

Lithuania Takes EU Helm With Wary Eye on Russia

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Lithuanian President Dalia Grybauskaitė addressing the European Parliament at a debate last Wednesday. **Vincent Kessler**

VILNIUS — If an intelligence agency or foreign ministry were setting an exam to test the geopolitical analysis skills of its young recruits, Lithuania might prove a good case study.

Wedged between Poland, Belarus, Latvia and the Russian enclave of Kaliningrad, Lithuania is anxious to keep Moscow at arm's length — but remains almost entirely dependent on it for energy.

Having joined the European Union in 2004, the tiny, resource-poor country looks ardently to the west, while worrying about how to build a thicker buffer between itself and the big Russian bear observing it from 200 kilometers to the east.

Should Lithuania risk trying to bring its eastern neighbors — countries in or near Russia's sphere of influence such as Belarus, Ukraine and Moldova — closer toward the EU, especially if such a move aggravates the Kremlin?

The Bee and the Bear

From the point of view of Lithuania's president, Dalia Grybauskaite, the answer is clear: absolutely. Educated in Leningrad and Moscow in the 1980s, Grybauskaite knows what makes Russia tick, and she is not about to give in to pressure now.

Lithuania, she says, should not be afraid of doing of what it thinks is right — including promoting the EU's Eastern Partnership policy — just because it might upset Russia. The bee should not be scared of bothering the bear.

"We've had 25 years of aggressive policy from Russia," she said Thursday, as Lithuania began its six-month EU presidency.

Importantly for Lithuania, its tenure will include hosting an Eastern Partnership summit in Vilnius in November, to be attended by Ukraine, Belarus, Moldova, Azerbaijan, Armenia and Georgia.

Lithuania hopes Ukraine will sign an EU association agreement at the summit, a move that brings improved trade ties and can be a stepping stone toward membership. That would not go down well with Russia, which prefers its neighbors to sign up for its own customs union.

"It can't get any worse," Grybauskaite said of Russian pressure, speaking in her usual clipped, firm tones. "Nothing worse can happen at this stage."

Lithuanian ministers do not disagree, but they are perhaps more cautious than the president in how they see the situation.

Energy Minister Jaroslav Neverovic, meeting a group of Brussels-based journalists visiting Vilnius, pointed out that Lithuania is 80 percent reliant on Russia for energy: almost 100 percent for gas and 60 percent for electricity.

Russian Gas Premium

Figures from the European Commission show Lithuania pays more for its gas than any other EU state apart from Bulgaria. Neverovic says it pays 20 percent more per thousand cubic meters than Germany. Grybauskaite puts it at 25 to 30 percent.

Lithuania's long-term supply contract with Gazprom, the Russian gas export monopoly, expires at the end of 2015, meaning negotiations on a replacement, which can take months to complete, will probably have to begin next year.

At the same time, Lithuania is hoping to relieve some of its dependence on Russia by setting up a Liquefied Natural Gas terminal off its coast in a multi-million dollar investment.

It has leased an LNG ship, being built in South Korea and called "Independence," which should be in place by the end of 2014, although it has yet to sign any gas supply contracts.

That will alleviate some of the pressure, but LNG will not be able to meet all of Lithuania's gas needs. No matter what happens, it will still need Russia. What's more, LNG prices are rising and may end up exceeding the cost of Russian gas.

Security Risks

Russia has made no threats to Lithuania — such as cutting off gas supplies — but Grybauskaite accuses the country of interfering in other ways, such as cyberattacks on Lithuanian Internet portals that appear to come from Russian domains.

It recently announced plans to establish an air base in the Belarussian city of Lida, just 40 kilometers from the Lithuanian border, and has held joint military exercises with Belarus designed to simulate an invasion from Poland and the Baltics.

"Russia continues to pose the largest threat to Lithuania's security interests," risk analysis group Stratfor wrote in a report this month.

While trying to balance its energy needs and diversify supplies, Lithuania is pushing ahead with planning the Eastern Partnership summit, the centerpiece of its presidency.

Yet that too comes loaded with problems. Not all member states are convinced that Ukraine — where former Prime Minister Yulia Tymoshenko remains imprisoned in a case the EU says smacks of political vengeance — is ready to be rewarded with closer trade and travel ties to the European Union.

Grybauskaite says associate status for Ukraine is not a given. She told reporters on Friday that there must be progress on releasing Tymoshenko, on reforming the judiciary and on strengthening electoral laws before the agreement can be signed.

But, having made it the chief ambition of her presidency, it will be a letdown if it fails to happen.

Foreign Minister Linas Linkevicius underlined the importance of the partnership summit, saying he "could not imagine Europe being whole and free without Ukraine," and that he was sure an association agreement would be signed with Kiev in November.

Not all his EU counterparts would agree, and nor would Russia, which wants Ukraine to join its customs union with Belarus and Kazakhstan. For Lithuania, balancing energy needs with geopolitical reach could prove a tough trick to pull off.

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