting Rovaniemi Process in the field of environmental protection of the High North; but the process was not linked to Finland's accession to the EU in the same way as the other regional processes, such as the CBSS or the BEAC, were. As David Arter has

²¹ Interview with R. Batti, European Commission, DG IA, Brussels, 15 July 2000.

²² Arter, D., 'Small state influence within the EU: the case of Finland's Northern Dimension initiative', *Journal of Common Market Studies*, vol. 38/5 (December 2000), pp. 667–97.

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underlined: 'The end of the Cold war was conducive to a measure of institutional pluralism in Northern Europe and with its Nordic neighbours taking initiative in founding consultative regional councils, Finland found itself cast in a largely reactive role'.²³ In fact, with the accession negotiations in full swing, the launch of the BEAC came as a surprise to the Finnish establishment.²⁴ By launching it Norway was attempting to gain political space in the High North and possibly to carve out a role as a referent for Russia once it joined the EU. This situation, followed in 1996 by the launch of the European Commission's BSRI within the framework of the CBSS, put the Finnish government in a reactive position.

The risk of being left without any distinct role to play in Europe's North led the Finnish government to give substance to a concept—the Northern Dimension—that could relaunch its own interests and position within the regional setting.

As we will see below, the Finnish notion of the Northern Dimension originated from the domestic context, but it had one element in common with the idea of a 'Northern Dimension of the CFSP' which Carl Bildt, then Swedish prime minister, mentioned in his Bonn speech in 1991. Bildt seemed to understand the CFSP as the primary instrument through which the foreign policy interests of the EU countries could be fostered. In the same way the Finns interpreted the Northern Dimension as a tool with which to promote their own interests.

If we look at the situation in terms of the regional cooperation that characterized Northern Europe immediately after the accession of Finland and Sweden to the EU in January 1995, the Northern Dimension could be interpreted first of all as the Finnish response to the fear of possible marginalization in the 'Western club' it had recently joined.²⁵ This was due to the fact that, at regional level, Finland was lagging behind its Nordic neighbours in terms of institutional 'entrepreneurship'.²⁶ In this context the

²³ Arter, 'Small state influence within the EU', p. 681.

²⁴ An interesting analysis is offered by Joenniemi, P., 'The Barents Euro-Arctic Council'.

²⁵ See Arter, 'Small state influence within the EU'.

²⁶ On the broader issue of 'reaction' and the Finnish behavioural pattern in the context of EU accession see Mouritzen, H., 'The two musterknaben and the naughty boy: Sweden, Finland and Denmark in the

launch of the BSRI in 1996, within the framework of the (then Swedish-chaired) CBSS, becomes significant, especially if we consider that the BSRI was the first initiative that originated from the European Commission—not the states of the area—and represented a substantial change in the attitude of Brussels which, until then, had kept a fairly neutral profile on the future actions to be taken in the area.

The second element that should be considered when analysing the origins of the Northern Dimension is represented by what some Finnish scholars have defined as a lack of a well-defined Finnish policy for the High North, that is, the Arctic and the Barents Sea area.²⁷ The ND was first of all an element filling a gap in Finnish domestic and foreign policy, given that the North is for Finland part of the domestic as well as the foreign sphere.

An initial notion of a Northern Dimension emerged in the very first place from the work of some Finnish scholars engaged in the Kuhmo process ‘years before this concept found its place in the vocabulary of the Finnish Prime Minister Paavo Lipponen’.²⁸

In the Finnish domestic political debate the Northern Dimension was a notion, or better, a ‘label’, identifying several foreign policy issues. To put it another way, a number of key elements of the Finnish foreign policy taken together formed the core of what was known as the Northern Dimension. The notion of the Northern Dimension, even before its launch at EU level, was an umbrella concept that merged several bits of Finnish foreign and domestic interests, namely (a) Nordic cooperation ‘as the closest circle of internationalisation for Finland’; (b) Finland’s activities ‘in security policy and especially confidence building measures’; (c) Finland’s new Russia policy, established in 1992; (d) the multilateral cooperation in the Baltic Sea area; (e) the development of

process of European integration’, *Cooperation and Conflict*, vol. 28/4 (1993), pp. 373–402, in particular p. 389.

²⁷ See Heininen, L. and Käkönen, J., *The New North of Europe: Perspectives on the Northern Dimension* (Tampere: Tampere Peace Research Institute, 1998).

²⁸ See Heininen and Käkönen, *The New North of Europe: Perspectives on the Northern Dimension*, p. 7. Kuhmo is a small town in north-eastern Finland on the Russian border. Since 1987 a group of scholars has met there every year in the summer to discuss issues related to peripherality. It was in this framework that the problems of a peripheral community in the context of the changing international system were introduced and developed.

the (Finnish) High North; and (f) last but not least, Finland's Arctic policy and in particular the AEPS adopted in 1991.²⁹

The main driving elements behind Finland's decision in November 1992 to apply for EU membership were related to security rather than economics.³⁰ During the cold war Finland's foreign and security policy was built around relations with the Soviet Union. After the collapse of the communist bloc, between 1989 and 1991, the concerns of the Finnish government focused largely on Russia and its internal instability. In short, Finland's security interests largely coincided with a stable Russia anchored to solid bilateral and multilateral cooperation.

Bilaterally, the agreements signed in 1992 defining the neighbourhood relations between Finland and Russia, and in particular the settlement of the Karelia issue, were an essential step in the normalization of relations between the two countries. They also proved to be relevant to the definition of Finland's position within the framework of its accession to the EU.³¹ In fact the Karelia issue and the positive relations Finland had been able to establish with Russia after the collapse of the Soviet Union turned into an asset in the hands of the Finnish government as it realized, during the negotiations, that the European Commission was eager to exploit Finland's relations with the East in order to foster the links between the EU and Russia.

The 'multilateralization' of Finland's relations with Russia coincided, on the one hand, with the country's participation in the regional organizations in which Finland was involved (the CBSS and the BEAC) and, on the other hand, with the strengthening

²⁹ See Heininen and Käkönen, *The New North of Europe: Perspectives on the Northern Dimension*, pp. 31–2. In September 1989, on the initiative of the government of Finland, officials from the eight Arctic countries (Canada, Denmark, Finland, Iceland, Norway, Sweden, the USSR and the USA) met in Rovaniemi, Finland, to discuss cooperative measures to protect the Arctic environment. They agreed to work towards a meeting of ministers from the circumpolar countries responsible for Arctic environmental issues. The September 1989 meeting was followed by preparatory meetings in Yellowknife, Canada, in April 1990; Kiruna, Sweden, in January 1991; and Rovaniemi, Finland, in June 1991. The AEPS has dealt mainly with scientific research and protection measures towards the Arctic.

³⁰ Forsberg, T., 'European integration and Finland: a constructivist interpretation', Paper presented at the ISA Conference, New Orleans, 2002.

³¹ Joenniemi, P., 'The Karelian question: on the transformation of a border dispute', *Cooperation and Conflict*, vol. 33/2 (1998), pp. 183–206. See also Browning, C. S., 'Constructing Finnish national identity and foreign policy, 1809–2000', Doctoral thesis, University of Wales, Aberystwyth, 2002; and Medved, S., *Russia as the Subconsciousness of Finland*, UPI Working Papers no. 7 (Helsinki: Finnish Institute of International Affairs, 1998), p. 17.

of relations between the EU and Russia. The issue of identification between Finland's and the EU's bilateral relations with Russia was repeatedly mentioned in speeches by key policy makers. In particular, the questions of how to involve Russia more closely in the European integration process and, in a more general way, how to help Russia to link to the world economy were those most often addressed.³²

The three geographical areas of strategic importance to Finland's bilateral relations with Russia—north-west Russia, the Barents Sea area and the Baltic Sea area—had been kept somehow separate from each other during the early 1990s as a result of the different cooperative processes at regional level.

Efforts to multilateralize relations with Russia were not therefore lacking at regional level, but rather at EU level. The lack of a comprehensive policy at EU level dealing with relations with Russia opened up the possibility of bringing together these distinct geographical areas under the same policy umbrella within the framework of the EU. Finland in other words sought the chance to further its key security interests by attempting to shape first and foremost the EU agenda towards Russia, and to a lesser extent the agenda towards the other Northern neighbours of the EU.

In this light the Northern Dimension initiative emerges as an umbrella concept through which the Finnish government created a large overlap between its own interests and those of the EU. As Alpo Rusi, a former adviser to the Finnish president, stated: 'Our own policy on Russia is partly transforming into the Northern Dimension of the Union'.³³

Summing up, this first section of the research report has demonstrated that the Northern Dimension initiative has its roots in a regional context that was characterized by a number of elements.

First of all, the new geopolitical scenario that had emerged in Northern Europe as a result of the end of the cold war produced the flourishing of a number of regional and

³² Ahtisaari, M., 'The global role of the European Union', Address at the Institute of International Affairs, Rome, 29 January 1997.

³³ See Pursiainen, C., 'Finland's policy towards Russia: how to deal with the security dilemma?', *Northern Dimensions 2000* (Helsinki: Finnish Institute of International Affairs, 2000).

sub-regional organizations which aimed to bridge the regional East–West divide. Among the many initiatives launched in the early 1990s, the CBSS and the BEAC played a central role. Second, the creation of such organizations also acquired a political value within the framework of the broader European integration process. The enlargement process to bring the EFTA countries into the EU opened up political space and a competition among the Nordic countries for a leading role in the neighbourhood. The creation of the CBSS and the BEAC should therefore be read partially as an attempt by Denmark/Sweden and Norway, respectively, to carve out a leading role in the dynamics of cooperation between an enlarged EU (of 15 members) and Russia.

The Northern Dimension should therefore be considered, at least in part, as the Finnish response to the regional dynamics that characterized the mid-1990s. At the same time, as has been demonstrated above, the notion of the ND needs to be contextualized in the attempt by Finnish policy makers, once Finland had joined the EU, to create a framework at EU level where different Finnish foreign policy concerns—and above all Russia—could come together under the same umbrella.

2. The European Union's Northern Dimension

As the previous section of this report has shown, the dynamics at play in Northern Europe in the first part of the 1990s were closely linked to the creation of the Northern Dimension initiative launched by Lipponen in 1997. This section will focus largely on the initiative, its genesis within the framework of the EU, its key characteristics and, last but not least, its output.

But what is the Northern Dimension about? How can we define it?

No clear-cut definition exists, given the wide spectrum of actors and policy areas it covers. Taking a broad definition, we can see it as a wide policy framework aimed at organizing in a more coherent and effective manner the relations between the EU and a set of neighbours in Northern Europe with very varying status vis-à-vis the European integration process and characteristics—(north-west) Russia (the key partner), Poland, Estonia, Latvia, Lithuania, Norway and Iceland. The ND is therefore a framework containing a number of foreign policy objectives, such as the creation of a complementary channel for relations between the EU and Russia, the creation of a complementary channel for the 'socialization' of the candidate countries (Poland, Latvia, Estonia and Lithuania), or the anchoring of Norway and Iceland to the EU's neighbourhood policy towards Russia. Alternatively, from an EU internal perspective, the ND is an initiative through which the Northern EU members, and Finland in particular, have tried to place the Northern neighbourhood 'on the map' (of the EU) and keep up the political and financial attention the EU pays to Russia and the Northern neighbourhood.

This section will pay particular attention not only to what the ND is and its aims but also to the extent to which it reflects a different way of approaching the EU's neighbourhood relations.

The EU's Institutional Process: Shaping the Initiative

The institutional process that led to the creation of the Northern Dimension unfolded in three main phases. The first ran from the launch of the initiative by the Finnish government in 1997 to the Vienna European Council in December 1998. The second focused on the elaboration of the 'reference document' of the ND—the Action Plan (AP): it ran from the Vienna Council to the Feira European Council in June 2000. Finally, the third phase—the beginning of implementation—was that from the endorsement of the Action Plan at the Feira Council to the adoption of the Full Report, the document establishing a follow-up mechanism for the ND.³⁴ The institutional cycle of the initiative ended here, but the development of the initiatives continued throughout the Danish Presidency in 2002 which saw the adoption of new guidelines for the elaboration of a Second ND Action Plan (for the period 2004–2006).

³⁴ Swedish Presidency of the EU Council, 'Full Report on the Northern Dimension policies', Council of the European Union document 9804/01, June 2001.

The First Phase

Although most of the literature on the subject assumes that the ND first saw the light with the speech Prime Minister Paavo Lipponen gave in Rovaniemi in September 1997, the very first proposal, or at least some of its key traits, started circulating informally as early as at the European Council in Cardiff in December 1996.³⁵ The Rovaniemi speech was a sort of presentation to the public, but informal contacts with the EU institutions had started already in early 1997.

The proposal was formally outlined for the first time in a letter Lipponen wrote to the President of the European Commission, Jacques Santer, in April 1997. An interesting element that emerges from it is the emphasis put upon the need to 'formulate a strategy covering the whole Northern dimension' of the EU's external relations.³⁶ In particular Lipponen underlined the need for comprehensive action aimed at setting the economic, political and security interests of the EU in the region, 'especially in the long run'.

Publicly the proposal was launched in September 1997 at a conference on cooperation in the Barents Sea Region³⁷ and it officially entered the EU institutional process in December of that year when the Luxembourg European Council asked the Commission to submit an interim report on the issue.³⁸ Such a report was basically aimed at testing the relevance of the proposal for the policies of the EU. In other words, the question the Commission was asked to answer was: Do we need an initiative such as the ND? The positive answer the Commission and the Parliament provided did not come as a surprise, since it was the result of a decision that had already been taken politically by the European Council. This said, it should also be pointed out that in principle the BSRI initiative, which the Commission had launched in 1996, only one year earlier, contained many similarities with the ND and could have provided a possible, and fairly solid, ground for reducing the 'relevance' of the ND proposal.

On the basis of the interim report, the Cardiff European Council decided to request the Commission for a second report, a Communication, to be submitted at the Vienna European Council of December 1998.³⁹

The Commission released its first Communication on the Northern Dimension in late November 1998. The document reflected a few interesting elements, some of which were also to be found in the Finnish proposal. First of all, the Commission recognized that the concept of a Northern Dimension could bring 'added value' to the external policies of the EU since it ensured 'that the Union's activities and available instruments continue to focus on this region'.⁴⁰ Especially in the context of the redistributive game of the EU's external relations, such a statement had clear political, and somewhat

³⁵ Lipponen, P., Letter to the President of the European Commission Jacques Santer, 14 April 1997, ref. 97/1510 (translation from French by the author). Emphasis added

³⁶ Lipponen, Letter to the President of the European Commission Jacques Santer.

³⁷ Lipponen, P., 'The EU needs a policy for the Northern Dimension', Speech delivered at the Conference on the Barents Region Today, Rovaniemi, September 1997.

³⁸ Luxembourg European Council, 'Conclusions of the Chair', Luxembourg, 13 December 1997.

³⁹ Cardiff European Council, 'Conclusions of the Chair', Cardiff, 16 June 1998.

⁴⁰ European Commission, 'Communication from the Commission to the Council: a Northern Dimension for the policies of the Union', COM(1998) 589 final, Brussels, November 1998.

defensive, implications. Given that it was impossible to obtain a budget for the initiative or extra funding for the ND area, the objective shifted to avoiding a loss of financial resources for the North as a whole after enlargement. In short, the first Communication on the ND recognized, in a fairly outspoken way, the worries of Finland and in a more general way one of the objectives of the Northern members—that the EU's attention to the region should be maintained, both institutionally and financially.⁴¹

However, the Commission also made it clear that there was no need for 'a new regional initiative'. This is in line with the argument that there was some opposition within the (Santer) Commission towards the Northern Dimension as a new external policy so soon after the presentation of the BSRI, which was based largely on the very same notion of creating 'added value' and improving the 'coordination' of the existing EU instruments as permeated the ND proposal.

It can be argued that the very early stages of the process (between the launch of the initiative and the first Commission Communication) were characterized by only lukewarm support for the initiative among certain sectors of the Commission's Directorate General (DG) for External Relations and, paradoxically, also among the other Nordic members, especially Sweden. On the one hand, the initiative, though geographically wider than the one launched by the Commission in the area (the BSRI), was not seen as urgently needed, particularly in the DG for External Relations; on the other, Sweden at first considered the Finnish *alleingang* as a tactical move to gain political centrality within the EU at the expense of other member states. The frictions between Finland and Sweden were quite visible in the early stages of the initiative. Sweden's perception of the launch of the ND was negative, since the BSRI could be considered as its 'Northern Dimension', and a brand-new initiative launched without any prior consultation could overshadow Sweden's efforts to involve the EU in the Baltic Sea area—as indeed it did.

The Second Phase

The key event for the Northern Dimension in 1998 was the Vienna European Council.

Formally the Vienna European Council was relevant because it made the Northern Dimension into an EU concept. However, if we look at the content of the decisions taken in Vienna the significant elements are 'nested' in 'the importance of this subject for the *internal policies* of the Union as well as its *external relations*, in particular towards *Russia* and the *Baltic Sea region*'.⁴² On the one hand, there was a recognition of an intrinsic duality in the nature of the initiative. It had an internal dimension which somehow transcended the traditional categorization/division between external and internal policies. On the other hand, the Vienna Council introduced a differentiation or, rather, de facto recognized as a priority those actions aimed, in the area covered by the ND, at north-west Russia and the Baltic Sea region.⁴³

⁴¹ Interview with Bo Lindroos, Finnish Ministry of Foreign Affairs, 11 February 2002.

⁴² Vienna European Council, 'Conclusions of the Chair', Vienna, 11–12 December 1998 (emphasis added).

⁴³ See also EU Council (General Affairs), 'Conclusions on the Northern Dimension', Council no. 2148, Brussels, 6 December 1998.

The text of the Vienna Conclusions seems to reflect the hybrid nature of the original Finnish proposal, whose purpose was the creation of an EU approach towards the whole Northern neighbourhood seen as a single policy area. At the same time, and in contrast with the original Finnish proposal, the priority attached to the Baltic Sea area, and Russia in particular—also demonstrated by the choice of COEST⁴⁴ as the Council Working Group to deal with the Northern Dimension—is in conflict with the purpose of drawing attention to the High North and at the same time creating a comprehensive target area for the ND. From the document on the Northern neighbourhood elaborated by the Commission in 1995-6, and in particular the BSRI, it emerges fairly clearly that the strategic interests of the EU as set out by the Commission are mainly, if not entirely, located in the southern part of the Northern Dimension area.⁴⁵

The question therefore arises whether the European Commission really was in favour of a comprehensive policy covering the whole Northern neighbourhood.

In the spring of 1999, on the eve of the Finnish Presidency, the European Parliament (EP) entered the process by approving the first report on the Northern Dimension. Its contribution to the ND process was largely focused on the need to improve coordination among the EU instruments. All in all, the EP played a marginal but constructive role. Its recommendation was aimed at fostering and giving substance to the ND rather than delimiting it. In particular it stressed the importance of developing ‘a common approach bringing together its [the EU’s] activities in the various regional fora’,⁴⁶ highlighting therefore the need for some kind of region-wide approach. Most interestingly, however, the recommendation underlines that the ‘first actions under the Northern Dimension can be funded through existing EU budget lines’. This seems to indicate imply that at a later stage the EP would have been ready to support the creation of a dedicated budget line for the activities falling under the ND umbrella.⁴⁷

Finland took over the Presidency of the EU in June 1999 and the Northern Dimension was, needless to say one, of the priorities of the new Presidency.

In November 1999, the Finnish government organized a Ministerial Conference in Helsinki with the aim of providing ‘the foundation for the development of the Northern Dimension’ but especially ‘to discuss the concept and elaborate concrete ideas’.⁴⁸ The event has been characterized by many observers as a political failure because few EU foreign ministers attended—possibly as a protest against the action taken by the Russian

⁴⁴ COEST is the Working Group of the EU Council dealing with Eastern Europe and Central Asia. It is, however, made up of experts on Russia—an evident sign of the priority attached to the Russian component of the ND initiative.

⁴⁵ See European Commission, ‘Communication from the Commission to the Council on the Baltic Sea Region Initiative’, SEC(96) 608 Final, Brussels, 10 April 1996. This concept also emerged from interviews carried with officials in the DG for External Relations between 2000 and 2002.

⁴⁶ European Parliament, ‘Resolution on the Communication from the Commission: a Northern Dimension for the policies of the Union’, C4-0067/99, Brussels, 1999.

⁴⁷ The Italian version of the resolution clearly implies that at a later stage the creation of a dedicated budget line could be envisaged.

⁴⁸ Finnish Presidency of the EU, ‘Foreign ministers’ conference on the Northern Dimension’, Press Release, Helsinki, 9 November 1999, available at <http://presidency.finland.fi>.

government in Chechnya.⁴⁹ Even so, despite the absence of top policy makers, the conference produced important results. First of all, it provided an opportunity for the partners/‘outsiders’—the candidate countries (Estonia, Latvia, Lithuania and Poland), the non-candidate countries (Iceland, Norway and Russia) and regional organizations (the CBSS, the BEAC and the Arctic Council)—to express a position on an equal footing within the framework of an EU initiative and to be formally involved in the process of implementation.⁵⁰ Second, the Conference did achieve one of its objectives. It shaped the content of the initiative by outlining five broad priority areas around which the ND ought to be developed—energy, the environment, the fight against organized crime, cross-border cooperation, and health and social issues. Last but not least, the Conclusions of the Chair defined the role of the partners/actors involved. In particular the conference underlined that ‘the regional bodies have a specific role as instruments identifying and implementing joint Northern Dimension priorities’.⁵¹ Thus, despite poor results in terms of attendance and political visibility, the conference was an important stage of the institutional process related to the elaboration of the ND.

On the basis of the Conclusions of the Ministerial Conference, the EU Council, in cooperation with the Commission, initiated the drafting of the ‘Action Plan for the Northern Dimension with external and cross-border policies for the European Union’. This was indeed the most crucial phase from the point of view of the actual structure, and perhaps content, of the initiative, since the main objective of the Action Plan was to define what the ND was supposed to do in a practical sense and, most importantly, how it was to operate. In other words, being the ‘reference document for action planned or implemented’ during 2000–2003, the Action Plan was expected to give some substance to the ND concept that had emerged from Helsinki.

Perhaps because expectations were high, the result proved rather disappointing. The document endorsed by the Feira European Council consisted of two parts—the horizontal and the operational one.

The latter consisted of a list of actions to be undertaken in each of the priority areas in the areas of infrastructure (including energy), transport, telecommunications and the information society; the environment and natural resources; nuclear safety; public health; the promotion of trade, business and investment; human resources development and research; justice and home affairs; and cross-border cooperation.⁵²

The horizontal part reflected the guiding principles of the initiative. It was expected to contain indications about the role of the actors involved, the larger aims of the initiative and, most importantly, the way in which it was to unfold. Unfortunately, this section of

⁴⁹ The conference was attended by only three out of 15 foreign ministers of the EU member states. Even the Swedish foreign minister was not present.

⁵⁰ The United States and Canada have been participating in the ministerial meetings of the Northern Dimension with the status of observers.

⁵¹ Helsinki Ministerial Conference on the Northern Dimension, ‘Chairman’s Conclusions’, Helsinki, 12 November 1999.

⁵² EU Council, ‘Northern Dimension: Action Plan for the Northern Dimension with external and cross-border policies of the European Union’, 9401/00 Final, Brussels, 14 June 2000, http://europa.eu.int/comm/external_relations/north_dim/ndap/06_00_en.pdf.

the document did not elaborate further, as might have been expected, on what was agreed in Helsinki. On the contrary, there seemed to be a regression in the definition of the constitutive principles of the initiative. For example, the Action Plan points out that the Northern Dimension should be 'taken into account by relevant actors whenever appropriate'.⁵³ Together with the non-binding, and rather unusual,⁵⁴ character that this statement ascribes to the whole initiative, the passage highlights effectively the results produced by the efforts of those like Spain, France and to lesser extent net contributors to the EU budget such as the Netherlands to dilute the impact of the ND on the current political equilibrium within the framework of the external relations of the EU.

The negotiations over the Action Plan took place between January and June 2000 in the EU's Council Working Group named COEST. COEST was created from the merging of several Council working groups and is responsible mainly for CFSP issues but can also deal with questions that fall within the first and third pillars of the EU as defined in the Maastricht Treaty. Such cross-pillar activity made it suitable for the discussion of the Northern Dimension, an initiative that has touched upon all three pillars. It was in COEST that a great deal of the preparatory work took place and the actual negotiations and consultations over the development of the ND initiative were discussed. Interestingly, Spain was the only member that had two councillors attending the two-weekly meetings of the Group during the period 2000–2002.⁵⁵ This supports the hypothesis that Spain was the actor that was most worried about 'unexpected' changes in the financial equilibrium of the EU external relations in favour of the Northern/Eastern neighbourhood.

The first draft of the Action Plan that circulated in COEST in February 2000 was substantially in tune with the conclusions of the Ministerial Conference. For example, the clause about the non-binding character of the AP was not part of the text in the early drafts; and the role of the regional organizations appears to have been substantially reduced if the first and the final drafts discussed by the Working Group are compared.⁵⁶

In fact, in the six months January–June 2000 the 'soft' opposition existing among the Southern member states, and Spain in particular, become more visible and set a limit to Finland's aspirations for a long-term strategy. The other Nordic member states were less inclined to push for a long-term strategy. Having put aside the initial frictions with Finland, Sweden adopted a more proactive approach to the ND as it realized that it was after all a flexible tool for furthering its own interest. Sweden's strategy was to push forward a more result-oriented approach to the ND, perhaps less strategic and long-term

⁵³ EU Council, 'Northern Dimension: Action Plan for the Northern Dimension with external and cross-border policies of the European Union', draft, 28 February 2000 (unpublished).

⁵⁴ See also Stålvant, C.-E., 'The Northern Dimension puzzle', November 2001 (unpublished working paper), available at <http://www.bd.lst.se/dimensionen/rapport/18.pdf>.

⁵⁵ Moroff, H., 'The EU's Northern soft security policy: emergence and effectiveness', in H. Moroff (ed.), *European Soft Security Policies: The Northern Dimension*, Programme on the Northern Dimension of the CFSP, Vol. 17 (Helsinki: Finnish Institute of International Affairs and Berlin: Institut für europäische Politik, 2002), pp. 150–207.

⁵⁶ Stålvant, 'The Northern Dimension puzzle'.

in nature but more outcome-oriented (and indeed geared with its own presidency in the first half of 2001).

Sweden underlined the need to put the Northern Dimension label on some projects and to show that the initiative was producing some results in a number of priority fields, namely the environment (including nuclear safety), the fight against organized crime and Kaliningrad. Those were chosen with an eye to the forthcoming Swedish Presidency whose priorities were the environment, employment and enlargement. They moved the focus of the initiative to the Baltic Sea region, the area where traditionally Sweden had its core regional interests. At the same time the issue of organized crime offered a chance to involve the Council of the Baltic Sea States, which had had an intergovernmental task force dedicated to cooperation in the fight against organized crime active since the mid-1990s. It should be added that the active involvement of the CBSS within the framework of the ND was in itself in the Swedish national interest, since the organization had become something of a Swedish 'pet project' in the region.

Denmark at this stage played the role of broker between Sweden and Finland. The Danish government's attitude was generally supportive of the Finnish approach but at the same it was also oriented to achieving a more visible outcome for the initiative quickly.

The negotiations in COEST reflected to a great extent a division according to geographical patterns and highlighted a clear divergence over two matters.

The first key question was that of not letting the 'outsiders' (particularly Russia and the regional organisations) be involved in EU matters. There was a certain reluctance to assign an active role in the implementation of the Northern Dimension to organizations over which the EU did not have full control. In particular, the main resistance to assigning a role to the regional organizations (the CBSS, the BEAC and the Arctic Council) came from those member states which are not members of the relevant organizations. The so-called issue of the 'double table' (EU level and regional level) was raised by those members which feared that the regional organizations could take decisions upon which they could not have any say.⁵⁷ This issue has emerged along similar lines in other neighbourhoods as well, for example, within the framework of the Stability Pact for South Eastern Europe. In a more general way, the question of what kind of relations should develop between an enlarged EU and those regional organizations which operate across its borders is bound to become more central, particularly if there is a trend for action taken by the regional institutions to become more effective and visible in the border areas.

The second issue was the North–South division. It emerged visibly when the question of the budget was touched upon. Spain played a leading role among those members that feared a shift in the redistributive balance of the Union.⁵⁸ It should also be pointed out

⁵⁷ The issue of the 'double table' was raised by Spain and also by the UK (which has the status of observer within the CBSS). Interview with an official of the European Commission, DG for External Relations, Northern Dimension Unit, Brussels, 20 May 2002.

⁵⁸ Largely in connection with the premiership of José Maria Aznar, Spain has changed its attitude in the framework of the EU, moving the Council towards a staunch resistance to any change in the financial equilibrium between North and South within the Union. From some of the interviews undertaken for this

that, alongside the North–South geographical division, other member states, such as the Netherlands or Ireland, which were not taking part actively in the ND initiative, were sceptical about some aspects of the initiative.⁵⁹ The Irish scepticism could be linked to the fear of seeing structural funds diverted away, while the Netherlands, as a net contributor to the EU budget, possibly interpreted the ND as an extra cost.

The final draft of the Action Plan attracted criticism in terms of its content from outside the EU, in particular from partner countries such as Russia and from regional organizations such as the CBSS.⁶⁰ The Russian government complained about the lack of extra funding for the initiative and saw little use in setting up a new framework without financial resources attached to it. Such an approach reflected the difficulties the Finnish government had in ‘marketing’ the ND initiative in Russia. Central elements of it, such as increased coordination of EU activities and the involvement of the partners in the implementation of the initiative, were not very attractive if no money was at stake.⁶¹

The regional organizations were complaining largely as a result of the marginal role they had in the Action Plan. This emerges quite clearly if the Action Plan is compared with the Conclusions of the Ministerial Conference in Helsinki.⁶²

Despite its weaknesses, the Action Plan presented also some positive elements. It was vague and the role granted to the ‘outsiders’ was marginal, but it has provided guidance and an important point of reference for the activities of the regional organizations and partners. Moreover, its much-criticized vagueness did translate into an inbuilt flexibility which, as the Swedish Presidency showed,⁶³ allowed different actors to mould the initiative according to national priorities while producing progress in terms of action taken.

The endorsement of the Feira European Council under the Portuguese Presidency in June 2000 completed the second phase of the institutional process of the Northern Dimension. Its conclusions indicated that in the implementation phase priority should be given to the environment and nuclear safety, the fight against organized crime and the Kaliningrad issue.⁶⁴ This was largely the result of the pressure put by Sweden on the EU Council and on the Portuguese Presidency. The environment in particular was an issue on which Sweden had centred its own presidency.

report it has emerged that non-discussion of the financial issue was apparently a condition for a negotiation of the ND initiative. For a general overview of Spain’s attitude in the EU Council see Kavakas, D., *Greece and Spain in European Foreign Policy: The Influence of Southern Member States in Common Foreign and Security Policy* (Aldershot: Ashgate, 2001).

⁵⁹ Interview with an official at the Finnish Ministry of Foreign Affairs, February 2002.

⁶⁰ Stålvant, ‘The Northern Dimension puzzle’.

⁶¹ See Catellani, N., *Long and Short-Term Dynamics in the Northern Dimension*, Copenhagen Peace Research Institute (COPRI) Working Papers 41/2001 (Copenhagen: COPRI, 2001).

⁶² See Catellani, N., ‘The multilevel implementation of the Northern Dimension’, in H. Ojanen (ed.), *The Northern Dimension: New Fuel for the EU? Programme on the Northern Dimension of the CFSP*, Vol. 12 (Helsinki: Finnish Institute of International Affairs and Institut für Europäische Politik, 2001).

⁶³ The same can be said of the Danish Presidency in July–December 2002.

⁶⁴ See EU Council, ‘Northern Dimension: Action Plan for the Northern Dimension with external and cross-border policies of the European Union’, 9401/00 Final, Brussels, 14 June 2000, http://europa.eu.int/comm/external_relations/north_dim/ndap/06_00_en.pdf.

Compared with the early stages of the initiative, Sweden's behaviour vis-à-vis the Northern Dimension had changed substantially. The lukewarm approach of late 1997 was put aside in favour of a more proactive attitude aimed at maximizing Sweden's national interests while the forthcoming Presidency offered it a leading position. The government, and particularly the Foreign Minister, Anna Lindh, had realized that the ND was not a merely Finnish business but was a flexible framework which could serve the national interests of those in a position of setting the political agenda of the EU.

It is possible to talk in terms of a clash between two different approaches to the implementation of the initiative. On the one hand, Sweden, with the support of the Commission, was pushing for an approach characterized by visible action in a few clearly defined policy areas chosen de facto by the Presidency. On the other hand, Finland was more keen to develop the ND agenda as a whole without attaching priority to any specific field since this, in Finland's view, would delay the implementation of other priorities, such as energy cooperation and health and social issues—the two themes out of the five identified at the first Ministerial Conference in Helsinki that were now missing.

The Third Phase: Implementation

The third phase of the ND institutional process—characterized by the actual implementation of the initiative—started with the Second Ministerial Conference organized during the Swedish Presidency in Luxembourg.⁶⁵ The Swedish-chaired Ministerial Conference of April 2001, in comparison to the Helsinki Ministerial Conference, was more successful in terms of output and the attendance of foreign ministers. It was held Luxembourg on the day after a General Affairs Council to ensure their attendance: the decision to do this was the result of the failure, in terms of the presence of EU foreign ministers, of the Helsinki meeting which (quite apart from the frictions with Russia over Chechnya) was not sufficiently attractive for them to make a dedicated journey.

The Ministerial Conference in Luxembourg was a good launching pad for important initiatives such as the Northern eDimension or the Northern Dimension Environmental Partnership.⁶⁶ On the other hand, the limited space left for debate during the actual conference and the rather consensual⁶⁷ procedure through which the Conclusions of both the Helsinki and the Luxembourg conferences were adopted discouraged several foreign ministers from participating.⁶⁸

At the same time the regional organizations were granted more visibility and a more relevant role in the process of implementation. In particular, the CBSS emerged as the leading organization within the framework of the ND ready to engage and play an active role at regional level. As the Conclusions of the Chair underlined, 'new models for co-

⁶⁵ Luxembourg Ministerial Conference, 'Chairman's Conclusions', Luxembourg, 9 April 2001.

⁶⁶ On the NDEP and the Northern eDimension see the next subsection below.

⁶⁷ The texts approved by the ministerial conferences were not subject to the same level of scrutiny as the Action Plan and other key documents of the process.

⁶⁸ The procedure was the following: the draft Conclusions were circulated among the participants prior to the conference and if no written objections were received the text was adopted. Interview with a Danish diplomat.

operation between Member States and non-Member States are bringing the countries in Northern Europe closer together. Regional bodies such as the CBSS and the Barents Euro-Arctic Council (BEAC) promote common values, harmonisation of regulatory frameworks and concerted operative action'.⁶⁹

The Distinctive Characteristics of the Northern Dimension

So what kind of initiative had emerged from the EU institutional process?

At the end of the Swedish Presidency there were five elements which contributed to outline the distinctive character of the Northern Dimension initiative.

1) *A policy framework structure.* The Commission had pointed out from the start that there was no need for a new initiative.⁷⁰ This meant that the ND should not be an 'initiative' like the previous Baltic Sea Region Initiative or the Barcelona Process, but something else. Furthermore, the fact that the Action Plan should be followed by the relevant actors 'whenever appropriate' seems to be a rather clear indication of the loose character that was attached to the initiative. The broad objectives of the ND have been (a) to shape relations with the EU's Northern neighbours through more coherent and effective external action and (b) on the other hand to point out what were, and still are, the interests and the priorities of the EU in the Northern neighbourhood. This latter element has not emerged from the Action Plan in any clear fashion, since the long list of priorities set out in the document included virtually all the policy areas but did not attach any distinct priorities. The actual priorities of the ND (the environment, including nuclear safety, the fight against organized crime and Kaliningrad) were indicated by Sweden, with the support of the Commission, only in the post-Action Plan phase.

Sweden's success in shaping the implementation process according (mainly) to its own priorities led to an ND which as a framework has proved to be rather flexible since it has actually allowed a single country to shape the agenda without jeopardizing the broader ND process.⁷¹

2) *Absence of a budget line.* This is perhaps the element that contributed most to turn the ND into an initiative which deviates from neighbourhood policy. More than anything else it has transformed the ND initiative into a 'non-policy' of a kind.⁷² Here the rationale behind the Commission's behaviour in the ND case is fairly logical: the development of the ND along the lines of the Mediterranean partnership initiative would require an effort in terms of human and financial resources within the framework of the Commission's budget. In the Commission's view, therefore, the ND could become a

⁶⁹ Luxembourg Ministerial Conference, 'Chairman's Conclusions', p. 1.

⁷⁰ European Commission, 'Communication from the Commission to the Council: A Northern Dimension for the policies of the Union'.

⁷¹ From this perspective the Barcelona Process has proved to be more rigid, and the attempts of several EU countries, such as France, Spain and Italy, to direct the whole process according their own national priorities have failed, or at least have not succeeded to the same extent as Sweden's.

⁷² This emerged from an interview with an official of the European Commission, DG for External Relations, Northern Dimension Unit.

'real' policy only if a major effort were justified. On the part of the EU Council, as was seen above, the issue of creating a budget line for the ND was basically removed from the agenda before the initiative was discussed in detail. The divisions over the issue of financing within COEST, and in particular Spain's staunch resistance to discussion of the issue, together with the reluctance of other less obvious 'suspects', such as Ireland and the Netherlands, all contributed to transform the ND into a 'non-policy'. However, it should be underlined that the absence of a budget has also had positive results since it has indirectly fostered the creation of new and alternative ways for securing financing for projects like the Northern Dimension Environmental Partnership (NDEP).⁷³

3) *Inclusive geo-strategic interests.* The Finnish proposal de facto introduced a notion of geographic 'neighbourhood' which was fairly inclusive, in two senses. First, it put under the same umbrella concept areas such as north-west Russia, the Baltic Sea area, the Barents Sea area and the Arctic. Second, it also extended to a form of coordination at policy level with both the United States and Canada, both of them active in the Arctic region and the Baltic Sea area through the Northern European Initiative (NEI) and the 'Northern Dimension of Canada's foreign policy', respectively.⁷⁴

In the panorama of the European Union's external relations, the USA and Russia have been traditionally kept firmly separate as targets of external policies. The Northern Dimension approach, however, merged transatlantic and regional interests in the notion that the ND area could represent a sort of testing ground where three key actors—the USA, the EU and Russia—could come together in the framework of an EU initiative.⁷⁵ This element raised worries in particular among French policy makers, who did not look with favour on active involvement of the USA and Canada at the same level as other partners. The transatlantic dimension had in effect to remain a separate business, and on paper it did: coordination of ND and NEI policies never materialized, although a convergence between Canadian and European interests on specific issues has emerged, as demonstrated by Canada's participation in the financing of environmental projects being implemented within the framework of the NDEP.⁷⁶

4) *Enhanced coherence of the EU's external action.* A fourth element that has differentiated the Northern Dimension from previous EU neighbourhood policies has been the so-called 'horizontal approach' to policy implementation, or, to put it differ-

⁷³ The NDEP involves a number of IFIs, Russia, the European Commission and the EU member states most actively involved in the ND. For more detail about the NDEP see below in this section.

⁷⁴ The Northern European Initiative (NEI) was launched by the USA in September 1997 and was aimed at supporting the Baltic countries in their efforts to cooperate in the regional context. See Rhodes, E., 'Rethinking the nature of security: America's Northern European initiative', in I. Busygina and O. Potemkina (eds), *New Frontiers of Europe: Opportunities and Changes* (Moscow: MGIMO University Press, 2003), pp. 234–68.

⁷⁵ Joenniemi, P., *Can Europe be Told from the North? Tapping into the EU's Northern Dimension*, Copenhagen Peace Research Institute (COPRI) Working Paper 12/2002 (Copenhagen: COPRI, 2002).

⁷⁶ As far as the United States was concerned, the approach of the ND was the opposite to the one the EU adopted, for example, in the Mediterranean, where the Europeans, especially in the framework of the Israeli–Palestinian conflict, have been developing something like a (rather ineffective) parallel policy to that of the United States. It could be argued that one of the reasons behind the lack of effectiveness of the EU Middle East policy was its somewhat competitive character vis-à-vis the policy of the USA.

ently, the centrality attached to the notion of 'enhanced coherence' in the EU's external action in its neighbourhood. As the Commissioner for External Relations, Chris Patten, put it, the ND will produce added value 'by ensuring coherence and exploiting synergies between existing Union policies'.⁷⁷

5) *The involvement of the 'outsiders'*.⁷⁸ Within the framework of the EU's neighbourhood policy, the role of the partners underwent great changes during the 1990s. On paper the Barcelona Process also assigned the partners a role in the development of policy.⁷⁹ However, in the case of the Northern Dimension, the 'outsiders'—the seven partner countries, the regional organizations and the international financial institutions (IFIs)—were given the opportunity to play an active, and at times even leading,⁸⁰ role in implementing the key priorities of the ND. The role taken on by them, particularly the regional organizations and some of the IFIs, has introduced a bottom-up element in the development of the initiative which has in part blurred the rigid distinction between 'inside' and 'outside' on which EU foreign policy has traditionally rested, as it did in the case of the Global Mediterranean Policy.⁸¹

The Output of the Northern Dimension

The Northern Dimension has produced different types of output.

One type of output relates to the benefit deriving from the development of the initiative per se, in other words the socialization process which takes place as a result of meetings among the EU members and the partners. The Northern Dimension, especially in the first two phases of the institutional process, has in fact provided the EU with a complementary channel of dialogue with the partner countries, and in particular Russia, in addition to the standard bilateral channels provided by the Partnership and Cooperation Agreements or the Europe Agreements. This process of socialization has played a positive role in strengthening the relations between the EU and its neighbours.

The Northern Dimension has also produced tangible output which deserves particular attention since it is linked to the characteristic elements outlined above. Its concrete results during its first two years of existence can be broadly divided into two categories. First, a few initiatives have been developed within the framework, and as a result, of the Action Plan. Second, there have been single projects that have been implemented in one

⁷⁷ Patten, C. and Lindh, A., 'The Northern Dimension of EU foreign policy: from words to action', *Financial Times* (London edn), 20 December 2000.

⁷⁸ On the regional organizations see for example Cottey (ed.), *Subregional Cooperation in the New Europe*; Joenniemi, P., 'The Barents, Baltic and the Nordic projects: a comparative analysis', in Geir Flikke (ed.), *The Barents Region Revisited* (Oslo: Norwegian Institute of International Affairs, 1999), pp. 9–25; and Hedegaard, Lars and Lindström, Bjarne (eds), *NEBI Yearbook 2000: North European and Baltic Sea Integration* (Berlin: Springer Verlag, 2000).

⁷⁹ See e.g. Gillespie, R., *Spain and the Mediterranean: Developing a European Policy towards the South* (London and Portland, Or.: Frank Cass, 1997).

⁸⁰ In the case of the NDEP and the Northern eDimension, the leading roles were taken by the EBRD and the CBSS, respectively.

⁸¹ On the Global Mediterranean Policy see Pomfret, R., 'The European Community's relations with the Mediterranean countries', in J. Redmond (ed.), *The External Relations of the European Community: the International Response to 1992* (Basingstoke: Macmillan, 1992).

Table 1. Northern Dimension Projects under the TACIS Framework

- *Project TELRUS 9403*

Establishment of north-west region telecommunications training centre in St Petersburg (TACIS Russian Federation—€0.7 million + extension € 0.3 million). A telecommunications training centre has been established in St Petersburg to cover the north-west region of Russia; the centre gives courses on a commercial basis.

- *Project TELRUS 9404*

Development of Teleport Systems, St Petersburg and Moscow (TACIS Russian Federation—€1.5 million). A teleport system was developed in St Petersburg designed to provide national and international commercial services to customers.

- *Project TELREG 9501* Technical Assistance to the Regional Telecommunications Standardisation and Testing Centres, St Petersburg and Kiev (TACIS Interstate—€1 million). A testing and certification centre was established in St Petersburg with the capability of testing telecommunications systems to international standards; the centre was accredited internationally (2 projects).

- *Project TELRUS 9707*

Further Support to the Modernisation of Management and Monitoring of Radio Frequency Spectrum Usage; (TACIS RF—€1.5 million). An operational frequency monitoring centre using equipment supplied from the EU was established for the north-west region in Archangel'sk, along with a training centre in St Petersburg.

- *Project TELREG 9801*

Further support to the telecommunications testing and certification centres, St Petersburg and Kiev (TACIS Interstate—€1.5 million).

Source: European Commission, Directorate General for External Relations, *The Northern Dimension for the Policies of the Union: An Inventory of Current Activities* (Brussels, 2001).

of the 11 areas covered by the Action Plan. Several of these, however, have not been the direct result of the introduction of the ND but were moved under its umbrella once the ND entered its implementation phase. An examination of the *Inventory of Current Activities* compiled in spring 2001⁸² is instructive. For example, in the field of information technology (IT) and telecommunications it is claimed that five out of 24 projects within the framework of TACIS assistance to (north-west) Russia have been implemented. The results are shown in table 1; but these projects, and many others in the inventory, were already being implemented before the Action Plan was adopted or the ND was even launched. In other words, the list provided by the inventory cannot, and perhaps should not, be considered all ND-related output.

The two most important initiatives have been the NDEP and the Northern eDimension (NeD).

The Northern Dimension Environmental Partnership

The NDEP is perhaps the most important and so far most successful initiative developed within the framework of the Northern Dimension.⁸³

As a result of the priority given at the Feira European Council to the environment and nuclear safety among the sectors covered by the Northern Dimension, in March 2001 a

⁸² European Commission, Directorate General for External Relations, *The Northern Dimension for the Policies of the Union: An Inventory of Current Activities* (Brussels, 2001).

⁸³ See http://www.europa.eu.int/comm/external_relations/north_dim/ndep/index.htm.

Table 2. The NDEP Project Pipeline

Figures are in million €.

PROJECT	LEAD IFI	TOTAL COST	NDEP GRANT
1 St Petersburg Southwest Wastewater Treatment Plant	NIB	€180.75	€5.8
2 St Petersburg Flood Protection Barrier	EBRD	€581	€1
3 St Petersburg Northern Wastewater Treatment Plant Incinerator	EBRD	€52.6	€6.35
4 Municipal Environment Investment Programme in the Kaliningrad Oblast	NIB	€20.58	€4
5 Komi Municipal Services Improvement Project	EBRD	€30.5	€5.9
6 Kaliningrad District Heating Rehabilitation	EBRD	€20.8	€7.3
7 Novgorod Cross Municipal Rehabilitation	NIB	€66	€5
8 Kaliningrad Solid Waste Management Project	NIB	€47	€9
9 Archangel'sk Municipal Services Improvement Project	EBRD	€23.99	€8.2
10 Murmansk District Heating Project	NIB	€20	€7.5
11 St Petersburg Neva Wastewater Collector Project	NIB	€200	€1
12 St Petersburg District Heating Programme	EBRD	€74.1	€26.1

Note: The table shows all the projects selected by the Steering Group. However, not all of them have yet been financed. Projects 1–6 have been approved. Projects 7–11 are in the process of being approved. Project 12 is on hold.

Source: NDEP website, <http://www.ndep.org>.

group of IFIs expressed their willingness to pool resources to finance environment-related projects in north-west Russia and in Kaliningrad. The rationale behind this was to push the Russian authorities to pay more attention to environmental issues—traditionally quite low on the Russian agenda—and to make them invest more in projects related to quality of water, the management of waste water, the management of solid waste, energy efficiency and the handling of nuclear waste.⁸⁴ The NDEP has built on the Baltic Sea Environmental Programme, a previous attempt to intervene on the ‘hot spots’ of the Baltic Sea area where regional, cross-border damage was occurring.

The launching of the initiative at the Second Ministerial Conference in Luxembourg by the Swedish EU Presidency led to the creation of a Steering Group, comprising representatives from the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) (which has received, for the first time, a lending mandate for financing environmental projects in Russia), the Nordic Investment Bank (NIB), the World Bank, the European Commission and the Russian Federation. The Steering Group identified 12 short- and medium-term projects in the areas of water, solid waste and energy efficiency, and each was assigned to an IFI which was to act as project leader. Finally, in December 2001 the EBRD set up the NDEP Support Fund. The Fund has collected all the financial allocations pledged by the donor countries and

⁸⁴ Interview with Peter Engström, Director at the EBRD, London, 9 June 2002.

institutions, totalling €100 million. Its main purpose was, and still is, to 'act as a catalyst of environmental investment in Northwest Russia by providing grant co-financing to projects proposed by the IFIs. Through their contributions to the Fund, donors can spark off a "multiplier effect" on the large volumes of IFI resources dedicated to environmental projects'. The contributors to the fund have been the European Commission, Sweden, Finland, Denmark and Norway.⁸⁵

As table 2 indicates, many of the projects are located in the St Petersburg area. They amount to a total cost of €500 million and have been successful in involving the Russians in the domestic prioritization of the environment and nuclear safety. Most of the funds necessary for the actual implementation of the single projects have come from loans from the IFIs, while the Support Fund, managed by the EBRD, has effectively served as a catalyst for the financing of the projects. On the one hand, the success of the NDEP, strengthened by the recent pledging of money by countries such as France and Canada, has demonstrated that through the Northern Dimension foreign policy objectives—in this case encouraging by the Russian government to give higher priority to tackling the threats posed by environmental degradation—can actually be achieved. On the other hand, it has also demonstrated that Russia and potentially other neighbours in need of foreign investment can be actively pushed and mobilized on an issue (the environment) that has traditionally been low on their domestic agenda if the possibility of attracting new funding is at stake.

The Northern eDimension

The Northern eDimension initiative started off from the need to strengthen and further develop the information technology (IT) sector in the Baltic Sea region.⁸⁶ The political aim of the initiative, which originated from the CBSS,⁸⁷ was instead to involve the Commission more deeply in the dynamics of cooperation in Baltic Sea area. From the very early stages of the initiative (in early 2000) the Finnish Commissioner has proved to be interested in the ideas coming from the Baltic Sea region (which is already one of the leading areas in Europe in the IT sector) and keen to support them.

Like eEurope and eEurope+, the framework programmes of the European Commission in the IT field, the Northern e-Dimension initiative stressed the goals of economic growth, job creation and promoting the knowledge-based information society to the top of the political agenda. However, it had its own, specific regional objectives:

- to accelerate the Northern region's transition to the information society;
- to ensure greater cooperation and integration among the states included in the ND;
- to improve the environment for initiative and investment, especially in north-west Russia and the candidate countries; and
- to support the implementation of a sound and harmonized regulatory framework.⁸⁸

⁸⁵ More recently Canada (€20 million) and France (€40 million) have contributed to the NDEP Support Fund.

⁸⁶ See also http://www.europa.eu.int/comm/external_relations/north_dim/ndep/index.htm.

⁸⁷ The initiative was launched at the CBSS Senior Officials Meeting on 26 January 2001.

⁸⁸ See <http://www.ndforum.net>.

The strong support of the DG for Information Society, headed by a Finn, Erkki Liikanen, resulted into the elaboration during the first half of 2001 of a Northern eDimension Action Plan which set out seven action lines (see table 3).

Table 3. The Seven Action Lines of the Northern eDimension Action Plan

- 1) *High-speed research networks and advanced broadband applications* to enhance cooperation between business sectors, government and research and development (R&D) in order to reduce the 'digital divide' between the eastern and western parts of the Baltic Sea region.
- 2) *Information and communication technology (ICT) security* to increase cross-border trade through the employment of secure communications.
- 3) *e-skills* to increase the number of educated ICT candidates from north-west Russia, the Baltic countries and Poland through the creation of dedicated training centres.
- 4) *e-commerce* to develop the Baltic sea market into one of the fastest growing markets in the world, while enhancing the adoption of ICT services by individuals and small and medium-sized enterprises.
- 5) *e-government* to exploit such an interest in IT and develop new e-Government services.
- 6) *Indicators* to support the development of common indicators regarding the use of ICT among the CBSS countries.
- 7) *e-Environment* to use the Internet as a tool in environmental policy and decision making.

Source: The source for most of these details is European Commission, DG for Information Society, 'Northern eDimension Action Plan', Brussels, 28 September 2001, <http://www.ndforum.net>.

The structure of the initiative has followed a division of labour among the CBSS countries. For each action line a lead country has been appointed with the task of fostering the implementation of the action line in question. Like the Northern Dimension, the NeD has been financed through existing EU programmes, the Nordic Council of Ministers, the Nordic Industrial Fund and the IFIs.⁸⁹

Beyond the actual content of the initiative the most interesting element to be underlined here is the fact that the initiative originated from the CBSS and has been successfully projected at EU level. The Northern eDimension represents one of the first such cases when it comes to EU policies towards the neighbouring areas.

In conclusion, the ND initiative has attracted severe criticism for the lack of tangible output. However, a closer look reveals that there has been a shift from a phase where 'symbolism' and socialization among the actors involved were the main output to a phase where concrete results have emerged substantially—as demonstrated by the Northern Dimension Environmental Partnership and the Northern eDimension project.

The results of the Northern Dimension in its first two years of implementation have been achieved mainly as a result of improved coordination among the existing EU programmes and, above all, thanks to closer collaboration between the EU institutions

⁸⁹ The programmes through which the NeD Action Plan is being financed are TACIS, PHARE, TEMPUS, INTERREG III, eContent and MAP (Multiannual Programme for Enterprise and Entrepreneurship).

and members with the 'outsiders', be they the EBRD (in the case of the NDEP) or the CBSS (in the case of the Northern eDimension).

3. Tapping into the Northern Dimension: Elements for a Model?

Among the five elements that have characterized the Northern Dimension, two require particular attention since they seem to be the most innovative aspects the initiative has introduced in the way the EU approaches relations with the neighbouring areas. While the first three of the distinctive characteristics described in the previous section do not seem to represent new elements in the panorama of EU foreign policy, two features of the ND mark a difference with previous EU initiatives towards the neighbouring areas. They are (a) the inclusion of the ‘outsiders’, in particular the regional organizations, and (b) improved coordination of the EU’s external instruments.

The Vertical Element: the Inclusion of the Regional Organizations

The first innovative element of the Northern Dimension that requires particular attention is the participation in the implementation process of the regional organizations, and the sub-regional networks, operating in Europe’s North. Although in both their origins and their nature they are still predominantly anchored to a short-term perception of politics, that is, they focus predominantly on short-term practical cooperation, the regional organizations seem to be increasingly aware of the political space that could open up for them in a long-term perspective.

While the Nordic institutions have had a marginal position in the implementation process, the regional organizations that have been involved in the implementation of the Northern Dimension are the CBSS, the BEAC and the Arctic Council. Of these the CBSS is by far the most active and has been most involved in the ND. Structural reasons explain the leading role of the CBSS.

A first important element is the ‘historical’ institutional links the CBSS established with the European Commission. Since 1992 the Commission has been increasingly involved in the activities of the CBSS, mainly as a result of the increased strategic importance of the Baltic Sea region as a border area with Russia and the candidate countries that are members of the CBSS, Estonia, Latvia, Lithuania and Poland. The peak of the Commission’s activism within the framework of the CBSS was reached in 1996 with the launch of the BSRI,⁹⁰ a short-lived initiative that had many similarities to and a substantial overlap with the Northern Dimension. The political importance of the BSRI lay in its content and (especially) in the fact that it was the first neighbourhood policy initiative launched by the Commission’s DG for External Relations within the framework of a non-EU institution. The interesting element here was that the BSRI aimed to make the CBSS into a sort of complement for the actions of the Commission towards the Northern neighbourhood.⁹¹ The extension of the areas and activities of the CBSS has coincided with a more structural involvement of the Commission’s DGs—in particular the DG for External Relations, the DG for Enlargement, the DG for Informa-

⁹⁰ See section 1 of this report.

⁹¹ European Commission, ‘Communication of the Commission to the Council on the Baltic Sea Region Initiative’, SEC(96) 608 Final, Brussels, 10 April 1996.

tion Society, the DG Environment and the DG dealing with health issues—in the workings of the CBSS. This has produced more comprehensive, but all in all more solid, political links between Brussels and the CBSS.

A second element that has favoured the emergence of the CBSS as the leading regional organization is the geopolitical factor. The EU, and in particular the Commission, have not been approaching the ND area as a whole. The area covered by the CBSS coincides largely with two strategic interests of the EU in the Northern neighbourhood, that is, the enlargement process and the intensified relations with that parts of north-west Russia that border on an enlarged EU, particularly the Kaliningrad and St Petersburg areas. It is therefore not surprising that the European Commission has been increasingly keen on supporting the role of the CBSS in the area.

Finally, a third element relates to the institutional links the CBSS has been establishing with the sub-regional networks that have developed in the Baltic Sea area throughout the 1990s. Some of them have institutional links with the CBSS. Formally they have not been given any specific role in the ND implementation process, but the sub-regional networks and institutions have been acquiring a distinctive role as part of the final phase of the implementation process. Actors such as cities, provinces and other sub-national units are often the final recipients of the actions, and funds, originating from the EU instruments.⁹² At first sight their relevance to the overall external relations of the EU might appear marginal, but a closer look reveals that the sub-regional actors have been acquiring an increased capacity to act on their own and, at the same time, an increasingly essential role for the successful outcome of EU actions. In recent years these actors have been developing a kind of ‘foreign policy’ of their own through the creation of a dense system of institutional links which include actors at several institutional levels across the area.⁹³ Such networks have fostered cooperation among institutions at local and sub-state level and at the same time paved the way for an effective involvement of private actors, and capital, in several projects. They are the institutions that are in closest contact with the dynamics of interdependence that are unfolding across the ND area. Most importantly, the sub-regional actors and networks have been increasingly responsible for the actual implementation of cross-border projects in the priority fields covered by the ND, in particular the environment (including nuclear safety) and IT.

As the heads of government of the CBSS countries recently recognized, ‘improved cross-border and sub-regional cooperation . . . [as well as] the enhancement of direct contacts at local and regional level form the common ground for finding answers to new

⁹² See the letter from the Baltic Sea States Subregional Cooperation (BSSSC) to Romano Prodi, President of the European Commission: ‘The Northern Dimension and Baltic Sea cooperation seen from the subregional level’, 29 May 2000, Commission reference no. (2000) 285992.

⁹³ Joenniemi, P., ‘Cities as international actors: the nexus between networking and security’, in Christian Wellmann (ed.), *From Town to Town: Local Authors as Transnational Actors*, Kieler Schriften zur Friedenswissenschaften, 8/1998 (Hamburg: Lit. Verlag, 1998), pp. 29–37. For an exhaustive description and a list of the regional and sub-regional organizations at work in the Baltic Sea area see Suominen, T., Antola, E. and Haukkula, H., *Networks in the Baltic Sea Region*, Working paper no. 5 (Turku: Jean Monnet Unit, Turku University, 2000).

challenges'.⁹⁴ Even the Commission has pointed out that its efforts to set up a framework for improved coordination among the instruments (TACIS, PHARE and INTERREG) can only succeed if 'the authorities and organisations on the ground can ensure that the coordination leads to concrete results', that is, 'the actual coordination itself must come from project applicants'.⁹⁵ There has in short been a growing awareness, both in the capitals of Northern Europe and in Brussels, that the involvement of the organizations operating at sub-regional level has been gaining in importance for the effective implementation of the ND.

But why is the involvement of the regional organizations, and in particular the CBSS, innovative within the framework of the EU's external relations?

Traditionally, the implementation of the external policies of the EU has been characterized by two elements. The first is a substantial exclusion of the outsiders⁹⁶—the partner countries and the regional organizations, but also more generally those institutional actors that have developed some kind of capacity to shape regional dynamics, some role as actors, on the periphery of the EU. The second element is a rather clearly defined top-down approach in the way implementation is carried out. Looking at EU external policies—for example, the Global Mediterranean Policy—for neighbouring areas before the Northern Dimension was introduced, both the decision-making process and implementation went on in a sort of political vacuum. Actions taken in Brussels did not take into account either the views of the partners and objects of these policies or the expertise and political resources at the disposal of the regional organizations.

The introduction of the Northern Dimension has brought a substantial change, largely as a result of the proactive role that the CBSS and, to a lesser extent, the other regional constellations have assumed in implementing specific initiatives.⁹⁷ It can be argued that the ND is being used de facto as a testing ground for new forms of cooperation with actors that represent an interface between those who are 'in' and those who are 'out'. In particular, if we consider that after enlargement the only real outsider in the framework of the ND will be Russia, the success of such innovation will have further structural and strategic consequences both for the area and, in a more general way, for the EU approach to the management of the political space that is unfolding over those neighbouring areas that are more and more drawn towards the Union by increasing economic and societal interdependence.

The involvement of the CBSS and other organizations in the Northern Dimension did not, of course, come overnight. It was the result of the prolonged efforts of the Nordic EU member states and Germany in the EU Council. During the institutional process that led up to the elaboration of the Action Plan, there was some political opposition to an active role for the regional organizations from within the Council, in particular from those member states like Spain and the United Kingdom which are not members of the

⁹⁴ 4th CBSS Summit Meeting, 'Conclusions of the Chair', St Petersburg, 10 June 2002, http://www.cbss.st/documents/meetingshead_government/stpetersburg2002/.

⁹⁵ European Commission, *A Guide to Bringing INTERREG and TACIS Funding Together* (Luxembourg: Office for Official Publications of the European Communities, 2001), p. 12.

⁹⁶ See Ojanen, H., *The Northern Dimension: New Fuel for the EU?*

⁹⁷ See Göteborg European Council, 'Conclusions of the Chair', Gothenburg, 16 June 2001.

organizations.⁹⁸ There was also a reluctance to assign an active role in the implementation process to organizations over which the EU does not have full control.

In the case of the CBSS the political resistance has been overcome, on the one hand, by the fact that in a few years most of its members, with the exception of Russia, will be members of the EU. On the other hand, its expertise in some policy areas, such as the fight against organized crime, energy cooperation and IT, and its proactive stance on several issues at the core of the ND could hardly be ignored by the other EU members.

An important innovation deriving from the establishment of the Northern Dimension has been the introduction of a bottom-up element in the dynamics of the EU's external relations. The traditional approach to policy making for neighbouring areas was, and in general still is, largely centralized and centred on the Commission. As a result of this, most EU instruments set up to deal with the neighbouring areas, like TACIS and PHARE but also MEDA, the programme financing the implementation of the Euro-Mediterranean Partnership (EMP),⁹⁹ are characterized by a top-down structure that has not allowed for much interaction between the Commission and the actors that are the recipients of such programmes—local authorities, sub-regional networks and so on—in the planning phase. The way in which the programmes are structured, shaped and implemented is decided at the top, in Brussels, while little attention is paid to the voices of those organizations which are closer to the final recipients and therefore supposedly more in tune with the actual needs and priorities in the neighbourhood of the EU.

The vertical factor embodied in the Northern Dimension has introduced an element of change in the approach of the EU to the implementation of its external policies as it has contributed to make the processes less centred on Brussels. The involvement of the regional structures has introduced a bottom-up element in the priority-setting process and in the management of some practical aspects linked to coordination between the bilateral policies of the EU member states and those set up by the EU. One example that reflects the introduction of bottom-up elements in the external policy of the EU through the ND is the Northern eDimension, elaborated and launched by the CBSS, thanks to which the CBSS has gained its own space for cooperation with the European Commission. As the previous chapter has showed, the NeD has offered a platform for the close cooperation and integration of the governments involved. It has brought synergy between the efforts of the Commission and the initiatives carried out at national level, fostered interdependence and eliminated barriers for the remote regions.¹⁰⁰ An example of this is the eKarelia project, aimed at promoting the use of ICT for the development of the EuroRegio Karelia, which stretches across the Finnish-Russian border.¹⁰¹

⁹⁸ This emerged from an interview with an official of the European Commission, DG for External Relations, Northern Dimension Unit, Brussels, May 2002.

⁹⁹ The MEDA programme offers technical and financial support measures to accompany the reform of economic and social structures in the Mediterranean partners. For more information see http://europa.eu.int/comm/external_relations/euromed/meda.htm.

¹⁰⁰ See CBSS Committee of Senior Officials, "Priority and projects" contribution of the CBSS to the Action Plan for the Northern Dimension of the external cross-border policies of the European Union 2000–2003', Stockholm, April 2001, Working Document, available at <http://www.cbss.st>.

¹⁰¹ It has been financed mainly through the section of the TACIS programme which finances cross-border cooperation. The bulk of the activities are financed through a €5 million budget project proposal

Although IT as a policy field remains relatively uncontroversial, as it does not touch upon core interests of the states involved, its inclusion reverses the trend for the periphery—seen as a single space unfolding across the EU external border—to receive political input from the EU centre. Here is a case of an actor on the periphery—the CBSS—setting in motion a political process which starts from the grass-roots level of regional cooperation and aims to influence priorities at EU level in a specific sector. (This element should not, however, be overestimated since the areas in which most progress has been achieved, and where regional outsiders have been granted more space and freedom of initiative, have been the information society and the environment—the DGs headed, respectively, by a Finnish and a Swedish commissioner.)

What implications this kind of approach can have if it is expanded to other areas is difficult to assess at this stage. However, processes along lines similar to the NeD have been emerging in other, more strategic, areas, such as the energy sector. In this respect, the Baltic Sea Region Energy Cooperation (BASREC)¹⁰² has also represented an attempt to coordinate efforts and elaborate proposals on the improvement of energy cooperation from the region but in a wider EU perspective.

Given the key role played by non-EU actors such as the IFIs, both the NeD and the NDEP remain test cases for the introduction of bottom-up elements in the external agenda of the EU, and much will therefore depend on the extent to which the CBSS is able to deliver results. The argument put forward here is that the involvement of the regional organizations in the management of the external relations of the EU with the neighbouring areas has been providing important political inputs for changing the way in which the EU interprets the politics of the neighbouring areas.

In the Northern neighbourhood of the EU, largely as a result of the ND initiative, the regional organizations which are increasingly developing a more solid profile as transnational actors on the fringes of the EU have gained a greater capacity to act in the management of practical aspects of EU policies. They have been able to soften the political division between insiders and outsiders by de facto fostering the creation of a policy area that is projected across the external border of the Union. Without ignoring the reality of the division between EU members and non-members, the scope of their action as it has developed throughout the 1990s has been less trapped in the insider/outsider logic that underpins the action of the EU, in particular that of the Commission. They are in short the actors that are potentially best placed for managing, in a long-term perspective, parts of the neighbourhood policy characterized by the close socio-economic interdependence between an enlarged EU and Russia.

The increasing involvement of the regional bodies has led to two changes in the implementation process of the EU's external relations.

First, there has been a transformation in the dynamics related to the selection of the projects and to a certain extent in the process of agenda-setting, as the NeD example

approved within the framework of TACIS/CBC. Other, smaller parts of the project are being financed through the TACIS/CBC Small Project Facilities. For more information about the implementation of the NeD and the eKarelia project see <http://www.baltic.org/nedap/preface.html>.

¹⁰² BASREC is a CBSS committee that focuses on energy cooperation and the coordination of national and EU policies. Norway is playing a central role in the context of BASREC.

demonstrates. In that case a regional organization was the political originator of an initiative which was then incorporated into the EU agenda by the Commission. Second, the increasing number of institutional links developing between the regional and the sub-regional organizations has contributed to the emergence of a multi-level approach to the implementation of EU projects. To some extent there has been a recognition at EU level that the regional and sub-regional networks of the area can bring ‘added value’ to the EU’s external action. This process has been developing in specific areas—IT and to a lesser extent the environment—and it is still rather far from being a feature that characterizes the relations between the Commission, the member states on the Northern periphery of the EU, and the regional organizations. However, it could represent an option or a possible model for the management of the neighbourhood agenda of an enlarged EU, where the increased number of neighbours will make it difficult for the Commission to play a leading role in shaping and implementing the agenda alone.

The ND’s Horizontal Element

The second innovative element that has been introduced in the EU’s external relations with its Northern neighbours is the ‘horizontal element’—the issue of coordination.

‘Enhanced coordination’ as a constitutive element of the ND has two interlinked aspects: it has external implications as it promotes the introduction of what is called a ‘territorial approach’ in policy making; and it has internal implications as an element of coordination within the structure of the Commission.

The first aspect is linked to an innovative way of approaching policy making in the border areas and in the neighbourhood of the EU. Such an approach has its roots in the joint efforts that took place at the beginning of the 1990s in Northern Europe as part of the initiative called Vision and Strategies Around the Baltic (VASAB 2010), aimed at elaborating a new approach to spatial planning and sustainable development in the Baltic Sea area through cooperation at regional level of all the ministers dealing with spatial planning.¹⁰³ It was later re-elaborated at EU level under the name of the European Spatial Development Perspective (ESDP).¹⁰⁴ The key notion at the basis of the VASAB approach can be summarized in the centrality attached to an integrated (i.e., multi-sector) development of the Baltic Sea region.

Since its very beginning the process of European integration has unfolded along functional lines. The institutions in Brussels, and in particular the Commission, have developed their activities following a compartmentalized structure, a functional division of tasks, which over time has slowed down the policy-making process and introduced a degree of inefficiency because of competition and power conflicts among the Com-

¹⁰³ The founding document of VASAB was published in 1994. However, most of the concepts were picked up by VASAB 2010+, a new document reviewing what had been achieved during the first seven years of implementation. See <http://www.vasab.org.pl>. On the ESDP, see Committee on Spatial Development, *European Spatial Development Perspective: Towards Balanced and Sustainable Development of the Territory of the European Union* (Luxembourg: Office for Official Publications of the European Communities, 1999).

¹⁰⁴ In the following, ESDP means the European Spatial Development Perspective and not the European Security and Defence Policy.

mission structures, the DGs. Questions about the effectiveness and the rigidity of this policy-making approach began to be raised in parallel to the beginning of the enlargement process, when the actions needed towards the candidate countries required simultaneous policing in several functional areas. Not only in the member states and among external actors, but also within the Commission (in particular the DG for Regional Policy), voices began to be heard increasingly in favour of the adoption of a more integrated approach towards the immediate neighbourhood.¹⁰⁵

The EU's response has been surfacing gradually. Following the positive outcome that emerged at regional level from the VASAB initiative, the Council of Ministers adopted the ESDP,¹⁰⁶ a de facto extension to the territory of the whole EU of the principles put forward in VASAB 2010. Both documents highlighted the need to develop innovative actions and a 'territorial' approach, going beyond the more traditional functional policy-making approach. The territorial approach and therefore the actual outcome of the ESDP have mostly been reflected by the projects which have been financed and implemented within the framework of the INTERREG III C initiative.¹⁰⁷

Table 4 shows the main features of one project dealing with spatial planning, the Via Baltica Nordica Development Zone (VBNDZ) project, which is currently being implemented in the Baltic Sea area according to the territorial approach. This is to say that territory—a notion that in geographic terms goes beyond administrative borders—is put at the centre of the implementation of policies regardless of the national borders that might divide it.¹⁰⁸ It is more than a traditional cross-border policy in the sense that it is not aimed only at the immediate border areas, since the focus of the territorial approach is on a given geographic area, for example, the Baltic Sea area, or a portion of it—in this case the area (including both cities, regions and states) along the Via Baltica Nordica corridor. At the same time the territorial approach is more comprehensive than traditional cross-border policy as it includes multiple aspects of the development of the specific area (in the case of the VBNDZ the environment, IT, the development of a multimodal transport system, cultural landscape management and tourism). Border management or cross-border cooperation in traditional terms is only one element.

With the introduction of the Northern Dimension, it might be argued there has been an extension of the territorial approach to those areas outside the EU. In a sense one could argue that there has been an elevation at EU level of the principles contained in the VASAB 2010 initiative and at the same time an extension of the territorial approach beyond the external borders of the EU.

¹⁰⁵ Interview with an official of the European Commission, DG for Regional Policy, Brussels, 11 July 2000.

¹⁰⁶ The ESDP was an initiative of the Commission. The DG for Regional Policy played a major role in elaborating it.

¹⁰⁷ Other projects already financed and on their way towards implementation are the South Baltic Arc; STRING II; VBNDZ; Seagull–DevERB; Baltic Palette II; BALTIC+; Four Corners; and BARENTS 2010. For further details about the programmes see the INTERREG IIIB Baltic Sea Region website, <http://www.spatial.baltic.net>.

¹⁰⁸ For more on this approach see <http://www.spatial.baltic.net>. See also Catellani, 'The multilevel implementation of the Northern Dimension', pp. 54–78.

Table 4. The Via Baltica Nordica Development Zone

Via Baltica Nordica Development Zone (VBNDZ) is one of the most dynamically developing areas within the Baltic Sea region. It consists of the growth regions of Sweden, Finland, Estonia, Latvia, Lithuania, Poland and Germany, and includes Kaliningrad as an observer. The main problems it addresses are the increasing economic, social and environmental pressures, and even conflict, produced by development trends such as those in communications, socio-economics and cultural values.

Regions have the central role as developers of the VBNDZ. The development of traffic and transport (railways) and tourism in a sustainable way, linked to the development of planning methodologies and citizen participation, are strategically key factors in achieving the jointly agreed positive future vision for the zone. The regions of the VBNDZ are at various stages of development and in a need of different supporting activities.

Central objectives:

- Continuing, deepening and broadening the cooperation and integration between the national, regional and local actors within the Via Baltica Nordica Development Zone.
- Improving the capacity of the regional actors, especially in the candidate countries in relation to forthcoming EU membership. Implementing the development strategy created for the Via Baltica Nordica corridor and creating benefits for the participating regions via a transnational network of pilot actions. Special VBNDZ interests include the possibilities to use railway traffic, the Geographic Information System (GIS) and Internet technologies, combining different traffic modes, tourism service entities, and linking the VBNDZ with other routes and corridors in Russia, Scandinavia and Europe.

Expected outcome:

The project as an entity contributes to the economic and spatial development of the Via Baltica Nordica corridor, taking the principles of sustainable development into account. It will result in an increased awareness and stronger identity of the VBNDZ. Cooperation between different administrative levels and actors over the borders of the participating countries will be an important result in itself.

Tourism and railway traffic: information and guidance systems, multimodal transport solutions, easy and safe travelling possibilities. Cultural landscape management and tourism: sustainable management and development of tourism attractions. GIS/Internet systems and other Work Packages: information and planning systems and methodologies.

Source: INTERREG IIIB Baltic Sea Region website at <http://www.spatial.baltic.net>.

The territorial approach, as it is called, originates from the following assumption. As a result of growing social and economic integration, the internal (and external) EU borders have increasingly been losing their divisive nature, while more intensive relationships and a stronger interdependence are emerging between local and regional actors, the member (and non-member) states and the EU. This has meant that the effects of regional, national or EU policies in one country can have a considerable impact on the territory of another state, whether it is a member of the EU or not.¹⁰⁹

The ESDP has introduced the notion of territory as a major lens through which to approach development and reduce economic and social disparities. The territorial approach implemented through projects like the VBNDZ has been aiming to promote

¹⁰⁹ Committee on Spatial Development, *European Spatial Development Perspective: Towards Balanced and Sustainable Development of the Territory of the European Union*, p. 7.

integrated (cross-sector) development (as seen above) across levels of government and at the same time across actor groups (private, governmental and non-governmental). By considering all spatially relevant factors, ranging from the economic to the cultural and from natural to social territorial development, it has been addressing the balance of the areas of a given territory in a global manner. 'The ESDP provides the possibility for widening the horizon beyond purely functional policy measures, to focus on the overall situation of the European territory and also to take into account the development of opportunities which arise for individual regions'.¹¹⁰

In the context of the EU's external relations with its Northern neighbours, one of the most important innovations related to the concept of enhanced coordination in the ND and the territorial approach has been a notion of 'neighbourhood' that is more in tune with the objective of a less marked divide between the northern border of the EU and Russia.

'Territorial' projects like the VBNDZ or the NeD and the NDEP have increased economic interdependence between the inside and the outside of the EU. In effect, a de facto extension has taken place of the boundaries¹¹¹ of the EU to an area that is not formally part of the Union but is somehow considered as part of it in economic and social terms. The 'fuzzy zone' pointed out by Christiansen et al. can therefore be defined as an area to which the internal policies and standards of the EU are exported.¹¹²

In this respect, the 'inside/outside' logic that the EU is developing through initiatives like the Schengen agreement, aiming at establishing a clear-cut border, are increasingly a major constraint on the development of this kind of approach. Political pressure within the EU is mounting towards an increased erection of administrative barriers against threats such as illegal immigration, with the result of stressing the significance of having a clear division between what is inside and what is outside the Union.

On the other hand, there is an increasing emphasis on the need to implement policies and projects that are more in tune with the larger processes of increasing economic and social interdependence between the EU and most of its present neighbours.

Summing up, there seems to be quite a strong contradiction in the way the EU is approaching relations with its neighbours. The 'hard border' approach and the territorial approach are both expressions of a different kind of EU. The supporters of rigid controls and a clear separation between 'us' and 'them' dominated the way in which the EU understood its relationship with the neighbourhood up to the mid-1990s. With the introduction of comprehensive initiatives like the Barcelona Process and the Northern Dimension, the balance between the two approaches has changed and, particularly in the light of the forthcoming enlargement, an approach has developed that is more open towards neighbourhood relations, characterized by increased interdependence, and based on a close cooperation between the EU and its neighbours.

¹¹⁰ Committee on Spatial Development, *European Spatial Development Perspective: Towards Balanced and Sustainable Development of the Territory of the European Union*, p. 7.

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¹¹² Christiansen, T. et al., 'Fuzzy politics around fuzzy borders: the European Union's near abroad', *Cooperation and Conflict*, vol. 35/4 (2000), pp. 389–417.

4. Conclusions

This report has focused on the European Union's Northern Dimension, a policy set up in the late 1990s with the aim of establishing a regional framework, complementary to the bilateral relations between EU member countries and the neighbour countries, to deal with the EU's Northern neighbours, and (north-west) Russia in particular.

As the first section of this report demonstrates, the Northern Dimension initiative is a reflection, on the one hand, of regional dynamics that saw all the Nordic countries, to a different extent, drawn into various attempts to carve out a role between the enlarging EU and the Northern neighbours, and, on the other hand, of the successful projection of Finnish foreign policy interests at EU level.

Once the proposal was launched in late 1997 and welcomed by the EU in 1998, the initiative entered an institutional process that came to completion only in 2001. The process per se—that is, the series of meetings involving both EU members and the partners—played an important role, for two reasons. First, until the beginning of the implementation phase in 2001, it served as an extra channel for keeping the dialogue with Russia open, and in a more general way for socializing the partner countries to the workings of the EU. Second, it highlighted interesting dynamics related to how the EU develops its foreign policy. In particular, the ND institutional process has confirmed the presence and the impact of North–South frictions between EU member states when it comes to the delicate question of the EU's attention towards the neighbourhood(s). The budget issue and the involvement of the regional organizations in the implementation process are the two issues emerging from the process that best illustrate such friction.

What emerges from the second part of this report concerns the actual nature of the initiative and the most innovative elements that it embeds: the involvement of the regional organizations, and the notions of the territorial approach and a more coherent and effective use of the EU instruments focusing on the area. These two elements represent a change in the way the EU interprets its relations with its neighbours, since they both reflect an approach that is less centred on a rigid distinction between insiders and outsiders. The active involvement within the framework of the ND of regional organizations which cover a territory that stretches across the Schengen border, and the development of projects like the Via Baltica Nordica, which focus more on the territory they cover than on the borders they cross, is a sign of a different approach to neighbourhood relations. In other words, it can be argued that the Northern Dimension represents a clear change from previous attempts to organize the relations with the neighbours—like the EMP—which reflected de facto a foreign policy approach that was based on a clear distinction what is 'in' and what is 'out'.

Recent developments related to the follow-up process of the ND and in a more general way the increasing relevance the European Commission attaches to 'neighbourhood policy' both seem to support some of the arguments put forward in this report. In March 2003 the Commission presented a Communication entitled 'Wider Europe: new neighbours. A new framework for relations with our Eastern neighbours', which aspired to be 'a response to the practical problems posed by proximity and neighbourhood'. The

role of regional and sub-regional cooperation is one element it mentions. It states that further regional and sub-regional cooperation and integration among the countries of the southern Mediterranean will also be strongly encouraged.¹¹³ The role of the regional and sub-regional dynamics of cooperation in the framework of neighbourhood policy is therefore recognized as an element that needs to be strengthened and as an important factor in the development of the future neighbourhood policy of the EU.

At the same time, the Communication recognizes the need to develop a single instrument (i.e., programme) to deal with the neighbouring areas. The question of a simplification and, above all, of increased coherence in the EU's external action towards its neighbours is therefore recognized as central. As is pointed out above, one of the key objectives of the ND was to inject more coherence into the EU's neighbourhood policy towards Russia and the other partners, while one of the positive effects of the ND institutional process was to make the various DGs of the Commission, in particular the DGs for External Relations and Regional Policy, aware of the need to manage the various programmes in a more coordinated and effective manner. In short, there seems to be a link between the recent positions of the Commission concerning the relations with the neighbours and the core elements of the Northern Dimension.

Moreover, the recent development of the initiative, in particular the elaboration of new guidelines in late 2002, during the Danish Presidency of the EU Council, and the adoption of the Second Northern Dimension Action Plan, indicate that horizontal coordination (among the existing instruments and actors involved) and vertical cooperation (between the EU and regional organizations) are increasingly identified as the constitutive elements of the initiative or, in other words, what the ND is about.

Although it might be argued that a degree of rhetorics behind some of the notions such as 'synergy', 'added value', 'complementarity' and 'improved coherence' which recur in the Northern Dimension documents, the initiative has in fact introduced a change in the way the EU approaches its relations with its neighbours. The ND has provided a model of a kind for shaping relations with those countries—like Russia—which will not become members of the Union.

If we look at the neighbourhood relations that the EU will have to develop with Belarus, Ukraine and Moldova after the forthcoming enlargement, it is evident that it will require a different approach from the successful one that has been used towards the new members joining in 2004. In the case of the new neighbours, conditionality based on the reward of EU membership will not work, partly because these countries do not seem have EU membership as an option, even in the long term, and partly because their relations with Russia are important. The Northern Dimension approach based on cooperation on 'practical problems' could at this stage provide a possible model for the development of a regional approach to the Eastern neighbourhood. The re-creation of a regional framework of cooperation along the lines of the ND, based on the development of regional cooperation and a more effective use of the resources at the disposal of the EU for the area, could provide an extra channel of dialogue with the new neighbours and at the same time facilitate their transition towards democracy and political stability.

¹¹³ European Commission, 'Communication of the Commission to the Council. Wider Europe: new neighbours', COM 2003 (104) final, Brussels, 2003.

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- Interviews were carried out with the following officials of the European Commission and EU Council Secretariat: Mr Renato Batti, Mr Peter Mehlby, Mr Marco Busini, Mr Antti Turunen.

Acronyms and Abbreviations

AEPS	Arctic Environmental Protection Strategy
AP	Action Plan
BASREC	Baltic Sea Region Energy Cooperation
BEAC	Barents-Euro Arctic Council
BSRI	Baltic Sea Region Initiative
CBC	Cross-Border Cooperation
CBSS	Council of the Baltic Sea States
CFSP	Common Foreign and Security Policy
EBRD	European Bank for Reconstruction and Development
EC	European Community
EEA	European Economic Area
EFTA	European Free Trade Area
EIB	European Investment Bank
EMP	Euro-Mediterranean Partnership
EP	European Parliament
ESDP	European Spatial Development Perspective
EU	European Union
ICT	Information and communications technology
IFI	International financial institution
IT	Information technology
ND	Northern Dimension
NDEP	Northern Dimension Environmental Partnership
NeD	Northern eDimension
NEI	Northern European Initiative
NIB	Nordic Investment Bank
PCA	Partnership and Cooperation Agreement
R&D	Research and development
TACIS	Technical Assistance to the Commonwealth of Independent States
VASAB	Vision and Strategies Around the Baltic
VBNDZ	Via Baltica Nordica Development Zone