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Transcript

NORDIC-BALTIC-AMERICAN COOPERATION: SHAPING THE U.S.-EUROPEAN AGENDA

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WELCOME/MODERATOR:

Jan Techau

Director

Carnegie Europe

SPEAKERS:

H.E. Lauri Lepik

Ambassador

Permanent Representation of Estonia to NATO

Vytautas Leskevicius

Vice-minister of Foreign Affairs

Lithuanian Ministry of Foreign Affairs

Ambassador Kurt Volker

Senior Fellow, SAIS Center for Transatlantic Relations at Johns Hopkins University

Executive Director, McCain Institute for International Leadership at Arizona State University

H.E. Veronika Wand-Danielsson

Ambassador

Permanent Representation of Sweden NATO

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Transcript by Way With Words

JAN TECHAU: Good evening, I think it's fair to say. It's the fall now, officially, so the evenings start a lot earlier than in the last couple of months. Welcome to Carnegie Europe once more. We have to season openers this year at our centre in Brussels. One is tonight, on a very specific security and defence issue, and the other one is tomorrow, on foreign policy in the EU framework. Both are related in a way, and I'm sure that we'll be talking about these things tonight.

We have a very interesting topic. When Kurt approached me and said, I have this new project going; would you be interested in hosting this year in your centre in Brussels, immediately I said yes. The Baltic-Nordic thing is, from the perspective of this town, a unique policy area. When you're here, in crisis-ridden Brussels, talks about Russia and the Middle East and Northern Africa and its own crisis, then the northern and northeastern region of this continent looks just like paradise. Everything's fine, everything's calm. Everything's calm to the extent that people forget about some of the strategic and underlying currents in the region, and I think we have to maybe refresh the memory of some of these things, but it's also good to have such a calm and peaceful area in Europe, because that maybe teaches us a couple of lessons on how things can be done in an ideal world, and I think we are also going to talk about some of the lessons learned from that region, tonight, some of the things that the rest of Europe can maybe learn from that part of this continent that all of a sudden looks interesting again in many ways, and some disturbing ways, too.

We have with us here today people from the region, and also a very strong transatlantic component, with Kurt. Kurt Volker, former US Ambassador to NATO, known around Brussels, and again here today. He is a Fellow at the Johns Hopkins School for Advanced International Studies, SAIS, in Washington at the Atlantic Council, but he also now has just embarked on a new, very fascinating project. He's building a new leadership centre, the John McCain Centre, for the Arizona State University in Washington, and he just told us a little bit about this, so new leadership coming from Kurt in the way that we've always known that he can exercise it.

Then there's Veronika Wand-Danielsson, the Swedish NATO Ambassador, a known quantity in the transatlantic relationship as well. She of course has a unique position as well, because of the unique position of Sweden in all of this, and I think we're going to hear something about this today as well.

The Lithuanian Vice Minister for Foreign Affairs, Mr Vytautas Leskevicius, over there, to my far right, will give us the perspective from his country, but also a very official kind of perspective from his country, and hopefully insights from the perspective of the Baltic States, who have a unique security situation that they're facing, and that is not often acknowledged and appreciated fully in the transatlantic circles, I assume.

Then finally, Mr Lauri Lepik, the Estonian NATO Ambassador, here, to my left, who will run this out.

I think we will go as follows: Kurt will introduce to use the findings of the study that they have conducted, which is also available here, over there at our Publications Desk, the key findings and some of the primary points that the Brussels audience should take away from this. Then we have short comments and positions from our other guests, and then we'll open it up to you.

Thank you very much for all of you to come here and join us on this topic. Kurt, it's yours.

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KURT VOLKER: Thank you, Jan, and thank you to all of you for coming. It's good to see a few friends in the audience, which is great. I want to give you a little bit on, both from an honest broker point of view what is the origin of this study that we did at Johns Hopkins, and what are some of the findings or conclusions that might come from that, and then from the not-so-honest broker point of view, give you a little bit of my perspective on that.

I think it's fair to start out where Jan did in his introduction, which is, I think one of the great things about the Nordic-Baltic region is that they have succeeded in convincing everyone that it's all terribly boring, when in fact it's not. I would say that there was study done with the Atlantic Council about a year and a half, two years ago, in which I took part, and then was engaged in a few follow up conversations, including with colleagues from the Swedish Foreign Ministry, where we said there's a lot to learn from this. There's a lot to learn from what is not so boring about this, and in fact, it has applications for NATO, for the European Union, how we think about where we're going.

First off, to give a little bit of framing comments, and these are mine, more than what's in the study. I think that the transatlantic relationship remains essential, even in this rising globalisation, rising China, pivot to Asia, and euro crisis type of world. I don't think that changes some fundamentals. Some of the fundamentals, in my view, are the fact that we share a core set of values of freedom, democracy, rule of law, market economy and human rights.

Second, that we are still the biggest economic relationship in the world, in terms of cross-investment, and in terms of economic interaction. It's not the most dynamic, necessarily, unless you're talking about the euro zone from a different point of view, but it's not the most dynamic in terms of growth and thinking about Asia, but it is still quite substantial.

Thirdly, we're the set of countries that accepts some responsibility for managing global crises and global issues and putting economic security, political, diplomatic weight behind efforts to solve problems.

So that is significant, and I think needs to be continued, developed, nurtured, but the fact is we're in a period of change, and just alluding to that with the euro crisis and with the end of operations in Afghanistan a few years out, the draw down from there with the, I would call it the pause, to be optimistic about it, the pause in NATO enlargement and EU enlargement, and of course the effects of globalisation and rising other powers in the world, there is a lot of change going on. How you manage that change is something that I think NATO and the EU are still grappling with, and don't yet have a clear answer to.

In fact, if you look at the NATO strategic concept of 2010, it essentially refuses to make any choices; says, we're going to do everything. We're going to do Article 5 and Article 4 Crisis Management, we're going to work with Russia as a strategic partner, and we're going to do Article 5 protection against Russia, we're going to do response to conventional military threats. We're also going to do non-conventional military threats in non-conventional ways, and we're going to do it together with other organisations, but we're going to reinforce the solidarity of the alliance itself.

So in that framework, there's no strategy for NATO out of the environment of declining resources, of declining commitment behind operations, as we draw them down, lack of any real momentum on enlargement, which had been the key factor in NATO for the last 15 to 20 years, so finding that role is critical.

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Now, in that, what we did as a study, first at the Atlantic Council, and following up with this one from Johns Hopkins, was to try to break down what the Baltic-Nordic region is doing successfully, and figure out there are lessons that can be applied to NATO or to the European Union in this context.

We took it in five issues, dealing with the east, so Ukraine, Moldova, Georgia – the idea of completing Europe, or completing a Europe, Poland-free, which is something we've never finished the job on, and which still remains an important ambition for those of us who see Europe as one community. Second, dealing with Russia, and I'll come back to each of these, so I won't belabour the point on Russia, but there's a lot to learn from the way these countries have dealt with the relationship. Dealing with energy security issues, making good use of embedding and inter-operability to get greater efficiency and regional coordination out of that, and, I would add, finding ways to keep the US engaged, because that is a risk right now, as the US talks about a pivot to Asia, draws down a few brigades from Europe, we're no longer going to have the level of interoperability that was created by the operation in Afghanistan, once that operation draws down, so finding ways to keep the US engaged.

To take a few examples out of that list, we asked authors from the United States, from the Nordic region, from the Baltic region, to each contribute their thoughts in each of these areas, so it's a good compendium of different views, and there are two overview chapters; one of them gives a sense of what the Baltic region looks like, very much along the lines that Jan talked about, being, when everything else looks to be in crisis, this doesn't actually look to be in crisis, and then another giving a summary of conclusions and recommendations, and I would point you to that for details.

But to take a few of these examples here, start with Russia, because I think that's always on people's minds. Here is a region that has a high degree of apprehension about Russia, whether it's the Baltic States, because of recent history of the Soviet Union, and then whether it's Finland, which had a problem with their incursions, or Sweden, which also, you can describe it, but I think also keeps a watch on what's happening to the east. Norway had a border dispute, and there are serious environmental conflicts, and potential competition, as Arctic ice melts. So there's a lot of potential friction with Russia. And I should add energy security issues, where you have a combination of independence and dependence on Russia. So that's a complex environment in which to act.

That environment is not that different from what the EU as a whole, or NATO as a whole, faces. It's this wider set of potential frictions with Russia, and yet the Baltic region has managed to address these, I think, very constructively. It has tried to keep the rhetoric down. It has found areas in which to work cooperatively with Russia, particularly on local levels, whether it's on environment or Norway's border dispute, on some of the Arctic issues, it has found ways to continue to be engaged with Russia on energy, but to diminish its dependence on Russian energy, at the same time, and at the same time, you hear from the Baltic States more than anyone else, a continued emphasis on Article 5, collective defence, territorial integrity, and this is something that not only NATO has worried about, but also countries in the region are worried about, and it's interesting, and I'm sure Veronika will talk about it's interesting to see Sweden and Finland taking part in air policing in the Baltic States, even though they are not part of NATO, and not part of an Article 5 defence commitment.

So there is a lot to learn, I would argue, from the way this region has managed the relationship with Russia, both in a constructive and engaging manner, as well as a cautious and resilient manner, and I think that's just one good example.

I'll skip over a couple of the others, but probably come back to the final one on keeping the US engaged. This is a real problem, frankly. I think that it doesn't matter who's in the administration, or who's in the Congress, or where things are, the US right now is very focused domestically on the economy, on jobs.

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The public is very weary of spending large amounts of money that we don't have, so the deficits and debts are a bigger and bigger problem, and very weary of the wars that we've been engaged in, not really seeing the point any more in something like Afghanistan, and so, against that backdrop it is very tempting for the US to draw down, both from operations, to draw down from Europe. We had non-named administration sources talking about a pivot to Asia, which was immediately caught by more grown ups in the administration, but still remains under the rubric of rebalancing, which I think still is, in my view, not quite capturing the point that we need a proactive strategy of working with our allies around the world, to deal with challenges, rather than seeing them as trade offs in some way. That being said, that's the temptation in the United States.

In that environment, the United States will look at Europe and see declining defence budgets, significant challenges within the euro zone, perhaps diminishing solidarity among EU member states or NATO member states, and a lack of focus and clarity on what Europe really wants to do. This was your blog post after our Riga meeting is, when you ask what should we be doing together? There isn't a European answer to what our community should be trying to address.

In that environment it's very difficult for the US to remain engaged with its European allies and partners. It's hard to have an alliance if the feeling on the American side is there's not much there, whereas we continue to be buffeted by problems around the world. It's also a trick to figure out how a European centric relationship, a transatlantic relationship, is nonetheless relevant to one where the principle challenges the US is facing, or our community is facing, are not in Europe, but in the broader Middle East or in Asia.

In that context, I think I would give high marks to the Baltic and Nordic countries for finding ways to keep the US interested. It is a successful region, economically. It has given a clear and workable focus on exercises and embedding and interoperability. It is putting forth its own contributions. If you were to go the per capita route of contributions to Operation Afghanistan, for example – Lauri is looking up – it shows a significant level of effort from these countries, as opposed to the alliance as a whole, which I think is understood in Washington, and gives a basis for cooperation on a more equal footing; even though they're small countries in many cases, it's the shared passion and shared willingness to commit resources that makes a difference in the way people engage.

I think that's a good example for how this region has kept the US involved. We're having a substantial exercise through NATO in the Baltic region, and I think that that is only due to the fact that the Baltic region itself has kept a focus on that, and found ways to keep the Americans engaged, so I would give high marks to that and point those as two examples talking about Russia and the US, in ways in which I think the region has successfully attacked problems that the EU and NATO as a whole face, and as a result, I do think it's worth looking through some of the conclusions and lessons learned that people have reached about how to apply these within a NATO or EU context.

I will pass there.

JAN TECHAU: Yes, Kurt, I have a quick follow up, because you've just mentioned the ability of these countries to keep the United States engaged. The kind of atmosphere that you get when you talk to people from up there is quite different from the mood that you get when you talk to people from central and eastern Europe, Poland and the Czech Republic, Hungary, who feel let down by the US and disappointed in many ways, even though they thought they had done the same smart things, interoperability, putting assets on the table, and sharing... What is the difference, just in a nutshell?

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KURT VOLKER: Right. I think, in every case except Poland, and perhaps Romania, but to put Poland especially as an outlier, in every other case I think you could argue that the central Europeans weren't in a position, or didn't deliver, in terms of their own contributions. They didn't adopt the sense of, this is a shared obligation, or a shared commitment with the United States and other allies, to which we will make our contributions. The example that jumps to my mind is when we were trying to fill the PRTs in Afghanistan. We had a number of them that were on the books, and we were looking for who will do them, and it wasn't any of the central European countries that jumped forward, it was Estonia and Lithuania, for example, which came forward on PRTs. Lithuania, one of the most remote places you could find in Afghanistan, but nonetheless, doing so because I think these countries understood this as a contribution to a whole effort, and in return having expectations of engagement from that whole effort, which I think is the right way to view it. I'm quite familiar with Hungary, but you could also take Slovakia, the Czech Republic, Slovenia or others, and find that there isn't the same level of commitment, which is very useful for then attracting US engagement.

As I said, Poland is the outlier, because Poland did this. Poland was a substantial contributor in just about everything, and what I would have there is I think the US did not do a good enough job in engaging Poland and reciprocating with Poland. I think that's the first point is that we have to put some of the blame on the United States, and the second is that I think Poland, unlike the Baltic States or Nordic countries, tended to look at these contributions much more transactionally, saying, we will make this contribution, and we expect this in return, which is not the way the US or most countries really work. It's, are you part of the same team, or are you not on the same team? And if you're on the same team, we'll work things out, but we can't make it a purchase order for a contribution. So I think there's a little bit of a lack of imagination, perhaps, on both the American and the Polish sides, in that particular case. The other central European countries and Baltic States, I think follow the model that I described first.

JAN TECHAU: Thanks for clarifying that. I'd like to go to the Vice Minister, Mr Vytautas Leskevicius, who can give us his points now, both, I think, some perspectives on the study, but also his personal take on what the situation's like.

VYTAUTAS LESKEVICIUS: Thanks. And thanks to Kurt, for the study. Since, in a way, nowadays, I seem to have switched the sides, in a way poacher turned gamekeeper, having spent 15 years of my conscious diplomatic career with NATO, and their security policies, and now I'm working on the EU. I won't delve deep into the security policy now.

Then I wish I had your study ten months ago, when I took over as a Political Director of MFA at home in Vilnius, and the first task that I was asked to do was travel for Washington DC for my first ever Epine [?] meeting. An Epine is a format encompassing all the Nordic-Baltic countries plus the US. And I made every blunder I could during that meeting, because I didn't, I behaved, as a normal Lithuanian diplomat would do, in a very imposing and bombastic manner. I was trying to say to my Nordic and American colleagues what they have to do and what they have not. I omitted to say that actually a little Lithuanian, it is the shared [unclear] Lithuania is coordinating Nordic-Baltic and Epine activities, and I was asked to be the Coordinator of our coordinated activities.

It took a while for me to come to realise what it is all about, this Nordic-Baltic operation, or Nordic-Baltic plus US cooperation. It took me a while to come to understand that it is a unique formation, without a rigid structure, without any secretariat or a statute, and no country presides over the others. It has very a flexible, relaxed nature, but it's very rich on substance.

Joint interest and added value are the driving forces in this Nordic-Baltic cooperation, and they have already led to harmonising actions in many areas, from finances to diplomatic representations, and

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energy security, and I couldn't agree more with the authors of the book that in terms of sound fiscal and financial choices NB region has much in common, and still has.

We've been very disciplined once to take on the very painful decision back home, when we made what's called fiscal consolidation and internal depreciation, but that helps stabilise our economies, and start recovery faster, and I dare say that we came out of the crisis pretty well off. And we have another point that the Nordic countries are the biggest investors into the Baltic markets, bringing the Nordic knowledge, Nordic ways of doing business, to our business community, and this spreads over to our political community, and to our civil society as well, but what we're lacking still is the Nordic ability of public resilience. This still remains to be imported from Nordic countries into the Baltic countries, but I'm speaking about Lithuania and maybe Estonians are already there.

Yet another area where Nordic-Baltic cooperation proved to be very successful is the energy security that is given high attention in Kurt's study, because you may have heard much about our resolve to connect the region in terms of a reliable energy infrastructure, but more than that, it also transfers into the EU policies, like the first ever EU macro strategy, called the Baltic Sea Regional Strategy, or the Baltic Energy Market Interconnection Plan.

Then the Nordic-Baltic cooperation of course is naturally about, first and foremost, about our eastern neighbours, and here I just want to underline three points. First, what we've done and what we're still trying to do is stick to the three principles of when it comes to our eastern neighbours, eastern partners; first, differentiation, self-differentiation, meaning that those who deliver more can rightly expect from us to get more, yet at the same time, we have to keep our interests of those that are currently less [unclear].

What we have to do, as a Nordic-Baltic formation, is a constant political attention to the countries, and question. That is the least we can do to encourage them to stay on the path of democratisation, or reform, and again, this is where Epine format comes into the picture. I personally led a mission of Epine political directors to Malmo earlier on this year, and it made an impact, and this is what needs to be regularised or repeated, or taken on a regular NB8 agenda; that's a humble suggestion for Swedish coordination of NB activities next year.

Then of course, upcoming parliamentary elections, in a couple of countries will again test the results of these countries to stay on the democratic path, and reform track, and yet on the other hand, non-democratic forces, put it this way, test this resolve constantly, and neither the EU nor the US, nor Nordic-Baltic group plus US has a unique, cheap recipe or solution for any of these countries, but one thing we can, and we need to do here is to stick to the third, and possibly the most important principle, to invest into the civil society, to invest into the youth of those countries, for example a European humanities university based in Vilnius, and being substantially backed, both politically and financially, by all NB countries, plus US, is a very good example.

The same with regard to Russia, and I simply wanted to mention one suggestion in this regard: we have to reconsider priorities when it comes to partnership modernisation, let's start investing more into people and into civil society than into machines.

To sum it up, NB8 cooperation and NB8 US cooperation is more than just an effective regional model. It's something that could provide new stimulus to the EU with the new ADS and good practices and good conduct during a crisis.

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Now, to speak about policy suggestions and, as you, Kurt, put it in your book, in helping keep US interested in and engaged into Europe, or keeping this transatlantic link afloat, I expect I will receive some more questions that would allow me to develop some points on energy security.

JAN TECHAU: Thank you. You also mentioned the special emphasis that your country puts on the immediate eastern neighbours, and I will come back to that later as well, but now on to Mr Lepik, the Ambassador from Estonia, your take on this, and maybe pick up some of the points that Kurt has mentioned in the beginning?

LAURI LEPIK: Thanks very much, and it's good to be here.

First of all, I'd like to thank Kurt for putting this excellent volume together. It's important to keep the topics on the agenda in Washington, as you know. Here, it's very much on the agenda as well. We had a conference last week, and then we had the annual important defence conference with Envoy Stavridis giving a speech very much on the same issue, how to see the region and US engagement, so this is good, in the sense that there's nothing alarming, and I want to try to know more, but it's important to keep the topic discussed.

When one goes through this book, of course there's a variety of cooperation examples, integration doing things jointly, especially in the Nordic area, and in the Baltic area, and I feel that while now we have this experience of the past 20 years of doing the Baltic thing together with the Nordics, it's going to be more and more integrated and more merged, as you take the region as a whole. I believe one incentive and one planned course for this kind of cooperation, which has different traditions in the Nordics, different reasons, but still is the security issues as well. I think that it has been security driven. After the Cold War, for instance, when the Nordics started, to the UN defence cooperation it was a good example, to do something on cooperation in the Nordics under the US UN hat, but actually there was much more about discussing the defence issues as well.

For us, for instance, for my country, integration into NATO EU, Schengen, euro zone, whatever you name it, has been very much a security project as well, not only economically driven. So I see this region indeed as coming together with the like-minded nations, keeping the fiscal policy, being responsible, either alliance member states or nations, it depends how you describe them, was which organisation, but this is the region where people not only interact with each other, business wise, in every community, or nationally, but I think it would take at least two or three more volumes to describe all the interactions in the Nordic-Baltic, between people's businesses and different authorities.

That said, of course, I'd like to just hit the central point to what actually occurred, alluded as well, where does the US fit in? I think the most important issue to be discussed, and I'm very grateful to Veronika and Ian [?] Brevinski [?], who wrote to us and invited us and debate [?].

If we take the map of the Nordic-Baltic, you don't see US military is there, the different, various regions, even in NATO countries there is no US military presence. There are certain platforms and certain weapon systems, which give certain nations a very close link to the US, but the closest we can get is maybe Poland, when there's more located on the Polish soil. So in that sense the Nordic-Baltic is US free, one can say, militarily.

Certainly what we see from different behaviours, maybe the Baltics are different, at some point were different when we launched our NATO thing, but still, I think has shown that all nations in the region are interested in closer collaboration with the US, so that is, as Kurt rightly said, this is not a straightforward transaction issue, but certainly the first, most important driver was to get mission accomplished, and

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second, for very practical reasons as well, to have our troops be interoperable with the US and other partners, our nations. This is, if I may say, added value as well.

The question really would be, what happens next, and there will be a pause [?]. How we can keep this experience, which our nations and our military defence people have gained the past ten years, working together with the US, with allies, with nations, how to keep this training and exercising spirit on a very practical level, going how to at least NATO, together with partners in the region, can come up with a certain and practical plan for years to come, before the pause, because when the pause is happening, it's too late, and I think this is one of the issues we discussed, at least in my capital, in the region, and the continent [?] and with the US on a constant basis.

I do want to underline that of course this military and defence issue is not the only one. There are ways, means and examples how the region works together with the US, for example, I would never imagine my Foreign Minister standing along with Secretary Clinton at Ulan Bator launching the project to transact the reform experience, and to know [unclear] or to Tunisia, things like that.

So in that sense I think it has to be balanced, and it will be balanced. From one style of course we're interested in continuing US commitment to Europe and to our region in particular, but on the other hand, I think that now we are able to offer something more, either on the transition from on internal reforms on the fiscal policy, or how to reform the society successfully, to other parts, where there is a need, and that would end up [unclear].

JAN TECHAU: Okay, good. Thank you very much. We've had the intro statements, now, from alliance members; and there's Sweden.

VERONIKA WAND-DANIELSSON: And then there is Sweden.

JAN TECHAU: It's definitely a Nordic country, and not a NATO member, but an EU member, a stakeholder in the security scene [unclear]. You've had to dance the dance many times before. In the context of the Nordic US security relationship, what's the Swedish position? What are your key points to make on this?

VERONIKA WAND-DANIELSSON: Yes, and you could have added, and an active partner to NATO, in the summary.

Again, as others, thank you, Kurt, thank you, Jan, for this occasion, and yes, I think introductory wise, you asked... you presented Sweden as the unique case. I don't know how unique Sweden is and our position is. At least I feel, in my position, now, as Ambassador, Swedish Ambassador to NATO, and I have a long background on the EU side, that I get increasingly questions about where does Sweden stand? Who are you? What are your ambitions? Not only in the NATO family, sometimes even in a Nordic-Baltic context.

I thought before, since, and we will be coming back to some of the issues, all of us, I would like to start off with just outlining where we stand, our own perception of where we stand, and of course then we'll have a discussion on certain perhaps key issues that may come up. And because I'm often confronted with this uncertainty about active partners to NATO, a true contributing country, a Libya mission lately, but the short version is Sweden has done a tremendous voyage, they will say in the Brussels language, for the last 20 years. We gave up our longstanding position of neutrality, not in a big bang. Now Sweden is leading neutrality policy, but if you ask, yes, Foreign Minister, Prime Minister, the understanding is that was our perception; other countries will have other perceptions, but we gave up our neutrality policy with the entry of Sweden into the European Union.

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95 marks the first clear shift in the change of our security policy. We have now put European solidarity, European security in the midst of our security policy. That will be the first major step and difference, and I would even say, since it was not a big bang, the Swedish public opinion didn't necessarily understand that; that change of philosophy change of approach, but in parallel, also good, important to say because it is linked to today's discussion, we deepened... 94 we entered PFP. We became an active member to the EAPC cooperation. We started contributing to the NATO-led international crisis management operations, S4, K4, ISAF, OUP last year, so the European focus was also in parallel, accompanied with a deepening in our transatlantic relations, and the transatlantic relations, in the security environment, was NATO. So Sweden, as an active partner to NATO, has to be seen in the context also of our clear position of solidarity with the European values and European ambitions.

In 2009, another, from the speech perspective, key year, in 2009, yes, the entry into force, again, the other hat, the EU hat, of the Lisbon Treaty, and the famous article neutral assistance clauses, Article 48... 42(7), if I remember correctly, implied that we also felt we now entered a new stage in the EU future planning, so in order for the Swedish national policies to be aligned with the obligations we had by having no opt out clause, like Denmark had, from [unclear] the European Security and Defence policy, we took a Bill, in our parliament, with the opposition, a broad based support for that Bill, and which was, in a way, a Swedish security clause, a Swedish national security clause, saying, in very concrete terms, if a European or a Nordic, and I say Nordic, because all Nordic countries aren't members of the EU, Iceland, and Norway, of course, if they should be subject to a natural catastrophe, of course, but also an armed aggression, Sweden would not be passive. We would actively get engaged towards that country. So that was a very far-reaching commitment, but again, of course, up to us to decide, and the demand, and the limitation, if you want, to EU, linked to the Lisbon Treaty, and the Nordic text [?], so the Baltics are covered by the EU clause.

This is the Swedish... And then you had, yes; the Norwegian Foreign Minister Stoltenberg came the same year with a report looking at putting forward very practical steps on how we could further enhance Nordic cooperation. A little bit of first smart defence Nordic proposals from Stoltenberg, which immediately the armed forces, the Head of the Trods [?], the armed forces were asked to look into procurement, joint exercises, to see how could we facilitate, merge certain components, which would make it cheap, but at the same time tie in those countries. So the Stoltenberg Report was also a political tool.

To the Stoltenberg Report, yes, I'd say Lisbon Treaty and Stoltenberg Report were the two main amendments in 2009, and made political objectives and ambitions more concrete.

If I then look at the other chapter, Nordic countries, yes, a quite mixed baggage of countries. Three members of the EU and not NATO, and two partners to NATO, so it was difficult to develop a clear, common security and defence agenda, and we often talk about it. What are we doing in the Nordic context, what are we doing in the Baltic context? In fact, we have not come that far, would be my very, perhaps a provocative response.

A lot of things that have happened; Sweden's engagement in the Baltic context was on a bilateral basis, once the Baltic countries became independent, we had massive transfers of storm fences [?] of defence material, defence equipment, training, but that was always on a bilateral basis. One Nordic country, Sweden, for instance, to the individual Baltic countries, and the other Nordic countries acted the same way, so there was not a formalised structured Nordic-Baltic, which I think is important to remember.

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The Nordics the same. This was Nordic-Baltic, but even the Nordic worked strongly in many years. You mentioned some. I started my career 20 years ago; every UN meeting you had a Nordic meeting beforehand, aligning positions, seeing that we could harmonise our approaches, but security and defence, because of our different institutional belongings, it was difficult to have a common security space, for instance, or have a common security agenda. So it started very [unclear], and I would say only as of 2009, when NORDEFECO, a new mechanism, Nordic Defence Cooperation, was established, first only in the Nordic family, and now, since 2011, so it really is very recent, the Baltic parties have been asked to participate in certain kinds of cooperation mechanisms in this new NORDEFECO initiative, and that is quite institutionalised now. Defence Ministers meet twice a year, working group; but as I said, all this we talk 2011. It's a year ago, so it's all in the making.

As a final point, your question, Kurt, as well, yes, the transatlantic dimension, of course essential now. As long as we have different institutional belongings that also implies that we have very... that we can go to a certain limit. We come to a certain board, if you want to, and then there are certain things we would not be able to do as non-NATO members, so therefore, from our perspective, it is also very clear that the transatlantic link is crucial, Carl Bildt, my Foreign Minister, only two years ago, in a seminar in Helsinki, went out very strongly and said, even as a non-member of NATO, but a partner country to NATO, but of course a Nordic country, preoccupied with the security and stability in the north, in the Baltic region, Article 5 of the Washington Treaty is as important for Sweden as it is for the Baltic States, and thereby responding to your... US engagement remains crucial for that, in that perspective.

And at the end I will rather take questions.

JAN TECHAU: Thank you very much. Now, before I open it up, and I would like to ask all of you to get your questions ready, I would like to ask each of you, just a short, one-sentence answer, what is the most important security threat to your country? Because I think we have to maybe also approach it from that angle, because it's a threat perception thing, but it's often the biggest problem between allies. Before I put anybody on the spot, I think maybe I'd ask Kurt, as the outlier in a sense, first.

KURT VOLKER: Self-confidence.

JAN TECHAU: A straight forward answer. Mr Ambassador.

LAURI LEPIK: I think it would be at some point the delinkage in terms of [unclear].

JAN TECHAU: Delinkage. Mr Minister?

VYTAUTAS LESKEVICIUS: Already alluded to it, a lack of public resilience, and we are still overly susceptible to not necessarily friendly soft [?] power influences, and use of soft power instruments from abroad.

JAN TECHAU: Ambassador?

VERONIKA WAND-DANIELSSON: I would probably subscribe to all the earlier comments, and add an undermining of the Europe solidarity, both within the EU, but also of course in the broader transatlantic context.

KURT VOLKER: That's interesting. When you put those together that's really interesting.

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JAN TECHAU: That's what I think. And now it's on to you. Please raise your hands. I have one here. Laura is coming with the microphone. There's a second one here, and I think we can maybe take three in the first round, so anybody? Here's one in the rear, so...

PAUL CERTES: Paul Certes [?], former Deputy [?] of NATO, and delighted to see so many ex-friends. Can I go to the Russia point straight away? I'm very struck within the paper that... within the book, that there's a British policy of the war towards Russia: keep calm, carry on, and eventually there'll be a post-Putin regime. And you, Kurt, said that the Baltic Nordic area is a rather good example, not that much different from NATO EU, but where is the engagement going to come from, because what I hear is we shouldn't be afraid to tell Russia which way is up. That's fine, but that's not enough. We need to go further, and Vytautas, intriguingly, was going to start talking, I think, about investing in civil society. There was a bit about that in the book as well, but what does it actually mean? Have we got a vision of where we want to be with Russia? Because part of the problem about investing in civil society is that [unclear] last 30 years, it meant only one thing; it was probably undermining what [unclear] obstruction was, so people are not going to be too happy with that.

JAN TECHAU: The next question is over there.

BROOKE SIGNER: My name's Brooke Signer [?]. I write for Jane's Defence. I want to ask a question about what the Baltics are going to do in terms of pooling and sharing, and more specifically, supply security. You're too small to maintain a heavy defence posture or a full range of capabilities, and so either way, whether you pool or whether you share heavily among each other or with others surrounding European countries, it raises security of supply questions, so my question to you is, where is the logical tendency to establish your supply lines? Is it to other parts of Europe, and thus to the EU, or is it to the US? Because both will be very expensive, but maybe you want to do that.

JAN TECHAU: And then we have a question there in the very rear, over there.

STEFAN DEVERS: Thank you. Stefan Devers [?], Secretary General of the EU Architect Forum, and my former function, working with the Baltic Sea region strategy as well. Just like Jan Techau, also I participated in the Riga Conference last weekend, and getting back, you can still hear in my voice it had an effect, sitting there. We had a first: for the first time we managed to an Arctic panel there. We had the Chair of the Arctic Council, Swedish Ambassador Lind participated, together with the former hero of the Soviet Union, Artur Chilingarov, and also the new Foreign Minister of Norway, then Defence Minister, Espen Barth Eide, and I'd like just to ask, and also to point out, Arctic was mentioned here in the beginning, and it might be interesting for you to have a look at a paper by Alyson Bailes, who writes to bridge this geographical space, who is also cooperating with our forum. The fact is I'd like to highlight that and provoke a little bit here, the Arctic is fairly different, also in the behaviour of certain states, compared with other regions. The Arctic is not so much a security challenge in the classical sense, but rather by the effects of climate change and also by challenges coming with increased interest, investments and technology, so it's rather cool up there. The relations are rather cool. It's a good cooperation going on, although of course there are conflicts of interest, as always, but all the states agreed to manage them according to international law, and to [unclear] that declaration, so it's actually for once a chance, and it reaching huge opportunity for cooperation and also what we see in many areas in the diplomatic level, in research and science level, but also on a business level, so the Arctic, not only as a geopolitical space, but also as a geo-economical space will get more interesting, and this is where the EU comes into picture, or Europe in a wider sense, because Europe is more than the EU institutions, it's also our research, our investment, and not least, our dependency on certain resources will be in there, and there it's particularly interesting to look at the special place that Sweden has right now with the chairmanship of the Arctic Council member of both councils. Finland, also, Denmark, with the position, so

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to say as a caretaker of Greenland, and just to finish up, I believe, if you take a closer look, there is maybe a unique chance to prove that the idea of the sustainable development and of a secure region can be developed there, in a space that is unfortunately, the press always, or often portrayed as the next Cold War. Thank you.

JAN TECHAU: Right. Your questions: Russia – where is the engagement coming from? Pooling and sharing – what are the options for the Baltic States; is it a US option or a European option? And then finally, the Arctic dimension. Three very pertinent issues. Who wants to take Russia first? Somebody here? Because obviously it's... You all avoided Russia in your answers to the first question, and now you have it; Russia is back on the podium.

KURT VOLKER: I'll throw out a few thoughts on Russia, but I'd be happy to defer to...

JAN TECHAU: Yes, please [unclear] and then Kurt.

VERONIKA WAND-DANIELSSON: Then Kurt. I think, from a Swedish perspective, and I think from the EU perspective, Russia is a strategic partner, remains a strategic partner, and I think both on the EU side and on NATO side, as far as I can follow it as a partner country to NATO, there are very strong efforts to engage Russia in most areas, where there's a common interest. Take the latest WGO. I think we see high vision, so even though it's not only easy, but we welcomed the integration of Russia, also in the WGO structures, but I can also, as Swedish Ambassador, see that Russia can be a difficult strategic partner, and I think because we have differences in views on... yes, in certain areas we see worrying development, looking at civil society, looking at certain phenomena in the domestic scene, yes, we have international issues, where we don't always see eye to eye with Russia as a partner. We have Libya, since I was personally strongly involved in the Libya operation and the preparations, political work around the Libya operation. We see Syria today, yes, there are areas where we do differ, where we have different views, but that would, for us, be a reason to even further engage, and to maintain a close dialogue, and to try to understand each other's sides.

Our Foreign Ministers had a very good meeting last week in Moscow, and yes, the differences exist, in terms of values, in terms of perceptions, in terms of approaches. That is made very clear on the Swedish side to the Foreign Minister Lavrov, as well as the Russian position will be explained, and on certain issues we have to agree to disagree, but I would perhaps not, Paul, fully agree with a lack of engagement or a lack of will of engagement. I think that it's just on certain issues we have to agree we have totally different interests, and we don't necessarily share the same approaches. As I said, Libya, Kosovo another area, Georgia... For us the territorial integrity of Georgia is crucial, and Russia will have a different analysis of the situation.

So I think sometimes you can come to a certain point, and then you have to accept, no, we stand up for the values we have. We have another perception about security alliances, and each country's rights to choose its own alliances for instance, and Russia might have a different perspective on that.

JAN TECHAU: Kurt.

KURT VOLKER: Well, just to add a couple of thoughts on to what Veronika, and prior to that, what Paul said, Paul, you used the phrase, waiting for the end of Putinism, which I think is right, but the question is, how do you wait it out? I think that there had been, and going back a couple of years now, I think the presidential and the Duma elections in the last year have changed European attitudes toward Russia a bit, but prior to that, and when we were putting all this together, there did seem a lack of willingness to even talk about that there's a problem with Putinism. So we're going to wait it out, but we're just going to wait

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it out by getting along with everything as normal, so without the element of differentiating values, without the element of push back, without a sense of, we have our own interests in this to pursue as well.

Where the Nordic and Baltic States have done, I think, quite well, is, one, keep, as you just heard in Veronika's answer, very beautifully expressed, keeping things calm, but at the same time being clear about differences. I think the Nordic and Baltic States have been more active and visible in trying to work with and support and help Georgia, or Moldova, or Ukraine, Belarus, than a lot of the other European countries have. They have been able to work at local levels on concrete problems, environmental issues, shipping issues, border issues, fisheries issues, transportation issues, and dealing with Russian authorities at a local level is often very constructive, because they have an interest in solving this as well, and it's not as difficult as when things are elevated to a political level in Moscow.

So there is an element of waiting out the end of Putinism by engaging practically where you can, and also being willing to push a different agenda at the same time. Ultimately, I think that there's a recognition that maybe started with the Nordic-Baltic States and has crept into European and America thinking, is that Russia has to change. It can't stay the way it is. It's going to have to change, and rather than viewing it as a passive; we'll just do business while that goes on, it's seen a little bit more actively as trying to work constructively to see if we can build the relationships and make the contributions to the right issues to orient the right kind of change.

JAN TECHAU: Ambassador, the pooling and sharing issue?

LAURI LEPIK: Thanks. I think it's a very good question, especially about the Baltic States, either in the EU context or in the NATO context, where there's a different buzzword, smart defence for that, but I think there are good examples like arrangements, indeed what first of all, the air policing of the reported countries indeed do not have enough resources to purchase or acquire these aircraft to conduct their [unclear] commission. So the arrangement is within the alliance that allies, so which they should support, which we provide as three Baltics rotate, and do this for us, which then enables us to put more money in either operations or other capabilities.

There is one but. In that sense, I think we have to be very clear that even when we speak about military spending in Europe declining, and what is the match with the US, it's not purely not a bookkeeping transaction, because my government has now, for the second year, given 2% of their defence from the GDP. If I explore that money to the US defence expenditure, it's gone in 14 minutes. If we look to...

VERONIKA WAND-DANIELSSON: Not even an hour.

LAURI LEPIK: Yes, even not an hour. It would be to 4% it would be around 20 minutes. But even if we combine the Baltic defence budget, or any other budget, it still won't match. So the issue will become at some point political as well, how it's seen from the US side, and I think the issue is really the political will the government's had to come through while increasing the defence expenditure, but knowing, and everyone has to understand that there will be unmatched to the US. And that's, I think, good, it's all good that, and it's not bad. And so I think this is the perspective we have to look on broader views like [unclear], I think we have to keep in mind what works and what doesn't, if we are in much... looking into the joint capabilities, where we end up with a sovereignty issue of different nations and how to use those capabilities maybe we have to think twice as to invest in those or not.

BROOKE SIGNER: Just a follow up to that. My question really is, for the Baltics [unclear] physical periods [unclear] engage Washington do you set up all of those associated costs and lines and [unclear] supply

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across the US, and you [unclear] to do it for a small country like yourself that's very sensitive to do the audit at the same time.

LAURI LEPIK: Yes, but I think in the... Let's say we take the alliance; in that sense there's no big difference. It's all intermingled [?] of things that we have to build up a separate supply route to the United States. It's a two-way street.

JAN TECHAU: Both the Minister and the Ambassador wanted to come in on this, because I think this capabilities issue is one that really is at the core of the matter, to a certain extent.

VYTAUTAS LESKEVICIUS: Yes, but first I wanted to come back to Paul's question, and Paul, it's good to hear you asking the same toxic questions that you did during our stint in NATO. But one more point that I want to add on the top of what Kurt and the Ambassador were saying about engaging with Russia; that's the regional dimension. Lithuania or Sweden or all the Nordic-Baltic countries, for this matter, are simply too small to engage with the whole of Russia, hence it is logical to just to try engaging Russia as a region, and of course it becomes only natural that that for Lithuania it is, say, clinical [?], and we've been pursuing this path quite successfully.

Coming back to the pooling and sharing question, I just think that air policing is a good example of be it pooling and sharing or smart defence, but besides, I'd like to mention a couple of other potential areas you might look at these capabilities, say what we've been doing in Afghanistan, the developing of highly specialised units, or... I do not want to sound a little bit too bombastic, but brainpower. Say, the cyber security centre accredited by NATO and Estonia, or, this is my hope, that the energy security centre that we established in Lithuania will soon become a NATO centre, and this is about pooling and sharing as well. These are niche capabilities that we're offering for the use of the whole of NATO, or for the whole of the EU, for this matter.

And when it comes to security of supplies, well, we, from our perspective, Americans are in Europe, so there is no question, how do we secure our lines of supply when it comes to the physical side of it.

JAN TECHAU: Yes. I think you wanted to add something to the capabilities issue, right?

VERONIKA WAND-DANIELSSON: No, if you want to leave it now, no. I would just basically follow up back at the question, the big challenge, in one way, yes, a lot, and more should be done at a key level in terms of pooling and sharing, quartz [?] mark [?] defence, a lot of ineffectivity, or lacking effectivity, we see it, even efficiency, we see it in the Nordic context, Nordic-Baltic context, at European level, mergers of certain kinds of equipment working more closely together, etc, but isn't one of the main challenges, or the big challenges, as while the EU bid to EDA [?] the EU system, or now the multinational projects, the smart defence proposal that NATO is adopting, the challenge is, of course, to strengthen European cooperation and efficiency in having a more market oriented but also a Swedish comment. France might have a different view on that approach to defence and security, without undermining the transatlantic link, not giving the impression that, yes, Europe manages itself, and thereby partly also undermining the alliance, and the American engagement in Europe, and I think that's is in one way the big challenge for at least all double-hatted EU NATO members, the 21.

Air policing is, in fact, a very interesting issue, partly because it shows the possibilities. Yes, smaller states that don't have, cannot afford, and should not put their money in their national air defence, and therefore the alliance again shows it's added value by dealing with the needs, with other countries the have a national defence and securing the air space, but yes, as representative of Sweden, we have an air force, partly also linked to the backbone neutral country. We could probably do more, even using our

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own capabilities, national capabilities, in the Nordic-Baltic context, but we would not want to engage in activities that would undermine the alliance solidarity, since we cannot guarantee Article 5. That's the political situation in Sweden. So we can be an added value, in terms of saving money, if you want to, from a resource perspective, but we would not want Sweden engagement, and should things get difficult, not being able to give this last promise, and that is, as I said, the position in Sweden. That would not really be possible, I think, not welcome from the Baltic situation.

So yes, possible, in terms of accessibility, but politically not possible because of the limitation of the non-membership issue.

JAN TECHAU: I would like to pick up on the Arctic question, before I take the final round of questions here, because I think that's an important thing.

At the Riga conference I attended that panel on the Arctic, and to me that panel was a big love festival. Everybody who was there on the panel basically said the same thing; cooperation is great, it's an opportunity for everybody, it's a win-win situation, it's more of an economic issue than it is a security issue, therefore compromise can be created, and so on and so forth, and it was a late night panel, and everybody was thinking, wow, we expected a lot more excitement from the Arctic issue.

Now, here on the panel it sounded slightly differently. A quick round, maybe, of answers. Maybe not from everybody, but do you share that rosy outlook on the Arctic, or is this an area of coming geostrategic competition?

LAURI LEPIK: It might. I think it might. In that sense that I know that there are quite a number of nations, apart from [unclear], who are quite [unclear], and not everybody hears about the tragic use, but [unclear]. So I think my Nordic friends [unclear] around the theory, but I think they're becoming more and more nervous [unclear].

JAN TECHAU: Kurt, you were shaking your head.

KURT VOLKER: I... Yes. I have a very different view on this. I think that the reason it has calm and cooperative in the Arctic right now is because it is still very hard and very expensive to operate there. To the degree that changes, and people have different timelines for the climate, but it might be 20 years or 25 years, it's going to look very different, and I would think of it in terms of rings of countries.

You have five countries, including the United States, which have territory and coastline in the Arctic Sea. You have another group of countries that are in the Arctic region, though they don't have the coastline, such as Sweden, and you have another group of countries that are economically engaged and want to take advantage of trans-Arctic routes and Arctic resources that they would be able to take advantage of in a more permissible environment, because of the climate: China, South Korea, Japan, for different issues, and there's a myriad of issues, as you know. There's shipping and transportation, which then leads to environmental issues about the quality and control of the ships in that volatile environment. There are environmental issues right off the top. There are fisheries issues. There are security issues. There remain border disputes and boundary disputes that are not resolved. To the extent that countries are able to play in this, whether it's China wanting to take advantage of trade routes, using its own vessels, or South Korea making the vessels, or Japan going in for the fisheries, or Spain going in for the fisheries, the EU, you have a real host of problems that have not been dealt with, and they're not hot now, because the Arctic is so frozen, but they can come up at any point.

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The reference you made to the [Unclear] Declaration really is just a declaration that existing international law applies, so we don't need anything new. In other words, the Arctic's an ocean, and therefore anything that goes in any ocean anywhere also goes for the Arctic. I don't think that's good enough for the Arctic. I think that there are special challenges there that the states that border it do have an interest in that we haven't regulated, and we're going to have to come around to this.

JAN TECHAU: I would like to conclude that here. I have, I think, two more questions. I saw one hand here, and then there was a follow on to the Arctic, but that must be very brief then, and then we have about five more minutes, so we must be very, very quick. Quick question, please.

DAMIAN DE GEORGE: Damian de George, Arctic Researcher. Just a brief emphasis on the topic. Russia is often highlighted as the issue, but there's another underestimated issue, which is Greenland, and we hear more and more about that. Yesterday in the front page of the International Herald Tribune. It is a territory in a state-bidding process, which is to become the new meeting place between the US and China, with the US military base and China investing heavily there, and it's also a new meeting place for American, European and Asian interests. The South Korean President was visiting Greenland this month. So when we're talking about energy security, it's more about rare earth and so on, than it's about Greenland you're going to talk more and more, and so it's kind of a new continent on the map, and so Russia is of course an issue when you talk about collaboration, but there, Norway and others are doing well with that, and this is no issue right now, but Greenland is clearly to follow.

VERONIKA WAND-DANIELSSON: It is Arctic, by the way.

JAN TECHAU: I think a quick one, again, on the Arctic, but must be, as I said, very brief, please.

UNIDENTIFIED MALE: Sure, make it quick. I agree. There are a number of issues. They will get hotter. They already do. The ice has gone to quite some extent. We passed a certain tipping point there. I just wanted to highlight that it's very important to look at the legal aspects as well. There is nothing, there is no cake to cut up, so classical approach, like we plant the flag and now we have conflict, will not take place like that, but indeed there are a number of interests overlapping that will lead at least to conflicts. The question is how will they be resolved, and it's totally correct what Damian pointed out; it's not only oil and gas; it will be rare earth, it will be trans-Arctic shipment and this is what we see with the engagement of China, and this is also where the EU and the European member states should be aware and have their play. Thanks.

JAN TECHAU: Okay, a final question from me, and then we do a final round. When you carry your concerns from the Nordic-Baltic region to Brussels, into the institutions, both on the NATO side and on the EU side, to what extent do you experience openness, or is this, given the other huge challenges that are on the agenda here every day, is this considered a minor little nuisance there? Or maybe even something that we don't have to deal with, because it's such a paradise up there? Can you drive [overtalking]?

VERONIKA WAND-DANIELSSON: A cold paradise.

JAN TECHAU: Can you drive the agenda here, or not? I would like to ask you for all very brief answers on these questions, and then we'll conclude, and hopefully have a brilliant evening as paradise-like as the Nordic region. I think I would like to start with the Minister, and then go this way.

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VYTAUTAS LESKEVICIUS: Depending on the topic, and of interest, all the countries involved, but if there is a very hot topic, and if we have a really shared interest, then we can make a point, both, either NATO or EU.

VERONIKA WAND-DANIELSSON: Very shortly, I think the cooperation will deepen and continue to deepen, disregarding EU and NATO cooperation, but I think of course now with the different memberships we have, and even as a partner country to NATO, we're seen a little bit as lessons learned region, yes, with the things we could do, we could do further. We'll be testing a little bit the limits, as I said, air policing as a subject, as an example, but I can at least speak for my capital, there's a renewed interest in fact in Nordic cooperation, and whether it's a consequence of yes, the whole financial crisis agenda, we have to do more together, we have to pool resources together; of course you'll start in a regional context before you start in a global context, so I think even from that perspective, the financial crisis, pooling and sharing, and basically the basic links and values we share.

So example, lessons learned, and despite the organisations, the cooperation will continue.

KURT VOLKER: Well, as the person not currently working for a government on the panel, I'll actually answer your question, which, no, there is no receptivity. There is no receptivity, and I would say that both Brussels and Washington have a tendency to wallow in problems, rather than look at possible ideas for solutions, and that's in fact why we did the study.

JAN TECHAU: Okay, that's [overtalking]. And I saw you laughing a little bit as well, so there is some truth in what Kurt says, I guess, right.

LAURI LEPIK: If there is, I don't know, but I wanted to see now, I was for a year in a different capital in Kiev. I spent, I was Ambassador, for several years, and in Ukraine, in Brussels, but I think in Brussels, from the EU side, I think no doubt we can make a difference. The Nordic-Baltic is clearly now a group, which coordinates its activities very close to [unclear] and you can say that we are entirely [unclear] experienced as Brussels is concerned. Maybe the important thing is for [unclear] and so we have to keep this European so that there is well [unclear] not to really the north south issue and things like that. But I think here, in the legal side [unclear], well, we have made difference in Washington before, and so this is not... It's a challenge, but it's doable.

JAN TECHAU: It all depends on how you make your case. Thanks a lot for making your case here tonight for us. The Arctic temperatures are slowly creeping back into Brussels as well, even though the ice has gone in the Arctic, as we've heard, or most of it. I hope it's not going to be a too frosty experience as far as the international relations arena. We will be providing you with more food for thought in the upcoming weeks and months, here at Carnegie Europe. Please stay with us and come back, and give our panellists a hand, and then good night to all of you. Thank you.

VERONIKA WAND-DANIELSSON: Thank you.