

## Chapter 3

# Where East Meets the West? Baltic States in Search of New Identity

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### Introduction

East and West have been antipodes for self-construction of the Baltic peoples, reflecting the dichotomy of Europeanisation and Russification, goodies *versus* baddies. The Baltic States have obtained both the image of the post-communist reform tigers or arrogant deserters from the Soviet past with their burdensome legacies. Some pundits like to remind policy-makers that the long-term security of the Baltic States is closely linked with the resolution of the ‘Russian question’, a position which former Estonian foreign minister has termed ‘between the devil and the deep blue sea’ (Luik 1994). Paradoxically enough, notions such as ‘grey area between a predatory East and an indifferent West’ or ‘crossroad of trade and conquests’ indicate regional uncertainties caused by the turbulent change and simultaneous persistence of geographical determinants.

So far, various national community projections in Estonia, Latvia and Lithuania have more often tried to emphasise *what we are not* or *where do we not belong* than simply giving a clear-cut answer about being and belonging. For instance, the options of the Estonian people had been as simple ‘as a mathematical equation’, just like President Meri said in 1999: ‘On one side is Europe, on the other side, Russia. We are on the border and therefore only a small push is needed to make us fall into one side or

rise into the other'. Five years later some sort of healthy Baltic scepticism, which was addressed towards the EU became equally valid with inferior feelings of becoming marginalised without membership. If one does not want to be in or stay out, it can always be in-between.

The same is true with the new imposed divisions occasioned by the Iraq crises. The 'New Europe' was characterised by its unconditional support for the 'war on terror', while the 'Old Europe' demonstrated its inability to grasp the fundamental turning point in world affairs occasioned by the events of 11 September 2001 (Smith 2004). But the Baltic leaders have questioned the new division as far as their relations with existing EU members are concerned. Indeed, during the Iraq crises, the Baltic States have supported the US but this does not automatically mean that they are opposed to European initiatives to create regional security arrangements in the future.

As the Baltic States become more integrated into the Euro-Atlantic security structures and into the world economy, they have to go through constant (re-)definitions of self-belonging. My argument is that in the beginning on the 1990s, all the Baltic States found themselves located on the frontline of 'democratic and free-market thinking prevalent amongst our closest neighbours, with whom we share the coastline' (Luik 1994). In the second half of the 1990s, three Baltic States chose three different tracks to follow: Estonians claimed to be similar to the Nordic countries, Lithuanians argued for the Central European cultural traditions and glorified the Polish-Lithuanian Union in the past. Only Latvians were convinced that their identity lies within the Baltic Sea region. A new emerging trend intends to identify the role of the Baltic States in European politics, which is seen as a proactive stance and Western value exportation towards their Eastern neighbours. Do the Baltic States have a reasonable chance to become good advocates, honest brokers or reliable supervisors where East meets the West?

I have chosen three examples to demonstrate the way in which the Baltic States attempt to relocate themselves as the cultural meeting points, economic gateways and political mediators between East and West: countries that identify themselves with Europe, but know (and remember) also their eastern neighbours. Therefore the Baltic States could easily become interpreters between the two rather different worlds, mediate between risk and opportunity perceptions, bring them mentally closer to each other and balance the internal quarrels in the western camp with

realistic assessments about political developments in their eastern corner.

## **1. Cultural Meeting Point**

### **1–1 Lands of Contacts and Confrontations**

The predominant discourses on Estonian national identity have drawn firm boundaries between the Western ‘us’ and the Eastern ‘other’. Estonian scholars have argued that from the cultural point of view, the Baltic States and Estonia among them represent the last resort of the West-European cultural tradition located at the border of the Slavic Byzantine (Orthodox) world (Lauristin 1997: 29). However, history books confirm that through Estonian veins flows the blood of nearly all the peoples of Europe, since Estonia has known wars, famine and plagues and therefore has relatively frequently lost a large population, leaving the country empty for invading peoples, such as the Swedes and Danes, Finns and Germans, Dutch and Scots, Russians and Poles, all of whose descendants constitute the Estonians of today.

The same is true with Latvia, which has been a frequent battleground for various European powers trying to dominate the Baltic Sea and its shores in the distant and more recent past. The Baltic geographic situation has caused the area to be a zone of contact and conflict between the West and Russia for several centuries (Pabriks and Purs 2002). The centuries-old Western impact has shaped cultural sphere and left a visible impact on the legal and administrative systems, as well as on the work ethic. One may notice strong German cultural influences in many cities along the eastern coast of the Baltic, such as Tallinn and Riga. Another example is Vilnius, which in the past sheltered a mixed population. The city was often called the Jerusalem of the North because of its large Jewish population.

Lithuanians have a slightly different story to tell. They rely on the fact that their language is one of oldest spoken Indo-European languages today. They were first among the Balts to establish their own state-like structures in the medieval ages and the last European pagans to convert into Christianity. In the fourteenth century, Lithuanians had to choose whether to contract a dynastic marriage with Russians and convert to Orthodoxy, or to seek an alliance with Poland. According to Lane (2002), this settlement had two major political consequences: first, a dynastic

marriage aligned Lithuania with the Catholic West rather than the Orthodox East and second, it paved the way for the Polish-Lithuanian Union which, in their heyday, occupied much of the Eastern European plain and reached the Crimea peninsula.

Among the Balts, Latvians have prioritised Baltic Sea regional cooperation and promoted the idea of an Amber Gateway because of its political and economic perspectives (Pabriks and Purs 2002). This kind of reasoning explores the market potential with roughly 80 million people being one of the most vital economic regions of Europe. But it also shows the way where regional cooperation can bring together nations from previously different political systems that now are pursuing similar goals. The Baltic nations are geographically at the heart of this region, giving them a chance to prove their international value. According to Bungs (1998) Latvia was the only Baltic State to promote the Baltic Sea cooperation idea because Estonia tightened its relationship with Finland while Lithuania approached Poland, thus leaving the Latvians alone in cold. This is very much true as the whole debate about Estonia's future orientations became a desperate attempt of '*drang nach Norden*' in the series of brand-making/image-creation exercises to portray Estonia as a post-communist Nordic state with a Scandinavian style cross-flag and 'Estland' as the state name (Berg 2003). Lithuania's close association with Poland encouraged the idea that her route to 'Europe' should be through Warsaw (Lane 2002). This neglected the obvious fact that Lithuania, like Poland is both a Baltic and a Central European state, and that her interests require her to keep both avenues open.

At the same time it would be wrong to argue that the gateway idea was something that only the Latvians desired. There were also others who promoted openness in all possible directions without nailing up the eastern window. For instance, the foreign policy statements that appeared at the same time period pointed to Estonia's geographical location and historical ties that make the country a bridge, or a land of contacts (see e.g. Ilves 1998). Some pundits even identified Estonia as southern part of Finland due to the fact that the 78 kilometres distance between Helsinki and Tallinn had almost disappeared because of intensive traffic and communication flows (*Eesti tulevikustsenariumid* 1997). Tallinn and Venstpils acquired quickly an image of the Nordic gateway and transit destination for Eastern riches, thus supporting the idea of turning the negative aspects of the strategic importance of the Baltic States into a

positive advantage.

## **1–2 Rise of Ethnic Self Awareness**

Today, various observers have expressed concern about the fate of the Baltic languages in a globalising world in which English has become the overwhelmingly dominant means of communication. Indeed, globalisation has turned out to be an opportunity for those who have been dreaming of the free movement of goods, capital and people, and who identify themselves with the global world despite the fact that they speak and think in ‘modern’ Baltic languages, which incorporates many loan words. At the same time, Europeanisation has favoured the locality-building of the Setu and Latgale ethnic groups who locate culturally in-between the East and the West. The emotional feelings to be fed by forced separateness, new state borders, economic depression and cultural homogenisation have all fostered ethno-cultural and political mobilisation among the Setus and Latgalians, in Estonia and Latvia respectively.

The Setus form a distinct group whose ethnic self-awareness has considerably grown during the process of Europeanisation and the rising fear of losing the cultural heritage and distinct identity. Today they live on both sides of the existing Estonian-Russian border and arguably suffer the most from the present administrative division. Although culturally the Setus are more similar to Estonians and their language is considered one of the southeast dialects of Estonian, the Setus also have been deeply influenced by the Russian culture and the Orthodox religion. Their estimated number is about 10,000–15,000 people of whom less than 1,000 presently live in Russia (Berg 2001). The Latgalian people claim to be adherents of separate cultural traditions in Latvia, speaking a language, which is closer to Lithuanian than to Latvian. On the basis of phonetic, morphological and lexical evidence, they contend that the Latgalian language, which dates back to the twelfth century, deserves a place as an individual language (Cibuls 2005). Because of the centuries-long Polish rule, they became devoted Catholics and thus differed from Latvians also by faith. Today, there are about 500,000 Catholics living in Latvia, among those 150,000–200,000 are Latgalian people (*Latgale Research Centre*).

In their position between Estonia and Russia, the Setus have begun to look for their own third way and as a result, a proto-nationalist Setu movement has emerged to express their interests (Jääts 2000). To promote

the local culture, they are strong advocates of the establishment of a school system that would use the Setu language as a language of instruction. For that purpose, the Setu written language was created in 1995 and is based on former South Estonian written texts that were used mostly in religious literature from the sixteenth to the nineteenth centuries. Setu activists have gone so far as to proclaim an 'independent Setu Kingdom' one day per year, in which Setu 'officials' from both sides of the Estonian-Russian border meet to pass laws and show off their symbols as a way of demonstrating their cultural distinctiveness and unity despite the current political divide (Berg 1999). This quasi-kingdom has its own flag, anthem, customs and other attributes of statehood. They have decided to submit an application to join the Unrepresented Nations and Peoples Organization (*IV Seto Kongress* 1997) and adopted a resolution according to which Setus form a distinct ethnic minority to be counted separately in the official census of 2000 (*V Seto Kongress* 2000).

Nowadays, the status of Latgians in Latvia is not defined. Due to political reasons, the official authorities of Latvia have been continuously ignoring Latgalian as a separate Baltic language and considering it only as a dialect of Latvian. In accordance with the contemporary State Language Law of the Republic of Latvia (1999), the standard Latgalian is considered a historical 'variety' of the Latvian language. However, this is not the case in Russia where they count Latvians and Latgians separately, also allowing the Latgalian ethnic identification in birth certificates and passports (Cibuls 2005). Today, the Latgalian language is taught only optionally in a few schools in Latgalia. Political mobilisation has given birth to the Light of Latgale (*Latgales Gaisma*) in 2000, which is a Latgale regionalist political party in Latvia. Despite the focus on regional problems, it has gained little recognition outside bigger cities in Latgale and completely failed on the national level. Another interesting fact is that the majority of Latgale's population said 'no' to Latvia joining the EU in the accession referendum (Smagars 2003). This 'no' came most strongly from precisely those Latvian towns and parishes to the east, where there is a greater concentration of other nationalities and a lower level of economic development.

### **1–3 Towards a Common Civic Belonging**

Robert Saunders (2005) sees the Baltics' traditional role as a window on the West for Russia from a different perspective: these are the 'Baltic Russians' who have strong and sustained contacts with Western businesses, politicians and non-governmental organisations are clear assets to the Russian Federation. The fact that there are a substantial number of the Baltic Russians who are now European Union citizens gives Russia more leverage in dealing with Brussels. Moreover, their commuting between the Baltic States and Russia is helpful for Russia to maintain economic and social influence in the region. In the opinion of Saunders (2005), the Baltic Russians are eager to develop novel approaches to personal advancement, thus increasing opportunities for employment and education abroad.

Both Balts and local Russians appear to be leaning westward to manifest a mutual European orientation. So far, the Baltic Russians have tended to see European institutions as defending their citizenship and language rights in Estonia and Latvia; Balts see European institutions as defending them against Russia (Merritt 2000). In 1998, a UNDP country report in Estonia revealed that the local Russians considered membership within the European Union an ideal future perspective. They perceived the European Union as a factor developing a political regime, thanks to which all residents in Estonia could receive equal status with European citizens and would consequently be freed from the exclusionary alien status. Estonians, on the other hand, had high expectations regarding the EU role in providing security guarantees, both domestic and foreign (*Estonian Human Development Report* 1998).

Therefore, international ties have been crucial both to local Russians and to Balts, although working in opposite directions. The mutual will points westward, toward Europe, an international environment which has constructively acted as a third party mediating on-going domestic conflicts, making Baltic States more 'accessible' to the European values and mores and pushing Estonia and Latvia towards a more inclusive minority policy (Berg 2002). This has enabled many Estonian and Latvian politicians to reason the policy making with Brussels' prescriptions. Others have noticed that local Russians are more keen on learning English than the local language, which they perceive as being rather useless and 'parochial' in the future common labour market of the EU. In the past,

immigrants who came to the Baltic region became Balticised in the sense that they largely adopted the local behavioural patterns and values, and regarded the local living standard as higher. Today, Baltic Russians' appeals for recognition as a community have been based primarily on human rights rather than on group consciousness (Melvin 1995).

In spite of all the previous nation-building efforts, Estonia and Latvia have become 'laboratories' which now experience Europeanisation in a way that leave imprints to the identity shifts among the minority groups. But it leaves the impact also on the minds of titular nations which have begun to consider local Russians as a valuable human resource potential compared with the previous threat perception. Their calls for participation stress their attachment to the Baltic States as people who simply live and work here. It is an identity with amorphous boundaries and is generally inclusive in its attitudes (Melvin 1995). A further Europeanisation of the Baltic States' domestic policies and of Russia's foreign policy will have some important consequences in the end. According to Trenin (1997), the Baltic Russians will secure the link between an integrated Europe and Russia. Perhaps similar to the role that the German and Jewish minorities played in the interwar years in Central Europe and to that of the *hua qiao* community (overseas Chinese) mediations in the South-East Asia today.

## 2. Economic Gateway

Lack of resources determines the economic choices, which all three Baltic States have to make. On the one hand, they can rely on their geographical location and human resource potential while on the other hand, they can exploit their relatively cheap labour and manufacture low-cost products for the world market. But there are also analysts who point out that Estonia's role in the world economy would be as a service provider: to be involved and useful in the East-West contacts as much as possible (*Eesti Venemaa-politika lähtealused* 2004). Yet, among the three Baltic States, Latvia is more clearly positioned as a country which prioritises East-West links. The Latvian National Transport Development Programme (1996–2010) views Latvia as a transport corridor in-between resource-rich Russia and Central Asia, and resource-poor Western Europe. One may conclude that Estonia and Latvia are quite similar in terms of geographical position and the structure of flows in transit business. At the same time

Estonia's comparative advantage is its efficiently functioning seaport while Latvia can be proud of the well-operating railway system (*Eesti transiidikoridori konkurentsivõime* 2003/2004).

Finnish experts have come to a similar conclusion, noting that transit traffic to and from Russia and the CIS-countries is one of the most important and most profitable sources of income for the Baltic States, especially for Latvia and Estonia (*Transport Connections between the EU and Russia* 2005). According to their recent report, the geographical location of the Baltic ports is favourable to the centres of Russia. Being largely ice-free and with deep docks, these ports are well connected with railway networks, terminals and warehouses. Ports have also skilled operators and personnel with good command of the Russian language. The fact is that the Baltic States are tied to Russia by pipelines, rail lines and refineries. But, whether Baltic States maintain the economic gateway position or develop this even further depends mainly on Russian sectoral policies, EU energy dependency and strategic planning in transit countries. This Finnish report (ibid.) even predicts that the significant Russian investments to the infrastructure and terminal operations of the Baltic ports may contribute to further use of these ports.

A clear majority of the transport work by rail is transit of oil products via the Baltic ports. Transit volumes by rail are growing especially via the Estonian ports (Ojala, Naula and Hoffmann 2005). During 1995–9, on average 56 per cent of Estonia's total transports were Russian transit and by 1999 oil had assumed 70 per cent of these, giving about 10 per cent of GDP (Aalto 2006). At first glance, Latvia has more to offer in East-West transit flows in comparison with the other Baltic States. But the oil pipeline to Latvia remains unused due to Russia's policy to favour its own ports. According to estimates, Latvia's share of Russia's westbound transit was 26 per cent, whilst figures for the importance of the transit trade for the Latvian economy suggest that in 1998, transit accounted for 8–10 per cent of Latvia's GDP (Laurila 2003).

Lithuania has also much to gain since its good infrastructure and transport potential supports the intersection of major East-West and North-South transport corridors (Aalto 2006). Two out of the nine EU-designed Trans-European transport corridors pass through Lithuanian territory. The ice-free Lithuanian port of Klaipeda offers one of the cheapest routes from the Baltics to Belarus, Ukraine and southwest Russia. But Klaipeda's comparative advantage compared with Estonian and

Latvian ports is due to its lesser reliance on Russian markets, with about 80 per cent of the port's transit going to and from Belarus and Ukraine. Hence, Lithuania accounted for only 6 per cent of Russia's westbound transit trade in 1999 (Lane 2002; Laurila 2003). Lithuania's bridge function is largely supported by its oil refinery in Mažeikiai.

The Baltic States are tied to Russia by pipelines, rail lines and refineries. Despite the transit potential that the Baltic States have and fully exploit in the context of the EU-Russian energy link, there seems to be some valid concerns one should consider seriously. First, Russia has used an energy policy against the Baltic States in the past, and it works to influence the Baltics now, whether openly through propaganda and diplomacy or covertly through espionage (*Economist* 2004). Geography alone dictates that Russia will likely remain the nearest and least costly supplier of oil and gas to the Baltics. But geographical determinism may also point to the fact that the Baltic States' position in the geopolitical crossroads should be taken rather as a challenge in terms of power equilibrium and interstate relations. One may easily conclude that the Baltic-Russian relations are in a downward trend, regardless of the fact that all three states have achieved the strategic objectives of its foreign policy in joining NATO and the EU. Russia expects to see a change in the official political discourse in the Baltic States concerning the interpretation of the Soviet period as an occupation with further claims of Russian compensation for human and economic losses. Another expectation in Russia has relieved to more inclusive treatment of non-citizens and the Russian-speaking population of Estonia and Latvia in general. Almost constant tensions in bilateral relations are interpreted in the Baltics as a manifestation of Russian neo-imperialism and as attempts to expose leverage in the post-Soviet space, while in Moscow they often refer to Estonian and Latvian nationalism used by some politicians to gain domestic political capital. Lithuania has had the easiest ride, although the Kaliningrad issue might have caused demands from the Russian side to have a corridor that links this exclave with the mainland through Lithuania.

Second, energy issues in the Baltic States are not major agenda items of the EU, except if the security of supply to the states farther west could be in doubt (Smith 2004). Due to the complicated nature of the Baltic-Russian relationship, the Baltic States are perceived more often as a bottleneck than a transit corridor. This is also something that Putin's

administration knows well, forcing Russia's major energy companies to export their products through Russian ports and thereby weaken any potential political or financial leverage over Russia by the country's neighbours. Current tariff structures mean that the cost of sending rail cargo in the Baltics is up to three times higher than the cost of sending it to St. Petersburg (Nimmo 2005). The construction of the Baltic Pipeline System (BPS) which carries oil to the port of Primorsk is designed specifically to bypass the Baltic states by directing most West Siberian crude oil to a Russian-controlled port (Smith 2004). Gazprom's projected NEG pipeline, enabling large-scale deliveries of Russian gas to Europe under the Baltic Sea is considered by the European Commission as one of top priorities for the development of EU-Russia energy link (Vahtra and Liuhto 2004).

### **3. Political Mediator**

The European Commission's New Neighbourhood Policy became an attempt to introduce wider geopolitical objectives to Europe, which would become increasingly important after the EU enlargement (Prodi 2002). As a precondition for that, it foresaw the creation of 'a ring of friends', or non-candidate countries bordering the EU, with whom the EU would enjoy close and peaceful cooperative relations. The land border between the EU and the countries covered by Wider Europe would increase from 1300 to 5100 kilometres. This border would demand efficient management and security measures but it was also characterised by a history of economic and cultural cross-border contacts that needed to be preserved and developed further for the sake of cohesion.

With the accession of the Baltic States and Poland, the EU was being physically drawn closer to the region. As a consequence, the EU was facing both a push (by its new neighbours) and pull (by its new members) into a more active stance in the east (Haukkala and Moshes 2004). Yet, one may question whether the new member states have the economic resources to beef up their claims for the new 'eastern dimension' most strongly promoted by Poland. Although the 'eastern dimension' seemed to pertain to the export of ready-made policies and was geared to achieving domestic reforms in Belarus, Moldova, Ukraine and Russia, one might be cynical in its wider impact since 'without money' it did nothing except

promote a positive image of Poland with the present membership of the EU (Browning and Joenniemi 2002).

The Baltic perspective has been more or less similar. For Lithuanians, the Ukraine is on the top of the list because of its high strategic importance for the whole European Union (Gromadzki, Lopata and Raik 2005). The Belarus and Kaliningrad regions follow suit; the former because of its non-democratic regime and the latter because of being a highly militarised Russian enclave surrounded by Euro-Atlantic security structures. In relative terms, even less prioritised Moldova and South Caucasus figure more in Lithuanian foreign policy thinking than in Estonia and Latvia, the countries, both contrary to Lithuania, have not been able to open their diplomatic missions in the region. It has much less to do with wishful thinking and concrete visions since all three countries fully understand the importance of a stabile neighbourhood to European security. What really makes a difference in the Baltic approach towards their eastern neighbours is their relative size, human resource potential and inequity of financial sources.

In August 2002, Estonia informed first Denmark and then the European Commission about its 'eastern priorities' within the New Neighbours Initiative (Berg 2005). It meant that Estonia was going to use its knowledge and experience to provide advice and counselling to its neighbours. Such information is particularly valuable in the information and communication technology sector, as well as in the sphere of e-government. Although directly bordering Russia, similar knowledge sharing in that direction is fairly modest for several reasons. During the last decade, serious obstacles in Estonian-Russian relations arose; these occurred together with the restoration of Estonian statehood and have not disappeared after Estonia gained EU and NATO membership. Another difficult case is Belarus. It is very much in Estonia's interests to focus on strengthening their civil society, democratisation of the country and support of the regional and humanitarian cooperation; often, however, the question about the other side raises—with whom do you collaborate in the highly centralised authoritarian state?

Estonia has been active in engaging three new neighbours to European integration—Ukraine, Moldova and Georgia, respectively. Among these countries, Ukraine received the most attention from Estonia. There are definitely economic interests, Ukraine being Estonia's 12th largest trade partner and 6th largest import partner (*Estonian Ministry of*

*Foreign Affairs* 2006a). Moreover, there has been a common understanding in Estonian political circles that Ukraine is a key player and the most important determinant in Russia's transition from empire status towards a 'normal' nation-state (Laar 2004). In the frame of developmental cooperation, Estonia has conducted trilateral projects with Canada and the United Kingdom (2000) in order to train Ukrainian civil servants in the fields of certification and veterinary medicine, privatisation, financial reform and banking. The list of different activities has been driven by the strong conviction that it is most unlikely that Ukraine successfully completes its transformation into a functioning democracy and transparent market economy if left to its own devices.

As to South Caucasus, Estonia's relations and co-operation with Georgia have continued to intensify, particularly in the field of democratic consolidation and conflict resolution. This is primarily driven by Georgia's active Western-oriented foreign policy, the objective of which is a closer co-operation with the European Union and with NATO. Estonia supports Georgia's integration into international structures and the development of its relations with world organisations. Again, Estonia has shared its reform experiences and arranged seminars on subjects of interest to Georgian officials; for example, seminars related to organising the border guard and to European integration. In the wake of the 'rose revolution', Estonia helped to implement the Georgian Election Assistance Programme created by the OSCE. There is also an intensive collaboration between the Ministries of Defence and the Estonian advisors working on the spot. Unofficially, Georgia became for Estonia one of the few top priorities in allocating funds and sharing the know-how.

Moldova remains the weakest link in the chain. Located in the backyard of Europe but on the crossroads of Eastern Europe and the Balkans, it has acquired more interest in Russia than in the EU. As a consequence, the country has been pushed into deep conflict over the control and influence at the doorsteps of NATO. While Russia has openly supported the separatist regime in Transnistria and achieved a maximum result from Moldova's unidirectional dependency on Russia's resources and markets, the EU has not even established a diplomatic mission in Chisinau. Over the last three years, the Estonian Government has supported the withdrawal of Russian troops from Moldova with about 10,000 EUR allocated to the Moldova assistance fund that was established by the OSCE (*Estonian Ministry of Foreign Affairs* 2006b). Another joint

project will be conducted together with the UK in order to train Moldovan civil servants in European integration. Again, the UK is a donor country while Estonia's role is to implement the project.

## Conclusions

To conclude, these three examples demonstrate the way in which the Baltic States, people and minorities attempt to restructure themselves in a variety of settings and positions such as a cultural meeting point, economic gateway and political mediator between East and the West. Somehow these settings all differ from each other in scope and impact on identity construction.

Lands of contact and confrontation demonstrate how the dominating discourse has relied on similar cultural substance and historical experience but end up in different interpretations in all the three Baltic States. At the same time, the 'Russian question' and the Balticisation of Russians seem to give needed impetus for the whole society in defining *who we are* and *where do we belong*.

The rise of ethnic self awareness has been a counter-productive trend to Europeanisation. The Setu and Latgalia people whose identities have both eastern and western cultural traits, have capitalised distinctiveness since their ethnic homeland is divided by the state/civilisational border (the Setus) or their language lacks the required status (the Latgalians). Cultural meeting points have not brought cultures closer to each other but instead favoured imaginary separations first of all.

Being an economic gateway is often related to opportunity calculations and risk perceptions. Here the issue is a fragile balance between security constraints and economic benefits. If positive circumstances prevail, then the Baltic States can easily rely on their comparative advantages and widen the East-West corridor of transit flows.

Political mediation needs, first of all, a smart combination of external funding and local know-how. Estonian aid in terms of expertise and training has been small in numbers (0.03 per cent of GDP) but nevertheless has been highly appreciated in the countries that once were a part of the Soviet Union. It has built upon its own experiences to aid Ukraine, Georgia and Moldova which deserve more EU attention than currently available in the myriad of neighbourhood practices.

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