

Extract from:
A. Grigas, A. Kasekamp, K. Maslauskaitė, L. Zorgenfrei,
“The Baltic states in the EU: yesterday, today and tomorrow”,
Studies & Reports No 98,
Notre Europe – Jacques Delors Institute, July 2013.

TABLE OF CONTENTS

FOREWORD <i>by Jerzy Buzek</i>	6
EXECUTIVE SUMMARY	10
INTRODUCTION	13
PART 1	
BALTIC STATES AND THE EU: A ROCKY ROAD FROM “OUTSIDE” TOWARDS THE “CORE” <i>by Prof. Andres Kasekamp</i>	16
INTRODUCTION	16
1. Return to Europe	17
1.1. Historical Background: Threatened Statehood	17
1.2. The Road to EU Membership: One Option out of Three	18
1.3. The EU Accession Process	20
1.4. The Political Systems: Best Practices from Abroad and National Legacies	23
2. The Baltic States as EU Members	25
2.1. Contemporary Politics: Moving towards more Stability	25
2.2. EU Membership: the Community Method	26
2.3. Baltic Policies and Preferences on the EU Level	28
3. Future Outlook	31
3.1. General Trends for the Future	31
3.2. The Lithuanian EU Presidency	31

PART 2

ECONOMIC MIRACLE IN THE BALTIC STATES: AN EXEMPLARY WAY TO GROWTH?

by Kristina Maslauskaite and Liva Zorgenfrei

33

INTRODUCTION

33

1. Developments before the Economic Crisis

34

1.1. Emergence of the Baltic Tigers

34

1.2. Build-up of Macroeconomic Imbalances

36

2. Difficult Years and Difficult Policies

42

2.1. The Crash

42

2.2. Austerity as an Exit Strategy

45

3. Why has Austerity Worked for the Baltics and at What Price?

51

3.1. Specific Economic and Political Context

51

3.1.1. Low Levels of Debt

51

3.1.2. Export-Led Recovery

52

3.1.3. Flexible Labour Markets

55

3.1.4. The Societal Ethos

56

3.2. Social Cost of Adjustment

57

4. Conclusions and Lessons for the Future

63

PART 3

ENERGY POLICY: THE ACHILLES HEEL OF THE BALTIC STATES

by Dr. Agnia Grigas

65

INTRODUCTION

65

1. Baltic Energy Sector

67

1.1. Gas Sector

67

1.2. Oil Sector

70

1.3. Electricity Sector

71

2. Political Implications of Baltic Energy Dependency on Russia

73

3. EU Energy Policy and the Baltic States

75

3.1. Liberalisation of EU Internal Market by 2014

75

3.2. Integration of EU Internal Market by 2015

78

3.3. Diversification of Sources and Resources

80

3.4. Regional Cooperation in the Baltic States

83

4. Conclusion

85

ANNEX: BASIC FACTS ABOUT THE BALTIC STATES

87

REFERENCES

88

ON THE SAME THEMES...

95

AUTHORS

96