

Guest Editorial

Estonia, the European Union and the New North

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I Introduction

Throughout Europe, states are rediscovering their common interests and forging new political, economic and cultural links with their neighbours. The search for closer ties on a regional level is an important element in these post-Cold War changes. New institutional and cooperative arrangements based on physical proximity, homogeneity and a sense of regional unity are being formed throughout Europe. These regional arrangements are rapidly integrating into the international system and becoming actors in their own right. The Baltic Sea region is no exception.

II Regional Cooperation in the Baltic Sea Region

Since 1991, policy-makers have touted the remarkable potential of Northern Europe and the Baltic Sea region. The concept of a Baltic Sea Region, however, is not new. Its roots reach back nearly a millennium: its historical heyday in the form of a trading union during the Hanseatic era.

These natural contacts were cut off during the Cold War. Fragmentation in the region was evident on many different levels. States around the Baltic rim had different economic systems, levels of development, qualities of democratic institutions, trade policies and attitudes toward foreign investment and the private sector. While not as symbolic of the East–West divide as the Berlin Wall, the Baltic Sea, stretching for hundreds of kilometres from Rostock to Vyborg, served as a physical barrier separating the capitalist west from the communist east. The sea became a more divisive force than man-made walls or fences.

Today, the Baltic Sea region is being held up as a model for regional development and cooperation. States around the Baltic Sea are rediscovering their common interests, forging political and economic links at an unprecedented pace. While some security issues still linger, the most acute stability concerns have either diminished or disappeared. The uncertainty, unpredictability and fear of fragmentation that dominated in the region after the end of the Cold War order has evaporated.

Initially, regional cooperation centred on re-dressing regional imbalances and re-integrating the eastern littoral of the Baltic Sea back into Europe. The focus was, above all, on supporting democratic development and civil society. A host of regional organizations such as the Council of Baltic Sea States (CBSS) and the Nordic-Baltic Council framework were developed to meet these goals. Each of these organizations has since served as a small but flexible multilateral framework for discussing regional issues and problems. They have promoted cooperation on many different levels in economic cooperation, strengthening democracy, promoting individual and minority rights and environmental cooperation.

In recent years, many of these regional bodies have been strengthened in an effort to keep up with the rapid pace of development in the Baltic Sea region. The development of economic relations is one of the key elements of regional cooperation around the Baltic Sea. Increased economic cooperation has helped reduce discrepancies in legislation, business practices and market orientation throughout the region. It has led to a dramatic increase in the standard of living, productivity and competitiveness in countries on the eastern littoral, including Estonia. Intra-regional trade is now growing at a rate of 20 per cent a year, which clearly exceeds the growth in trade with other countries outside the region. It is estimated that trade around the Baltic Rim could expand by 80 per cent in the coming years.

III The EU's Impact on the Region

Since 1991, the European Union (EU) has played a significant role in promoting stability and prosperity in the Baltic Sea region. The EU has forged close links and signed agreements with all countries around the Baltic Sea and participates actively in the CBSS. On a practical level, it has provided substantial financial aid and technical assistance.

In the coming years, the EU will be expanding its role in Northern Europe. Within a decade, Estonia, Latvia, Lithuania and Poland will

join the EU, doubling the number of EU members in the region and extending its external border further south.

This enlargement will not be the EU's first in the Baltic Sea region. Indeed, in 1995 Estonia witnessed the rapid accession of its neighbours – Finland and Sweden – to the Union. This enlargement had a positive impact on the region, leading to rapid development of trade and cross-border cooperation. The Union has since started to focus more on Northern Europe and has launched a series of new initiatives to develop relations with countries in the region. A good example is the Northern Dimension.

It is still too early to assess the long-term impact of the next enlargement. Now that the EU process is well underway, however, it is possible to identify some of its short-term effects on the Baltic Sea region.

First, the EU's further enlargement will increase prosperity in the region. The prospect of EU membership has already encouraged rapid development and political and economic reform in many countries in the region, including Estonia. Efforts in the field of EU integration have led to an increase in overall prosperity and stability. All states around the Baltic rim, including those that do not seek to join the EU, will benefit from this.

Second, EU enlargement will eliminate barriers standing in the way of regional development. EU enlargement will encourage the application of uniform procedures and common requirements. As a result, new opportunities for developing and implementing cooperation projects with neighbours will become available. Existing regional networks will diversify as more countries join the EU and seek to develop stronger relations with their neighbours and partners. Inevitably, this will result in spillover benefits to neighbouring areas and regions.

Third, EU enlargement is encouraging the development of a new, more comprehensive vision for Northern Europe. With opportunities opening up through the EU, Baltic Sea countries have become aware of the need for a common conceptual basis for directing regional activity, foremost in the economic area. The Finnish inspired Northern Dimension for the EU should fill this void by determining and promoting the EU's interest in a changing Northern Europe.

IV A New Region in a New Europe

As the EU enlarges to include four new Baltic Sea countries, the EU's 'centre of gravity' will certainly shift further north. There is evidence

in support of the notion that Northern Europe is already becoming increasingly visible on the European landscape. At the same time, there is no evidence to suggest that as the Union's Nordic dimension is strengthened, EU members in the region will begin to approach EU business wearing strictly 'regional' lenses. Most issues will continue to require all-Union solutions.

The question of EU institutional reform is such an issue. While an EU constructed for six nations and housing fifteen was in need of reform even without any external pressure, the imminent enlargement has brought focus to the issue. The prospect of five or ten or even fifteen new members has catalyzed the rapid development of the Union in recent years. The Maastricht and Amsterdam Treaties are at least indirectly a product of the needs resulting from enlargement.

The EU enlargement process should be seen as an opportunity to renew the Union and prepare for the challenges of the new millennium.

Estonia supports reforms in the EU's decision-making system and the need to strengthen the Union. This opinion is shared by most, if not all, Central European applicants. We are convinced of the need to strengthen Europe's capacity for action in what is still a very uncertain world.

One of the chief concerns of policy-leaders therefore must be continuing popular apathy regarding the enlargement project. While public opinion, both inside and outside the EU, values the clear security benefits of enlargement, a far more sceptical view is taken on the economic and structural consequences. This opinion has been built upon false premises, and, if allowed to persist, threatens to undermine not only EU enlargement, but also necessary internal reform.

V Estonia

British Foreign Minister Robin Cook stated on 31 March 1999 at the opening of Estonia's accession negotiations that 'Estonia's accession to the EU will strengthen the Union's Nordic Dimension'. I believe that Estonia's accession to the EU will also strengthen the Baltic Sea region as a whole.

EU integration has been a priority for Estonia since the restoration of independence. Estonia has focused its efforts on the goal of EU membership because we believe that it is a prerequisite to belonging to the modern democratic community. This in turn explains why we have made rapid progress toward this goal. Now our inclusion in the so-

called '5+1' group of countries negotiating for EU accession has become a political reality.

Although Estonia's progress has been noteworthy, considerable work remains in order to conclude substantive negotiations with the EU by the end of next year and fully transpose the *acquis communautaire* in time for accession. Regional cooperation has and will continue to complement our domestic integration work. We aim to be ready for accession by 2003.

VI Conclusion

Estonia views EU enlargement and regional cooperation as complementary processes. Expanding and deepening economic, environmental, political and cultural cooperation in the region will contribute to a sense of belonging together and lead to the creation of a new region in a new Europe.