

INTRODUCTION

Extract from:
A. Grigas, A. Kasekamp, K. Mastauskaite, L. Zorgenfrei,
"The Baltic states in the EU: yesterday, today and tomorrow",
Studies & Reports No 98,
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The year 2013 will surely put the three small and young Baltic states, namely Estonia, Latvia and Lithuania, under international spotlight. On the one hand, Lithuania has taken over in July 2013 the rotating presidency of the Council of European Union and is now in the position to upload its priorities on the EU agenda. This is the first time that one of the three Baltic states is entrusted with this role, with Latvia and Estonia taking their turn in 2015 and 2018 respectively. On the other hand, Latvia has just received an official invitation and is set to become an eighteen member of the Euro Area in January 2014 even though, in the context of current Euro Area crisis, the Baltic willingness¹ to join the common currency area might come as a surprise to many.

During the 2nd semester of 2013 Lithuanians are to push for a "credible, growing and open Europe". This triple umbrella encompasses a number of policy initiatives that are dear for the Baltic states².

Firstly, these include strengthening of the EMU governance and ensuring sustainability of public finances ("credible"), with Lithuania presenting itself as an example of "one of the most successful countries to overcome the economic and financial crisis and return to sustained recovery and growth"³. Secondly, the Balts have always been ardent advocates for deepening the Single Market, especially in services and network industries, which are thus emphasized as presidency priorities too ("growing"). Thirdly, Lithuania is keen on strengthening both the external and internal dimensions of European energy policy. Lastly, Lithuania would like to advance the Eastern Partnership and free trade ("open").

1. Estonia joined Euro Area on 1 January 2011 and Lithuania has good chances of joining in 2015.

2. Estonian president recently announced that Estonia would focus on the same priorities as Lithuania. See: 15min.lt, "Estonian President: If Lithuania extends good offer on Visaginas NPP enterprise, Estonians will do it", 28 May 2013.

3. Lithuanian presidency of the Council of the European Union, "Focus Europe: Future Lithuanian Presidency of the Council of the European Union", 17 September 2012.

The aim of this *Notre Europe - Jacques Delors Institute* Study is to present and discuss the main realities of Estonia, Latvia and Lithuania in terms of history, politics and economy. The specific context in the three Baltic states, both as a region and as three separate sovereigns, can serve as a key for understanding the importance of the aforementioned European integration steps for the Balts. It may also explain why these specific priorities have been enumerated by the Lithuanian presidency.

Even though this Study treats all three Baltic states together, its aim is to streamline the similarities and the differences between these three countries when talking about different historical, political and economic dimensions.

Indeed, Estonia, Latvia and Lithuania are often seen as a single unit of the “Baltic states”, which is justified when one talks about their recent history, their geo-political situation or simply their small size. After all, the three states have been fully integrated in the Soviet Union for more than half a century, they all have regained independence and built their nation states from scratch almost a quarter of century ago and they all have joined numerous international institutions, including the EU and NATO almost ten years ago. In addition, all three states are miniscule in terms of population and in terms of GDP on the European context (*see Annex*).

However, these three countries are also different in many ways. Linguistically, all three states have their national languages, which are not only unrelated to Russian, but also distinct from one another. Their historical experience beyond the 20th century has been incomparable too, as discussed in Part 1 of the Study. In addition, their recent experience while dealing with economic crisis has been marked by differencing levels of success, with Estonia showing the best performance (*see Part 2*). Finally, even though the problems related to energy dependency from Russia are common, their extent is varying across the three Baltic states (*see Part 3*).

The Study is divided into three parts written by experts coming from all three Baltic states. Part 1 by Prof. Andres Kasekamp (Estonian) gives a broad overview of the drivers of European integration in the region and deals with political and historical background. Part 2 by Kristina Maslauskaitė (Lithuanian) and Liva Zorgenfreija (Latvian) analyses the developments and consequences

related to recent economic crisis in the three countries and the policy responses taken. The final Part 3 by Dr. Agnia Grigas (Lithuanian) thoroughly discusses the specificities of the Baltic energy policy and explains why energy security is one of the main priorities for the Lithuanian presidency.