

## The New Northern Dimension Policy

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The Northern Dimension (ND) policy of the European Union was renewed in 2006 during Finland's presidency of the EU. What changes has the renewal produced? What is the Northern Dimension policy today? Which projects are currently under way and what does the renewal mean in practice to the parties most directly involved?

The parties to the new Northern Dimension policy are the EU Member States and the Commission (the original inner circle) now accompanied by Russia, Norway, and Iceland (the new equal partners). Close at hand, with observer status, are the USA and Canada.

Before answering the foregoing questions it might be worthwhile to briefly review some basic facts about the genesis of the Northern Dimension. Its history goes back to the 1990s, to the time when Finland and Sweden were preparing to join the European Union. It was then that the term 'Northern Dimension' began to appear in political speeches.

The initiative that grew to become a part of the EU's external policies was launched by Finland's then Prime Minister Paavo Lipponen. That was in 1997. A speech by Lipponen in Rovaniemi, Lapland, in September 1997 started a lobbying process, the first results of which were achieved quite soon, in 1997-98. Decisive progress towards the materialisation of the Northern Dimension concept came in 1999, the year in which, first Germany, then Finland, held the EU Presidency.

It was in December 1999 that the Northern Dimension became part of the EU's external policies, when the Commission was given the task of working out the first action plan for the ND.

The Commission did the work it was asked to do. Later on, the first action plan was followed by the second action plan, which covered the years 2004-2006. In the sec-

ond action plan there were five priority areas for joint endeavour: economic cooperation, human resources, the environment, cross-border cooperation, justice and home affairs.

Northern Dimension meetings have a singularity that is one of their strengths. When a Northern Dimension meeting takes place, whether it is on the civil servant or ministerial level, at the table are not only the EU Member States, the Commission, Russia, Norway and Iceland, but also international financing institutions, such as the European Investment Bank, the EBRD and the Nordic Investment Bank.

Also represented at the meetings are the northern regional councils, which are the Arctic Council, the Barents Euro-Arctic Council, the Council of the Baltic Sea States and the Nordic Council of Ministers. And there are other EU institutions, for instance the European Parliament. Altogether some 40 delegations are present. These gatherings are a good way to ensure that everybody is kept informed about what each actor is doing in Northern Europe.

Those were some basic facts. What then is the real essence of the Northern Dimension? What is it really about? Is it only a platform for delivering political speeches or is there some genuine substance? This question was posed quite often in the Finnish press a year or two ago, but is not there so often now as information about the achievements initiated by the ND has spread.

The reasons for the existence of the Northern Dimension could be summarised as follows: The Northern Dimension exists on two levels, first of all the macro-level, which means that the Northern Dimension is a policy, a political concept, with the aim of focusing the attention of the entire EU on northern Europe, and of drawing

the attention of the entire EU to the importance of co-operation between the EU and Russia, notably between the EU and Northwest Russia.

That is the policy, as expressed in political pronouncements. The ultimate goal of the policy is to strengthen wellbeing and quality of life in the region and thus increase security and stability.

But the Northern Dimension is more than a policy. It also exists on the micro-level, on the concrete, practical level. What is to be found there? First of all, as core activities, there are the established partnerships. Currently there are two of them: the environmental partnership and the partnership on health and social issues. In addition, it is true to say that all project activities that take place in the Northern Dimension region can be called Northern Dimension activities.

The Northern Dimension covers Northwest Russia and the whole Baltic Sea region and stretches far out into the Arctic areas, to Greenland in the west and the Urals in the east. The Northern Dimension covers all the practical activities that take place in this region, which is of course a very broad definition.

To be more precise, one could add that, of course, many of the things that happen in this region would happen also without the existence of the Northern Dimension policy. But, on the other hand, many of the things that happen do result from it either directly or indirectly. Thus a scan of the Northern Dimension reveals macro-level policy, micro-level partnerships and around them everything else that happens in this region.

What then are the contents of the partnerships? The first partnership is the partnership in environmental issues, the older of the two. It was established in 2001 and a support fund for it was created by the EBRD a year later. Several countries have joined the partnership. The membership of this partnership consists of a big number of EU Member States, the partner countries Russia and Norway and the observer country Canada.

The main focus of this partnership is to tackle problems of waste water, solid waste, air pollution, energy efficiency and nuclear waste over an extensive area that includes the whole of Northwest Russia as well as Kaliningrad.

This partnership is built on a seed-money principle, which could also be called a leverage effect. Today the seed money amounts to 225 million euros in a support fund that comes from the Commission and those countries that have joined the partnership. But this fund money is only a small part of the financing, it is the seed

money for each project.

In fact the main bulk of all projects is being financed by loans that mainly the Russian partners take up from international financing institutions. The partner can be, for instance, the city of St. Petersburg or some corporation or consortium. So whilst the small seed money comes from the partnership fund, the main bulk of financing comes from Russia itself. This is something that is not very well known because the question is often asked: "Why doesn't Russia itself put money into projects?" The answer is that Russia in fact puts in the main share of the money.

Today there are fifteen plus one projects within the environmental partnership, the first project having been completed. This is the St. Petersburg South-Western waste-water treatment plant that was festively inaugurated in 2005 in the presence of Russian president Putin, Finnish president Halonen and Swedish prime minister Persson. Some of these 16 projects are in the construction process, and some are in the planning process.

Six additional projects have been suggested and endorsed by the steering group, and five more project suggestions are in "the waiting room". This partnership has been organized so that there is a small steering group who prepares decisions and a contributors' assembly that approves the projects.

The 225 million euros of seed money generates more than two billion euros of total financing because of the leverage-effect: small input, big output. At the moment the ND partners are thus engaged in projects to the value of some two billion euros. These projects are enormously important both for the EU and for Russia.

What has been described hitherto is one model of partnership, built up around a fund and its steering body and with big financial output. Also under the Northern Dimension a second partnership has been established: the Partnership in Public Health and Social Well-being, which is quite different from the Environmental Partnership. Here there are not such big financial inputs and outputs, but the sector focus is equally important.

The partnership is aimed at tackling problems of communicable diseases, such as HIV/AIDS and tuberculosis, and also at influencing lifestyle-related illnesses. This partnership has from the beginning concentrated more on the need to transfer information and coordinate activities, and it also aims at having a project pipeline.

In fact a start has already been made on an HIV/AIDS-project within Barents cooperation, which has now been taken over by this partnership and can thus be

implemented in an area that is much bigger than the Barents area.

This partnership is built around expert groups; for HIV/AIDS, for instance, there is one expert group. There is also a committee of senior representatives, a ministers' meeting which is held once a year and a small secretariat composed of two to three persons. In this partnership there is no fund because the financing institutions do not have an interest in financing projects of this type that do not pay back in financial terms. Instead, there will be project-based financing.

So these two partnerships are quite different from one another but both are partnerships under the Northern Dimension. One could be called a "hard" partnership, with big money involved, the other "soft", without such big money, but equally important concerning its objectives.

What then is being done right now in accordance with the renewed Northern Dimension policy? The background is as follows. In Finland we knew in autumn 2004 that the current second action plan would expire at the end of 2006. We also knew that Finland would have the EU Presidency during the second half of 2006.

Thus it was known that Finland would be in a key position to decide what should be done with the Northern Dimension policy in the future. There was a very thorough brainstorming process within the Finnish government where achievements to date were analyzed. The government took the position that it was in the interests not only of Finland but of the entire EU to continue the Northern Dimension policy. How could this be done? This could be done, i.a., by strengthening the position of the main non-EU partners, Russia, Norway, and Iceland and thus increasing their commitment and role.

This was a key change that in fact had taken place already at the Foreign Ministers' meeting in November 2005 in Brussels. This meeting managed to agree on a guidelines paper, which set out principles for the new Northern Dimension policy. The main outcome of the meeting was that EU, Russia, Norway, and Iceland became equal partners under that Policy.

Another important achievement of this ministerial meeting was to link the Northern Dimension to the EU-Russia Common Spaces, with the addition of specific issues concerning the north and with the adoption of Norway and Iceland as participants. The common spaces are economic cooperation; justice and home affairs; external security issues such as rescue services; culture, education, and research. The current strong fields, environment and health, are also maintained as Northern

Dimension priority areas.

A high priority for the Finnish EU Presidency last autumn was to have decisions on a renewed Northern Dimension policy. The final deadline was a high level Northern Dimension meeting that was planned to take place back-to-back with the EU-Russia Summit in Helsinki on November 24. It was hoped that the result of this meeting would be an endorsed political declaration and a framework document on a new Northern Dimension policy to enter into force on 1 January 2007.

Thus a new and strengthened Northern Dimension Policy would be the basis for future common efforts. This in turn would mean stronger efforts in the practical field - to the benefit of the people of the northern region.

The Northern Dimension Summit - the first ever - did take place in Helsinki on the planned day, November 24, 2006. Russian president Vladimir Putin, Norwegian Prime Minister Jens Stoltenberg, Icelandic Prime Minister Geir Haarde and the EU leaders Prime Minister Matti Vanhanen, President of the Commission José Manuel Barroso and High Representative Javier Solana endorsed a new Northern Dimension Policy Framework document and a Political Declaration.

The most important aspects of the new policy compared with the "old" one are as follows:

- The Northern Dimension policy was transformed into a common policy of the EU, Russia, Norway, and Iceland. Thus Russia, Norway, and Iceland became equal partners alongside the EU. Russia changed role from object to subject.
- The contents of the policy were linked to the spheres of cooperation known as the Common Spaces of the EU and Russia, described above. The Northern Dimension is the materialisation of the Common Spaces in Northwest Russia.
- Mechanisms were strengthened by the establishment of a steering group to ensure coherence between the Ministers' meetings and the Senior Officials' meetings.
- The policy and the basic documents will be permanent in nature, in contrast to the previous three-year action plans.
- The first step was taken towards the possible establishment of a new partnership in transport and logistics, plus enhanced cooperation in the field of energy efficiency, by giving the Senior Officials the task of examining these matters.

At the same time, decisions were made to strengthen the environmental partnership financially. Germany decided to contribute an additional 10 million euros and Finland an additional 6 million euros to the support funding of the partnership. The Commission and some other states are at the moment preparing their corresponding decisions.