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**« THE NORTHERN DIMENSION - THE NAME FOR  
THE NEIGHBORHOOD POLICY OF THE  
ENLARGED EU »**

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## **The Northern Dimension - the name for the neighborhood policy of the enlarged EU\***

In addition to various EU programmes and projects, which are purely Russia-related, Russia also figures large in the so-called Northern Dimension (ND) policy of the EU. The role of the ND in the network of EU–Russia institutions and programmes needs further clarification. It so happens that the most promising opportunities and demanding challenges of the ND policy begin with the letter ‘e’. Omitting some key areas, such as economy and education, sub-sections of this article will be devoted to energy, environment, eDimension, enterprises and EU enlargement, which has the key position in required reformulation of the ND policy.

### **The Northern Dimension Policy**

The EU’s Northern Dimension policy builds on recognition of growing economic interdependence between the enlarging European Union, Russia and other states of the Baltic Sea region. It is also seen as important to involve non-EU member countries in deepening economic integration. The applicant countries Estonia, Latvia, Lithuania and Poland, the EEA countries Iceland and Norway, as well as Russia are invited to participate in the ND as partners.

The ND is part of the EU's external and cross-border policies aimed specifically at raising the EU’s profile in Northern Europe. It is conceived as a way of working with the countries of Europe's northern regions to increase prosperity, strengthen security and resolutely combat dangers such as environmental pollution, nuclear risks and cross-border crime (see Alho (2000)). By uniting EU member states, applicant countries, and countries outside the membership process, the ND provides a multilateral forum for countries involved in different contractual arrangements.

The Northern Dimension Action Plan for 2000–2003 was endorsed in June 2000 (see Action Plan...). It serves as a political recommendation to be taken into account by relevant actors whenever appropriate, inter alia in preparing strategies for and projects to be funded by the relevant EU budgetary instruments. The ND is an on-going process without a specific budgetary appropriation, and the Action Plan is therefore being implemented through current EU financial instruments.

The Northern Dimension concept is to provide added value by coordinating relevant EU programmes, and various activities carried out by non-EU bodies in the same fields. To this end, the possibilities of regional cross-border cooperation, partnership and twinning arrangements as well as public-private partnerships in project-finance should be explored. Infrastructure is one of the sectors, in which added value is expected to be greatest. This includes transport, energy, telecommunications, environment and nuclear safety, education, research, training and human resources development, public health and social administration, cross-border cooperation, cross-border trade and investment, and the fight against crime.



Figure 1 The Northern Dimension area

## Energy

Energy issues are the nucleus of the Northern Dimension. Russian and Norwegian oil and gas reserves located in the Northern Dimension area are capable of meeting energy import needs of Germany and other ND countries, which are net energy importers, to a remarkable extent and for a long time to come. Questions of electricity generation and distribution also require cooperation between Russian and other ND countries. Energy issues therefore create permanent and long-standing mutual interest between the EU and Russia.

Schemed energy cooperation will lead to increasing interdependence between partners. This now seems acceptable, because political relations in the area are totally different compared with the antagonism of the cold war era. However, dependence, even on a friendly partner, as a seller or a buyer is inevitably viewed to some extent as risky and unpleasant.

The main instruments of EU–Russia energy dialogue are the PCA, the Energy Charter and EU–Russia summits. A working group on energy issues has been established under the PCA. EU–Russia summits are expected to address issues of investment opportunities and rights for western companies in various energy projects. The energy distribution and transportation infrastructure in the ND area has severe weaknesses. Political will and financing are needed to extend transmission networks, oil and gas pipelines and maritime transportation routes.

The Russian economy is highly dependent on export revenues of the oil and gas industry, and the export potential of Russian electricity generation is high. Russia therefore views the ND first and

foremost as a new opportunity for increasing oil, gas and electricity exports to the main markets in Central Europe, particularly Germany. However, Russia is not content with a one-sided role as energy supplier, and ND policy would not be worth maintaining if it only concerned energy cooperation. Although energy offers more obvious opportunities than any other element of ND policy, it alone is not enough to give viability to the ND.

## **Environment**

The dark clouds of war no longer loom on the horizon of the ND area. Worries have shifted to other clouds – those of pollution. Most of the pollution threats to the common environment of the ND region call for a coordinated international response, since environmental pollution knows no boundaries.

The Action Plan pays much attention to environmental protection. The seas of the ND region are particularly at risk, but cross-border air pollution and the effects of climate change are also a problem. Protecting forests from atmospheric pollution, sustainability of fisheries and the maritime environment are particular concerns of the Action Plan. Complex issues of nuclear safety in Russia's north-west region are also discussed at length.

The Northern Dimension Environmental Partnership, developed in close cooperation with the EBRD and the Nordic Investment Bank, will address environmental and nuclear safety issues of particular interest to the EU, e.g. a clean-up of nuclear waste in north-west Russia and waste-water treatment in the Baltic Sea area. This partnership implies new resources for ND cooperation. Russia is participating in the partnership by contributing money of its own, and Russia is also expected to guarantee loans granted in the framework of the partnership.

## **eDimension**

The information society and closer cooperation in information and communication technology (ICT) were recently raised (in 2001–2002) as new priorities of the ND. ICT and its applications, especially the Internet, are important for nurturing sustainable economic growth and welfare. The private sector bears primary responsibility for development of ICT, while governments are responsible for the legal framework and improvement of the business climate.

The Northern eDimension Action Plan (NeDAP) is addressing a host of problems, which arise from the digital divide in the ND area. The infrastructure of telecommunication networks is still uneven in some parts of the area, and the digital divide must be diminished by the NeDAP. The NeDAP initiative is based on a decision by the Summit of the Council of Baltic Sea States to develop such an initiative in partnership with the European Commission. NeDAP consists of seven action lines, each to be implemented by a particular country designated in the Action Plan. Special attention will be paid to development of an information society in Russia by promoting the national eRussia programme and regional programmes.

## **Enterprises**

Active participation of the private sector in ND policy implementation is vital for development of the ND from a political concept to concrete and operational projects. Since the ND does not have its own specific funding sources, private financing plays an important role in development of crucial areas such as energy and ICT.

How can private business be encouraged to take an interest in ND policy implementation? For some companies in some industries, including energy, transportation and forestry, the ND might be a useful concept and offer a natural market. But generally the ND does not offer firms the most appropriate framework for their internationalisation in North Europe. The Baltic Sea region has already proven itself as a viable geographical area for application of unified business strategies. Since the beginning of the 1990s the Baltic Sea region has evolved as a functional meso-region in terms of public–private coexistence. In the current competitive market environment enterprises have no choice but to utilise nearby areas in their production and marketing. Consequently, the Baltic Sea region, which consists of wholly or partially coastal countries (Russia, Germany and Poland are examples of the latter), has become an enlarged home market for an increasing number of enterprises

## **EU enlargement**

Accession of some former socialist countries to the EU will have a very significant effect on Northern Dimension policy. The ND, as a part of the EU's external and cross-border policy, must revise its range of interests in response to eastward movement of the EU's external border. If Estonia, Latvia, Lithuania and Poland become EU member countries, Iceland, Norway and Russia will remain the only external partners for ND policy. The question arises, whether it is expedient and useful to maintain the ND following such a development. If in future the ND becomes even more focused on Russia, will it overlap too much with uniquely Russia-related programmes?

In every central field of ND policy, there are one or more other alternatives for developing EU–Russia relations. Often these programmes are overlapping. Such overlaps may not be a bad thing, since enthusiasm to elaborate agenda tends to evaporate with time, and a new programme might give additional stimulus to work on issues, which have ceased to be inspiring on an older agenda.

However, oversupply of Russia-related instruments in the EU, together with the fact that the ND lacks its own financial resources now and probably in the future, raises the question ‘where is the beef?’

Distinction between concepts "partnership" and "neighbourhood" is primary in escaping overlaps between the ND and other EU policies. Compared with overall partnership between the EU and Russia the neighbourhood is more intimate and intensive relation. The partnership may now and then get passive, even forgotten. Whereas the neighbourhood influences without break day and night threats to environment and flows in the networks of traffic, energy, trade etc.

Problems of cross-border cooperation do not vanish with EU enlargement. On the contrary, in addition to Finland Russia will get four other neighbouring countries, which apply Schengen agreement. Their neighbourhood with Russia becomes completely renewed. In this new situation the special significance of neighbourhood in EU-Russia relations certainly will be realised more widely than now. This is pre-indicated by the great fuss about the future position of the Kaliningrad enclave.

Various issues of crossing EU-Russia border are naturally questions connected with neighbourhood. But also the above-mentioned key areas of EU-Russia cooperation are in the first place questions of neighbourhood. Border countries can not become bypassed in planning and building of networks for traffic or energy cooperation. Environmental problems are mainly a concern of neighbours, who also have to answer for practical operations. In relation to crime and migration neighbours are in the vanguard.

## Conclusion

If in the next Action Plan (2004-) the ND becomes defined as EU's neighbourhood policy in Northern Europe, this concept becomes unambiguous, and understandable also to uninitiated. The ND will get clear profile without need to lop off any priorities of current policy. The ND will cover the EU-Russia neighbourhood also in future. Only possible change might be Norway's accession to the EU, which just would strengthen the ND as neighbourhood policy with Russia.

The ND would become a model for the "Eastern Dimension", when Belarus and Ukraine become new neighbours to the EU as a consequence of EU enlargement.

Now we have an opportune moment to toil for the future of ND policy. Under Denmark's presidency in the second half of 2002 the preparation of the next Action Plan is to start.

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