

The EU's Northern Dimension after the enlargement

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The EU's Northern Dimension (ND) is now about to reach a critical phase. Launched in 1997 as a result of a Finnish initiative, the ND is a tool developed by the European Union in order to deal multilaterally with the Northern neighbours, namely Russia, Poland Estonia, Latvia Lithuania together with Norway and Iceland.

The EU institutional process that transformed the Finnish proposal into an instrument of the Union culminated with the elaboration of the Northern Dimension's Action Plan. This document, together with the Full Report on the Northern Dimension produced by the Swedish Presidency in 2001, constitutes the reference document for all the activities in the framework of the ND.

The key objective of the Northern Dimension has been on the one hand the development of a new level of practical co-operation with Russia, at regional level, which could complement the Common Strategy and the purely political side of the bilateral relations. On the other the ND was aimed at facilitating the enlargement process of the EU through the involvement of the candidate countries in concrete co-operative projects.

Since its launch, the initiative has due its development largely to the leading role played by the Finnish and Swedish Presidencies. Despite the creation of a (rather loose) follow up process, with the end of the Danish Presidency the fate of the initiative is still far from obvious. The guidelines for a new Action Plan will be elaborated soon but apart from the fact that the Action Plan's structure will be modified, little is known about the future traits of the ND. Furthermore, the enlargement will open up new questions about its very essence related to the ND's role in the future EU-Russia relations.

The merging of the ND into the EU-Russian Common Strategy (CS) or in the Partnership and Co-operation Agreement (PCA) is an option that at present does

not seem to be part of the debate. The two main reasons supporting this view: on the one hand the great amount of political energy spent so far by the Northern EU members to have a policy framework focused on the problems of the North which is permanently set on the agenda and, on the other, the initiative is now beginning to deliver some concrete results. A key question instead is going to be what kind of shape the initiative will take after the enlargement?

In this chapter it will be argued that, given the concrete results are now slowly emerging, the EU needs to elaborate a political vision in order to complement the concreteness of ND. Such a political vision should aim at establishing what kind of Northern Europe the EU wants to contribute to. Elements like “network governance” and “subsidiarity” in foreign policy making offer the possibility of elaborating a political vision of Europe’s North that reflects the changes taking place at the Northern periphery of the Union as a result of increased economic interdependence and an amplified political interaction between present and future member states of the EU. The future of the Northern Dimension is linked with the kind of relations that the EU is going to develop with Russia. The emergence in the mid-term of a more balanced political partnership is likely to facilitate the emergence of the Northern EU periphery as a core area in the relations between the two actors characterised by the presence of a single policy and economic space.

Diverging approaches: short and long-term elements in the Northern Dimension

The Northern Dimension initiative has attracted a great deal of attention in the four years that divide the Finnish proposal of 1997 and the beginning of the implementation phase.

Hardly fitting into any traditional categorisation of the EU instruments, the ND has raised the most various questions among scholars and policy makers about its essence and its future.

Among the many questions raised by the ND process the one concerning “what is it about” has gained centrality as the initiative developed during the EU institutional process. The inclusive character of the Finnish proposal made it possible to identify the ND with several key themes of the EU agenda. Indeed, the establishment of an additional channel to conduct dialogue with Russia can be seen as the dominant aspect of the initiative. At the same time, however, the ND appears an instrument that should facilitate the accession of some candidate countries, involve non candidate countries, read Norway and Iceland, and last but not least foster regional and subregional links across the Baltic Sea and in Europe’s North more generally.

It can be argued that such multidimensionality has been an important asset of the ND since it intrinsically added dynamics and flexibility to the process and at the same time it served the domestic and foreign policy interests of most actors involved. One should point out that the multidimensionality of the Northern Dimension incorporates also negative drawbacks especially when it comes to the future perspectives of the initiative. In the framework of an enlarged European Union in fact the two key dimensions of the initiative, i.e. the relations with Russia and the integration of the candidate countries, will become elements pertaining to different spheres. If, in fact, on the one hand the relations with Russia will continue to be part of the external relations of the EU, on the other the EU membership of Poland and the three Baltic states will bring a larger portion of the ND area in the sphere of the internal policies.

Little attention has been paid to the two faces the ND shows if approached from the time frame perspective. There seems to be a wide agreement among scholars and policy makers, or better it seems to be given for granted, that the ND is a short and mid-term initiative whose main political tempo is the one dictated by the Action Plan (AP). But is the ND only about short (3 years) term actions? Or does the initiative embody also elements that pertain to a long-term vision, a strategic vision, of Europe’s North?

The ND initiative has clearly two sides: a short-term one, reflected by the AP, as well as a long-term one that is still largely embryonic, but it is certainly present in several aspects of the initiative and still needs to be fully developed. For the time being, the ND appears a mono-faced initiative clearly defined by the time frame of the AP and pushed forward by the political stimulus dictated by the Presidencies of the Nordic countries.

The Northern Dimension initiative has been subject to transformation once it entered the EU political and institutional process that turned it into an EU concept and policy framework. The original Finnish proposal stressed the coexistence of both long-term and short-term aspects while the EU process that culminated with the AP (EU Council 2000) resulted in the marginalisation of those elements reflecting a more strategic vision of Europe's North. The strategic elements emerging from the Lipponen proposal could be summarised in the following terms:

The first point that should be stressed is the “geographically wider” scope of the concept. Contrary to the previous initiatives taken by the Nordic countries, the ND did not focus on a narrow regional arena like the Barents area or the Baltic Sea region, but it was inclusive in essence as it encompassed the whole Northern Europe from North-west Russia to the Atlantic. The ND area defines a region that transcends traditional geo-political distinction between North (Barents and High North) and South (Baltic Sea) as well as East and West and by redefining the North as a single area of interest for the EU, in other words as a single political space.

A second element outlined by Lipponen was a wide horizontal agenda of “challenges and opportunities” spanning from environment, transport, energy to cultural issues. The soft security agenda proposed by the Finnish Prime Minister transcended the essence of previous actions of the EU in the field of external relations. The ND’s ambitious agenda was first of all aiming at making the Union acting more coherently in the area and most importantly it promoted a horizontal, more global, approach to the relations with neighbours.

The participation of the International Financial Institutions in the implementation of the initiative is also a key element of the proposal that underlines

the centrality of economic interdependence as a policy of co-operation. The need of creating an area “with global opportunities” where key global actors like an enlarged EU, Russia and US, would meet and test new co-operative patterns. (Lipponen, 1997:7)

A fourth and final element was the involvement of the regional organisations operating in the area i.e. the Council of the Baltic Sea States (CBSS), the Barents Euro-Arctic Council (BEAC) and the Arctic Council (AC). The involvement of the regional bodies in the Northern Dimension was seen as an important tool in supporting the process of definition of the EU interests in Northern Europe. The involvement of the regional organisations, i.e. the recognition of a role for the “outsiders” in the workings of the EU, represented *per se* an innovative notion in the framework of the external relations of the EU.

In sum, the long-term vision that emerges from Finnish government’s idea of Northern Dimension is strategic in principle because it sees political and economic interdependence as the essence for the creation of an area of stability and prosperity that unfolds across the traditional boundaries and categorisations through which the European Union operates.

The long-term essence of the ND faded away as the actors, Finland included, began pushing for more substance to be attached to the initiative. The outcome we have in front of us today reflects largely the need of the Nordic members to deliver a concrete outcome and enhance the visibility of the initiative. This has strengthened the short-term vision of the Northern Dimension as a member-states-directed initiative.

A difference though has emerged in the way the ND has been approached by the other actors involved. While member states have tended to stress the functional aspects of the ND, the EU Commission has considered the initiative rather as a policy framework through which enhancing the coherence of its own action.

The growing political pressure aiming at making the ND more visible and concrete has resulted in a list of projects mainly in the field of the environment and Information Technology (ND Ministerial Conference, 2001).

In other words the Northern Dimension Environmental Partnership (NDEP) constitute, together with the Northern e-Dimension (NeD) Action Plan, the core outcome of the ND¹.

These outcomes are relevant as they have definitely fulfilled a function of socialisation for the candidates and have kept Russia involved in regional/local co-operative processes. However, they don't seem to be part of a more organic view of Northern Europe. In sum, their contribution towards "making the Union a more effective global actor" seems to be rather limited, not in terms of their specific value, but rather because they are not serving an organic strategy. (Lipponen, 1997:3)

The strongest advocates of visible results have been member states. The Nordics, together with Germany, have been in the forefront in terms of efforts both at EU and regional level, but Russia and the candidate countries have also been pushing, to the extent they have been allowed to, for the implementation of projects. At the same time the long-term political elements of the ND that, as will be shown below, contain potential innovations in terms of future governance of the EU and relations between the EU and Russia have been marginalised.

The Commission, being the institution with the main responsibilities in the context of the ND's implementation, has of course expressed attention towards the importance of adding substance to the initiative and implementing local projects, but interestingly it has somehow played down this aspect while stressing during the process the centrality of the co-ordination of the various EU instruments like TACIS, PHARE, INTERREG, etc.

Both in its discourse as well as in its actions the Commission has focused primarily on the co-ordination of the instruments, in other words a large-scale rationalisation of its policies and the derived instruments, with the aim of injecting coherence in its actions. As the Commissioner for External relations Chris Patten put it, the ND will produce added value "by ensuring coherence and exploiting synergies between existing Union policies" (Patten & Lind, 2000) and not, predominantly, by implementing new projects.

Despite the difference in the approaches adopted by the member states and the Commission might look secondary, it indicates a different interpretation of the essence of the ND as a political tool. The Commission, perhaps involuntarily, is stressing a more far-reaching aspect, that is to give more coherence to the EU as an actor *vis-à-vis* its neighbours (Browning, 2001), especially the candidates, while member states tend to focus on more pragmatic dialogue made out of projects that keep Russia involved in short and mid-term co-operative processes.

In a similar fashion, the question of the financial support of the ND is also indicative of the interpretative differences among the actors involved. The issue has first of all to be framed in the context of a North-South competition for the Union's resources as a consequence of a larger distributive game among the members of the costs of European enlargement and cohesion. (Barbé, 1997)

In the framework of the discussion within the COEST (the working group of the EU Council dealing with the ND initiative) that led to the elaboration of the Action Plan the question of how the initiative would be financed has been central. From the outset the Southern members of the Union, Spain in particular, have put as a condition for their approval of the initiative no redirection of resources away from the Mediterranean².

Because of this initial obstacle, the Northern Dimension has turned into an exercise aimed at pulling together resources from joint actions of non-EU financial institutions. From this perspective it has proved rather successful and could provide a good example in the realm of the Union's external relations to be followed by other member states. The ND, just by the very fact of existing, has been able, as a short and mid-term concept, to attract extra funds to Northern Europe. In a broader sense it has been able to attract financial attention towards the North without shifting the established (financial) equilibrium among the neighbourhoods.

From this perspective the Northern Dimension is serving effectively one of its purposes i.e. to push the state actors and institutions that are already active in the region to pull forces together in order to focus resources on certain priorities. On top of this the more co-ordination among the instruments the more likely it is that the

funds allocated today to the region will be spent effectively and will therefore increase in the future.

Again, to a large extent, this has to do with the interpretation of the ND as another external policy of the EU. The centrality of the issue springs out of the need of member states to frame the ND into more traditional categorisations. Historically the external relations of the Union have been shaped to a large extent, and with limited results, by pouring funds towards neighbours as a way to keep good relations based on an aid-like dynamics. In the context of the external relations of the Union, the concept of policy-framework is a notion difficult to grasp for certain member states since it transcends the short-term logic that has been dominating throughout most of the EU external relation's history.

In a way it is not surprising that Lipponen wondered “whether the Commission’s resources are suitably distributed in relation to the objectives of the Union” and in the same spirit suggested that Northern Europe should learn more from how the EU deals with Southern neighbours i.e. through a traditional format of external policy, the Euro-Mediterranean partnership, with dedicated funds through the MEDA programme (Lipponen, 2001).

The absence of a dedicated budget line as a constitutive element of the ND, however, does fit well into the policy-framework-like approach the Commission seems to have developed. Since the origin of the initiative the Commission has not considered the issue as worth a strong clash with interests of the Council. The absence of a budget line would play a central role in a traditional external relations policy like the Mediterranean one but the ND, especially if looked upon as a policy framework, does not require a budget line at least in the current situation in which the financial framework is set until 2006. However, as it was demonstrated by the concrete results obtained, the question of the budget line is a “non-problem” for the initiative *per se*. The ND as a policy framework, exactly because it is a framework and not a policy, does not require as *sine qua non* condition dedicated funds drained from other external policies at least in the context of the present financial framework. The stress put upon the enhanced coordination and the coherence of the EU actions, with a special focus

on the Baltic Sea area, has been the key interpretative motive followed by the European Commission³.

Summing up the difference existing in the way actors perceive the ND is crucial as it leads to different political outcomes, but most importantly it provides ground for claiming that there are two levels of analysis that should be considered when looking at the ND. The first one is the short and mid-term level related to the implementation of the AP, characterised by the central role played by the member states and their ambitions to shape the agenda according to national interests and priorities fluctuating according to the Presidencies. In such a context the ND's essence gets closer to a traditional external policy of the EU.

The second level, the one on which this chapter will focus, relates to the long-term essence of the ND and to the two strategic elements that the initiative still embodies.

After the enlargement the fate of the Northern Dimension will be therefore largely a result of the equilibrium that will emerge between the concrete, short-term, aspects and the more visionary, long terms ones outlined below.

The first element: the role of the regional actors

The first long-term element of the Northern Dimension that requires particular attention is the potential deriving from the role of the regional organisations and networks operating in the Europe's North.

The issue is certainly controversial as it can be approached from many points of view often with contradictory results. So far the role of the regional organisations and networks has been substantially marginal in the whole process, but there are indications that in the future they will play a more central role. In fact while in a short-term perspective the ND process is considered largely as an external matter, in the long-run it is also going to have important internal implications.

During the EU institutional process that has led to the elaboration of the Action Plan the main resistance against a role assigned to the regional organisation, i.e.

the Council of the Baltic Sea States, the Barents Euro-Arctic Council and the Arctic Council has come from those member states which are not members of the organisations. There has been in sum a reluctance to assign an active role in the implementation to organisations over which the EU had not full control. The key question was not let the outsiders be involved in matters of the Union.

The situation has changed recently as the Commission, in the early stages of the initiative not really keen on the involvement of the regional bodies, has initiated an active co-operation with the regional actors in fields like environment and Information Technology (IT). Certainly for a matter of pure coincidence, the two Commissioners responsible for these policy areas are a Swede and a Finn respectively.

In particular in the field of IT an innovative approach has been emerging in the relations between the Commission and the CBSS. The regional organisation has elaborated and launched the Northern e-Dimension (NeD) initiative and has been able to actively involve the Commission in its implementation in the framework of the ND Action Plan. The NeD is a project still at its early stages but it represents a first concrete example of a multilevel pattern of co-operation developing between the centre if the Union and a regional constellation at the periphery of the Union. In spite of the fact that the country leading and supervising the project within the CBSS is Sweden, i.e. an EU member, the issue carries a symbolic value in the sense that introduces a bottom up element in the implementation of the ND and reverses a trend according to which the periphery (intended as a single space in which both insiders and outsiders co-operate) is involved by the centre. Here there might have a case in which the periphery is the agent that sets in motion a political process and aspires somehow to establish itself as an actor with a proactive subjectivity.

As a matter of fact the Northern Dimension area has been one of the few EU neighbourhoods where both an official role and the potential of the regional organisations, at least in principle, have been recognised.

Despite their origins and their essence are still predominantly anchored to the short-term perception of politics, they seem to be increasingly aware of the political

space that could open up for them if the ND acquires a more strategic and long-term perspective.

A distinction, however, has to be made between the regional organisations like the CBSS, the Barents Euro-Arctic Council and Arctic Council on the one hand and the networks working predominantly at the subregional level on the other. While the former are established institutions operating in a strict intergovernmental environment in the area they cover, the latter are more loosely defined and are often constituted by actors, like cities and subnational administrative units, that are considered new-comers the realm of international relations.

Partly due to their intergovernmental nature, the capacity of the regional organisations to implement and follow projects up to their realisation has been limited, while they seem to be better equipped for selecting areas of priority and co-ordinating the many subregional actors and networks which “can be an effective confidence building mechanism suited for developing new common policies or bringing in new members as it is foreseen in the enlargement of the European Union. (...) [Furthermore] networks are better suited for functions like information, consultation, implementation, monitoring.”(Commission, 2001)

In Northern Europe, subregional networks are acquiring importance as they are leading a process of region building based on the creation, of trans-regional links, bring together not only actors like companies but also institutions. Today, not only business is made regionally but politics is increasingly participated in the region by a wide variety of actors ranging from NGOs, cities, provinces, etc.

Summing up the role of the regional organisation is certainly an innovative and at the same time strategic element that has been characterising the initiative since the early Finnish proposal. The institutional process through which the ND initiative has gone through has partly reduced the role of the regional organisations and networks, however after the enlargement the fact that one third of the EU members will be part of the regional organisations is likely to affect their participation and contribution to the management of the external relations of the EU.

Horizontality

“Horizontality” is another main element that is being introduced by the Northern Dimension and that in a long-term perspective might lead to changes in the way the Union operates and approaches the implementation of its internal and external policies.

There are several aspects identifiable with the question of horizontality in the framework of the EU.

The first aspect and perhaps the most intimately linked to the future of the Northern Dimension is horizontality intended as a way to approach the agenda for Northern Europe.

Until the nineties most of the external, but also internal, policies that the EU has developed have been characterised by a functional approach. In other words, actions are carried according to policy sectors mainly as a reflection of the administrative organisation of the EU Commission. During the nineties however a new approach to agenda setting and policy implementation has emerged first in the Baltic Sea Region with the VASAB initiative and then at EU level with the establishment of a European Spatial Development Perspective. (Commission, 1999) Both documents highlighted the need to develop innovative actions, a so-called “territorial” approach, going beyond the more traditional functional policy making approach. This is to say that territory, a notion that in geographic terms goes beyond administrative borders, is put at the centre of the implementation of policies regardless of the national borders that might be dividing it (Catellani, 2001) ⁴.

From the perspective of relations between the European Union and its neighbours this would imply that the boundaries of the future EU would not be as clearly defined as they are now but become instead rather fuzzy (Christiansen et al., 2000) and less limiting to the “export” of EU policies to neighbouring areas. In this respect the inside/outside logic that the EU is developing through initiatives like the Schengen-agreement aiming at establishing a clear-cut border certainly must be seen as

constituting a major constraining element to the development of this kind of approach as demonstrated by the case of Kaliningrad.

A second element of horizontality is related to the fact that the Northern Dimension has been bringing a certain degree of innovation in the way the Commission works.

Thanks to the Northern Dimension horizontality is has began influencing not only the way policies, and instruments, are shaped and managed but also the perception of the officials dealing with the external relations. This means that, contrary to the way of thinking previously dominating the administrative culture of the Commission, officials have began to understand that any functional policy can deliver more efficiency and effectiveness only if framed in an horizontal framework. Horizontality is in sum more than coordination among the different Directorate General, it is adding coherence and value to the overall external action of the Commission by acting in global, integrated manner.

The third aspect related to horizontality has perhaps less to do with innovation but it has a more general flavour since it encompasses the question of the inter-pillar essence of the ND. The Northern Dimension as most of the external policies of the EU does not pertain solely to one of the three pillars (European Community (I), CFSP (II), and Justice and Home Affairs (III)) that constitute the institutional structure of the EU. In fact while politically the initiative has been shaped by the Council of Ministers and endorsed by the European Council, practically, the implementation process has been taking place within Pillar I as the task of putting the ND into practice has been assigned to the Commission, the institution which manages all the external policy instruments at disposal of the EU.

This pattern has been followed by most of the external relations initiative of the EU. Scholars have identified in such a cross-pillar process one of the main cause behind the incoherence, the fragmentation of decision-making procedures and ultimately the clashes between the two pillars (Ojanen, 2001). In the early stages of the institutional process that shaped the Northern Dimension the various national sensibilities within the Council, on the one hand, and the Commission's perception of

the initiative, on the other, have created a kind of institutional short-circuit which *de facto* has contributed to slow down the EU institutional process.

In sum, horizontality as a second long-term element of the ND reflects innovation and strategic potential predominantly in the internal workings of the EU. This strengthens the argument that the ND hardly falls into the traditional categorisation internal/external policy according to which the European Union operates, but as a long-term element, rather tends to blur the distinction existing between elements pertaining to the internal and external sphere of the EU workings.

The Northern Dimension after 2003: Furthering the concept?

The emergence of a long-term vision in the Northern Dimension is linked, on the one hand, of the strengthening of the two elements outlined above and, on the other, to the trends emerging from the process of reshaping the initiative during, and after, the Danish Presidency. Most likely, during the Danish Presidency new guidelines are going to be prepared and the European Council of Copenhagen will formally ask the Commission to elaborate a new Action Plan that will substitute the present one due to expire at the end of 2003.

In this next preparatory phase the two key questions will have to be addressed. On the hand, the re-definition of the ND concept and on the other the possible end of the multidimensional essence of the initiative.

The indications emerging both from member states and from the EU institutions seem to leave little doubt about the fact that the concept of Northern Dimension, and possibly the format of the initiative, will be moulded and reshaped according to the new conditions created by the enlargement to the candidate countries.

As we saw above, the ND is to a large extent identified by a set of short-term actions towards the candidates of the Baltic Sea area and, especially, Russia. In other words, the concept of Northern Dimension is still the one defined by the Action Plan. True, a follow up mechanism is foreseen by the Full Report but it does not touch

upon the essence of the initiative, it rather sets out the technical procedures for revising and shaping the implementation. Annual Progress Reports, regular meetings of senior officials, High level Forums with broad participation from all parts of society, and Foreign Ministers' Conferences are the tools that the Union has set up in order to keep on track the implementation process. The Annual Progress Report seems to be the tool delegate to the "further development of the ND initiative". The Commission, in *consultation* with the relevant Council bodies, will have the key role in the preparation of the Reports and therefore in the redefinition or furthering of the ND concept.

The argument presented here is that without the introduction of a long-term political vision in the Northern Dimension concept complementing the existing format, the initiative is destined to remain in the oblivion of a de facto second-class policy framework serving as a surrogate of foreign policy.

The functional interests of the EU in the area seem at this point already rather well defined. After all the Action Plan, despite all its limitations, is the reflection of that. The central question is instead rotating around the capacity of the EU of expressing a political vision within which those interests should be pursued. The development of a political element relies largely on the definition of what kind of Northern Europe the EU wants to contribute to beyond those broad values of stability peace and economic wealth stated in all the ND documents. Until this question is answer it will be difficult to add a long-term essence to the ND.

The absence of a strategic vision of Northern Europe and the need stressed by member states to attach substance to the initiative with short and mid-term projects are two aspects of the same question: the weakness of the EU as a foreign policy actor.

One of the latest contributions to the debate concerning the EU and its capacity to develop into a "fully fledged foreign policy actor", the one from Johansson et al., introduced two concepts that deserve attention, particularly in the framework of the ND: "network governance" and "subsidiarity in foreign policy making".

The essence of network governance relies on a process through which “the EU by moving its external boundaries is capable of underwriting an inclusive but loosely constructed policy space with international organisations, candidates and non candidates amplifies the access to the EU policy-making process.”(Filtenborg et al., 2002)

Despite the contradiction that is implicit in the creation of a “loose policy space” and an enhanced access to the EU policy making process, Filtenborg et al. bring together two elements that will acquire importance in the re-definition of the Northern Dimension concept: the construction of a pooled policy (and economic) space and a somehow shared policy-making process.

So far a shared policy space along the lines of the “network governance” has not really come into being yet, but certainly the movement of the external boundary of the EU towards the neighbours has already started. Let alone the candidates, whose political behavioural pattern is fully shaped by the perspective of membership, the Russian attempts to adapt to EU standards, and therefore to the *aquis*, are a clear demonstration that the EU has the capacity of setting the framework of a policy space according to its rules and that outsiders have to adapt to that without any real possibility of shaping what is a shared policy in principle.

At the same time, the example of Kaliningrad does indicate that it is still too early to talk about a common policy space and of amplification“ of the access to EU policy making-process”. The failure of Russia’s attempt to make Kaliningrad the testing ground for a political relation with the EU that would go beyond the technical aspects linked to the consequences of the enlargement, demonstrates that on the one hand, i.e. politically, the Union as a whole is still hesitant in engaging in a dialogue for the creation of a possible embryo of a common policy space, and on the other, i.e. technically, the access of the “outsiders” to the internal EU policy-making process is still no a real option due to the resistance within the EU institutions and member states⁵.

The difference existing between the economic and the political side of the development of a shared space is also a factor that should be carefully considered.

Economic interaction in the area is growing steadily, and the forecast indicate that during this decade Europe's North will be one of the regions with the steadiest growth rate. This will translate into an intensification of trade and economic links across the borders of an enlarged EU and consequently will produce a need for political responses.

In the history of European integration politics has been often slow in seconding change stemming from economic interdependence. The EU institutions in particular have demonstrated rigidity in reacting and developing political responses to ongoing trends of globalisation. The Northern Dimension represents an innovative format that provides the opportunity for anticipating dynamics through the creation of a political framework for the management of change derived from increasing economic and societal interdependence.

Linked to the issue of network governance is the second element pointed out by Filtenborg et al.: "subsidiarity" in foreign policy making. As they argue "the EU is developing and nurturing a particular form of "subsidiarity" in its foreign policy-making by accepting that member states most concerned design and execute EU foreign policy together with the original policy takers" (Filtenborg et al., 2002; Johansson, 2002). In other words, with the exception of strategic decision taking, the responsibility for most issues related to neighbourhood-policies, i.e. "design of cooperation projects, implementation, monitoring of activities and evaluation", is shared and managed between member states concerned and external partners.

This approach could interestingly be linked to the work of Joenniemi on "regionality" and the emergence of the North as a constitutive element of the future Europe. From a certain point of view the concept of subsidiarity, one might infer, does complement Joenniemi's work as it *de facto* defines the operational part of his model of "Europe of the Olympic rings", i.e. "a conception of Europe and the EU in which there is not one but several centres, power is dispersed throughout interlocking and overlapping regionalist formations with rather fluid external borders" (Joenniemi, 20002:46).

The conceptualisation, as Joenniemi himself points out, frames something but “what this something is and how does it tie in with the dominant discourses pertaining to the construction of political space”?

In this sense the concept of “subsidiarity in foreign policy making”, but also “network governance”, could constitute effective practical lenses through which constructing a single political space in the North of Europe. In more practical terms, each macro-area (each ring) would therefore assume full responsibility for the management of the external relations of the EU, in sum a sort of subcontracting of external EU policies to the member states and the regionalist entities at the periphery.

Experiments on this form of “subsidiarity” are somehow taking place already in the framework of the Council of the Baltic Sea States in relation to the Northern Dimension activities. Each member has taken the responsibility to follow, stimulate and evaluate activities in one of the nine priority fields the organisation has decided to focus in the framework of the ND. In the field of IT, as mentioned above, the Commission has been sharing, as a matter of fact, the implementation of the NeD to the CBSS, and with Sweden in particular. Whether this working method of decentralisation of the activities of the core could be transferred on a wider scale is hard to say at this stage, but certainly positive results at regional level might strengthen the chances for an extension to the whole Northern Dimension initiative or even to other policy areas of the Union.

On a more general level, it could be argued this sort of subcontracting or subsidiarity seems to clash with the very essence of the role of the EU intended as a state-like construction. One of the central goals underlying of the European integration process has been the pooling of sovereignty in order to count more economically and politically on the international arena.

Subcontracting is somehow a way of reversing the approach. The delegation to a member state, say Finland, or a group of states of the political management of the Northern Dimension and therefore of part of the relations with Russia would be a de facto recognition of the inability and failure of the EU as a single actor to develop an own foreign policy. To what extent will the Italian, Spanish and Greek interests will be

safeguarded by Finland or by the Northern members? Are the relations with Russia an issue on top of the agenda only for the Northern members of the EU? The recent positions assumed by the Italian government on the need of a closer EU-Russia co-operation and the efforts made by the Spanish Presidency, especially on the issue of Kaliningrad, to keep the issue high on the agenda seem to indicate the beginning of the reversal of the previous trend characterised by a substantial disinterest of the Southern members in matters concerning the North of the Union (La Repubblica, 2002)⁶.

Visions pertaining to the long-term seem to emerge with increased emphasis from the representatives of the member-states. The ND is seen more and more as a tool to “create a coherent region consisting of both EU member states and non-member states”. (Moeller, 2002:7) In this context, the Northern Dimension as a policy framework can serve the purpose of enhancing the capability of a Union to act as a coherent foreign policy actor only if equipped with a political vision of Europe’s North reflecting its growing economic and political interdependence.

In sum, the innovative elements embedded in the Northern Dimension, the involvement of the regional organisations and the horizontality, could open up the possibility of constructing a shared economic and policy space in Northern Europe in which both political and practical issues of common concern are dealt with through joint structures at regional level, but not as a part of the internal EU policy making process. The way in which the EU operates today does not seem to indicate a sudden change in the clear division existing between who is in and who is not: it is a long-term process.

The distinction between insiders and outsiders can only be wiped out by membership, it can be certainly blurred through formal “partner-oriented approaches” but *de facto* the situation would persist largely along the same line of today, i.e. partners do not really have accesses to the EU decision-making procedures. The centre of the Union, and in particular the Commission, has began to allow a decentralised (joint) management of certain policy issues, like the NeD case demonstrates but still the

issues at stake are rather harmless and do not certainly challenge the prerogatives of the centre.

Conclusions: The Northern Dimension in the framework of the EU-Russia relations

The enlargement of the European Union to Poland, Estonia, Latvia and Lithuania will probably dissipate several ambiguities that have characterised the *raison d'être* of the Northern Dimension since its launch. The multidimensional essence of the initiative is therefore doomed to disappear and to leave space to an increasingly dominant EU-Russia element.

A central question will be how to redesign the position and the role that the Northern Dimension is going to play in the overall EU-Russia relations.

As we saw above, the development of a political vision complementing the operational part of the ND seems to be a precondition in order to have the initiative unfolding its innovative potential. A key variable in the future of the ND will be, needless to say, the type of political co-operation that Brussels and Moscow will develop at central level.

At present the Common Strategy and the Partnership and Co-operation agreement constitute the core of the relations between the European Union and Russia, while the Northern Dimension can be seen a short-term instrument used to broaden the basis of the relation through horizontal co-operation on concrete issues (Swedish Presidency, 2001).

A key problem surrounding the EU-Russia relationship is its unbalanced character. Haukkula calls it "subordinated partnership", Vahl characterises it as an "unequal partnership", but the substance is the same (Haukkula, 2001; Vahl, 2001). The relationship seems to be shaped along lines resembling more by an aid-like dynamics than a partnership based on a balanced exchanges of "resources". Russia would like to be considered like an equal subject while at present, as Ojanen also

pointed out, it is more treated like an object, a good supplier of raw material and energy (Ojanen, 2001; Leshukov, 2001).

The imminent membership of Russia in the WTO and its integration within the NATO structures are elements that will certainly contribute to balance the political side relationship by making it even more impellent to elaborate a sort of political mechanism through which the two actors could interact on a permanent. However, until the internal economic situation does not improve the present unbalance is likely to persist. The creation of a Common Economic space is one the objectives stated in the EU's Common Strategy but its concrete implementation appears to be hardly at hand both in the short and mid-term.

The part of Russia covered by the Northern Dimension is growing rather steadily and can potentially develop into one of the most dynamic areas of the country. At the same time the extension of the EU boundaries within Russia seems to be positively established and accepted as the main terms of reference among Russian policy-makers at regional level. Such a situation, together with the effects of a growing economic interdependence with the EU member states and the participation of the Russian (peripheral) authorities in the regional co-operative processes, are indications that creation of a shared economic and policy space has certainly more chances of success in the area than at overall EU-Russia level. It is safe to argue in the long-term the ND area has the potential and probably will develop into a core area of the EU-Russia relations, i.e. the area in which both the EU and Russia will interact most intensively and where possibly the highest level of economic, and perhaps political, integration will be reached.

The question of how to manage politically a highly interdependent economic space like the ND area does not require completely innovative answers. The EU has already developed a possible *modus operandi* to deal with close neighbours through the European Economic Area. The main critique raised against such an institutional framework concerned the unbalanced character embedded in its decision-making procedure. Politically, however, the unbalance was largely due to the modest political weigh of Norway and Iceland, two countries that needed some form of integration in

order to avoid marginalisation. Russia as partner would certainly carry a different political and economic weigh. The application of a revised version of the European Economic Area to the ND area could be a possible option for the management of a highly integrated policy area in which network-governance-like approaches could be developed. True, an important variable remains the relations that will be established between Russia's centre and the periphery but the fact that Moscow was ready to engage in a discussion over Kaliningrad indicates that the question can be positively addressed, especially if political substance is attached to the management of the ND area. Furthermore, the presence of the regional organisations could also play an important role as fora in which both "foreign policy"⁷, i.e. high politics, and more practical aspects of the management of the ND area could be managed.

Summing up, the Northern Dimension has the pre-requisites to become a crucial element of the future external relations of the EU. So far, the differences emerged in the interpretation of the initiative have tended to stress the short-term essence of the initiative rather than its long-term elements. The enlargement of the Union in 2004 will offer the possibility of furthering the concept and let the long-term potential of the initiative emerge. The vertical and horizontal long-term elements embedded in the initiative suit well a political vision of Northern Europe in which the distinction between the inside and outside of the Union is blurred as a result of the movement of the political boundaries to include areas of Russia. The creation of a single policy space and seems to be the most likely outcome for the increasingly interdependent area emerging in the North.

The focus on Russia will open up, in the long-term, the possibility of creating in the ND area a core space in the EU-Russia relations where elements of network governance and subsidiarity in foreign policy-making could be introduced. This could hardly emerge in the framework of a future Common Economic Space inevitably aimed at defining the general framework of the future economic relation between the whole of EU and Russia, while instead a joint approach along the lines of the EEA focusing on the management of a regional agenda for the North could constitute a

more suitable framework for the creation of a shared space with a certain subjectivity of its own.

Notes

¹ The Northern Dimension Environmental Partnership is an initiative developed under the Northern Dimension that brings together the European Bank for Reconstruction and development (EBRD), the Nordic Investment Bank and the European Investment Bank and its main aim is to identify and finance jointly local projects linked to the environmental priorities set out in the Action Plan.

² Interview with an official of the Swedish Ministry of Foreign Affairs, Division for Central and Eastern Europe, Stockholm, 3rd May 2002.

³ The elaboration of a new Action Plan together with the presence of four new members directly involved in the ND in the discussions concerning the new financial framework of the Union starting in 2006 will probably introduce also a change in the way such an issue is interpreted. It is likely that on the issue after the enlargement there will be a convergence of the two approaches.

⁴ On this approach see also <www.spatial.baltic.net/> . See also N. Catellani (2001).

⁵ Russia has tried to bring the discussion over Kaliningrad in the framework of the enlargement negotiations between the EU and the candidate countries. In other words Russia would have liked to be involved, through the issue of Kaliningrad, in the enlargement negotiations. This attempt has been met with a determined opposition within the Council not to raise the issue at the political level but keep it on a strictly technical level and in the framework of the EU-Russia Co-operation Council.

⁶ See also Italian Prime Minister Office, *Dichiarazione congiunta sulla collaborazione italo-Russa*, Rome, 3rd April 2002, <www.palazzochigi.it/> ;

⁷ The use of the term “foreign policy” to describe elements pertaining to trust and security building, with the exclusion of all the other policy areas environment, organised crime etc., has emerged during interviews with national officials involved in the workings of the CBSS.

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