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# Europe's North

The Dimensions of the Northern Dimension

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# Abstract

The objectives of this thesis are, by using an abductive methodology and from international regime and agenda-setting theoretical perspectives, to first define the European Union's Northern Dimension (ND) initiative as an international regime, secondly, to categorize the various formation stages of the policy regime and to identify future challenges. The thesis concludes with the following policy implications for the formulation of the future ND policy: 1) All nation states covered by the ND policy should be included as equal parties in formulating and implementing the policy; 2) the organizational structure of the initiative, hereunder the linkages between institutional levels has to be made clearer; 3) some of the positive experiences from the organizational structure of the Northern Dimension Environmental Partnership and the Northern Dimension Partnership for Health and Social well-being could be utilized. Thus, copying the partnership structure to the other issue areas identified under the Northern Dimension, and focusing attention on concrete projects to implement and raising adequate funding for these projects and finally; 4) these new partnerships should be regarded as regional expressions of the four common spaces between the Russian Federation and the European Union.

*Key words:* International regime theory, agenda-setting theory, the Northern Dimension initiative, Baltic Sea region, EU-Russia relations

*Characters:* 89.931

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# Abbreviations

AC	Arctic Council
BASTUN	Baltic Sea Trade Union Network
BCCA	Baltic Sea Chambers of Commerce Association
BDF	Baltic Development Forum
BEAC	Barents Euro-Arctic Council
BSR	Baltic Sea Region
BSSSC	Baltic Sea States Sub-regional Cooperation
CBSS	Council of Baltic Sea States
CEC	Commission of the European Communities
DCISM	Danish Center for International Studies and Human rights
DG	Directorate-General
DIIS	Danish Institute for International Studies
EBRD	European Bank for Reconstruction and Development
EEA	European Economic Area
EIB	European Investment Bank
ENP	European Neighbourhood Policy
ENPi	European Neighbourhood and Partnership Instrument
EU	European Union
Euromed	Euro Mediterranean Partnership
GDP	Gross Domestic Product
GVA	Gross Value Added
IFI	International Financial Institution

NATO	North Atlantic Treaty Organization
ND	Northern Dimension
NDAP	Northern Dimension Action Plan
NDEP	Northern Dimension Environmental Partnership
NDI	Northern Dimension Initiative
NDPHS	Northern Dimension Partnership Public Health and Social well-being
NeDAP	Northern eDimension Action Plan
NIB	Nordic Investment Bank
PCA	Partnership and Cooperation Agreement
PHARE	Poland and Hungary Assistance to the Reconstruction of the Economy
PPP	Power Purchasing Parity
TACIS	Technical Assistance for the Commonwealth of Independent States
UBC	Union of Baltic Cities

# 1 Introduction

Following the last two enlargement processes the European Union (EU) has become an extensive Union, comprising 25 countries, 20 languages and a vast amount of different cultural and ethnic groups. This eventually lead to a debate among scholars about rethinking the European integration, moving from an integration resting on concentric circles towards polycentrism and from the notion of the 'Blue Banana' towards a 'Europe of Regions' consisting of several centers creating a more even distribution of wealth and growth (Vahl 2005:1, Amoroso, 2001:133, Heininen 2001:46).

Thus, the EU can be divided into four regions; the Mediterranean, the old EU (Western Europe), the Danube (Eastern Europe) and the Baltic Sea regions (Northern Europe). This division partly stems from the EU's regional agenda; the INTERREG programs. These regions are overlapping and within each region there are several centers. (DG Regio website, Amoroso 2001:134)

**Figure 1-1: The Southeastern and the Northwestern parts of the BSR**



Source: CBSS website

The Baltic Sea region (BSR) is defined as the nine countries bordering the Baltic Sea; Denmark, Finland, Estonia, Germany, Latvia, Lithuania, the Northern part of Poland, the northwestern part of the Russian Federation and Sweden. In addition to this, Norway and Iceland are also included because of the economical, political and cultural bonds that are binding these countries together with especially the other Nordic states. Thus, the region stretches from the Russian



plains in the East to Iceland and Greenland in the west and from the Arctic in the North to the northern part of Poland in the South. (Lipponen 1997:2, Maciejewski 2002:32, Council of the European Union 2000:2)

Within the BSR, there are several political and economical challenges. Today there are huge gaps between the Southeastern (Estonia, Latvia, Lithuania, Poland and the Russian Federation) and Northwestern (Denmark, Finland, Germany, Iceland, Norway and Sweden) parts of the region when it comes to e.g. GDP per capita and gross value added per capita.<sup>1</sup> This indicates that there are differences in the standard of living and the quality of life of the inhabitants within the region.

Another challenge within the region is the division between the EU/EEA members and Russia, the only non-EU/EEA member in the region. This problem takes shape in several different forms. First, the Russian Federation will not let the regional authorities in the St. Petersburg region be self-governed so that they can participate fully in the cooperation in the different fora within the Baltic Sea region. Most decisions are taken centrally in Moscow. Secondly, the historical ties and the structures constituting the Russia-EU relationship are still counterproductive. There are still too many customs and habits alive from the days of the Cold War, which prevent the establishment of an effective cooperation. Thirdly and linked to these problems are the political and economical differences between the EU/EEA members and the non-EU/EEA members, which create barriers for the cooperation.

A third challenge for the region is the cross-border issues, which can only be solved with coordination, joint efforts and cooperation. Examples of cross-border issues are organized crime and environmental problems. For the latter, the transportation of oil in the Baltic Sea and the nuclear submarine graveyards are environmental problems that can be emphasized.

The accession of Finland and Sweden in the EU in 1995 meant a stronger Northern weight within the Union, and it also gave the EU a long common border with the Russian Federation. The former Finnish Foreign Prime minister, Mr. Paavo Lipponen, launched the idea of a *Northern Dimension* (ND) within the EU in a letter to Mr. Jacques Santer, the former President of the EU Commission, in 1997. Here, Mr. Lipponen stressed the need for a strategy for the EU's North "*based on an analysis of the risks and opportunities*" that the region offered. (Lipponen 1997:1) Furthermore, in a speech at Rovaniemi in Finland the same year the first public proposal for what was to be called the EU's Northern Dimension was launched. In his speech, Mr. Lipponen stressed that the ultimate goal for the Northern Dimension was: "*peace and stability, with prosperity and security for all nations*" (Lipponen 1997:2).

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<sup>1</sup> See Figure 3-2 and Figure 3-3, pp. 21-22.

The Helsinki European Council meeting in December 1999 invited “*the Commission in cooperation with the Council and in consultation with the partner countries to prepare an action plan for the Northern Dimension in the external and cross-border policies of the European Union*” (The Helsinki European Council conclusion 62 1999). The first Northern Dimension Action Plan (NDAP) was endorsed by the Feira European Council in June 2000 (The Feira European Council conclusion 76 2000).

The Baltic Sea region encompasses the area coinciding with the regional concept of the first Northern Dimension Action Plan. The first NDAP covered the time period 2000-2003 and the second Northern Dimension Action Plan, endorsed by Brussels European Council in October 2003, covered 2004-2006 (The Brussels European Council conclusions 2003:14). The objective of the NDAPs has been to divert attention to the challenges facing the northern part of the Union, as well as the Union as a whole, and to: “*(...) provide added value through reinforced coordination and complementarity in the EU and Member States’ programmes and enhanced collaboration in Northern Europe*”. (Council of the European Union 2000:2, Interview with Lindroos)

As stated in the second NDAP (CEC 2003:2-3), the plan covers five broad priority sectors:

- Economy, business and infrastructure,
- Human resources, education, culture, scientific research and health,
- The environment, nuclear safety and natural resources,
- Cross-border cooperation and regional development,
- Justice and home affairs.

The ND and the NDAPs are thus touching upon international regimes already existing within the Baltic Sea region. These regimes are, among others, the Helsinki Convention on the Protection of the Marine Environment of the Baltic Sea Area<sup>2</sup> and the fisheries regime in the Barents Sea between Norway, Iceland and the Russian Federation<sup>3</sup>. It can also be argued that EU’s Water framework Directive<sup>4</sup> has established a water environmental regime in the Baltic Sea catchment area. Furthermore, this thesis will claim that the Northern Dimension has been an attempt to establish an international regime and will focus on the formation and development of this regime. But, even though huge challenges have been identified, the ND was established without any specific funds attached and

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<sup>2</sup> The Helsinki Convention was signed in 1992 by the nine countries bordering the Baltic Sea and entered into force in 2000. (Helcon 1992:15)

<sup>3</sup> The Joint Norwegian-Russian Fisheries Commission was established in 1975 and meets annually and sets the quotas the total allowable catches of cod, saithe and capelin for the following year (Tveteraas 2004:16)

<sup>4</sup> The Water Framework Directive was endorsed in 2000 and had the ultimate aim of eliminating hazardous substances and to reverse the concentrations to background values (EU Water Framework Directive 2000:3).

attracted modest attention from decision makers. This thesis will therefore try to identify the barriers that may have hindered the establishment of the ND as an international regime within the Baltic Sea region. With the identification of these barriers one can claim to give answers to why the ND has not been able to draw more attention and resources to its focus areas, and solutions to these challenges can be proposed.

## 1.1 Main Research Question

In a regime and agenda setting theoretical perspective, has the Northern Dimension initiative established itself as an international regime within the Baltic Sea region and if so, what are the main challenges for its continuing existence?

## 2 Methodology

The methodological chapter has its starting point in the main research question. Firstly, the main research question is demarked and clarified. Then I will illustrate the design of the thesis, with the intention of visualizing how the thesis is structured. Thirdly, the research strategy is described and explained, which has been the foundation for writing the thesis, hereunder, the methodological considerations regarding the theoretical and empirical choices are presented. The methodological chapter then serves two functions; first to enable an understanding of the author's perceptions, intentions and delineations and thereby give both the author and the reader insights in the limitations, presumptions and conditions for this thesis. Second, the methodological chapter serves the purpose of enabling stringency and continuity throughout the thesis as well as between the various chapters.

### 2.1 Clarification and Demarcation of the Main Research Question

The main research question provides the guideline for this thesis. However, a clarification and demarcation will establish insights into both the explicit and implicit perceptions related to the main research question. In a linguistic perspective, the central question is purposive based on the intentions by the use of *established itself*. The epistemological optic of regime and agenda setting theoretical approaches are the *explanans*, while the *Northern Dimension* is the *explanandum* (Gilje and Grimen 1993:106-141).

Geographically, the Northern Dimension also includes Canada and the USA as applicable for Northern Dimension policies. This thesis' main focus will, however, be the Baltic Sea region, encompassing the 11 countries mentioned in the introduction. The focus of the thesis is on the regimes created, sustained and developed within the Baltic Sea region as a direct or indirect consequence of the Northern Dimension initiative. Thus, when the term *Northern Dimension area* is used in the thesis, it refers to the 11 countries within the Baltic Sea region, unless otherwise indicated.

The Baltic Sea region is chosen as the field of investigation because of the unique geographical situation and the economic and the political challenges facing the region in general. The region encompasses countries from the former Western and Eastern Europe, as well as bordering unstable democracies in the East.

Furthermore, the region encompasses two security systems, states that are currently members of the European Union and states which are not, and new and old market economies and democracies. But, despite the differences between the countries bordering the Baltic Sea, the presumption in this thesis is that the area can be perceived as a region. The differences and the diversity of the region, and the unique attempts to build international institutions across these differences, are what make the discussions in this thesis relevant in the contemporary world. This also drives my interest in studying the processes of building regional institutions within the area.

The role of the North Atlantic Treaty Organization (NATO) is in this thesis not taken into consideration. If the thesis had included NATO and the enlargement of NATO to encompass the former eastern-bloc countries, the thesis would have moved the focus to hard security issues, which is not the essence of the Northern Dimension. The Northern Dimension focuses on soft security issues and delimits and excludes hard security issues (Archer 2001:188-189). Hard and soft security issues are of course interrelated. This is recognized in the thesis, but from a perspective that a high degree of interdependence between nation states (and non-state actors) in soft security issues creates less need for focus on hard security issues. This ontology has been essential to and the main reasoning behind the Northern Dimension, and, in my view, this furthermore legitimizes the exclusion of hard security issues from this thesis.

## 2.2 Design

Chapter 1 contains the introduction where the intention is to guide the reader into the field of investigation by highlighting the challenges of the Baltic Sea region, and giving an insight into the motivation that lead to the main research question.

Chapter 2 provides the limitations, presumptions, and demarcations of the thesis, as well as argumentations for the theoretical and empirical choices made.

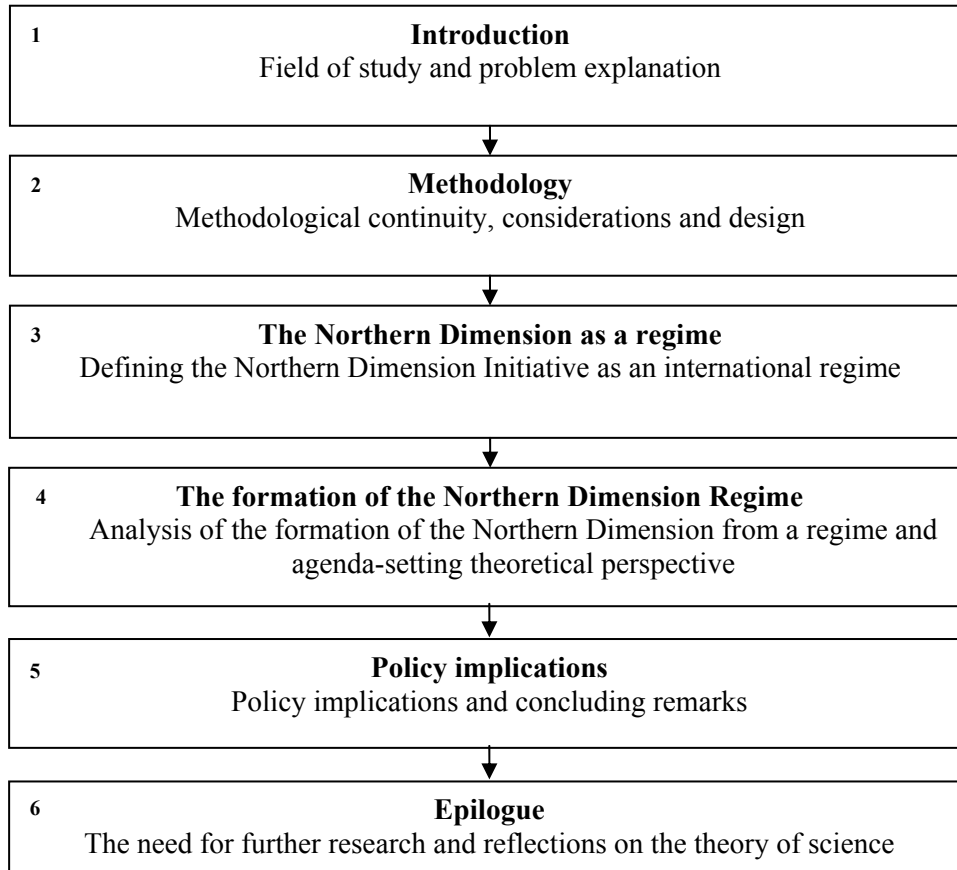
Chapter 3 has the purpose of defining the Northern Dimension initiative as an international regime on the background of the existing theories of regimes.

Chapter 4 contains an analysis of the Northern Dimension from a regime and agenda-setting perspective. This chapter serves the purpose of analyzing the process of how the Northern Dimension was established as a regime and it will identify areas of challenges for the further institutionalization of the Northern Dimension.

Chapter 5 will present some policy implications in relation to the challenges posed by the problematic aspects identified in chapter 4, and will thus function as the concluding chapter of the thesis.

Chapter 6 presents some perspectives and areas in need of further research, and contains a brief reflection on the theory of science in relation to this thesis.

**Figure 2-1: Design**



## 2.3 Methodological Research Strategy

I will now explain the research strategy used in this thesis. The strategy builds on what Mats Alvesson and Kaj Sköldbberg label an abductive research strategy, which states that the research takes its starting point in empirical observations and well-known phenomena, thereafter the researcher, by conducting an analysis, finds new structures in the object of study. This analysis can be described as an inductive process, because here the empirical data are tested on the hypothesis or theory. Furthermore, the understandings from this will then again be tested empirically, which can be considered a deductive process. Therefore, one can argue that the abductive strategy combines deductive and inductive processes and enables a holistic understanding of the object under investigation. Empirical findings can not be used as evidence of a phenomenon, but enables the researcher to establish an understanding of the characteristics behind the processes. (Alvesson and Sköldbberg 1994:41-47) Combined with the critical realistic

approach, it is understood that within the field of political science, causal links are weak, meaning that the same causal powers can produce different outcomes, depending on several factors and conditions. (Sayer 2000:13-15)

The purpose of this strategy is to find tendencies and not to confirm causality, as in simple deductive or inductive processes. Moreover, the intention is to stimulate an interaction between empirical findings and the theories, in order to find new relations and structures within the field of investigation. Theory and empirical findings are interconnected and the interpretation is dependent on the scholar's understanding of these. (Alvesson and Sköldberg 2000:3-7) Thus, the explanations and understandings acknowledged during the process of writing this thesis are impossible to separate from my frame of reference.

### 2.3.1 Methodological Considerations on the Theoretical Choices

Much has been written on agenda setting at the national level. Agenda setting theory has according to McComb and Shaw (1993) been developed in four different phases; 1) in the interface between mass media agenda and the public agenda, 2) contingent conditions that improve or limit media agenda setting and involves the psychological aspects of agenda setting, 3) candidate characteristics presented in the media and how the voters perceived this and 4) sources of the media agenda. The agenda setting theory, in this sense, has little or no relevance for the study of how the Northern Dimension was put on the EU's agenda, other than facilitating an explanation for how the ND had become the top priority of Finland as a national policy goal that would be promoted at the EU and the international level.

For the more general part of agenda setting theory, this thesis will use the theories developed by John W. Kingdon (1995) as a foundation. His work is mainly based on the agenda setting in American policy, but his framework and analytical tools can be applied to the EU level, with some modifications.

For agenda setting theory at the EU level, I will also turn to the work of Mark A. Pollack (1997) and Jonas Tallberg (2003) for theoretical and analytical tools for agenda setting and agenda shaping in the European Union. And for discussions on the leadership and entrepreneurship in the EU, I will draw on the work of Raino Malnes (1995) and David Metcalfe (1998). In continuation of this, I will try to link the national, EU and international levels by using Robert Putnam's (1988) two-level game theory in a revised version as earlier done by Lee Ann Patterson (1997). This is to show that at the three different levels there are different strategies and driving forces that lead to agenda forming, but all levels are interconnected and dependent on each other.

At the international level, the theoretical foundation will be the regime theoretical approach, mainly resting on Stephen Krasner (1983), Oran R. Young

(1991; 1997; 1999) and Marc A. Levy et. al (1995). The reason for using a regime theoretical approach is that it provides a theoretical framework for discussing the problems of coordinating collective action at the international level when there is a lack of institutions governing the relationship between independent states and there is an incentive to cheat.

One problematic aspect with applying regime theory to the ND is that there are only three countries not being EU members and of these, two are members of the EEA, thus being governed by the decision-making processes of the EU. However, within the field of the Northern Dimension, 7 of 11 countries were not members of the EU at the time the ND was promoted and endorsed, and was thereby independent of EU decisions. Furthermore, as long as the Russian Federation is not a member of the EU or included in some other institutional arrangement drawing it closer and more formally into a relationship with the rest of the Baltic Sea Region, the arrangements and policy cooperation can be considered from a regime perspective.

Another problem with analyzing the Northern Dimension from a regime theoretical perspective is that the ND covers several different issue areas and does not constitute a binding law or treaty amongst the involved member states and partners. But, as the ND, from a Finnish perspective, is considered a strategy for securing and enhancing Finnish and EU soft-security in the Northern sphere, it can be analyzed as a soft-security regime, with several underlying soft-security regimes attached, which is the reason for why this thesis will analyze the Northern Dimension from an international regime theoretical approach.

### 2.3.2 Methodological Considerations on the Empirical Choices

The empirical research is based on reports, initiatives and statistics about the Northern Dimension and the Baltic Sea region in general, and two qualitative research interviews. All statistics used in the thesis will be from secondary sources.

The abductive methodology emphasizes the interaction between theoretical and empirical research, therefore, in order to maintain the ideals of the abductive strategy, constant interaction between the theory and the empirical findings is emphasized during the analysis.

### 2.3.3 The Qualitative Research Interview

The qualitative research interview is to some extent an instrument to gain the needed insight by using respondents, who, to a degree, are experts in the area of investigation or has profound knowledge about this area. I have chosen to focus on Finnish actors with either academic or practical background within the



development and implementation of the Northern Dimension. The selection of the persons interviewed is primarily based on W. Lawrence Neuman's (2000:374-375) definitions of the ideal informant, who according to the characteristics mentioned above, is able to explain the current tendencies and events. The intention is, by condensing the respondents' arguments in respect of their perspectives given their fixed place in the field of investigation, to incorporate the arguments that introduce light and shadow into the research and are relevant in the analysis.

Naturally, there are many pitfalls using interviews in a report, why certain assumptions have to be presented. Steinar Kvale (1997:133) operates with the concept of the semi-structured interview. Here, the focus is a few delimited themes, in which the interview is performed. However, it is crucial that the interviewer stays alert and is able to pursue new unexpected angles of the field of investigation once they occur.

#### 2.3.4 Pertti Joenniemi - Danish Institute for International Studies

The Danish Institute for International Studies (DIIS) is one of two research institutes under the Danish Centre for International Studies and Human Rights (DCISM). DIIS is researching various international aspects, among others foreign policy, politics and governance.

Pertti Joenniemi holds a masters degree and a licenciate within international relations and is currently senior research fellow at the department for European Studies at DIIS. His thematic research specialization is the unfolding of the political space, with emphasis on Europe's North, European borders and border conflicts. He has published extensively on the Northern Dimension initiative.

#### 2.3.5 Bo Lindroos - Counselor at the Finnish Embassy in Sweden

The Finnish government has been the main initiator behind the ND and the representatives of the government can cast light over the past and the future processes behind the Northern Dimension, because the Finns took the initiative and during their presidency of the EU in the fall of 2006, they will be in charge of the process of reshaping and developing the future ND, entering into force from 2007.

Bo Lindroos holds a degree in political science from Helsinki University and have worked in the Finnish Foreign ministry since 1972. He was a desk officer for the Northern Dimension affairs in the period 2000-2002 and was Head of Department at the Nordic Council of Ministers in the period 2002-2005. He is currently working as counselor at the Finnish Embassy in Sweden.

### 2.3.6 Post Interview Process

To gather as much reliable and valid data from the interviews as possible, the interview is transcribed and sent to the person interviewed for verification. Thus, the person interviewed has the possibility to elaborate some of the arguments mentioned in the interview, and more importantly, to clarify what might be misunderstood. This bridges a further process, where the person interviewed could be contacted during the analysis to elaborate, comment or be confronted with surfacing aspects, which may be contradicting the initial arguments.

# 3 The Northern Dimension as an International Regime

In this chapter the Northern Dimension initiative will be analyzed on the background of regime theory. The intention is to establish a *regime definition* of the Northern Dimension based on Krasner's (1982) consensus definition. The purpose in this chapter is therefore to establish the fact that the ND can be perceived as an international regime.

## 3.1 Regime Definitions

The definitions of regimes are diverging, however the most commonly used definition, acknowledged as the foundation of regime studies (Wæver 1992:88), has been put forward by Stephen Krasner and states that regimes are defined as:

*"(...) sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations. Principles are beliefs of facts, causation, and rectitude. Norms are standards of behavior defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice."* (Krasner 1982:186)

In the following the Northern Dimension initiative will be assessed according to Krasner's definition of regimes, in order to legitimize the use of regime theory in the context of the Northern Dimension initiative.

### 3.1.1 Principles and Norms

According to the above definition of *principles*, these are *beliefs of facts, causation and rectitude*. The Northern Dimension is based on the implicit and explicit principles of all EU member states, such as democracy, human rights, the rule of law, freedom of press, non-discrimination, and market economy. As the Northern Dimension is also an external policy, these principles will be exported to the EU border regions through the external policies of the EU. (Haglund Morrissay 2004:42, Manners 2002:242-245) These principles are also stated in the second Northern Dimension Action Plan:

*“The Action Plan respects internationally recognized principles of sustainable development, good governance, transparency and participation, gender equality, the rights of minorities, and the protection of indigenous peoples.” (CEC 2003:4)*

As stated in Krasner’s above mentioned definition, *norms are standards of behavior defined in terms of rights and obligations*. The Northern Dimension involves both EU member states and non-EU member states as equal partners, which can be perceived as a strong norm. Another norm is that the success of the ND is dependent on the involvement of all actors at regional, national and local level. Furthermore, a norm has been that all non-governmental stakeholders, i.e. non-governmental organizations, the business community or the civil society are to be invited for consultations on the development and implementation of the ND. (Haglund Morrisay 2004:43)

### 3.1.2 Rules and Decision-making Procedures

*Rules* are according to Krasner defined as specific *prescriptions or proscriptions for action*. These rules are normally found in binding treaties or formal agreements among nation states, but as Hasenclever et. al. (1997:10) underline:

*“(…) one of the advantages of the regime concept is that it calls upon scholars to go beyond treaty analysis and to envisage a “functional whole” which may be composed of a rather heterogeneous set of (formal and informal) agreements, practices, and institutions.”*

In other words, a regime is not only constituted by a treaty or formal agreement, but all the formal and informal rules that are developed during the formation and implementation of a regime. For the ND, the formal documents are the *Commission Communication on the Northern Dimension* from 1998, the *First and Second Northern Dimension Action Plans*, from 2000 and 2003 as well as the *Council Conclusions on the Northern Dimension* from the years 1997 to 2005. These documents are not binding legal acts, but can be considered as recommendations for the implementation of the ND. The more legal binding texts, in which the ND is to be implemented through, are for Norway and Iceland the EEA agreement, and for the Russian Federation it is the Partnership and Cooperation Agreement (PCA). (Council of the European Union 2000:5) Additionally, the Community budgetary instruments TACIS, PHARE and INTERREG are important to bear in mind in this respect, because they constitute rules for financial distribution, as well as providing the possibility of sanctioning non-compliant states within the regime (Haglund Morrisay 2004:44-45, Catellani 2001:56).

*Decision-making procedures are practices for making and implementing collective choice.* For the ND the decision-making procedure was in the establishment phase following EU decision-making procedures, thus excluding the non-EU countries from the formal decision-making. But, after the establishment of the ND, the foreign minister's conferences have had great influence on the development and implementation of the policy. Even though the conferences are not legally binding and the ND formally are decided by EU member states in the internal EU policy-making processes, the norm, as earlier mentioned, within the ND has been to include partner countries and other stakeholders in the policy-making process. The regional organizations, such as the CBSS and the BEAC, were by the Finns intended to have significant roles in the implementation of the Northern Dimension initiative (Helsinki Ministers' conference on the Northern Dimension 1999). But this was watered down in the action plan, where the regional organizations, as stated in the action plan: "(...) may assume a significant role in consultation with the Council of the EU in identifying common interests of the Northern Dimension region." (Council of the European Union 2000:7, Catellani 2001:58). But, both the intention of the Finns and the actual outcome of the action plan underline the complexity of the formal and informal agreements, practices and institutions behind the rules and decision-making procedures of the Northern Dimension initiative.

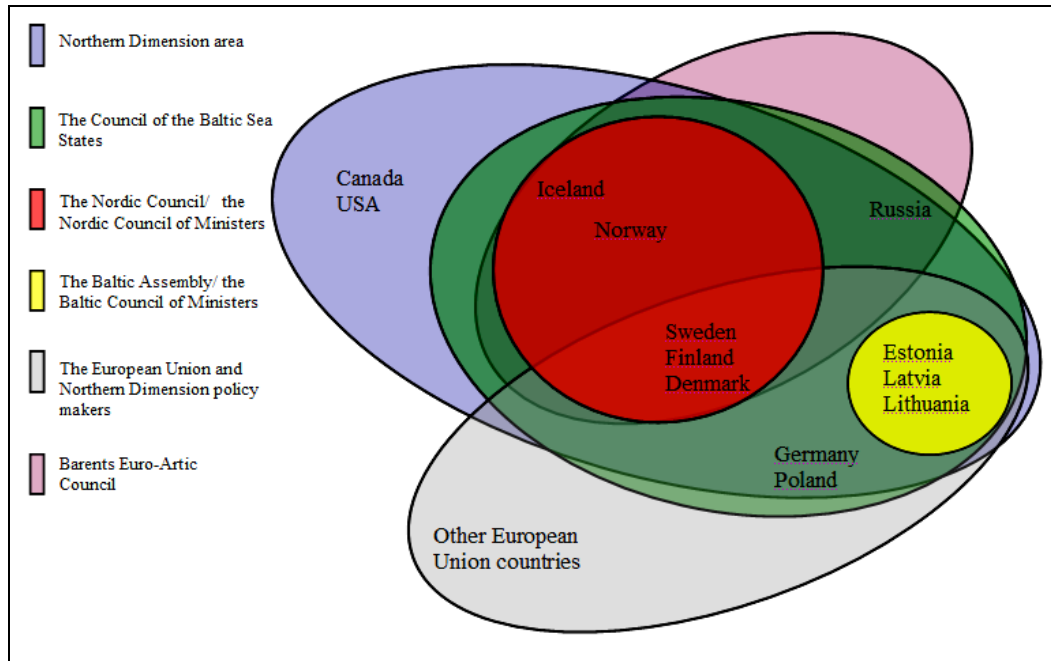
### 3.1.3 Actors

A regime, by definition, governs the interaction of actors within an issue area. The number of actors involved in a regime varies. It is also assumed that the more actors participating within the regime formation process, the harder it is to form the regime (Young 1999:67, Levy et. al. 1995:279). There are several actors within the Northern dimension. Among others, 11 nation states within the Baltic Sea region as well as the other European Union member states, and Canada and the USA are involved in the regime. Some of these actors are also members of intergovernmental organizations and supranational institutions such as the Nordic Council, the Nordic Council of Ministers, the BEAC, the CBSS, the Baltic Assembly, the Baltic Council and the EU. These intergovernmental organizations and supranational institutions can also be perceived as actors within the regime formation (Young 1999:110) and the stronger their bureaucratic body is, the more influence they have on the formation of the regime. For instance, the Nordic Council, with its long traditions, strong bureaucracy and organizational knowledge has been a significant player within the implementation of the Northern Dimension (Interview with Joenniemi), hence, one could argue that the CBSS, with its rather small secretariat has not been able to influence the implementation phase to the same extent. These actors are portrayed in Figure 3-1 below.

Because of the external policy character of the Northern dimension, the area covered by the policy is far larger than those who are primary decision makers.

This adds to the complexity of the mix of members and stakeholders within the Northern Dimension.

**Figure 3-1: Political cooperation within the Northern dimension area**

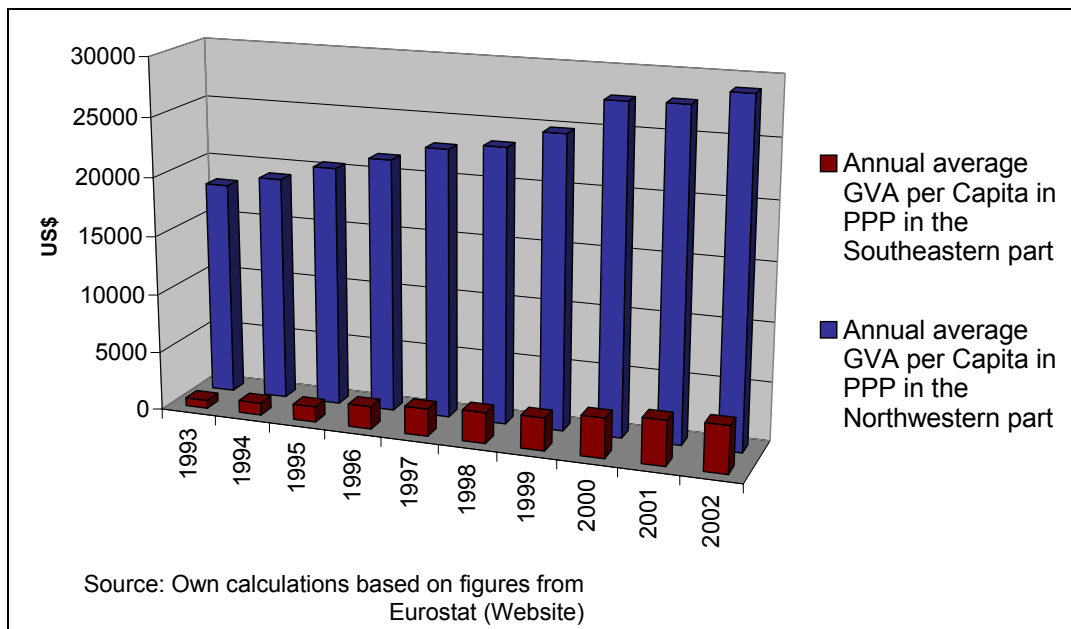


At the sub-regional level there are also several actors within the ND area, among others, the Baltic Sea States Sub-Regional Cooperation (BSSSC) and the Union of Baltic Cities (UBC). Furthermore, the ND area comprises a strong variety of active non-governmental actors. These are, among others, the Baltic Development Forum (BDF), Baltic Sea Chambers of Commerce Association (BCCA), Baltic Sea NGO Forum and the Baltic Sea Trade Union Network (BASTUN). These sub-regional and non-governmental actors have contributed to a bottom-up approach to the cooperation within the ND area. This approach has been chartered by the Nordic cooperation or other forms of cooperation within the area, and has, to a certain extent, been incompatible with the rather top-down characteristic of the Northern Dimension initiative. But, according to Joenniemi (interview with Joenniemi), this has not been a significant obstacle for the Northern Dimension as such, because this is a kind of pluralistic regional development within Europe's North. According to Catellani (2001:70), these sub-regional actors have not been drawn into the ND process in the degree the original plan intended to do, and she points out the need to develop more links between the sub-regional level and the above institutional level, for instance the regional bodies of the CBSS and the BEAC.

International financial institutions (IFI) have also been strong actors within the ND area, especially the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Nordic Investment Bank (NIB) and the World Bank.

The difficulties of establishing a regime will also be complicated by a high level of heterogeneity between the actors constituting the regime when it comes to political and economic systems, cultural heterogeneity, and the nature of state/society relations as well as strong and weak states (Young 1999:68). Within the Baltic Sea area and the Northern Dimension there is a clear dividing line between the Southeastern part of the region and the Northwestern part when it comes to political and economic systems. The Northwestern part comprises states of old market economies with long democratic traditions, while the Southeastern part consists of transition economies with short democratic traditions. This same dividing line can also be seen in the context of economic performance and standards of living within the region. These differences can be observed when measuring, among others, the gross value added (GVA)<sup>5</sup> in power purchasing parity (PPP) per capita. On average, the Northwestern countries of the region have had 10 times higher GVA in PPP per capita<sup>6</sup> than the Southeastern countries in the same period, which is illustrated in Figure 3-2 below.

**Figure 3-2: Average GVA in PPP per capita in US\$<sup>7</sup>**



The difference in the economic development level is also clearly illustrated by the GDP per capita for 1993 and 2001, as portrayed in Figure 3-3 below. The difference in the average GDP per capita of the Southwestern part in per cent of the average for Northwestern part has decreased by 10 percentage points in the period from 1993 to 2001. However, the difference is still relatively high measured in absolute numbers.

<sup>5</sup> Eurostat defines gross value added as: "the final output minus intermediate consumption, plus subsidies minus taxes linked to production", Eurostat Yearbook 2003

<sup>6</sup> See Annex III for background data and calculations

<sup>7</sup> For Iceland the figures used in the calculations are from 1993-2000 and for Poland the figures are from 1996-2002. Russia is not included. The remaining BSR countries' figures are covering the whole period from 1993-2002. For further details see Annex III.

**Figure 3-3: GDP in PPP per capita in the BSR countries in USD<sup>8</sup>**

	<b>1993</b>	<b>% of highest</b>	<b>2001</b>	<b>% of highest</b>
Denmark	19 920	100,0	28 000	100,0
Estonia	4 030	20,2	10 000	35,7
Finland	16 220	81,4	25 800	92,1
Germany	18 940	95,1	26 200	93,6
Latvia	3 230	16,2	7 800	27,9
Lithuania	3 850	19,3	7 600	27,1
Poland	4 850	24,3	8 800	31,4
NW Russia	4 104	20,6	8 300	29,6
Sweden	17 330	87,0	24 700	88,2
	<b>1993</b>	<b>% of highest</b>	<b>2001</b>	<b>% of highest</b>
Northwestern	<b>18 102,5</b>	<b>100</b>	<b>26175</b>	<b>100</b>
Southeastern	<b>4012,8</b>	<b>22,2</b>	<b>8500</b>	<b>32,5</b>

Source: Lääne (2005:30), averages for Northwestern and Southeastern parts of the region are based on own calculations

Regarding the cultural diversity in the region, it can be said that the region is culturally moderately heterogeneous. The Baltic Sea area can with regards to linguistic, religious and national identities and pride be considered as diverse, comprising languages from four different families of languages and three different religions and several different ethnic minorities (Rydén ed. 2003:110). But, this is not necessarily a hindrance for regional integration, because:

*“It is not cultural homogeneity, but heterogeneity as pluralistic coexistence between independent cultural resources that has a tradition in the Baltic Sea Area as a cultural room”* (Henningsen 2002:160 own translation)

Hence, the Baltic region can be regarded as heterogeneous when it comes to the cultural aspects, which from a regime theoretical perspective may pose some obstacles for the formation of and the continued existence of an international regime.

## 3.2 Preliminary Conclusion

The purpose of this analytical chapter was theoretically to establish the Northern Dimension as an international regime, thus defining what the Northern Dimension as a regime encompasses.

The Northern Dimension is to some extent fulfilling the definition of an international regime. The Dimension has both implicit and explicit principles,

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<sup>8</sup> Iceland and Norway are not included in these figures.



norms, rules and decision-making procedures. It can be said that there are more implicit rules, since none of the documents behind the Northern Dimension constitutes legally binding treaties or laws. Furthermore, the regime is comprised by a diversity of actors regarding the institutional level in which they operate, as well as geographical, political, economical and cultural issues. The Northern Dimension can be perceived as a multi-issued and multi-leveled overarching regime or, as Haglund Morrissey (2004:36) labels it, a multidimensional composite regime – underlined by the Northern Dimension's primary goals of creating added-value through coordination of existing agreements and initiatives.

## 4 The Formation of the Northern Dimension Regime

Regime formation is the study of the process of actors' ability and the time it takes them to reform or create new institutions where none previously existed, for the purpose of governing the behavior among actors in a given issue area, as well as it is the study of the substantive character of the regime. This process can be grouped in five broad categories of analytical issues; *Actors and actors' behavior, processes of regime formation, stages of regime formation, driving social forces and cross-cutting factors*. (Levy et. al. 1995:279-280) I will in the following focus on these factors in relation to the Northern Dimension initiative, thus the purpose of the chapter is to categorize the processes behind the formation of the Northern Dimension regime and to identify some future challenges.

### 4.1 Actors and Actors' Behavior

The actors within Northern Dimension area have been identified as the 11 countries in the Baltic Sea region, the EU, BEAC, CBSS, the Baltic Assembly, the Baltic Council of Ministers, the Nordic Council and Nordic Council of Ministers and a variety of sub-regional actors.

It is important to stress the complexity of regime formation and the bargaining process that takes place within the different decision-making levels and the impact the different levels have on each other. This can best be understood by Putnam's two-level game theory, pointing to the fact that bargaining leading to agreement between states in level 1, has to be ratified by the states in level 2. Thus, there is a linkage between bargaining among states and the bargaining that takes place within states. (Putnam 1988:435-436, Levy et. al. 1995:281) This picture is even more complicated in an EU perspective, because another level is 'added' to the hierarchy, but there is still a linkage between the different levels, thus the policy options at each level are affected by the negotiations at the other levels (Patterson 1997:141). Additionally, there is the EU's emphasis on including non-state actors, such as non-governmental organizations and civil society at both the national level and at Community level. In the Northern Dimension context the intergovernmental organizations such as the CBSS and the Nordic Council and IFIs, such as EBRD, EIB and NIB have been included as important actors in the formation and implementation phases.

As earlier mentioned, the sub-regional actors have made important contributions to the cooperation within the ND area, but these have not always been compatible with the rather top-down approach by the ND. This creates a need for more and stronger links between the sub-regional and the above institutional levels, in order for the sufficient coordination to take place and to avoid duplication and overlaps between the sub-regional actors. This problem is also evident for the relationship between the regional level and the EU level, i.e. there is a lack of links between the EU level and the regional level, such as the CBSS, the BEAC and the AC (Catellani 2001:71).

## 4.2 Processes of Regime Formation

Three stages of regime formation can be identified. First, *self-generation*, which is when a regime is created spontaneously as a result of actors' expectations converge without any conscious efforts. Secondly, there is *negotiation*, which covers the process of regimes forming as a result of negotiations between actors, and that these, through processes of bargaining reach agreeable provisions to follow and to enforce in the regime. Thirdly, there is *imposition*, which covers the instances where a powerful actor or a coalition of actors force or induce the other actors to commit to the provisions dictated by the hegemon(s). These are analytic distinctions and most processes of regime formation will entail some of all three categories. (Levy et. al. 1995:281-282)

The Northern Dimension was formed as a result of the Finnish initiative and was attractive for the European Union because of the Finns' long traditions of and expertise in dealing with the Russian Federation (Heininen 2001:26). Furthermore, the Finns saw it as a way of customizing the EU, bringing their domestic and foreign policy concerns and priorities up on the European Union agenda (Heininen 2001:23). Another reason for the Finnish initiative was, as Pertti Joenniemi states:

*"(...) it pertained to that there was open space, which had to be administered and the European Union had to develop policies vis-à-vis the North. And whereas the European Union at that juncture didn't have explicit policies that gave the new member states, like Finland, the opportunity to take the initiative and try to ride on regionalization in the North."* (Interview with Joenniemi)

Furthermore, the Norwegian initiative to form the Barents initiative in preparation for a Norwegian membership of the EU was an inspiration and a driving force for the Finns to form the Northern Dimension initiative (Heininen 2001:23, Interview with Joenniemi).

But, as for all EU policies, the final provisions of the initiative were results of a bargaining process among all member states and consultations with all

stakeholders of the region, with both the Swedish, Danish and Norwegian viewpoints incorporated and also, as earlier mentioned, watered down in the final Commission proposal. So, it can be concluded that Finland was perhaps the actor imposing some of their national interests into the initiative, but the overall process was mainly characterized by a negotiating process.

## 4.3 Stages of Regime Formation

There can be identified three stages of regime formation. The first is the *agenda building or agenda formation stage*, in which the insignificant matters are sorted from the more important issues during the political process. Many different issues are competing to reach the top of the agenda, and therefore the different regulating factors are drawn on, for the purpose of prioritizing. Firstly, there is the function of a gatekeeper, a role that one actor or several actors can have, for instance one or several organizations can function as gatekeepers for a specific issue. This is also referred to as agenda-setting and agenda-exclusion by some theorists. Within the EU, the distinction between formal and informal agenda-setting is made, the former referring to the Commissions formal agenda-setting power, while the latter focuses on the other European actors' ability to informally be policy entrepreneurs. Furthermore, the Presidency is often referred to as having the role of a gatekeeper. Another factor that is used to prioritize in the agenda building stage, is the characteristics of the problem such as how important it is for the society, hence the more important a problem is considered by the society, the higher the problem will be on the agenda. This process can also be called agenda-structuring. Thirdly, there is the factor of cultural norms within an issue-area. For instance, strong environmental values might move problems within this issue-area up on the political agenda. The second stage of regime formation is *the stage of negotiations or institutional choice*. During this stage, the parties involved will negotiate in an attempt to reach an outcome that is favorable for them and this stage covers the period from an issue reaches the agenda until there is an agreement on how to solve the issue(s) of concern. *The operationalization stage* is the third stage of regime formation and encompasses the period from the signing of an agreement until it enters into force, in other words how and by whom the provisions are to be implemented. (Young et. al. eds. 1997:92, Levy et. al. 1995:282-283, Tallberg 2003:5-7, Pollack 1997:121-128)

### 4.3.1 Agenda Building Stage

The Northern Dimension was put on the agenda by the Finnish presidency and was a textbook example of how to put a problem on the agenda. According to John W. Kingdon (1995:197) the agenda setting process follows three streams; *problem stream, the policy stream and the political stream*.

*The problem stream* is driven by *indicators, focusing events* and *feedback*. *Indicators* can for instance be the number of deaths caused by traffic accidents, consumer prices, infant mortality rates et cetera (Kingdon 1995:90-94). In the Northern Dimension initiative such indicators were highlighted in order to place the Dimension on the agenda. In the *Communication from the Commission on a Northern Dimension for the politics of the Union* from 1998, the Commission used indicators such as the huge difference in life expectancy in Russia compared to Finland, which at that time was 57 and 77 years, respectively and that 7 out of 10 nuclear reactors in Northwest Russia were of the same type as the one in Chernobyl. (CEC 1998:2-3) At least the latter indicator was a powerful indicator, which led to awareness of the pressing problem, bearing in mind the 1986 burn down of the reactor in Chernobyl.

*Focusing events* can be crisis or disasters (Kingdon 1995:94-95). For the Northern Dimension there were no crisis leading up to the agenda formation stage, other than the fact that after the enlargement of the EU in 1995, the EU would, due to Finland's eastern border, have a 1300 km border with the Russian Federation. This border with Russia got even more prominent after the enlargement in 2004, because it, among others, created the enclave of Kaliningrad. These factors can be seen as major events calling for new policies to tackle new challenges. Another such event, pointed out by Joenniemi, is the EU's European Neighbourhood Policy, which might have a huge impact on the future of the Northern Dimension initiative (Interview with Joenniemi). This will be discussed later.

*Feedback* is evaluations, monitoring and implementation reports on ongoing programs or complaints brought to the policy makers' attention by actors and stakeholders (Kingdon 1995:100-101). In the case of the Northern Dimension, this feedback has been established via the Northern Dimension Information System, an online reporting system giving all stakeholders the relevant information about projects and progress. There have also been annual progress and implementation reports on the Northern Dimension, in the preparations for the drafting of the second NDAP and the third NDAP, there have been numerous reports and evaluations on the Dimension, as well as it has been issued guidelines for the new policies in order to adjust to current problems (ND Website, CBSS 2003, CEC 2005:2).

The second stream in the agenda building stage is the *policy stream* consisting of *policy articulations, selection of alternatives* and *policy communities*. (Kingdon 1995:116-117) The policy agenda setting and initiation in the EU are divided between the Council and the Commission. The Council sets the medium- and long term agendas and delegates power to the Commission, while the Commission plays a significant leadership role in the making of rules and regulations and in the implementation of these (Hix 2005:27-71). Therefore, in the policy stream of agenda building, policy initiatives have to be promoted in both the Commission and in the Council. This can be seen as a part of the political leadership primarily

taken by the Finns to promote the Northern Dimension initiative and to form policy communities within the EU, to launch the idea of a Northern Dimension. These efforts were directed towards the Council during intergovernmental issues, such as the formulation of the Partnership and Cooperation Agreement with Russia and the Foreign Minister's conferences on the Northern Dimension, while the efforts were directed towards the Commission when it came to the implementation of the Action Plans and the use of Community instruments. For instance, the late Swedish foreign minister, Anna Lindh, was just days before Sweden took over the presidency of the EU, publishing a joint article on ND priorities together with Chris Patten, at the time Commissioner for External Relations. (Haglund Morrissay 2004:227) This is a good example of the policy community forming behind the ND.

The third stream of the agenda formation stage is the *political stream*. This stream comprises the *public mood, organized political forces, and changes in administration as a result of election results*. (Kingdon 1995:145) For the Northern Dimension *the public mood* in Finland had great influence on the Finnish government's decision to propose the initiative. The Finns have been generally more positive towards the EU than their Nordic neighbors and have, as the only Nordic country, managed to keep a positive attitude towards European integration without having debates about their national identity being threatened. One of the reasons for this has been that the Finnish national identity was more in line with that of Europeanness than for example was the case for the Norwegian national identity (Joenniemi 2002:182-188). This might be linked to the Finnish strategy of turning Europe more into line with Finland's national interests rather than Europeanizing Finland's interests by customizing the EU to the Finnish interests and by bringing Nordic values into the EU (Heininen 2001:22-26). Tuomas Forsberg and Hanna Ojanen (2000) states that:

*"(...) the initiative can be seen as an effort to assure the domestic audience of Finland's chances of benefiting from EU membership. Although the Finnish public is relatively satisfied with membership, the Finnish government still needs to show that the EU's action supports Finland's interests in areas that are geographical close to Finland."* (Forsberg and Ojanen 2000:118)

In other words, the initiative can be perceived as a proposal directed at preemptively seeking to assure the added value for the Finnish people of the Finnish EU membership.

### 4.3.2 Negotiations or Institutional Choice Stage

After the Northern Dimension was successfully put on the agenda by Finland, the efforts to produce the actual policy were initiated. The final EU proposal was in many regards the same as the Finnish proposal, with some exceptions. Among others, as earlier mentioned, the role of the existing regional organizations was watered down in the final draft (Catellani 2001:58).

Furthermore, the Nordic countries had, and have, different views on the institutional setting the ND should be embedded in. The Finns were hoping for a strong EU involvement, while Sweden's primary focus was on the CBSS. Norway, not being a member of the European Union, was emphasizing the role of the BEAC and due to the half-insider and half-outsider role the country held within the Northern Dimension, their position was lukewarm. A solution to these problems could be to perceive the Northern Dimension more as an umbrella concept, encompassing Barents, Arctic, Nordic and Baltic Sea cooperation. (Novack 2001:78, interview with Joenniemi)

Another important factor here was, and is, the relatively passive and almost opposing role the Baltic States have played in this process. During their efforts to become EU members, their focus was westwards instead of thinking Baltic Sea regionalization. This way of thinking is still predominant among the Baltic States and may pose obstacles for the further development of the Northern Dimension regime. The Baltic countries are, according to Joenniemi:

*“(...) explicitly on the record trying to keep Russia out and keep the borderline to Russia rather sharp. So, you clearly have different approaches and strategies among the Nordic countries and the Baltic countries.”* (Interview with Joenniemi)

In the context of the four common spaces<sup>9</sup> between EU and Russia, their road maps and the fact that Russia is not included in the European Neighborhood Policy, the institutional setting of the Northern Dimension initiative has to be revised. (CEC 2005:2) Furthermore, Russia, through the Northern Dimension initiative, will be eligible for funds under the new framework of European Neighborhood and Partnership Instrument (ENPi). The financial instruments PHARE, INTERREG and TACIS will from 2007 onwards be incorporated into the ENPi. (CEC 2004A:2, Interview with Joenniemi) This poses some challenges to how the Northern Dimension initiative should be developed in the future.

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<sup>9</sup> These are the common economic space, the common space of freedom, security and justice, the common space for external security, and the common space for research, education and culture and were decided at the EU-Russia Summit in May 2003 in St. Petersburg (Commission of the European Communities 2004B:2)

These different approaches and strategies may also have implications on the further development of the Northern Dimension, which will be discussed in chapter 5.

### 4.3.3 Operationalization Stage

The operationalization stage or the implementation phase of the Northern dimension initiative is an ongoing process. The main documents guiding this stage are the Northern Dimension Action Plans. Finland put most efforts into the agenda building phase and some efforts into the operationalization stage by emphasizing the need for an action plan as an instrument by which the Northern Dimension initiative should be implemented. The Swedish and the Danish presidencies were relied upon to continue the leadership in implementing the ND and in between the Nordic presidencies the Commission had this role. (Haglund Morrissey 2002:116-117)

During the operationalization stage the need for additional concretization of the goals set in the NDAP was identified. The lack of one organizational body being in charge of the implementation phase and the lack of a financial instrument designated for the implementation of the ND led to a need for establishing organizational and financial arrangements at a later stage. Furthermore, the facilitation of an effective international regime is dependent on what Young (1999) calls *social practices* within the regime, which serve to:

*“(...) legitimize a regime in the thought processes of various actors, to flesh out the constitutive provisions of a regime with a range of important informal understandings, to transform the rules of a regime into standard operating procedures, and to give rise to an informal but attentive community of actors interested in the success of the regime and prepared to function as watchdogs to keep track of its performance.” (Young 1999:120)*

These, more or less formal networks of actors are flexible and are able to develop the regime they are in charge of in pace with changes in the surrounding environment, which is important for the success of a regime (Young 1999:119).

It can be argued, that the above identified missing requirements led to the creation of the Northern eDimension Action Plan (NeDAP) and the two Northern Dimension Partnerships; Northern Dimension Environmental Partnership (NDEP) and Northern Dimension Partnership in Health and Social Well-being (NDPHS). The NeDAP was founded at a CBSS ministerial meeting on the information society in 2001, and was a response to NDAP's call for an initiative with the information society as a main priority (Council of the European Union 2000:14-15, NeDAP Website).



The NDEP was founded by a steering group comprised by the EBRD, the NIB, the EIB, the World Bank, the European Commission and the Russian Federation, following a request from the Ministerial Conference on the Northern Dimension in 2001. The steering group agreed on principles and terms for the work and established a separate NDEP Support Fund. The Steering Group and the Assembly of Contributors are overseeing the implementation of projects under the NDEP. The aim of the NDEP is to solve the environmental challenges in the northwestern parts of Russia and to invest in solutions on wastewater, solid waste, energy efficiency and nuclear waste. The NDEP and the NDEP Support Fund have raised €2 billion to be used for improving the environment in the northwestern part of Russia. (Luxembourg Ministers' conference on the Northern Dimension 2001, NDEP Website)

The NDPHS was initiated in 2002, at a Forum on Social Protection and Health in the EU Northern Dimension, gathered by the Finnish Prime Minister Paavo Lipponen. The NDPHS was formally founded by 13 countries and 8 international organizations<sup>10</sup> at a high-level conference held on the invitation of the former Norwegian Prime Minister Kjell Magne Bondevik in 2003. The objective of the NDPHS is to promote sustainable development, to contribute to enhanced cooperation within social and health development and the Partnership should:

*“(...) contribute to greater political and administrative coherence in the area, narrowing of social and economic differences, and to a general improvement of the quality of life and of the demographic situation.” (NDPHS Declaration 2003:2)*

The Partnership was to be led by a Committee of Senior Representatives and a Partnership Secretariat was founded. This secretariat is situated together with the CBSS Secretariat in Stockholm, Sweden. The funding structure was to encompass national financing, bilateral and multilateral financing towards specific projects and a voluntary Partnership Fund. (NDPHS Website)

The two partnerships have been identified as two successful methods of operationalizing the Northern Dimension initiative and could be looked upon as models on how to operationalize future cooperation within other areas of the NDI. (CEC 2005:2, Schwartz 2006:12).

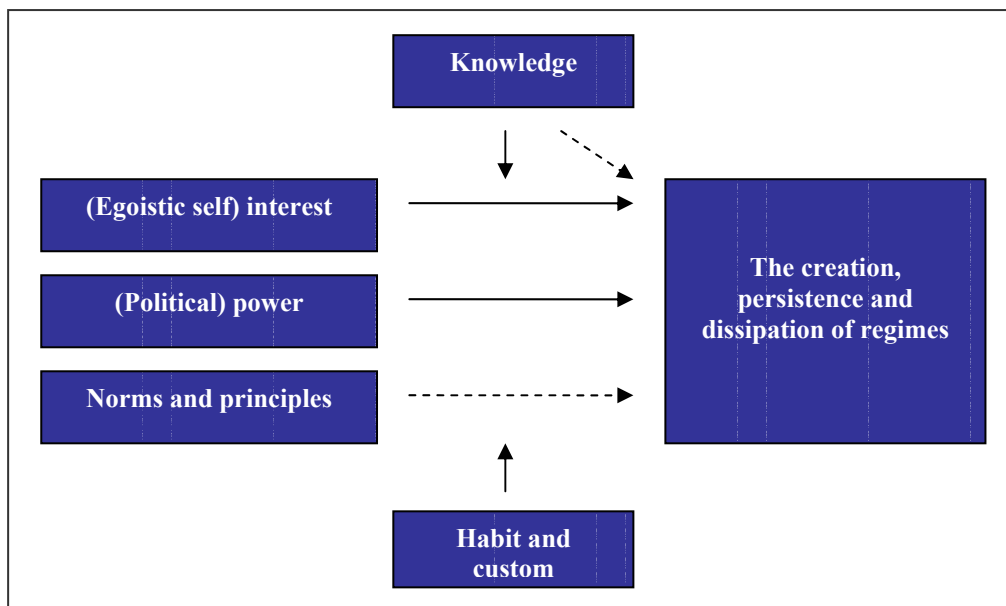
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<sup>10</sup>Canada, Denmark, Estonia, Finland, France, Germany, Iceland, Latvia, Lithuania, Norway, Poland, the Russian Federation, Sweden, the European Commission, the World Health Organisation, the Barents Euro Arctic Council, the Council of the Baltic Sea States, the International Labour Organisation, the International Organisation for Migration, the Nordic Council of Ministers and the Joint United Nations Programme on HIV/AIDS (NDPHS Declaration 2003:1)

## 4.4 Driving Social Forces

There are several causes or *basic causal variables* as Stephen Krasner (1982) calls them, which have implications for the development of a regime. These are among others; *egoistic self-interest*, *political power*, *norms and principles*, *habit and custom*, and *knowledge*, but, according to Krasner, the first three are the most basic ones. (Krasner 1982:195) These causal variables are by Levy et al. (1995:283) labeled *driving social forces* and are identified as being *interest*, *power* and *knowledge*, hence not identifying norms and principles nor habit and customs as causal variables or driving forces in the formation of international regimes. This is illustrated in Figure 4-1 below. The dotted lines indicate when a variable might be causal. I will not go into a further discussion on what forces are causal or just functions as reinforcing factors, but just analyze them in relation to the Northern Dimension.

Figure 4-1: Driving social forces influencing the formation of regimes<sup>11</sup>



*Egoistic self-interest or interest* is defined as an actor's tendency to maximize his own utility and that the actor is only interested in other actors' utilities if their utility functions interfere with his. Egoistic self-interested actors will therefore be involved in regimes as long as their utility will be maximized by doing so and instances of this can occur when individual actions lead to pareto suboptimal situations or mutually undesirable outcomes. An example of the former is the prisoner's dilemma and for the latter, the game of chicken. (Krasner 1982:195, Levy et. al. 1995:283-284) There are also some regime analysts that have focused on the intensity of conflicts in interests between actors as an indicator of their

<sup>11</sup> Own illustration based on Krasner, S. D. (1982), pp. 195-204 and Levy et. al. 1995 pp. 283-285

propensity of forming international institutions. This can be portrayed as a spectrum ranging from pure cooperation to pure zero-sum conflict. The degree of conflict is a determinant for the success of the establishment and the effectiveness of the regime. Furthermore, it is important to stress the difference between conflicts about values and conflicts about goods, the former being difficult to solve while the latter is relatively uncomplicated to solve. (Levy et. al. 1995:283) Regarding the Northern Dimension, the interests reflected are clearly those of Finland, but as earlier mentioned, the Finnish interests have also become the European Union's interests due to the enlargement process and how Finland customized the Union to the Finnish interests. Furthermore, letting the Russian Federation take, or more precisely not take, any action on its own on for instance the environmental issues in the northwestern part of Russia, would lead to a sub-optimal situation. Therefore, the Finnish strategy of cooperation and an inclusive external policy can be seen as a part of the Finnish strategy of securing themselves in the issue areas identified in the Northern Dimension. One can say that the utility function of the Russian Federation was interfering with the Finnish utility function. Because of this, Finland has been working hard to get the EU's attention and weight behind the efforts of cooperating and pressuring the Russians to find common agreements on how to tackle the challenges.

After the last EU enlargement in 2004, new interests have become evident. The Baltic States' interests have not been the same as of those of the Nordic States when it comes to pursuing an including and open external policy towards the Russian Federation. The Balts' intentions and goals have been the opposite – a clear border and isolation of Russia (Interview with Joenniemi). These clashes, within the Northern Dimension area, might in the future prove to be harmful, both to the development of the institutional framework for cooperation, and for the external relationship. These clashes have not yet had the powerful momentum to block or stop the formation of the Northern Dimension. Their consequences will be further elaborated later.

*Political power* is the second *basic causal variable* or *driving social force* and can be divided into two categories. The first category considers pay-offs as the major influence on the actor's choice of strategy. Here the focus is on the role of political hegemons. Some theorists argue that the hegemons:

*“(...) play a critical role in supplying the collective goods that are needed for regimes to function effectively. Hegemons provide these goods not because they are interested in the well-being of the system as a whole, but because regimes enhance their own national values.”* (Krasner 1982:199)

Moreover, this group believes that a relative decrease in the hegemon's power will eventually lead to the downfall of the regime, which is dependent on the support of the hegemon, because no other actor will be able or willing to provide the necessary common goods. Others argue that the downfall of a hegemon will only create stronger incentives for coordination, because the hegemon is no longer

providing the public goods, and those who earlier took the opportunity of free-riding would now be forced to contribute. (Krasner 1982:199) The second category focuses on how power can be used to change other actors' pay-offs and strategies. Here, power is used to create regimes that serve the particular purposes of the actor creating them, and other actors are forced to comply with them, because their pay-offs have been manipulated. Here too, the regime collapses, if the creator of the regime loses the hegemonic position and is no longer able to control the pay-off matrix of the other actors. (Krasner 1982:200) Changes in structural power in the international society will have a changing effect on the regime. The use of power as a causal variable in regime formation analysis stems from the realist or neo-realist interpretation of regime formation. (Levy et. al. 1995:283)

For the Northern Dimension Area, it can be discussed whether or not the EU as an actor is the hegemon, guaranteeing the regime and providing the needed common goods through the financial instruments. It can be argued that the EU holds a strong position within the Northern Dimension area, and that this position will be stable in the foreseeable future because 8 of the 11 countries within the area are member states in the EU. Furthermore, 2 are members in the EEA and the last country, Russia, is encompassed by the PCA. The discussion on power and regimes also leads to the discussion of what kind of power the EU is exercising. Surely, the EU is considered a great economic power, but the question is whether the normative power is more relevant to take into consideration, analyzing the EU's position vis-à-vis its powerful Eastern neighbor. This leads us to *Norms and principles*, which, according to Krasner (1982), form the third basic causal variable. This variable focuses on the importance of norms and principles in the creation and persistence of regimes, because it is promoted as a significant influence on the behavior of the actors involved in the regime. There is a certain hierarchy between norms and principles, where general norms and principles condition the principles and norms that are prevalent within a specific issue-area. For instance, the principle of sovereignty is a general norm, which conditions several regimes. If this general norm somehow ceases to exist, many regimes would change. According to Ian Manners (2002) there are several general norms and principles within the European Union, which are the fundament for the normative power of Europe. These are democracy, rule of law, human rights, social solidarity, anti-discrimination, sustainable development and good governance. In the case of the Northern Dimension, these norms and principles are diffused to other political actors, among others, by what Manners (2002) calls informational diffusion, procedural diffusion and transference diffusion. Informational diffusion is the result of policies being diffused. The Northern Dimension policy is, as earlier mentioned, a clear example of a policy initiative, which is based on the EU's norms and principles and has been diffused to other actors outside the EU, first to the Baltic States and Poland, which since then have become EU members, and then later to the Russian Federation. The most relevant type of diffusion for this case is the procedural diffusion, which is defined as the institutionalization of relationships between the EU and third parties. One of the

main objectives of the Northern Dimension was to institutionalize the relationship between the EU and Russia within the relevant issue areas. (Krasner 1982:201-202, Manners 2002:242-245) Hence, the diffusions of norms and principles can be seen as both driving forces and as effects of establishing the Northern Dimension.

The last basic causal variables, *habit and custom* and *knowledge*, are not on their own able to create a regime, but can be seen as a supplement and reinforcement to the three other variables as illustrated in the above Figure 4-1. Habit refers to actual practice, and custom refers to long-standing practice; both of these influence the behavior of actors and are therefore, over time, likely to create common expectations. Thus, a shared set of habit and custom might eventually stimulate the creation of regimes. (Krasner 1982:202) Within the Northern Dimension area, the historical ties between the countries, like the Hanseatic period in the 14<sup>th</sup> and 15<sup>th</sup> centuries during which Hansa merchants created trade routes on the Baltic Sea, have been said to have created a fundament for enhanced cooperation (Maciejewski 2002:14, 20-21, 59). But, the Baltic Sea region has also been divided, creating divisions and competition. These divisions exist between two major religious directions; the ‘West’ and the Orthodox, between two security-systems, between EU and non-EU member states and between old and new economical and democratic systems. These divisions have created various habits and customs, which again have contributed to the diversity within the region. Encompassing these divisions by international institution building calls for special attention by the actors involved (Maciejowski 2002:34; Huntington 1996:157-158) A new and perhaps worrying dividing line observed, is the three Baltic States’ orientation towards the West and their attempts to isolate Russia (Interview with Joenniemi). This ‘new’ habit by the Balts has to be seen in the context of the historical events spreading shadows over the relationship between the three Baltic States and the Russian Federation. The three Baltic States can be said to want to be a part of the West, instead of being a part of the East, cooperating with the West.

*Knowledge* is understood as technical information, and theories regarding this information. If the actors involved agree on the prevailing knowledge at a given time, this knowledge will guide policy making. Here, it is important to stress that without agreement, this knowledge has little influence on the development of regimes. (Krasner 1982:203-204) Some analysts of regimes treat *knowledge* as a causal variable, if this knowledge can be said to constitute a distinct structural power. (Levy et. al. 1995:284) Others focus on the role of discourses and epistemic communities<sup>12</sup>, which consist of experts sharing knowledge and perceptions of a problem and have common views on the solutions. These communities may be influential actors in the regime formation process. (Young 1999:191) Here, for instance, the Nordic knowledge about environmental

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<sup>12</sup> For discussions on how influential epistemic communities are, see Young (1999) p. 126.

protection issues has played a great role in putting these issues high up on the agenda within the EU and also in including them in the Northern Dimension.

## 4.5 Cross-cutting Factors

Levy et. al. (1995:285-286) states that in addition to the above mentioned driving social forces, two cross-cutting factors can be identified, namely *individual leadership* and *context*.

Leadership can be divided into what Young (1991:287-288) calls structural leadership, entrepreneurial leadership and intellectual leadership. Structural leaders will use the structural power to gain bargaining leverage in negotiations. Intellectual leadership is shown by altering the way other actors' perceive a problem, while entrepreneurial leaders will use negotiation skills:

*“(...) to influence the manner in which issues are presented in the context of institutional bargaining and to fashion mutually acceptable deals bringing willing parties together on the terms of constitutional contracts yielding benefits for all.”* (Young 1991:288)

At the individual level, only one actor has been pointed out as important, and that was the Finnish Prime Minister, Mr. Paavo Lipponen. He initiated the policy, by planting the idea, within the Commission in his letter in 1997 to Mr. Santer, and by using the term *the Northern Dimension* in different speeches in advance of the Finnish presidency. The crucial role of the former Finnish Prime Minister is also underlined by the fact that the initiative came as a surprise, even within Finland (Interview with Joenniemi).

At the EU level, the influential actors in regards to the ND during the initiation phase were the EU presidencies, namely the Nordic presidency of Finland, Sweden and Denmark respectively in 1999, 2001 and 2002 (Haglund Morrissey 2004:48). Especially the Finnish presidency showed leadership during their presidency in their efforts to put the Northern Dimension on the EU agenda. They did so by showing what Young (1991:293) calls entrepreneurial leadership, meaning they relied on their negotiations skills and popularizing issues by shaping the form in which issues were presented for consideration and by drawing attention to the issue(s) at stake (Malnes 1998:106, Young 1991:294). The Finnish Presidency also, according to Tallberg (2003:7) used awareness-raising to divert attention to issue-areas not previously covered by the European Union. Furthermore, as Haglund Morrissey (2004:101, 116-117) underlines, the Finnish presidency saw it as vital to ensure the continuity of the Northern Dimension after the end of the Finnish presidency. This was, as earlier mentioned, ensured by influencing Sweden and Denmark in their upcoming presidencies in their

approach to the ND, while the Commission was given the role of sustaining the ND in between the Nordic presidencies.

## 4.6 Preliminary Conclusion

The purpose of this chapter was to categorize the processes behind the Northern Dimension regime formation and to identify the challenges for the future of the international regime.

The regime formation process behind the Northern Dimension has been identified as being characterized by negotiations, with no actual hegemon powerful enough to impose their view on the others, except to a certain extent those of Finland. However, it is more likely that these interests were incorporated into the Northern Dimension more as a result of leadership by the Finns, rather than structural bargaining power.

In *the agenda building stage*, the Nordic presidencies, and especially the Finnish one acted as gatekeepers for the Northern Dimension. In the problem stream all three factors; indicators, focusing events and feedback were influential during the agenda building stage, however the focusing events to a lesser extent. In the policy stream the efforts by the Finns were directed towards both the Council and the Commission, while in the political stream, the public mood in Finland has been identified as vital for the Finnish initiative, which can be seen as an effort of creating added value of the Finnish EU membership and thereby maintaining the positive Finnish attitude towards the EU. In the *negotiation or institutional choice stage* the intergovernmental organizations' role was watered down, but the overall policy proposal from the Commission reflected to a large extent the Finnish idea. The *operationalization stage* is still ongoing and has been relying on support from the other Nordic presidencies, the Commission, and to a great extent the IFIs and to some extent the regional organizations.

The *driving social forces* behind the forming of the regime have been identified as the Finns' *interests* in combination with Finland customizing the EU to their own interests, transforming the Finnish interests into EU interests. *Political power* has not been an evident variable, other than the EU's position as a dominant, almost hegemonic actor within certain issues in the Northern Dimension area. The power used has been that of normative power, by which the EU has diffused *principles and norms* to bordering areas of the Union.

For *the cross-cutting factors*, the former Finnish Prime Minister Paavo Lipponen has been identified as the leader behind the initiative at the individual level and in charge of the negotiations vis-à-vis Brussels. On the intergovernmental level, the Finnish presidency was the main leader behind the

initiative, while the Commission and the Swedish and Danish presidencies played significant roles as well.

The first main problem identified in this chapter is the diffuse structure of the Dimension, for instance the choice of not setting up any organizational structure or designate one single organization to be the main implementer of the policy and not setting up a financial instrument for the implementation can be claimed to be obstacles for an effective implementation of the ND. In continuation of this, a second problem identified is the few and weak links between the sub-regional, regional and EU levels, which to a certain degree has been counterproductive in regards to creating the needed coordination between different projects and programs within the ND area. The third main problem is the three Baltic States' westward orientation and attempts to isolate the Russian Federation. A fourth problematic aspect is Norway, Iceland and Russia not being members of the EU and therefore having a lukewarm position towards the Northern Dimension, because of their half-in and half-out roles.



# 5 Policy Implications

I will now turn to the problematic characteristics of the Northern Dimension initiative, identified in the preceding chapter and try to provide some solutions to these problems. In the above analysis several problematic aspects were identified, which can be divided into two broad categories; *the functional dimension* and *the East-West dimension*.

## 5.1 The Functional Dimension

The first problematic dimension covers the lack of a designated organizational body in charge of the implementation of the Northern Dimension, the lack of institutional linkages between the sub-regional, regional and EU levels and the lack of an adequate financial instrument. Additionally, the problematic aspects regarding the fact that most countries are EU members, while two countries, Iceland and Norway, are EEA members and the Russian Federation is entirely outside have impacts on the functional dimension of the Northern Dimension.

The relative lack of success within some fields of the ND can be seen in light of the above mentioned problematic aspects. The choices of not setting up any financial mechanisms nor creating any additional organization or specifying one organization to be in charge of the implementation of the ND, have created the need for creating these at a later stage. Thus, these choices have to some extent hindered an effective implementation and linkages between the levels to evolve. Therefore, one can argue that the setting up of separate financial mechanisms for the ND would enhance the process of implementation in the operationalization stage of the ND.

Furthermore, a solution to these problems could be to take into consideration the successful partnership structures of the NDEP and the NDPHS. The success of these partnerships can be explained by at least two factors; *successful financing mechanisms* and *strong leadership* in the implementation of projects. These partnerships have been founded on the background of specific needs and specific objectives stated in the action plans under the umbrella of the Northern Dimension initiative. The stakeholders involved have been active and committed in the work and been equal partners within the frameworks and it can be argued that this has created some social practices, which have contributed to the success of the partnerships. (CEC 2005:2)

The second identified problem under the functional dimension is the fact that three countries are not members of the European Union. These countries are diverting attention to other institutional settings and to some extent feel left out or half-in and half-out of the institutional setting under the Northern Dimension. The lack of commitment from especially the Russian Federation has been one of the weaknesses of the Northern Dimension policy and the main aim should now be to have Russia, Norway and Iceland as parties, which would create more commitment to the policy (Interview with Lindroos).

This situation can be dealt with by involving the external actors in an even more inclusive manner. In the earlier action plans and strategic documents related to the Northern Dimension, the non-EU member countries have been referred to as *partners*, while the EU member states were the *parties* of the ND. Traces of a development towards a more inclusive approach can be seen in the new “*Guidelines for the development of a political declaration and a policy framework document for the Northern Dimension policy from 2007*”, in which both EU and non-EU member countries are referred to as *parties* (CEC 2005:1). This development could indicate a new approach towards treating all state actors as equals within the Northern Dimension framework, and thereby stimulating to an enhanced feeling of commitment and involvement in the Northern Dimension regime. This is, furthermore, underlined by the joint press release issued after the IV Northern Dimension Ministerial meeting held in Brussels in November 2005, where the parties attending the meeting:

*“(...) agreed that the Northern Dimension enters a new and reinvigorating phase in which all parties share ownership and attachment to its principles, structures and activities.”* (Council of the European Union 2005:2)

## 5.2 East-West Dimension

The second problematic dimension includes the problem of the new European Neighborhood Policy and how the Russian Federation is not a part of this policy. In continuation of this, the relationship between the four common spaces, the NDI and the ENPi might pose a problem in the future context of the Northern Dimension initiative, and therefore has to be taken into consideration. Furthermore, the Baltic States’ attempts of isolating Russia and the signs of tensions between ‘the West’ and Russia, latest observed in a speech by the US Vice President Dick Cheney, in which Russia is accused of using oil and gas as tools of intimidation and blackmail (Cheney 2006, Whitehouse website), could be problematic from a regional Baltic Sea regime integrational perspective.

The four common spaces can be looked upon as broad cooperation frameworks for the EU-Russia relationship and are therefore covering the whole EU area and Russia, from her western border all the way to Vladivostok (Interview with Lindroos). Nevertheless, the Northern Dimension initiative has to be revised and take these common spaces and their roadmaps into consideration when the new policy framework is forged during the fall of 2006. As stated in the *guidelines* for the new policy framework: “*The new ND should be considered therefore as a regional expression of the Common Spaces*” (CEC 2005:3). The four common spaces and the two partnerships, the NDEP and the NDPHS have been suggested to be the main ND sector divisions in the new policy framework.

Subsequently, one solution could be to learn from the positive experiences from the partnership model formed by the NDEP and the NDPHS and copy these partnership structures to the other four main sector divisions, thus creating one partnership for each of the common spaces. These partnerships would then be the regional expression and could, as emphasized by the Commission: “*(...) identify areas of cooperation where a regional emphasis would bring added value.*” (CEC 2005:3) In other words, in order to avoid these partnerships being redundant, it is essential that they have concrete projects to work with, which to a certain extent has been a problem within the NDPHS, according to Lindroos (Interview with Lindroos). But, the partnership model has clearly proved itself to be an effective model for cooperation, especially taking into consideration the funding structure, bringing in the IFIs as core actors in the implementation phase, but of course, under the auspices of the regional organizations and the parties of the ND. Consequently, the funding structure could draw on the structural funds under the ENPi, soft loans from the IFIs and donations from the parties involved. The main focus being to create a strong funding base for the partnership, guaranteeing commitment from all parties and actors involved.

The problem of the Baltic States’ attempts to isolate Russia and the tensions that can be observed between the Russian Federation and these countries are, as pointed out by Lindroos, not directly affecting the ND policy, because they are mostly bilateral issues and should stay on a bilateral level (Interview with Lindroos). However, tensions in one level will always affect the cooperation in other levels. The gas pipeline issue between the Russian Federation and Germany, even though not handled under the ND umbrella, has been illustrative of the tensions between Russia and the Baltic States, but, as Joenniemi points out:

*“(...) in that context, the Balts and the Poles have been very upset about Germany and Russia getting close to each other and making a deal.”* (Interview with Joenniemi)

Therefore, it might prove successful, if the hot topic of energy could be brought under the umbrella of the Northern Dimension. According to Lindroos, the Finnish presidency will look into and try to find ways of incorporating this issue into the environmental partnership under the ND policy.

## 5.3 Concluding Remarks

The Northern Dimension has been identified as an umbrella policy, constituting a multi-issued and multi-leveled regime. The Finns and to a certain extent the Swedish and Danish presidencies functioned as gatekeepers and the former Finnish Prime Minister Lipponen was the individual leader behind the initiative. The main driving social forces were the Finnish interests, the EU's position in the Baltic Sea region and the norms and principles behind the EU policies.

The main problems in the implementation of the ND have been categorized into two broad categories; the functional and the east-west dimensions. The following solutions have been suggested, first, to embrace the non-EU actors in a more inclusive way. Secondly, the diffuse institutional structure of the policy has to be made clearer, especially the linkages between the various institutional levels. Thirdly, the success by the partnerships in identifying problems and implementing solutions, set up under the umbrella of the Northern Dimension, has been identified as one possible model for the future cooperation. The partnership model could prove successful in bringing parties, currently drifting apart, closer together under a policy umbrella built on mutual understanding and on the principal that all involved actors are equal parties.

Fourthly, the partnership model has proven successful in raising the adequate funds for implementing projects and programs within the environmental issue area. Building on these experiences, it might also prove successful to copy these solutions to the other issue areas under the Northern Dimension umbrella, taking into consideration the regional aspects of the four common spaces between the EU and the Russian Federation, drawing on the structural funds under the ENPi, soft loans and expertise from the IFIs and on donations and contributions from the parties themselves. Hence, diverting attention to establishing sufficient funds and focus on concrete projects to implement.

## 6 Epilogue

I will now present some needs for further research within the area of the Northern Dimension initiative and make some short reflections on the theory of science in regards to reliability<sup>13</sup> and validity<sup>14</sup> of the conclusions made in this thesis.

### 6.1 Further Research Perspectives

The Euro-Mediterranean Partnership (Euromed), also called the Barcelona process, has been identified as a model for the Northern Dimension initiative. The reasoning behind both policies has been to include non-EU countries in cooperation to enhance stability and promote democracy and economic growth in the areas bordering Europe, thus creating a circle of friendly states in Europe's near abroad. This thesis has not focused any attention to the comparison between the two policies, which could have uncovered strengths and weaknesses in both policies. One could argue that a thorough case comparison between the Euromed and the ND initiatives could have provided knowledge on how to develop the ENP in relation to the Eastern dimension of the EU, thus given more impetus to the new member states to form and develop similar initiatives, contributing to stability and growth in the Eastern part of the EU's neighborhood.

The Northern Dimension as a policy framework is being strengthened and will be the northern regional expression of the EU-Russia relationship and the four common spaces. Therefore, another perspective, which needs closer study, is to identify the issue areas that can be solved on a regional level, within the Northern Dimension policy framework. In other words, a more detailed analysis of which issue areas that might give added value to solve at the regional level is needed, in order to identify the areas for which partnerships could be formed.

A third perspective in need of further research is how to further develop the Northern Dimension area into a region in the minds and hearts of people by for instance branding the Baltic Sea region. This is pointed out in BDF's latest *State*

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<sup>13</sup> Reliability is the question if the gathered empirical data can be trusted, for instance raising the question if a representative population has been picked out as informants. (Olsen and Pedersen 1999:313)

<sup>14</sup> Validity covers the relationship between what has actually been studied and what was intended to be studied, underlining the question if the study has targeted the area in such a manner that valid conclusions can be drawn from it. (Olsen and Pedersen 1999:309)

*of the Region report* as one of the main future challenges (Ketels and Sölvell 2005:63). By branding the region more effectively, the region would become more visible, thereby strengthening the region's position on both national and EU agendas.

## 6.2 Reflections on the Theory of Science

One of the weaknesses with regard to the reliability of this thesis is the number of interviews, which the conclusions are drawn upon. The thesis started out to be based on 4 qualitative interviews, which were going to be performed with four relatively high profiled actors within the Northern Dimension policy community. Unfortunately, only two of the planned interviews were possible to perform for different reasons.

Four qualitative interviews would be a small number to draw conclusions from, and the thesis could be criticized already with this starting point for lacking both scope and depth with regard to qualitative empirical findings, enabling reliable conclusions to be drawn. It is recognized that more interviews with informants representing a broader range of countries and types of actors would have enhanced the reliability of the conclusions made in this thesis. Therefore, it would also have heightened the reliability of the conclusions of the thesis if I could have performed interviews with actors representing all the countries involved in the Northern Dimension, in order to trace the different national opinions on how the Dimension should have been formulated. This would have made it more straightforward to reproduce the thesis and to arrive at the same conclusions.

The focus of this thesis has been on the formation and operationalization of the Northern Dimension as a regime. This has been done in order to identify the challenges facing the Northern Dimension regime in the future. From a validity point of view, it could be argued that more focus on the effectiveness and the monitoring of implementation could have improved the validity of the thesis, by increasing the possibilities of identifying challenges. Identifying the reasons for the lack of effectiveness of a regime can be argued to be a way of identifying challenges to the regime. Effectiveness can be interpreted in various ways, among others by the effectiveness of the regime to solve the problems the regime was established to solve, in other words, the goal accomplishment. Another indicator for regime effectiveness is implementation and compliance, while a third factor is behavioral consequences (Young 1999:109-110). It can be argued that more focus on these factors, developing an understanding of the effectiveness of the Northern Dimension initiative in a regime theoretical context, would have enhanced the validity of the conclusions in this thesis.

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# Annex I - Transcription of Interview with Pertti Joenniemi

Senior research fellow at the Danish Institute for International Studies  
26 April 2006

## 1. Regime formation

### a. In your opinion, what was the background for initiating the EU's Northern Dimension?

*Well, I think it pertained to that there was open space, which had to be administered and the European Union had to develop policies vis-à-vis the North. And whereas the European Union at that juncture didn't have explicit policies that gave the new member states, like Finland, the opportunity to take the initiative and try to ride on regionalization in the North. I think the idea was from a variety of sources, but one of the interesting sources is that the Norwegian thinking as to the Northern Areas and the Barents initiative, which was very much coined in the view of Norway then joining the European Union. While this did not take place and Finland was not very happy about the Norwegian active policies vis-à-vis the Soviet Union and then Russia, Finland became free to utilize a similar strategy and that then got the name of the Northern Dimension.*

### b. Who would you regard as the main agenda setters behind the Northern Dimension Initiative?

*Well, you mention Lipponen in your text and that is interesting because the initiative didn't come from foreign ministry or the foreign minister, but from the prime minister's office. So it was very much a Lipponen type of initiative. And he was in charge of playing vis-à-vis Brussels.*

### c. Who would you consider the main leader behind the Initiative?

*Clearly it has been the three Nordic European Union member states. And Norway has also contributed to some extent, although from the sideline. Whereas, Poland, Russia and Germany have been relatively passive and also the European Union itself has, so to say, reacted rather than being proactive about the North.*

- d. Did Finland, Sweden, Denmark and the Commission play different leadership roles, and how would you characterize these roles? Did they have different agendas?**

*Yes, sure, all of the Nordic countries have their own understanding of where the emphasis should lie. Sweden was emphasizing the Baltic Sea region, Denmark as well, Denmark was emphasizing the North Atlantic aspect, Norway was looking to the North and Finland had very much the Baltic Sea region and Russia in mind, so each of them had to some extent different profiles. But, I think there was also sufficient coordination, so there was a competitive relationship, but within an overall cooperative pattern.*

- e. Was there any particular person behind or contributing to the initiative that you would point out?**

*No, it became rather official, I think, and the foreign ministries have since the launching of the Initiative been stepping in and the Nordic countries could be rather active, three of them having European Union presidencies and there it seems that they have the coordinated cooperation as well. So it was less a matter of personalities, more than of ordinary policy making, where the foreign ministries were rather crucial.*

**So there were no specific persons that you can think of?**

*No, not that I can think of, no.*

- f. Regarding the process of putting the Northern Dimension on the agenda, as you see it, could Finland have included the other Nordic states and the Baltic/partner countries in another way?**

*Well, possibly yes, but Finland didn't and I am not informed about to what extent there was consultations in advance. My hunch is that there were not terribly much, not even within Finland. It came a little bit as a surprise from the prime minister's office and initially the initiative was rather open-ended. There was, for example, an emphasis on Canada, northern areas, the United States being involved and so forth. So, one hadn't even consulted Brussels about it. And once consulting, then the US dimension, the Canadian dimension, the Northern North dropped out more or less of the picture. There was less emphasis on security, I think.*

- g. Would you suggest any adjustments to the Finnish strategy?**

*How do you mean?*

**Well, would you see it as a better way if they had included both Brussels and/or the Nordic countries in the drafting of the initiative?**

*No, not necessarily, I mean, the Swedes, particularly, were a bit passive then and they talked of the Nordic dimension, which so to say includes Sweden in a rather strong manner, but the initiative was the Northern dimension and that I think was a deliberate sign in the sense of not having a traditional and Nordic emphasis. Nordic emphasis would have perhaps irritated Brussels more strongly than calling it Northern, so there was a deliberate de-emphasizing of the Scandinavian or Nordic profile in the sense that Denmark was rather European Union critical, Norway had decided to remain out, and Sweden usually has had the habit of taking over whatever is put on the table. So in that sense, I think, not so to say, playing it Nordic was a deliberate strategy.*

**But, if they had included a broad specter, like all the Nordic countries and the Baltic countries in this drafting process?**

*Well, at that point it was not much point in including the Baltic countries and nor would they have been terribly interested in such an endeavor. Their emphasis was very much going West and not to play it regionally or to do it in a context where the proposal was to have Russia as an equal partner. And in that regard, the Baltic countries would not have been a very natural partner in the endeavor.*

**Is it still like this?**

*I think it's still like this. There are perhaps even more tensions currently, than used to be the case, previously, although it is a mixed pattern. Some time ago, the Finnish foreign minister and the Estonian foreign minister for example had a joint article in Estonian and Finnish dailies advocating active policies as to the Northern dimension. So, occasionally, also the Baltic countries have been onboard.*

**But, it's not very often?**

*No, it's not very common and the Baltic countries are explicitly on the record trying to keep Russia out and keep the borderline to Russia rather sharp. So, you clearly have different approaches and strategies among the Nordic countries and the Baltic countries.*

**Is this because of the historical background?**

*Clearly because of historical reasons and the Baltic countries now being European Union and NATO members and developing policies of their own. And they have regional policies, but part of the regional policies is to keep, so to speak, Russia out.*

## **2. Functional dimension**

### **h. Have the multi-levels (sub-regional, meso-regional, regional and international level) of the Dimension posed any practical problems in the initiation and implementation phases of the Initiative?**

*No, it clearly was a kind of top-down initiative in the sense coming from the Finnish prime minister, but the background was that there were considerable dynamics and dynamisms in the region in a kind of bottom-up type of manner, which then led to various forms of Baltic Sea region cooperation and cooperation up in the North. So, in that sense, this was also a way of capitalizing on bottom-up types of dynamics.*

### **But, have there been any conflicts between the different levels?**

*I haven't traced any. Within the Initiative there is space for activities at various levels and in the Finnish case for example there has been series of meetings where the government has tried to dynamize local and regional actors, there has been meetings Oulu and there's been meetings in Lappeenranta where the prime minister has been present, where the idea has been to pull forces together and that has, I think, worked in a rather harmonious manner.*

### **As I understand you, you would emphasize the bottom-up patterns in the implementation phase, what consequences do you think that has for the effectiveness of the Northern Dimension?**

*Well, within the Northern Dimension there haven't been any bottom-up types of activities as such, because they usually fall under the umbrella of Nordic cooperation, cross-border cooperation, city-twinning, Barents cooperation, North Calotte cooperation and so forth. So, the Northern dimension has more turned into a kind of an umbrella concept, where the various administrative bodies and political bodies come together. So, within the Northern dimension as such we haven't had too many bottom-up type of initiatives. If one looks into various financial schemes and so forth you usually see some European Union money or Nordic money going to some project and there the pattern has been top-down rather than bottom-up.*

### **Do you think that this kind of tension between the bottom-up tradition in the especially in the Nordic cooperation and this top-down implementation or decision-making in the Northern**



**Dimension context, do you think that is a hindrance for an effective implementation of the Northern Dimension?**

*No, I don't think the tension has been very formidable or even very visible. If decisions are made and money comes, why should regional actors, local actors resist or protest or anything such like. No, I don't think there is too much of a tension between local, regional, and let's say intergovernmental level or the European Union level. This is part of a kind of rather pluralistic regional development and the Northern in this regard has been one of many initiatives in Europe's North. So, if one isn't happy with this, then there is another way of playing the game. So, it hasn't been very contentious. What has been, so to say, characteristic for the debate is not conflict, but whether the Northern Dimension is something or whether it isn't. Does it have a meaning or does it not have a meaning? And the skeptics have been more pronounced than those who are unhappy about some particular way of implementing the scheme.*

**3. East-west dimension**

- i. In your opinion are there any historical ties from the Cold War era that is still hindering the development of effective cooperation and institution building within the Northern Dimension area today?**

*Well, there is in the sense that if one looks into the politics of Poland and the Baltic countries, they are not for regionalization and they are not for inclusion of Russia. The gas pipeline issue is very indicative of this kind of thing, although, it should be noted that it has not been included under the umbrella of the Northern Dimension, but played as a kind of bilateral game. But, anyhow, in that context, the Balts and the Poles have been very upset about Germany and Russia getting close to each other and making a deal. So, there you clearly see that there are different understandings, aspirations and political games underway and some of them have a background in the Cold War history or even history prior to the Cold War, pertained to historical legacies.*

**They are actually trying to be a part of the West instead of being a part of the East cooperating with the West?**

*Yes, and if one looks into the politics of the Baltic countries, they clearly so to say emphasize relations with countries like Georgia, Moldova and Ukraine, formerly parts of the Soviet Union and want to integrate these entities into the West. It's a kind of policy of marginalizing Russia and perhaps even isolating Russia. And that goes also for the Baltic Sea region.*

**So that is really a problem if you want to have Russia as a major player or an equal player?**

*There are different readings as to the policy to be pursued if one compares the Nordic countries and the Baltic countries, if one compares the European Union policies the German policies and those of Poland and the Baltic countries. So there is not the kind of harmonious unified political setting. There are strings and tensions within that setting.*

- j. Does the fact that there are both EU member countries, EEA countries and non-EU/EEA countries within the Dimension pose challenges to the cooperation?**

*It has, in the sense that Norway has not been very thrilled about the Northern Dimension and Norway had it's Barents initiative and Norway is part of the European Economic Area and wants play that way and not so to say emphasize the Northern Dimension, which is a setting where Norway would a kind of half-outsider. And the same goes to some extent for Iceland, although Iceland has not been very important here. So, the answer is yes.*

**How can this be coped with? How could you solve this problem? Not to put words in your mouth, but emphasizing the Council of Baltic Sea States in both the policy formulation and implementation phase, would that be a solution to this problem?**

*No, that would not be a solution, because seeing it from a Norwegian point of view that could be a minus rather than a plus. So, I think, the solution to the extent that there is a solution could pertain to that the Northern Dimension is increasingly understood as a kind of umbrella concept, which includes Barents cooperation, Arctic cooperation, Nordic cooperation and Baltic Sea cooperation. But to get that down on paper is a problematic thing, because various countries have their own babies and there are bureaucracies and institutions fighting here and so forth. But, anyhow, I think the development has been going into this direction and in reality the Northern Dimension is a kind of umbrella concept. That's where, so to say, the activities in Europe's north increasingly are coordinated to they are coordinated in the first place. That I don't think Norway has any objections to, at least not very strong. But, you can clearly see that Norway has been a little bit lukewarm about the Northern dimension.*

- k. Does the fact that most decisions in the Russian Federation are done centrally in Moscow pose any problems for the cooperation within the Northern Dimension?**

*Yes, it certainly has and there have been tensions between the federal center and the various regions to the North, although, fortunately, the*

*relationship between St. Petersburg and Moscow has remained reasonably good. And there has been the Kaliningrad issue and so forth. Now, with the Kaliningrad issue largely is sorted out, it's no longer a kind of potential obstacle to Russia-EU cooperation, but it has had some impact. There have all the time been different readings whether Kaliningrad should be on the agenda of the Northern dimension or not and more recently Russia has been inclined to take it out and separate it from Kaliningrad. So, this is not a big issue, but it's certainly has some impact and one has to pay attention to that during the Jeltsin-period Moscow had severe problems with the regions getting too much power and now the situation is perhaps normalized and in that sense one should not read too much into the question.*

**But, I've just read that after Putin took over, much of the power that the regions gained under Jeltsin has been withdrawn and more and more moved towards central decisions?**

*Yes, that's correct, but now the situation is more stable and there seems to be trust between the regions and Moscow. So, that shouldn't be too much of an obstacle under the current conditions.*

**l. In your opinion, is the lack of strong institutions and market economy in the Russian Federation and to some extent in the three Baltic countries influencing this cooperation?**

*No, I wouldn't say that. I mean, Russia has market economy and in that sense there isn't much of a difference. It may have market economy of its own kind, but then there are all kinds of economies in the region. So, I don't think that is much of an issue.*

**m. Are there any other obstacles in the south-eastern part of the Northern Dimension area you would point out as challenges to the development of an effective cooperation?**

*Yes, I think you should pay much attention to that now the European Union has devised a policy of its own, an explicit policy of its own, the European Neighborhood policy and with the Baltic countries and Poland actively onboard and using the ENP and whereas Russia is not part of the ENP initially, but was meant to be, but no, but then Russia is member of or part of the ENPI, which is a financial instrument. So Russia is half in half out. Whereas Norway and Iceland will remain outside, so that creates new constellations. The Northern dimension could fly as long as Brussels didn't have an explicit policy of its own, but now it has. So, increasingly, the Northern dimension has to be coordinated with the ENP. And the ENP is conditionality and is a very strict policy designed on the basis of the Acquis. That creates a new*

*constellation. The only relevant country in the North, which could become a member, is Russia, so the North suffers clearly from that the ENP is the policy the European Union vis-à-vis the East, South and the North. That I think you should think about, very much that will influence the future of the Northern dimension considerably. The overall setting is now fixed and very different from what it used to be. If one wants to be active, then one has to take into account that the ENP is there and everything has to be harmonized with the ENP. And the financial instrument implies that by 2007 all these TACIS and INTERREG and all the rest will disappear. They will be integrated into one and single financial instrument and that of course has tremendous consequences, not only in regard to Russia, but also in the Baltic countries, Poland and so forth, because the name of the game will change.*

**So maybe if you look at the Northern dimension, would its time almost be up even though they are renewing the action plan?**

*It remains to be seen and that's certainly something which should be studied very carefully and which is important to study. One option is that, rather than riding on a uniform policy, which the European Union/Brussels is applying equally in various parts of Europe, the North is exempted. Instead, the name of the policy in the north is the Northern Dimension. Precisely, because Russia is part of the Northern dimension, but not part of the ENP. And it's very important, both for Russia and the European Union that there is kind of framework, which also includes Russia. End of last year there was a foreign minister's meeting as far as I can remember in Norway, and there the decision was that Russia should have the position of an equal partner as to the Northern dimension. If this is really so, and this policy is being implemented that would point to that the ENP is not general applicable for all of Europe, the North is exempted and the Northern dimension is a kind of deviation and main instrument relevant for the north. And if this holds true, this would be very interesting and a very important development, meaning that the Northern Europe to some extent plays by different rules than the rest of Europe and the name of those rules would be the Northern dimension, whether this then corresponds to what the Northern dimension used to be, that's a different matter and has to be studied. But, that would be the main umbrella, which, so to say determines the regional policies in the North. So look into it. I recommend very warmly, that's a very important and highly interesting issue, rather than focusing on the early days of the Northern dimension, there might be a very different Northern dimension emerging, but far more important, perhaps.*

- n. Are there any obstacles in the north-western part of the Northern Dimension area you would point out as challenges to the development of an effective cooperation?**

*Well, I mentioned the lukewarm position of Norway and also Denmark has been quite reluctant to include Greenland and Faeroe Islands into the Northern dimension context. For obvious reasons, Denmark wants to keep these as internal matters and not internationalize these questions and make the relations regional or European Union related matters. And the cooperation in that region in that region has not taken off or developed well, so in that sense the western part is lagging behind, unfortunately. It would need some kind of scheme in its own, on level with Barents, on level with Baltic Sea cooperation, but that seems to be difficult to develop.*

#### **4. Regime interplay**

- o. Is the Northern Dimension building on the existing institutionalized cooperation within the Northern Dimension area?**

*Yes, to a large extent. If it develops into a kind of umbrella framework, then the other institutions would be, so to say embedded within the Northern dimension framework. That is increasingly the case. So, you are right, yes, although everybody doesn't agree or contribute to that idea, but to some extent that has been the way things have been developing.*

- p. In your opinion, in what way has this facilitated the agenda setting and the implementation of the Northern Dimension Initiative?**

*Well, it has facilitated in the sense that there has been a clear need coordinate, not to repeat policies from one context to within another. There has been too much repetition and that sort of thing, so the need for coordination has been crystal clear. Seen from Brussels, but also from the capitals perspectives, and in that sense, there has been a role and very natural function for the Northern dimension.*

#### **Do you have any examples?**

*Yes, I mean, if one looks into the various officials coming together, that is precisely what they are doing, when so to say, those representing Arctic, Barents, Nordic and Baltic cooperation are coming together and the Nordic Council of Ministers increasingly seems to have a kind of coordinating role, because they have a strong bureaucracy and they have the money and they have the experience. It's the Nordic countries which have been so to say supporting and promoting the Northern dimension.*

#### **Do you see any role of the Baltic Council in this?**

*Well, it's one of the councils, but only one of them and of course they want to have certain autonomy of their own, but they are part of the overall pattern.*

## **5. Policy implications**

- q. In the upcoming Finnish presidency how can they adjust the current strategies in order to enhance the Northern Dimension's overall impact, also in light of the ENP as you mentioned?**

*They seem to be interested in working in this direction. The agenda is rather packed for the Finnish presidency, but I seem to detect some efforts in that direction. But, the way they do it, they of course have to consult it's not a matter of unilateral initiative. And it remains to be seen, simply. But it very much has to do with the relationship between the ENP and the policy of Brussels and the local actors. So that relationship has to be devised and if Brussels and Russia agree that in Northern Europe it is the Northern dimension that counts rather than the ENP then it would be for the Finnish presidency to implement and provide flesh for this kind of idea.*

**But, if they don't agree there will be bigger challenges?**

*Well, that is a precondition of course that there is agreement between the major players, but looking into what already took place as far as I understand at the foreign ministers level end of last year at the meeting in Norway, the preconditions are not bad at all. But, this is certainly something to look into.*

# Annex II - Transcription of Interview with Bo Lindroos

**Counselor at the Finnish Embassy in Stockholm, Sweden  
4 May 2006**

**The parts of the answers not written in italic have been added by Mr. Lindroos when he confirmed the transcription of the interview.**

## **1. Regime formation**

- a. In your opinion, what was the background for initiating the EU's Northern Dimension?**

*The background, of course was that Finland wanted to put Northern Europe on the EU agenda, because, I think, it was not in the Union focused so much on the Northern Parts, and of course until '95 only one of the Nordic countries were member and that gave an opportunity, that after, we of course got these Councils; the Nordic Council, the Barents Council and the Artic Council into place through different initiatives, but that was not enough and so in that sense then the Union and the Commission had worked with Baltic Sea questions quite a lot, but in Finland the thinking was that it was not quite enough. You also needed to involve Northwest Russia and all the Northern Area.*

- b. Who would you regard as the main agenda setters behind the Northern Dimension Initiative?**

*In the beginning of course it was Finland and through our, at that time, Prime Minister Paavo Lipponen. It's quite clear that he took up this question as an initiative. Of course it had been mentioned also before in Finnish speeches and so through President Ahtisaari and so on, but in the really serious sense it was Prime Minister Lipponen that took this up in his speech in Rovaniemi in '97.*

- c. Did Finland, Sweden, Denmark and the Commission play different leadership roles, and how would you characterize these roles?**

*I would say that in the beginning all the way up to the Finnish presidency in '99 it was pretty much in the hands of Finland, but of course Sweden supported us all the way from the beginning and they had a big chance when they had the EU presidency in 2001. So you could say that Sweden was quite active also in the Northern Dimension*

questions during its own presidency. The Northern Dimension got its action plan in 2000 at the summit in Feira and at that time it was quite timely to have Sweden as chair in the Union in 2001. When you talk about Denmark it's quite natural that they have been a little bit more on the side than Sweden and Finland, but they focused quite a lot on the cooperation in the Baltic Sea area and not so much in the high North as do Finland and Sweden and also Norway. On the other hand, it was very much Denmark that underlined the need for special attention for the Arctic in the second Action Plan - because of Greenland. You know, this Northern Dimension from the beginning was quite a unique setting, because it was 15 EU member countries implementing a EU policy, but together with the partner countries and Norway and Iceland of course as Nordic countries very important, but also of course Northwest Russia the northern parts of Poland and Germany and the Baltic countries. So it was quite unique setting and is still now, when it's changing in the coming year, when it will be even more unique as the earlier partners, Russia, Norway and Iceland actually will be parties in the policies.

**d. Did they have different agendas?**

*No, I wouldn't say that we had different agendas, only different the levels of activities I would say, because in Finland the Prime Minister Lipponen was very active in the Finnish national agenda he held quite a lot of so-called Northern Dimension forums in Finland. Some of them were international, like in Lappeenranta and also in Kajaani about Arctic questions and so on. So they were quite big events, for example in Lappeenranta we were 500 people, with the Russian vice Prime Minister in place, Commissioner Wahlström and Commissioner Liikanen and so on, quite big events. So Finland held this leading role during that time, in the beginning of the first action plan.*

**e. You mentioned the Prime Minister Lipponen, was there any particular person behind or contributing to the initiative that you would point out?**

*You mean from the beginning?*

**Yes, and all the way through.**

*I actually think it's quite easy to say that it has been Prime Minister Lipponen's baby - his policy - and he has taken it up quite heavily, also in the relations between the EU and Russia and also always is on the agenda between Finland and Russia to have this on the agenda.*

**f. Regarding the process of putting the Northern Dimension on the agenda, as you see it, could Finland have included the other Nordic states and the Baltic/partner countries in another way?**



*No, I don't think that it was any problem in including the Nordic countries in the initiative and implementing part. It was not an easy one, you know, because also the role of the Commission, Finland from the beginning as it is said in the Action Plan had agreed upon, but the Commission itself should the so-called lead role of implementing, together the member countries and the international financial institutions. So in that sense it was quite a success, but it was managed to create this partnership on environmental questions, the Northern Dimension Environmental Partnership already in spring 2001. This was quite creative thinking and agreed upon, but this should be put together. And when Finland and Sweden, especially Sweden in their presidency did quite a lot of work to get the other countries to take part, and the Commission and Patten took up the question and had a donor conference and so on. So it's quite a remarkable result and in that process also the Baltic countries were quite involved, also Denmark was contributing to the partnership. So I don't see any discrepancy between them. Of course, the Baltic countries were partners, so they were not so involved. You also have to understand that inside the Union, I think, it was also not that clear for all member countries that you should have this kind of Northern Dimension policy and many countries said that this is EU policy, you should not give it over to any partners, to the Baltic countries to decide what to do.*

**You mentioned that in the new framework for the Northern Dimension for 2007, those partner countries now, will be parties, how do you think that will be managed on a practical level?**

*I think that it should be quite clear. I think that already in earlier decisions they have decided on to have these senior official level meetings regularly and also the ministerial meetings for the Northern Dimension to have a review on how the policy is going, so I don't expect much or any change in that. The meetings have not been very often, but there will still be meetings on a regular basis. These parties can take part on a senior official's level and also ministerial level. So in that sense I think that is totally in order. There may be need for a joint, more operational body (steering group) between the four (EU, Russia, Norway, Iceland) to meet more frequently.*

**But, will the parties be on equal level as the rest of the EU members in the decision-making process?**

*Yes, that's the idea now. Because that's been one of the weaknesses in the Northern Dimension policy until now, and we haven't had the commitment from especially Russia, because already in the Northern Dimension ministerial meeting when it was decided on the second Action Plan, Russia was quite skeptic and said they themselves had not been involved in drafting the action plan, so they didn't think it was quite committed to it. And that has been the weakness in the policy. So I*

*think the main aim should be to have Russia, Norway and Iceland as parties, it will also be more commitment, and I think Russia has quite clearly indicated that this is a good thing*

## **2. Functional dimension**

- a. Have the multi-levels (sub-regional, meso-regional, regional and international level) of the Dimension posed any practical problems in the initiation and implementation phases of the Initiative?**

*No, I think it has been quite a good thing, you see that many actors on many levels, also regional organizations and also sub-regional organizations have taken this policy as an umbrella policy and in that sense it has given for example for the regional councils quite good synergy to work on issues that are so to say determined in one action plan, but common issues, let's say the environmental issue for example, it's quite clear that all the four main big councils in the North, the Nordic Council of Ministers, the CBSS, the Barents Euro-Arctic Council and the Arctic Council, they all have environmental questions on the agenda and also in the same area you could say, the Northern Dimension area as described in the Feira Action Plan, in that region, you could say that all councils work in for example environmental questions and the Northern Dimension has given quite a good umbrella for what to, what are the main topics and should be done. So I think it's given more focus and put also targets to the sub-regional and regional actors.*

The regional councils have an important role in identifying needs for development and regional cooperation and they support project implementation in different ways.

- b. Would you say that the initiative is mostly implemented at the sub-regional (twinning of cities, networks of cities, municipalities etc.) and at the meso-regional level (CBSS, BEAC etc.) constituting a bottom-up approach or would you say that the implementation has been controlled top-down?**

*I think it's both. It's actually both in the sense that you have a political level, where you have a discussion of the aims and targets and objectives of the policy in the North and when you go down to the implementation it's also a question of money and in that sense the regional councils, some of them for example the Nordic council of Ministers has quite a big budget for projects and that could be considered as for the Northwest Russia for example and the Baltics and could be considered as Northern Dimension projects. Because you also have to remember that the Commission never wanted to have a short list of any projects that you could call Northern Dimension projects, so they wanted to have new initiatives and new common actions, you could say and also projects that developed from the action plan and I think some*

*of these councils have worked really towards this aim to find new projects and sometimes together also. But the question of course has been when you use EU money it mainly has been TACIS money for Russia and INTERREG money for the member countries plus national funding.*

**Now, when the TACIS financial instrument is incorporated in the European Neighbourhood Partnership Instrument, how do you think that will affect the Russian case, because Russia is not incorporated in the European Neighbourhood Policy in itself?**

*Yes, not in itself, but they have been considered as a strategic partner. I think it's still is totally possible to use the neighbourhood instrument also in Russia, because I don't recall that the Union has so to say said no to that ENPi would not be used in Russia. In the ENPI draft regulation it is clearly stated that the new instrument covers Russia and the ND.*

**No, they have said that it will.**

*I don't think Russia will have anything against it, because Russia from the beginning have always asked where is the new money, because they also have asked the Union, why doesn't the Northern Dimension have it's own budget line and so. That has been quite frequently asked by the Russians, so now when we get this new instrument that combines INTERREG and the TACIS money together to one instrument, I think the Russians also understands that this should be a positive act on the cooperation and of course I think also that if they now become parties, I think we're thinking about the co-financing will also change, I hope they really will find also national money in projects.*

**So you don't see any problems. But how would you place the Northern Dimension as a policy in relation to the ENP and also the ENPi?**

*I think it's quite good that now the Northern Dimension actually should be put more in a Russia-EU context in that sense that the Union has agreed upon the roadmaps and the four spaces. And actually you should also look into the Northern Dimension policy as one part of implementing these four common spaces and in that sense also the neighbourhood programs should be seen in a larger context, also if you discuss Russia in that sense. (So I think, from a Northern Dimension policy, it will be quite positive the ENP.) The ENP as a policy does not cover Russia and the ND, EU-Russia policy is a separate matter, a strategic partnership. The Financial Instrument ENPI covers both the ENP countries and Russia (incl. the ND). We will maybe also have a stop on the discussion about some Eastern Dimension, you know some new member countries have earlier talked about that the Union should*

*have an Eastern Dimension. So I think this neighbourhood policy will have a good effect.*

### **3. East-west dimension**

- a. In your opinion are there any historical ties from the Cold War era that is still hindering the development of effective cooperation and institution building within the Northern Dimension area today?**

*If you think about the relation between the Baltic countries and Russia, maybe, of course there are many other questions that are involved, but in that sense the Baltic countries I think should see and I think also they will see that the Northern Dimension policy gives them the opportunity to be active in also the EU-Russia relations in the future. And we are quite glad that the Baltic countries are activating themselves. For example in the beginning of June, there will be a Northern Dimension seminar in Tallinn arranged by Estonia and Finland (Sweden is not one of the organizers). In that sense, it gives a very good picture, but also that Estonia is interested in to be more involved in this. They have also been partners in the second partnership in the Northern Dimension Social and Health Partnership. There the Baltic countries have quite extensively taken part, because it's a very interesting theme for them to talk about, national health questions.*

**But, the border issues, for example, between the Baltic countries and Russia?**

*I think that doesn't relate actually to the Northern Dimension policy, in that sense. I think that's a bilateral question between Russia as on part and Latvia, Lithuania and Estonia should solve themselves, you know, because I think it's a question of formulating this earlier history and how to describe it and if Russia wants to acknowledge anything or not, but I think it doesn't have input on the Northern Dimension policy as such, I think the cross-border cooperation between the countries continues. Russia and the Baltic countries take part in INTERREG cross-border projects together on a municipality level and regional level. So this border question is mainly on a Moscow level.*

- b. Does the fact that there are both EU member countries, EEA countries and non-EU/EEA countries within the Dimension pose challenges to the cooperation?**

*Yes, of course, and I also think it gives big opportunities, you know. It's quite interesting that it should make the policy stronger actually. It's not only for EU members it's also the strong EEA country, Norway, especially contributions to the new member countries. It's quite a lot of money. It's about a billion euros a year to the new member countries, for which 50 per cent goes to the Baltic countries and Poland, and in*

*that sense these EEA money from Norway could be channeled to Northern Dimension projects, to co-financing projects, because that's quite clear that Norway has the same aims as the EU has in building the new member states.*

**But in decision-making phases, especially regarding that all countries are going to be parties?**

*I don't think that in the Northern Dimension policy maybe it's not that much of decision-making in itself. Ministers come together and have discussions and dialogue. You don't make any big decisions, but on the framework that will come as we talked about earlier, the parties will have influence and be equal partners to decide on that, so in that sense we don't expect any new problems. A joint operational body - a steering group- may be needed.*

**c. Does the fact that most decisions in the Russian Federation are done centrally in Moscow pose any problems for the cooperation within the Northern Dimension?**

*No, we think that implementing the Northern Dimension should be seen more as an advantage than anything else and in that sense it's quite clear that Moscow will have their saying and it doesn't change sense, the Northern Dimension policy, actually. You know, already today, the EU-Russia decision-making is made quite a lot between Brussels and Moscow.*

**But, in a regional perspective?**

*But, also in Russia some regions have quite good possibilities to take part in cross-border cooperation. For example in Finland, we have an agreement between Finland and Russia since 1993 that the regions close to Finnish borders, Murmansk, Arkhangelsk, Leningrad Oblast, St. Petersburg and Karelia, we all have possibilities and annual meetings with the governors for cooperation programs and these agreements give Finnish and Russian regions possibilities and they don't need to ask permission from Moscow on what kind of cooperation they are doing. It might of course be a little bit more difficult in the Pskov area and so on, but the Pskov region for example takes part quite good in cooperation together with the Baltic cross-border regions.*

**d. In your opinion, is the lack of strong institutions and market economy in the Russian Federation and to some extent in the three Baltic countries influencing this cooperation?**

*We don't think so in the Northern Dimension context, no. If there are various cooperation problems it depends maybe on the situation in Russia itself and its development, but it might reflect on the Northern*

*Dimension policy, maybe, but we don't have special problems for the Northern Dimension.*

- e. Are there any other obstacles in the south-eastern part of the Northern Dimension area you would point out as challenges to the development of an effective cooperation?**

*The question is a little difficult, I can't see through the question what you are hinting to.*

**No, well, I am not hinting to anything actually.**

*What is the southeastern part?*

**The southeastern part of the Northern Dimension is the three Baltic countries and Russia.**

*No, I don't think so, as we said the relations between the Baltic countries and Russia, they are also not only Northern Dimension questions. They are broader. And the border questions should be decided on bilaterally and some other questions of course if you consist minority and language questions and so on, it should be also solved bilaterally, but with the support from the European Union, but it doesn't actually reflect, I think, on the Northern Dimension policy.*

- f. Are there any obstacles in the north-western part of the Northern Dimension area you would point out as challenges to the development of an effective cooperation?**

*No, I don't think, if you mean the northwestern. I think as we talked about earlier, Norway is quite an active partner in many questions, up in the North they have quite big interest in energy questions, environmental questions, social and health questions close to their own border and also in national resources like fishery and so on. So we don't see any big problems up in northwest.*

#### **4. Regime interplay**

- a. Is the Northern Dimension building on the existing institutionalized cooperation within the Northern Dimension area?**

*Yes, actually you could say that from the beginning it was already quite clear that the Northern Dimension policy would be a coordinating policy and that there should be no new institutions and that means it still builds on the cooperation that already existed in the region. And in that sense the Northern Dimension you could say is a framework policy that comes through implementation through partnerships and also at the regional level, the councils you know we talked about earlier, where*

*governments work together and Russia, for example, is taking part on governmental level in Barents Euro-Artic Council, in CBSS and in the Arctic Council and the Nordic countries, all five are members in all these council and in that sense have quite a strong role to play and to coordinate the cooperation between the councils because all five of the Nordic countries also have this Nordic council of ministers, which is a strong council, because it has its own operative budget that it can use also for Northern Dimension projects.*

**If you look at the CBSS, for example, would it help this Council if it had a stronger secretariat and a stronger budget than it has today?**

*Yes, sure, I would say that it from, the council itself depends on what the countries want to be, but if you think about Northern Dimension policy and implementation of the policy, it surely would help if the countries would contribute to the CBSS and put up an own budget also for projects and implementation, not only for secretariat functions as it is today, but I don't know if all the countries that are members want to do that.*

**Do you know why it hasn't?**

*Yes, it's a long story. I have not been that involved in all the discussions. I am more a Nordic Council man. I have been working in the Nordic Council of Ministers.*

**Do you see any competition between these councils?**

*Maybe, it has been a little bit, but I think it's more and more coordinated now, especially the last two years. The councils come together, the chairs of the councils come together and have annual meetings. They already have cooperation memorandums of understanding that they should work together, for example CBSS and the Nordic Council of Ministers they are active partners in the INTERREG project BEN, a cross-border cooperation project in the Baltic area. So in that sense maybe competition is good in some sense, that you focus on the right things, but I think the governments want to streamline the councils in that sense they don't overlap. I think it is going better and better.*

**b. In what way has the Northern Dimension Initiative helped to develop synergies and improve existing cooperation?**

*I think, as I said in the beginning, I think it gave a framework, also for the regional councils and also for many other organizations, for example on the sub-regional level, the Union of the Baltic Cities, the BSSSC and these kind of organizations that work under the umbrella of*

*CBSS. They also got quite strong impetus from the policy itself, what to focus on, what is important.*

## **5. Policy implications**

- a. In the upcoming Finnish presidency how can they adjust the current strategies in order to enhance the Northern Dimension's overall impact?**

*I think, as we already earlier talked about, it should be a common policy for the EU and the three parties and the main aim is of course to get all the parties to be more committed to the Northern Dimension goals and objectives. And as we also earlier talked about, it's a good thing that now Russia, Norway and Iceland have their saying on what kind of framework document they actually will accept in the coming autumn on ministerial level. And that will happen during the Finnish presidency and it will be started up in January 2007. In that sense I think it is a good idea and the Northern Dimension should be seen as regional initiative and it doesn't cover all EU-Russia connections and cooperation. It takes up the regional questions in Northwest Russia on economic, environmental sectors, transport and energy and so on.*

**I have two more questions that I haven't sent you. I was studying these guidelines for a development of a new policy framework and also one of my conclusions in my thesis is going to relate to the two partner programs, the NDEP and the NDPHS.**

*You know that Finland actually has been working on a third one, in transport and logistic partnership for some time and it will be quite interesting to see if it will fly or not. I don't know if it will do it or not.*

**Because, what I would ask was, the guidelines are setting up 4+2 main headlines and the four headlines are the road maps and the two last ones are the NDEP and the NDPHS. Could it make sense in putting up similar partnerships for the four road maps in the same sense that they have put up on the environmental and for the health and social issues?**

*I think that's a little broader question, because I think, as I said earlier, the Northern Dimension also must be seen more narrowly, not that broad, also in geography and so on, because EU-Russia relations and the four roadmaps they cover the whole region of Russia, all the way to Vladivostok and I don't think it's wise if the Northern Dimension policy should do that, but how the Union and Moscow organize or would put up the roadmaps, I haven't thought about it myself, in that sense. Could it be in partnerships and that kind of thing, but I think it should be taken into account that the new partnership agreement between EU and Russia will be reviewed, if I am not wrong, I think it is in the end next year. And it should be renewed and looked into, if this kind of councils,*



*you know, PCA council that has been inside the agreement, how they have functioned and how much really concrete results that has come out of these. But, I think Finland will be quite active during its presidency on these questions of how the cooperation has functioned in this agreement. But, I haven't thought about these kinds of partnerships. I think, Finland will work for having this new logistics partnership and also will work for and look into the question if the hot topic energy somehow, maybe could be involved or taken into account in the environmental partnership.*

**But, you clearly see that these partnerships are models for how to cooperate?**

*Yes, they are one model for cooperation. And especially the environmental partnership has worked well, because it also has a very good funding base since the Commission committed itself, and the EBRD and the Nordic Investment Bank and some member countries and other countries contributed to the fund and in that sense you can really take steps to clean up sewage plants and other infrastructure.*

**Yes, that was actually my second question, because these funding structures have been very successful.**

*They are also different, the social and health partnership doesn't have this kind of fund.*

**They have a fund as well.**

*I think it's much smaller and in that to implement it has also been a little bit struggling in starting up, you have to have concrete projects, because it also builds on the old task force in the Baltic Sea area on diseases, so in that sense it has a background, and now it's a questions if the countries involved, partners and organizations will find concrete projects to work with. The NDPHS has a appropriations account for seminar arrangements etc. The partner countries also pay for the small NDPHS secretariat. The establishment of a project fund is not excluded, but so far the projects will be financed by the partners (and other contributors) on a case by case basis. Health care projects are not very interesting for int. financing institutions.*

**But, the funding structure?**

*It's weaker than that of the environmental partnership, quite clear, because you don't have the big international financial institutions that much involved and committed.*

**So maybe we should think more about how to include the big financial institutions?**

*Yes, that is one way to go and also the other international organizations are also very active in Russia, how could these be involved in the old partnerships and also maybe in the new coming partnerships.*

**Well, that was the end of mine questions.**

*Ok, that was a good discussion.*

**I will send you a transcript. Thank you very much for taking the time for an interview.**

# Annex III - GVA for Countries in the BSR

## Gross Value Added for the countries within the Baltic Sea region

	1993	1994	1995	1996	1997
Denmark	20730	22108	23620	24352	24968
Estonia	846	1153	1635	2068	2461
Finland	13121	14939	17465	17558	18696
Germany	19401	20317	21639	21558	21369
Iceland	17090	17161	17231	18355	21371
Latvia	644	1062	1155	1399	1744
Lithuania	596	908	1165	1536	2046
Norway	21191	21691	23175	25495	28034
Poland	N/A	N/A	N/A	2722	3060
Russia	N/A	N/A	N/A	N/A	N/A
Sweden	17476	18283	19385	21731	22242
<b>Average NW</b>	<b>18168</b>	<b>19083</b>	<b>20419</b>	<b>21508</b>	<b>22780</b>
<b>Average SE</b>	<b>695</b>	<b>1041</b>	<b>1318</b>	<b>1931</b>	<b>2328</b>

	1998	1999	2000	2001	2002
Denmark	25516	26832	28511	29516	30328
Estonia	2885	3051	3641	4103	4498
Finland	19907	20577	22474	23390	23991
Germany	21912	22468	22946	23430	23841
Iceland	23389	25437	29604	N/A	N/A
Latvia	1908	2230	2881	3219	3362
Lithuania	2316	2402	2943	3230	3571
Norway	26765	29651	36436	37993	40892
Poland	3403	3462	4086	4702	4586
Russia	N/A	N/A	N/A	N/A	N/A
Sweden	22341	23795	26287	24643	25814
<b>Average NW</b>	<b>23305</b>	<b>24793</b>	<b>27710</b>	<b>27794</b>	<b>28973</b>
<b>Average SE</b>	<b>2628</b>	<b>2786</b>	<b>3388</b>	<b>3813</b>	<b>4004</b>

<b>Average for the whole period (excl. Russia)</b>	
Northwestern part of the BSR	23453
Southeastern part of the BSR	2393

Source: Eurostat. Averages are based on own calculations  
[www.europa.eu.int/comm/eurostat](http://www.europa.eu.int/comm/eurostat)