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FOREWORD

by Jerzy Buzek

Known under the common name of the Baltic States, Lithuania, Latvia and Estonia form a fascinating part of Europe and one of mutually best integrated regions of the European Union. After a period of amazing growth in the early 2000's, the "Baltic Tigers" did not make it through the recession completely unscathed, but their catlike agility did not prove them wrong. They all found their solutions to the economic slowdown. And the development has been truly enthralling to watch.

Already now, Estonia is slowly becoming the next Silicon Valley. Latvia's economy, after contracting by more than 20 percent from its peak, grew by about 5 percent last year, which makes it the best performer in the whole European Union. The country will soon follow the lead of its northern neighbour, and will become the 18th member of the Euro Area. Lithuania is a particularly active player on the stages of the EU's energy policy and eastern neighbourhood. The people of the Baltic can and should be proud of their innovative spirit that makes them excellent business and investment partners. Used to hardship and knowing all the cons of peripheral location, the nations are a real boost to the EU in the difficult crisis times.

'Interconnection' would be the term I would choose if I were to pick just one watchword to describe the moving force of the region. History gave this interconnection many faces. The earliest ones date back to the middle ages, when Baltic cities were interconnected with the west and north of Europe through the Hanseatic trade alliance. The more recent ones refer to the building of the countries' positive interconnection with the European and Euro-Atlantic community, after their successful civil revolution unbundled them from decades of functioning as Soviet republics.

There is one symbol of the interconnection we all remember particularly well: the 'Baltic Way', an event that took place in late summer of 1989. In my homeland Poland, the 'Decade of Solidarity' was culminating after the first free parliamentary elections. In Czechoslovakia, the 'Velvet Revolution' was gaining momentum, to erupt in late autumn following students' demonstrations. And while the darkest symbol of the division of Europe was collapsing in Berlin, in the Baltics the mobilisation of civil society and independence movement resulted in an amazing human chain in which two million people stood side by side along a 600-kilometre stretch from Tallinn to Riga to Vilnius. Today the three sister-states are connected by the asphalt chain of the 1000-km-long Via Baltica that brings them even closer together.

In the Study you are holding in your hands, experts provide a most valuable insight into this remarkable region. First, professor Kasekamp takes us on a journey along the three countries' long and windy road towards sovereignty and into the European Union. He describes the post-accession attitude of the Baltic states that evolved from initial reservations to a much more enthusiastic support of the Lisbon Treaty and commitment to joining the Euro Area. Always convinced that the place of the Baltic states is in the very core of EU integration, I personally welcomed this evolution with great satisfaction. The chapter closes with the current Lithuanian presidency in the Council of the European Union – a beautiful symbolic completion of a complicated, long-lasting process.

In the second part, economic researchers Mrs. Maslauskaite and Mrs. Zorgenfreija analyse the economic condition of the countries. The transition to independence and democratic stability was strengthened by a transformation of the economies. Market reforms were implemented with an impetus that gained the countries appreciation across the world. And yet, when I visited the three states in early 2009, shortly after taking over as president of the European Parliament, the main purpose of my trip was to express solidarity with citizens who, of all EU member states, were most painfully hit by recession and crisis. The way these countries – their governments and people – got to grips with this challenge and carried out the necessary reforms can serve as an example for many.

In the third and final part of the Study Dr. Grigas analyses the Baltic energy sector, demonstrating very well why it is in this field that our watchword 'interconnection' gains the most validity. Because while the issue of energy security remains fragile in the entire EU, in the Baltic states the insecurity of supply and prices takes a particularly dramatic form. As a legacy of Soviet times, the countries are almost totally dependent on a single external source of energy, detached from the rest of the grids of the European Union.

The existence of these Baltic "energy islands" provided, in fact, one of the strongest motives for the European Energy Community, an initiative that Jacques Delors and I launched in May 2010. Proposing this political umbrella for all existing and future actions in energy policy, we perceived the establishment of an EU internal energy market, following all other sectors covered by the 1992 Single Market programme, as the key to linking the separated networks.

A single market in energy – well-connected and liberalised – is much more than a precondition for affordable electricity and gas. It is a precondition for EU competitiveness, and thus for economic growth, for the creation of new jobs, and for an increase of the welfare of EU citizens. Together with innovation, it is one of the only two possible exit strategies from today's crisis. In practice, it means a balanced, competitive market where all players, from energy producers to distributors to consumers, play on equal terms. It means a diversification of Europe's energy mix and an opportunity for each member state to make full use of all available indigenous energy sources. It also means a capability to jointly coordinate external energy supplies and transit.

EU members committed to creating the Internal Energy Market by 2014. Today still more remains to be done than has been achieved, as I pointed out in a European Parliament's report on the state of creation of the market that I assembled earlier this year. First and foremost, member states must implement the necessary legislature. There is no need to create new law; all relevant provisions have been already included in existing legal documents. Secondly, it is obvious that there can be no internal market without Union-wide connectivity. This requires the set up of cross-border interconnectors, modernisation of existing infrastructure and the establishment of new generation, transmission, distribution and storage facilities.

We know what must be done, and we also know there is no time to waste. The establishment of an integrated market in energy will mean that a truly European approach finally prevails over today's wide spectrum of differing national approaches. But to the Baltic countries it will mean even more: Lithuania, Latvia and Estonia will have thus completed their long road towards a full interconnection with the rest of the European Union.

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