

LITHUANIA: NATIONAL INDIVIDUALISM IN THE EUROPEAN UNION

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RESUMEN: En este artículo se analizarán los diez años de pertenencia de Lituania a la UE, empezando por los principales desafíos que enfrentó el país durante su período de adhesión; a saber: el compromiso de cerrar la planta nuclear de Ignalina, el debate sobre el régimen de tránsito hacia Kaliningrado y la liberalización de la adquisición de tierra. El período de pertenencia de Lituania a la UE será también examinado, subrayando la importancia de la Presidencia lituana del Consejo de la UE que tuvo

lugar en el segundo semestre de 2013. Se analizará el papel de Lituania en la toma de decisiones en la UE, tratando de comparar su posición antes del período de la Presidencia y de identificar sus expectativas después de él. También se identificarán los principales intereses de Lituania en varios planos y se evaluará la forma en que son defendidos en el ámbito de la UE. La prevista adhesión a la zona euro será asimismo brevemente abordada. Por último, se analizarán los cambios en la opinión pública acerca de la pertenencia a la UE y se tratará de conectar las variaciones de la misma a los principales acontecimientos en la UE y en Lituania.

PALABRAS CLAVE: Lituania, Unión Europea, Ampliación de la UE.

ABSTRACT: In this article the ten year membership of Lithuania in the European Union will be analysed, starting from the main challenges the country faced during the accession period: namely, the commitment to close the Ignalina nuclear power plant, the debate over the Kaliningrad transit regime, and the liberalisation of the acquisition of the land. The actual membership period will be examined underlining the importance of the Lithuanian Presidency of the Council of the EU which was held in the second semester of 2013. In this light, the role of Lithuania in the decision-making process in the EU will be analysed, trying to compare the role before the Presidency period and identifying expectations after it. The article will also identify the main interests of Lithuania in several policy fields and assesses how they are presented in the EU level. The foreseen accession to the euro zone will be shortly covered as well. Lastly, changes in the public opinion regarding EU membership will be analysed trying to connect the variations of it to the main events in the EU and Lithuania.

KEYWORDS: Lithuania, European Union, EU enlargement.

1. The preparations for the accession to the EU

1.1. *An overview of the accession process and its most important dates*

May 1, 2004 marks the biggest enlargement in the history of the European Union [hereinafter, the EU], when ten Central and Eastern European countries [hereinafter, the CEEC] —Lithuania among them— joined the Union. When trying to fully evaluate and comprehend the ten-year membership of Lithuania in the EU, the timeline has to be extended and cover not only the actual period of membership, but also the preparations for the accession.

Accession to the EU was a key plan in Lithuania's foreign policy set right after the independence was declared on March 11, 1990. The official application to join the EU was submitted on December 8, 1995, though the Free Trade Agreement and the Europe Agreement (also known as the Association Agreement) between Lithuania and the EU were signed even before this date. Already in 1995 Lithuania started to implement the strategy for the preparation

for the membership, which was unilaterally proposed by the EU to the countries willing to join the Union. At that time the strategy encompassed the already mentioned Association Agreement, the PHARE program, the structural relations of Central and Eastern European Countries with the EU and the *White Book* for the integration of CEEC to the internal market¹. The influence of the EU had started before the beginning of the official accession negotiations and it highly influenced the economic and political policies of Lithuania². Therefore, relations with the EU became the main subject not only of foreign, but also of the domestic policy.

After the disappointment of not being invited for the official negotiations in 1997 together with the so called «first wave countries»³, Lithuania received an invitation to start the EU accession negotiations in December of 1999⁴. As a result of this, Lithuania's negotiation strategy in essence was a «catching up» strategy as the country was eager as soon as possible to come closer to the countries which started the accession negotiations two years earlier⁵. Formally the negotiations between Lithuania and the EU started on February 15, 2000 and ended on December 13, 2002. It took almost three years for Lithuania and the EU to agree upon the 31 negotiation chapters in which the EU *acquis* was divided. For Lithuania the chapters of crucial importance were «Justice and Home Affairs» and «Energy», and they were so for two important reasons: the problem of the transit to and from the Russian Region of Kaliningrad, and the decommissioning of the Ignalina Nuclear Power Plant.

1.2. *Negotiations on the transit to and from the Kaliningrad Region*

The Chapter of «Justice and Home Affairs» involved the issue of transit through the territory of Lithuania to and from the Kaliningrad Region⁶. [hereinafter: Kaliningrad transit]. The core of the issue was the Schengen Treaty, whose

¹ R. Vilpišauskas, «Lietuvos integracija į Europos Sąjungą: poveikis ekonominei politikai ir reguliavimui [Lithuania's integration to the European Union: the influence to the economic policy and regulation]», *Pinigų studijos* No. 4 (1999), pp. 29-45.

² *Ibid.*

³ Cyprus, the Czech Republic, Estonia, Hungary, Poland, and Slovenia.

⁴ Presidency Conclusions, Helsinki European Council, 10-11 December, 1999. On line at www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/ACFA4C.htm (last retrieved 01.05.2014).

⁵ V. Purlys, «Review of the EU Accession Negotiations (15 February 2000-13 December 2002)», in K. Maniokas, R. Vilpišauskas, D. Žeruolis (eds.), *Lithuania's Road to the European Union: unification of Europe and Lithuania's EU Accession Negotiations*, Eugrimas, Vilnius, pp. 88-145.

⁶ The Kaliningrad Region has no land connection to the rest of Russia as it is surrounded by Poland to the south, Lithuania to the east and north, and the Baltic Sea to the west.

acceptance was mandatory for the candidate countries, and which obliged citizens of non-EU countries to obtain a visa to cross the border of the EU Member State. At the time of negotiations, the transit of Russian citizens through the territory of Lithuania was regulated by a Provisional Agreement on Travel of Citizens⁷. According to it, Russian citizens whose permanent residence was in the Kaliningrad Region were allowed to travel through Lithuania in transit without a visa and to stay in its territory up to thirty days. The same applied to the Russian citizens travelling by direct trains from Russia to Kaliningrad through the Lithuanian territory and coming back. Lithuanians were also provided with visa-free entry to the Kaliningrad region.

The exclusivity of negotiations on Kaliningrad transit was its double format, since the EU negotiated with Lithuania and Russia separately. In the latter format of the negotiations Lithuania participated as a future EU Member State⁸.

At the start of discussions Russia had claims of visa-free regime and transit corridor to Kaliningrad via Lithuania, Poland, and Latvia⁹. Fearing of the isolation of the Region, Russia had a strict negotiation position which caused tensions not only in Lithuania, but also in the older Member States because of the strong dependence on Russian energy resources. The possibility that Russia would link the supply of natural gas and oil to Western Europe to the question of Kaliningrad transit could not be ignored¹⁰.

The EU considered various ideas for solving the Kaliningrad transit issue, including long-term multiple visas, the establishment of new consular representations, and the improvement of the capacity of border-crossing points¹¹. The final agreement was reached on November 11, 2002 establishing the so-called «Facilitated Transit Document» (FTD) and the «Facilitated Rail Transit

⁷ «Provisional Agreement on Travel of Citizens between the Republic of Lithuania and Russian Federation» signed on 24 February 1995 in Moscow. *Valstybės Žinios* (Official Gazette) No. 55, 05.05.1995, Publication No 1360.

⁸ J. Daniliauskas, I. Stanytė-Toločkienė, «Negotiations on Kaliningrad Transit», in K. Maniokas, R. Vilpišauskas, D. Žeruolis (eds.), *Lithuania's Road to the European Union...*, cit., pp. 297-350.

⁹ I. Stanytė-Toločkienė, V. Sirutavičius, «Strategic Importance of Kaliningrad Oblast of the Russian Federation», *Lithuanian Annual Strategic Review* (2003), pp. 170-200.

¹⁰ J. Daniliauskas, I. Stanytė-Toločkienė, «Negotiations on Kaliningrad Transit», in K. Maniokas, R. Vilpišauskas, D. Žeruolis (eds.), *Lithuania's Road to the European Union...*, cit., pp. 297-350.

¹¹ Communication from the Commission to the Council, «Kaliningrad and the EU», COM (2001) final - 18/01/2001.

Document» (FRTD)¹², according to which Russian citizens travelling frequently to/from the Kaliningrad Region through the Lithuanian territory were to be issued with an FTD in the consular offices of Lithuania; while an FRTD was designated for the Russian citizens travelling to/from the Kaliningrad region through the Lithuanian territory by train. Lithuania retained the right to decide on issuing or not issuing of the transit documents for the citizens of Russia. The EU approved the regulations on facilitated transit by Council Regulations No. 693/2003 and 694/2003 of April 14, 2003¹³, thus making the simplified procedure for transit between two regions of the non-EU country part of the Schengen *acquis*. In order to ensure proper control of the future eastern border of the EU and to implement the National Action Plan for the Adoption of the Schengen *Acquis*¹⁴ this regime was introduced on July 1, 2003.

The agreements reached in the negotiations were set in the Protocol No. 5 «On the transit of persons by land between the region of Kaliningrad and other parts of the Russian Federation» of Lithuania's Accession Treaty. According to this protocol, the EU undertook to assist Lithuania by covering any additional costs incurred by implementing the specific provisions regarding the Kaliningrad transit.

1.3. *Negotiations on the decommissioning of the Ignalina Nuclear Power Plant*

The decommissioning of Ignalina Nuclear Power Plant [hereinafter, INPP] was considered as the most problematic and sensitive issue of the accession negotiations for Lithuania, since INPP served about 70–80% of energy demand in the country. Even before the start of the official negotiations, the EU demanded Lithuania to agree upon the early closure of INPP, otherwise the country would risk not receiving an invitation to the EU accession negotiations even

¹² The Joint Statement on Transit between the Kaliningrad Region and the Rest of the Russian Federation, 10th EU-Russia Summit, Brussels, 2002 November 11, 13970/02 (Presse 347).

¹³ Council Regulation (EC) No. 693/2003 of 14 April 2003 establishing a specific Facilitated Transit Document (FTD), a Facilitated Rail Transit Document (FRTD) and amending the Common Consular Instructions and the Common Manual; and Council Regulation (EC) No. 694/2003 of 14 April 2003 on uniform formats for Facilitated Transit Documents (FTD) and Facilitated Rail Transit Documents (FRTD) provided for in Regulation (EC) No. 693/2003.

¹⁴ Lithuanian Government resolution No. 1194 «On the National action plan for adoption of the Schengen *acquis*», *Valstybės žinios* No. 74-3132 (2002).

if it fulfilled other criteria¹⁵. The significance of this issue was caused by the fact that the International Nuclear Energy Agency declared INPP as unsafe and, therefore, to be decommissioned before the necessary safety measures had to be installed¹⁶.

Even before receiving the invitation to start accession negotiations with the EU, Lithuania made amendments to the National Energy Strategy. According to them, Unit 1 of INPP would be closed before 2005; but taking into consideration the conditions of long-term and substantial financial assistance of the EU, the group of G-7 states and international financial institutions, and since the age of Unit 1 and Unit 2 differed, conditions for closing Unit 2 and the precise date for its final closure would be resolved in the renewed National Energy Strategy prepared in 2004¹⁷. The mentioned amendments were made according to the proposals of the Commission. After having done this, Lithuania was welcomed to start the official accession negotiations.

In the course of the negotiations, the position of the EU became stricter: the decision on the closure of Unit 2 of INPP had to be made in 2002, otherwise Lithuania would not be able to join the EU in 2004. It was also underlined that Unit 2 of INPP had to be closed by 2009 at the latest¹⁸. Obviously, the powers of the negotiators were asymmetric, and since the EU was urging things, Lithuania had to accept the above mentioned conditions. Therefore, as the country was not able to negotiate on the dates of the closure of INPP, the negotiations focused on the financial assistance. It was agreed that it should cover not only the decommissioning itself, but also the personnel safety measures, the replacement of capacities, environmental protection investments and individual measures of security supply. Moreover, the assistance provided should

¹⁵ K. Maniokas, R. Stanionis, «Negotiations on Decommissioning Ignalina Nuclear Power Plant», in K. Maniokas, R. Vilpišauskas, D. Žeruolis (eds.), *Lithuania's Road to the European Union...*, cit., pp.297-350.

¹⁶ In 1996 the representatives of the International Nuclear Energy Agency stated that the reactors of RBMK type which were used in Ignalina NPP cause the greatest danger as compared to other nuclear reactors.

¹⁷ Resolution of the Seimas of the Republic of Lithuania, No. VIII-1348 of 5 October 1999 Regarding the Approval of the National Energy Strategy, *Válstybes žinios* No. 86-2568 (1999).

¹⁸ «1. Regarding Unit 2, the EU reiterates its view that closure should occur by 2009 at the latest. The EU further recalls the importance of setting a firm date for the closure of Unit. 2. In this regard, the EU underlines that the timetable for adoption of the definite decision on the date of closure of Unit 2 should be compatible with Lithuania's timetable for accession» (The Conference on Accession to the EU, 2001, 20342/01, CONF-LT, 40/01).

be regarded as compatible with the EU internal market and will not be regarded as state aid¹⁹.

The EU Member States recognized that the decommissioning of INPP would cause the exceptional financial burden on Lithuania which was disproportionate to the size and economic capacity of the country. Moreover, the closure of INPP, Lithuania's heritage of the former Soviet Union, was considered a matter of importance for all the EU. Thus, the EU Member States agreed to provide necessary additional and adequate assistance even after Lithuania's accession to the EU. Those provisions were later incorporated in the Protocol No. 4 of the Accession Treaty of Lithuania.

1.4. *Main conclusions*

In the latter episode of the accession negotiations the asymmetry of the negotiation powers was quite obvious. Lithuania had no allies in the EU who could interfere against the creation of the early decommissioning of Ignalina Nuclear Power Plant as an additional condition to the accession to the EU. Focused on joining the EU in 2004, Lithuania had to make concessions, so the closure dates proposed by the Commission were accepted. However, in overall, the outcome of the negotiations for Lithuania was positive: having unified its political and technical resources, it managed to obtain that in exchange for the commitment to complete decommissioning of INPP on the dates established by the EU, the EU undertook to cover the costs resulting from decommissioning the plant.

However, in the negotiations on the Kaliningrad district Lithuania's role was the one of the partner of the EU which was seeking to safeguard its future external eastern border.

2. Lithuania's insertion in the EU institutions

2.1. *An overview*

Before examining the national insertion in the EU institutions, it would be useful to define Lithuania in the context of the EU. In general terms, Lithua-

¹⁹ K. Maniokas, R. Stanionis, «Negotiations in Decommissioning Ignalina Nuclear Power Plant», in K. Maniokas, R. Vilpišauskas, D. Žeruolis (eds.), *Lithuania's Road to the European Union...*, cit., pp. 297-350.

nia is a territorially small Member State with a population of 2.9 million and total area of 65.000 km², which has a minimum vote of seven at the Council. After the accession, strong Lithuania's capacities to defend a national position have become prerequisite for a successful and effective further membership in the EU. There is an opinion that one of the motives for accession countries to become the EU members was the aspiration to increase in this way their negotiating power²⁰. Although it is a very challenging statement, it should be affirmed that voting rules based on the size of member states remains important. On the other hand, after the adoption of the Lisbon Treaty in 2009, institutional changes evoked relative power changes. Expanded areas of qualified majority voting made the EU functioning as a self-programmed structure seeking for the best possible compromises among the parties. It is best displayed in the level of the Council where the intergovernmental negotiations take place. Therefore, in spite of the procedural aspects, the effective EU membership of any Member State, including Lithuania, depends not as much on size, but on key pillars such as defined national priorities, developed expertise in the EU legal system and clear political standing, as discussed in the following paragraphs.

2.2. The insertion of Lithuania in the European Parliament and the European Commission

Concerning the political influence at the European Parliament [hereinafter, the EP] dimension, there are twelve Lithuanian MEPs, divided among the Group of the European People's Party (4), the Group of the Progressive Alliance of Socialists and Democrats (3), the Group of the Alliance of Liberals and Democrats for Europe (2), the Europe of Freedom and Democracy Group (2) and the European Conservatives and Reformists Group (1). Although the activity in the European Parliament is not related to the national political dependence, there could be seen a direct link between them. Taking into comparison the mandate cycles of 2004–2009 and 2009–2014, the partisan division of elected MEPs is absolutely different. During the period of 2004–2009, 75% of Lithuanian MEPs chose to join the Group of the Alliance of Liberals and Democrats for Europe, while 2009–2014 showed completely opposite situation indicating —as seen above— scattered political orientations without one dominating political power.

²⁰ R. Vilpišauskas, «EU Accession Negotiations: Process, Actors and Results», in K. Maniokas, R. Vilpišauskas, D. Žeruolis (eds.), *Lithuania's Road to the European Union...*, cit., p.82.

Regarding the personal composition at the EP, considerable attention should be devoted to former President (1990–1992) Vytautas Landsbergis, a member at the Group of the European People's Party (Christian Democrats), and one of the only two Lithuanian MEPs having enjoyed a continued parliamentary service since 2004. The high authoritative standing of Vytautas Landsbergis was decisive in Lithuania's incorporation into the EU. On June 3, 1988, he was elected to the initiative Group of the Lithuanian Reform Movement «Sąjūdis». Following the oncoming election to the Supreme Council of Lithuania, Vytautas Landsbergis led the Council as the President and the head of state, and presided over the session of Parliament which proclaimed the restoration of the independent Republic of Lithuania on March 11, 1990. Under his leadership, Lithuania resisted the armed violence and blockade of the USSR and achieved the international recognition for the restored independence of Lithuania²¹.

In the area of the European Commission, Dalia Grybauskaitė was the first Lithuanian Member at this institution, responsible for Taxation, Customs, Statistics, Audit and Anti-Fraud in the 2004–2009 period. In November 2005, Dalia Grybauskaitė was elected as the Commissioner of the Year for her efforts to reform the EU budget. After the national presidential election, on July 12, 2009, she became the tenth—and the first woman ever—President of Republic of Lithuania. Her position in the European Commission was occupied by Algirdas Gediminas Šemeta for the 2009–2014 period.

Metaphorically speaking, Vytautas Landsbergis and Dalia Grybauskaitė have become highly symbolic personalities in the history of the country: one being a founding father of modern, free and independent Lithuania, while another being associated with Lithuania's pan-European integration based on a strong «national individualism» which was further revealed during the first Presidency of the Council of the EU.

2.3. *First Lithuanian Presidency of the Council of the EU*

The formal preparation process for the Lithuanian Presidency began after political agreement was reached on the exercise of the Council Presidency including the order of presidencies from 2007 to 2020²². According to the adopt-

²¹ Information retrieved at www.landsbergis.lt.

²² 2630th Council meeting of General Affairs and External Relations in Brussels, 13 December 2004, Document No. 15865/04.

ed calendar, trio partners Ireland, Lithuania and Greece had to jointly cover the period from January 2013 until July 2014, with Lithuania holding the Presidency in the July–December 2013 semester, the last full presidency of the Council before the May 2014 European elections. It predominantly determined a close cooperation with the main co-legislator EP and urgency to finalize a number of key dossiers, such as the multiannual financial framework 2014–2020, and the budget for 2014.

Already in the Governmental Programme 2004–2008 presented by Prime Minister Brazauskas, Lithuania's Presidency of the Council of the EU was identified as one of the objectives²³. Later the action plan for the preparation of the Presidency was approved²⁴, focussing of strengthening the necessary administrative capacity, and the identification of infrastructure, legal, and financial issues. On October 14, 2011, the Lithuanian political parties signed an accord, stating:

«The Lithuanian Presidency [...] is the national task which the political authorities shall fulfil smoothly and in solidarity, irrespective of the affiliation of the *Seimas* political groups formed by the political parties to the *Seimas* majority or the opposition»²⁵.

This agreement ensured political stability and allowed effective implementation of the Presidency functions during the second half of 2013.

In terms of preparations, the most important moment was November 10, 2011, when the *Seimas* adopted a Resolution on the Priorities of the Lithuanian Presidency of the Council of the EU for 2013. Recognising the importance to seek continuous economic growth and competitiveness of the EU, Lithuania's priorities included: (1) the enhancement of energy security by implementing the consolidation of energy infrastructures and integration of power systems, creating a common internal energy market of the EU and implementing the EU's common external energy policy; (2) the effective implementation of the EU Strategy for the Baltic Sea Region; (3) bringing the countries of the Eastern Partnership closer to the EU; and (4) the effective protection of ex-

²³ Programme was approved by the Seimas of the Republic of Lithuania resolution No. X-43 of 14 December 2004, *Valstybės žinios* No. 181-6703 (2004).

²⁴ Resolution of the Government of the Republic of Lithuania No. 359 of 12 April 2006, *Valstybės žinios* No. 42-1522 (2006).

²⁵ Accord of the Political Parties Represented at the Seimas of the Republic of Lithuania on the Lithuanian Presidency of the Council of the European Union in the Second Half of 2013, signed on 14 October 2011.

ternal borders of the EU by implementing an integrated management of its external borders²⁶.

The priorities of the Lithuanian Presidency underlined the main interests of the country in the EU affairs since its accession to the EU. Considerable results were reached in these areas, such as the initialed EU's association agreements including free trade areas with Moldova and Georgia; progress in visa liberalization between the EU and its Eastern partners; or signing an agreement with Azerbaijan on visa facilitation at the Third Eastern Partnership Summit in Vilnius. A compromise agreement was achieved at the Council on rules of Frontex sea border operations, so contributing to effective protection of external borders of the EU. In the energy sector, the Council report was endorsed on the progress towards the completion of the internal energy market. For the first time, during the Lithuanian Presidency, a funding line in the seven-year EU budget was presented for strategic projects which were included in the list of Projects of Common Interest. Among 248 projects, fifteen were from the Baltic region, six of them from Lithuania²⁷, ensuring that no Member State remains isolated from European gas and electricity networks by 2015.

Totally, under the title of the Presidency programme «For Credible, Growing and Open Europe», Lithuania successfully reached compromises on 147 legislative and 234 non-legislative files and 47 Council conclusions of total 428 dossiers. In terms of the volume of legislation adopted, Lithuania is among leaders of rotating presidencies, as a result of time pressure brought on by the abbreviated term of the EP ending in mid-April 2014.

On January 14, 2014 President Dalia Grybauskaitė presented the results of the Presidency at a plenary session of the EP in Strasbourg, highlighting the inner transformation which Lithuania experienced during the second half of 2013:

«It is an honour for me to review with you the results of the Lithuanian Presidency. I do so with pride that our small country, our young democracy, its statehood so recently regained, has shown that it too can carry out the tasks of an EU Presidency as well as any other Member State – large or small [...] After six months, the Lithuanian legacy is a stronger, more credible, more confident European Union [...]»²⁸.

²⁶ The Seimas of the Republic of Lithuania resolution No. XI-1651 of 10 November 2011 on the Lithuanian Presidency of the Council of the European Union in 2013, *Valstybės žinios* No. 137-6484 (2011).

²⁷ The Lithuanian Presidency's energy results were presented at the European Parliament on December 18, 2013. They are available on line at: www.eu2013.lt/en.

²⁸ Speech by President Dalia Grybauskaitė to the European Parliament in Strasbourg, January 14, 2014. They are available on line at: www.eu2013.lt.

The speech clearly indicates the classic self-standing of Lithuania during the first years of the membership in the EU. Gradually, diminutive expressions of «small» were replaced by a more empowered language, as Lithuania received positive evaluations from other countries and institutions which asserted its high national capacity in transforming hurdles into opportunities and earning appreciation of the EP. It confirmed important changes, particularly in the sector of a civil service. Substantial progress in the establishment of the Banking Union, agreement on the Multiannual Financial Framework, contribution to Transatlantic Trade and Investment Partnership negotiations, Eastern Partnership summit in Vilnius, and representation of the EU at the global level events, such as in the UN Climate Change Conference brought more credibility, maturity and openness into Lithuania's national European agenda.

2.4. *Main conclusions*

After a ten-year membership in the EU, it could be acknowledged that negotiating power of Lithuania has never depended only on the weight of votes established in the primary law of the Union. Ability to assess positions of different interest groups and to form alliances of same-minded Member States determines the real power to influence to the final outcomes at negotiations. Accurate participation in the negotiation process is essential in order to ensure that decisions taken at the EU level are feasible to implement at national level. Therefore, it has to be acknowledged that great progress has been achieved in defining and defending Lithuania's national interests in the EU through the successful preparation for the first Lithuanian Presidency of the Council of the EU.

3. The main interests and role of Lithuania in the EU affairs

3.1. *The basis of the main interests in the EU affairs*

In the context of the 28 EU Member States, Lithuania can be considered as having the permanent fields of interests or, in other words, even *the specialization* in eastern neighbourhood and energy sector. Lithuania reiterated those interests since the start of the accession negotiations and they became even the priorities of the Lithuanian Presidency of the Council of the EU. In the case of the eastern neighbourhood, it is, of course, influenced by the geography of

the country²⁹ as well as by historical references; while the particular interest in the energy sector is caused by the closing of the Ignalina Nuclear Power Plant and the subsequent dependence on foreign energy supplies. The Minister of Foreign Affairs of Lithuania mentioned energy sector among the most important issues and emphasized Lithuania's determination to contribute to the relations of the EU with Russia, Ukraine and Belarus already at the formal start of the accession negotiations in the late nineties³⁰.

3.2. Eastern neighbourhood countries

Already in 2004, after half a year of membership in the EU, Lithuania had an occasion to show its determination to participate in the EU's foreign policy regarding the eastern neighbourhood countries. Two presidents of the newly acceded EU Member States, namely the President of Lithuania Valdas Adamkus and the President of Poland Aleksander Kwasniewski, were acting as mediators in the conflict which arose in Ukraine after the presidential elections. Their contribution was crucial not only for solving the crisis itself, but also it showed the ability of the new EU Member States to bring added value to the European Neighbourhood Policy³¹. For the EU it was a way to shape its policy towards Ukraine and to expand its influence towards the non-EU country, while for Lithuania it was a mean of uploading its interests in the EU level. The other occasion for this to happen was the military conflict between Russia and Georgia in 2008, where Lithuania took an active role against the Russian aggression. Lithuania's position might be defined by stating that the cooperation with the EU's Eastern-Southern neighbours, for instance Ukraine and Georgia, is a mean of motivating these countries to start the domestic political and economic reforms.

The fact was that after the enlargement towards the east, the EU had to reconsider its foreign policy and start to focus on its eastern neighbours. Due to this, the new measures of the EU policy were adopted, for instance, the East-

²⁹ The importance of geography of the Member State to its foreign policy is analysed in G.Pastore, «Small new member states in the EU foreign policy: towards "small state smart strategy"», *Baltic Journal of Political Science*, No. 2 (2013), pp. 67-84.

³⁰ «Together with the other Member States of the EU, Lithuania will endeavour to contribute to the strengthening of the role of the European Union in Northern and Eastern Europe, particularly in its relations with Russia, Ukraine and Belarus» (Statement by the Minister of Foreign Affairs of Lithuania Algirdas Saudargas at the Conference of the Accession to the EU on February 15, 2000 (available on line at: <https://ie.mfa.lt/default/en/news/opening-statement-by-mr-algirdas-saudargas-minister-of-foreign-affairs-of-the-republic-of-lithuania-at-the-conference-on-accession-to-the-eu-brussels-15-february-2000>)).

³¹ L. Linkevičius, «The European Union neighbourhood policy towards Ukraine», *Lithuanian Foreign Policy Review* No. 21 (2008), pp. 62-85.

ern Partnership³² and the already mentioned European Neighbourhood Policy. The EU's relations with some of the Eastern Partnership countries were strengthened in the Third Eastern Partnership Summit held in Vilnius in November 2013.

3.3. *The energy sector*

Having in mind the interest of Lithuania in the energy sector in the EU, it can be stated that the country has europeanized its most vulnerable domestic policy area, adjusting it to its new geopolitical situation while at the same time loosening ties of economic dependence with neighbouring non-EU countries³³. The fact is that after decommissioning of INPP, Lithuania became fully dependent of supplies from Russia (including 100% dependence of natural gas). The consistent underlining that the Baltic States form the so called «energy island in the EU» was confirmed by the European Commission³⁴. Moreover, Lithuania has been an outspoken advocate of including the provision on energy security into the Lisbon Treaty³⁵. However, trying to upload the vulnerable national interests at the EU level, but sometimes lacking the progress in implementing them (the deadlines of electricity power bridge and new NPP projects were constantly postponed)³⁶ did not give a quick result. However, now the plans of Lithuania's independence in the energy sector are becoming realistic: the energy link with Sweden as well as the liquefied natural gas terminal in Klaipėda is already in the implementation state and the constructions of the power link connecting Lithuania and Poland are foreseen in 2015. The implementation of these projects will integrate the Baltic States into the EU common energy market, eliminate energy isolation and diversify energy supply. This way, Lithuania contributes to the reducing of the dependence of EU to

³² The Eastern Partnership (EaP) is an initiative of the EU governing its relationship with the post-Soviet states of Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine, intended to provide a venue for discussions of trade, economic strategy, travel agreements, and other issues between the EU and its Eastern neighbours.

³³ R. Vilpišauskas, «National preferences and bargaining of the new Member States since the enlargement of the EU: the Baltic States- still policy takers?», *Lithuanian Foreign Policy Review* No.25 (2011), pp. 9-32.

³⁴ Green Paper by the European Commission, «A European Strategy for Sustainable, Competitive and Secure Energy», COM/2006/0105 final.

³⁵ R. Vilpišauskas, B. Vandecasteele & A. Vaznonytė, «The Lithuanian Presidency of the Council of the European Union advancing energy policy and eastern partnership goals: conditions for exerting influence», *Lithuanian Foreign Policy Review* No. 29 (2013), pp. 11-37.

³⁶ *Ibid*, p. 34.

the Russian supplies. What is more, it goes in line with the plan of the European Council to eliminate «energy islands» by 2015³⁷.

3.4. *The accession to the Economic and Monetary Union*

While uploading its domestic interests in the agenda of the EU and willing to influence the policies of the EU, Lithuania was not always able to keep a good control of its domestic actors. The inconsistency between the aim of rapid introduction of euro and domestic fiscal and regulatory policies caused the failure to join the Economic and Monetary Union in 2007. Despite of the official willingness to undergo the assessment procedure for the adoption of euro, there was a lack of well-articulated political consensus on this goal as well³⁸. Therefore, some wrongfully chosen policies (the lack of budgetary discipline, certain decisions in the area of regulated prices, expansionary policy during the period of fast economic growth and others) contributed to the acceleration of inflation which resulted as the decisive criteria for not fulfilling the Maastricht criteria by the difference of less than 0.1%³⁹. This example of strict application of Maastricht criteria to candidate countries caused debates and even criticism towards European Commission and the European Central Bank⁴⁰. However, the accession of Lithuania to the *Eurozone* is foreseen on January 1, 2015 (with the final assessment procedure in July 2014), meaning that since 2006 Lithuania has not met the convergence criteria.

3.5. *Main conclusions*

From the examples discussed above, comes the conclusion that the interests and preferences which the country wishes to upload in the EU level should be formulated and presented consistently, the policy should be credible and coherent with domestic actions as well as consistent in time⁴¹. In the case of

³⁷ «European Council Conclusions on Energy», 4 February 2011, PCE 026/11.

³⁸ *Ibid*, p. 34.

³⁹ European Commission, «Commission assesses the state of convergence in Lithuania», May 16, 2006, IP/06/622.

⁴⁰ R. Vilpišauskas, «The Political Economy of Eurozone Enlargement: the Motives, Prospects and Implications for the EU and its Member States», in J. Roy, P. Gomis-Porqueras (eds.), *The Euro and the Dollar in a Globalized Economy*, Ashgate, Aldershot, 2007, p. 149-162; and R. Vilpišauskas, «Economic and political challenges of Lithuania acceding to the Euro area», in *Economic and Political Challenges of Acceding to the Euro Area in the Post Lehman Brother's World. Country Report*, OSI, Sofia, 2009.

⁴¹ R. Vilpišauskas, «The management of economic interdependencies of a small state: assessing the effectiveness of Lithuania's European policy since joining the EU», *Center for Small*

the eastern neighbourhood policy, Lithuania proved that it has developed not only the expertise in the field, but also the informal relations with the other Member States sharing the same interest. However, the narrow Lithuania's specialization in particular fields of the EU affairs sometimes has pushed the country into the periphery of the EU decision-making process⁴². The rotating Presidency of the Council of the EU, which Lithuania held in the second semester of 2013, was a good opportunity to broaden the interests in the EU affairs as well as to expand the expertise in those fields as Lithuanian representatives had to be prepared to chair various working groups of the Council of the EU. The main question is whether Lithuania will manage to benefit from the informal relations and expertise gained and to use them to strengthen its position in the EU decision-making process.

4. Economic aspects of integration in the EU

4.1. *Economic background of Lithuania*

The economic foundation of the EU is the internal market based on four fundamental elements: free movement of goods, services, capital and persons. Neither of these essentials was functioning in Lithuania by the time of accession. At the stage of preparations for negotiations, the country faced serious consequences of the forced incorporation to the Soviet Union, lasting for fifty years. Consequently, the main objective of Lithuania's economic policy was to create the necessary conditions for a smooth economic development, simultaneously ensuring the growth of the public welfare and strengthening competition in the economy.

The initial phase of economic integration into the EU started in 1992 when Lithuania and the European Community [hereinafter: Community] signed the Agreement on Trade and Commercial and Economic Co-operation. In 1993 the Community decided to provide support to Lithuania through the PHARE programme, replacing TACIS. Later in 1994, a Free Trade Agreement between the EU and Lithuania was signed in order to adjust trade relations with the European states. Lithuania was granted a six-year transition period to remove

States Studies, Institute of International Affairs, University of Iceland, Peer Reviewed Occasional Paper, Reikjavik, 2012.

⁴² G. Vitkus & J. Novagrodckienė, «Lietuvos įtaka ES Tarybos sprendimams [The Impact of Lithuania on EC Council Decision-Making]», *Lietuvos metinė strateginė apžvalga* (2007), p. 91-120.

customs duties applied to imports from the EU. The implementation of the agreement contributed to the continuous growth of trade between Lithuania and the EU, and by the late 1990s with the EU accounted for about half of Lithuania's foreign trade turnover⁴³. Laying down the basis for further development of Lithuania's capacity to compete in the internal market of the EU, the Free Trade Agreement was incorporated into the Europe (Association) Agreement signed in 1995.

On February 15, 2000, at the Conference on Accession to the EU in Brussels when the negotiations were officially started, Lithuania clearly announced in its opening statement that its most important strategic national goals would be integration into the EU and, accordingly, to the Union's Single Market⁴⁴. Already undergoing a fundamental transformation by that time, it was believed that only through participation in the internal market Lithuania would be able to sustain its long-run growth and competitiveness of its economy. Although in 2003, before joining the EU, Lithuania had the highest economic growth rate amongst all candidate and member countries, reaching a record 10.3% of GDP growth⁴⁵, its economic standing was complicated and reflected the recent historic changes. Sending a clear message that Lithuania was willing to conclude negotiations in 2002, it was firmly highlighted that integration process was foreseen as a part of overall internal reform:

«The forces of European integration influence Lithuania's realities ever more profoundly and preparation for the EU membership is one of the main components of domestic reform program. We strive that economic, social and administrative transformation takes place smoothly»⁴⁶.

This initial and strategically strongest statement was reminded and defended in the final stages of negotiations. Therefore, reorientation to the market economy was considered as a mutual interest, as the promotion of social and economic cohesion was one of the cornerstones for the development of both the Lithuanian and the EU economy.

At the very beginning of negotiations, several areas were indicated as of special importance. Namely, energy and agriculture were the most sensitive and ex-

⁴³ M. Terterov & J. Reuvid, *Doing Business with Lithuania*, GMB Publishing Ltd, 2005, p. 39.

⁴⁴ An opening statement by Mr. Algirdas Saudargas, Minister of Foreign Affairs of the Republic of Lithuania, at the Conference on Accession to the EU, February 15, 2000, Brussels, available on line at www.euro.lt.

⁴⁵ Eurostat: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00115>.

⁴⁶ An opening statement by Mr. Algirdas Saudargas, Minister of Foreign Affairs of the Republic of Lithuania, cit.

pensive sectors which financial conditionality could have resulted in possible adverse economic consequences for a country. As negotiations in the energy sector and Kaliningrad transition issues have already been analysed previously, the goal of the following paragraph will be to overview the key economic solutions of closure of Ignalina NPP and agriculture, the areas which were necessary to complete the negotiations successfully, even though the argumentation often exceeded a mere econometric approach.

4.2. *Extended nuclear costs*

In spite of the fact that the EU had no explicit competence in the area of atomic and nuclear safety, the Commission presented these questions as a part of the EU's «*non-binding acquis*»⁴⁷ requesting candidate countries a solid political and financial accountability for it. Decommissioning of the Ignalina Nuclear Power Plant was the question of safety for most of the EU Member States while for Lithuania it also meant losing two powerful 1500 MW RBMK-type reactor units, control of the energy market, and decrease in export, followed by the increase of the domestic price of electricity, unemployment, and social challenges. As mentioned before, INPP supplied electrical demand of four-fifths of the entire population of Lithuania. Moreover, since Lithuania did not have its own natural energy resources, growing dependency on the Russian supply, particularly for gas and coal, was inevitable⁴⁸. Eventually adequate financial solutions were found. Following the agreement of December 13, 2002, the Protocol No. 4 of the Accession Treaty of Lithuania⁴⁹ established a special financial instrument «*Ignalina Programme*» to support the decommissioning and the measures related to it in the sector of the Lithuanian Energy. For the period 2004–2006, the EU committed to provide Lithuania with financial assistance of € 285 million in support of its efforts to decommission and to address the consequences of the closure and decommissioning of the INPP. Finances were allocated for restructuring, environmental upgrading and modernisation of the energy production, transmission and distribution sectors as well as to enhancing the security of energy supply and improving energy ef-

⁴⁷ European Commission, *Contribution to the question no. 1 of the questionnaire submitted by the Presidency to the Atomic Questions Group*, Non-Paper, 29.09.2000, available on line at: http://ec.europa.eu/energy/nuclear/safety/doc/non_binding_acquis.pdf.

⁴⁸ «Resolution of the Government of the Republic of Lithuania No. 935 of 2 August 2004 Regarding the Approval of Lithuania's General Programming Document 2004–2006», *Válstybes žinios* No. 123-4486 (2004).

⁴⁹ OJ L 236, 23.09.2003, p. 944.

iciency in Lithuania. Additional measures to support personnel in maintaining a high level of operational safety were also envisaged.

The entire decommissioning process of INPP has been phased over approximately thirty years⁵⁰. Recognising the long lasting economic impact of the process, the functioning of the Ignalina Programme was seamlessly to be extended beyond 2006. Therefore, in order to further promote nuclear safety in the Union, the € 865 million were allocated for INPP decommissioning during the financial framework of 2007-2013⁵¹. Besides direct costs, during that period Lithuania encountered many indirect costs: the price of electricity to consumers rose for 30%; and energy dependence on a single supplier —Russia— for 80%⁵². Following the request for further funding, a special provision has been also made in the multi-annual financial framework for the period 2014-2020: «A Budget for Europe 2020». Regardless the estimations made by the Lithuanian authorities for more than € 600 million needed only for safe management of radioactive waste and spent fuel⁵³, the approved financial envelope for INPP consisted of € 450 million⁵⁴. However, based on a long-term process and solidarity with the EU, it can be affirmed that Ignalina Programme and its legal imperative originating from Protocol No. 4 will play a significant role in the EU budget planning until all financial issues, associated with safe decommissioning of NPP, are completed.

4.3. *Agriculture*

The origins of the efforts to re-create market economy in Lithuania can be found in land reform projects introduced in 1991, addressed at the restitution of land ownership rights. The main purpose of this reform was to completely rearrange land management system in order to facilitate the social and eco-

⁵⁰ Ministry of Energy of the Republic of Lithuania, *Note: Ignalina NPP Closure and Decommissioning. Meeting the Cost*, March, 2011.

⁵¹ Council Regulation (EC) No. 1990/2006 of December 21, 2006 on the implementation of Protocol 4 on the Ignalina nuclear power plant in Lithuania to the Act of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia Ignalina Programme (OL L 411, 30/12/2006, p. 10-17).

⁵² About financing of Ignalina NPP, see www.iaea.lt/en/financing-2014-202/.

⁵³ *Ibid.*

⁵⁴ Council Regulation (Euratom) No. 1369/2013 of December 13, 2013 on Union support for the nuclear decommissioning assistance programme in Lithuania, and repealing Regulation (EC) No. 1990/2006 (*OJ L 346*, 20/12/2013, p. 7-11); Corrigendum (*OJ L 8*, 11/1/2014, p. 30-30).

conomic development of the country⁵⁵. For a largely agrarian state as Lithuania, the economic reforms launched in 1990 had a substantial impact on agriculture and worsened the social situation in the countryside. While in 1990 the agricultural production accounted about 30% of Lithuanian GDP, in 2000 the figures had decreased until 7.5% of GDP⁵⁶. Paradoxically, restoration of independence followed by the structural economic reforms deteriorated and weakened the strongest element of national economy—the agricultural sector—due to the loss of traditional markets of the former Soviet Union. Therefore, concerning the negotiations in the Chapter on «Agriculture», in its initial national position paper represented in December 20, 2000, Lithuania firmly sought the Lithuanian agricultural food sector be fully incorporated in to the EU Common Agricultural Policy [hereinafter, CAP].

The main attention was paid at non-discriminatory conditions of granting 100% of the EU direct payments as a part of CAP *acquis*. Here the question of quotas was raised as the direct link between amount of payment and quotas exist. The methodology suggested by the Commission on counting quotas proposed to use agricultural production indicators from the period between 1995 and 1999. However, in the Lithuania's case this methodology was not appropriate and contradicted the national interests, causing negative impact on the increase of farm income and rural welfare in the context of ongoing structural economic reform in the country. The period of 1995–1999 indicated the lowest production point, precisely, of meat, sugar and milk, as a result of transitional period of moving from planned economy to the market, additionally encumbered by the Russian crisis in 1998.

Even though the EU recognized that the negotiation outcomes should be compatible with the concept of the application of the CAP *acquis* as it stands at the moment of accession, it was necessary to ensure that the results of the accession negotiations paved the way for a swift and smooth integration of the agricultural sectors of the new Member States in the single market and the CAP⁵⁷. There was a fear that direct payments would destabilize the restructuring of agricultural sectors, hence it was proposed to gradually introduce direct payments for farmers of the new Member States after enlargement

⁵⁵ V. Daugaliene, «Preparation for Land Consolidation in Lithuania», paper presented at the *Symposium on Modern Land Consolidation*, Volvic (Clermont-Ferrand, France), September, 10–11, 2004.

⁵⁶ V. Purlys, «Negotiations for Re-distribution: Negotiations of Agriculture», in K. Maniokas, R. Vilpišauskas, D. Žeruolis (eds.). *Lithuania's Road to the European Union...*, cit., pp. 254–255.

⁵⁷ European Commission, *Enlargement and Agriculture: Successfully integrating the new Member States into the CAP*, Brussels, January 30, 2001, SEC (2002)95 final.

starting with 25% of the level in the old Member States in 2004 and annually increasing up to 100% in 2013⁵⁸. The Commission considered that immediate full integration into the system of direct payments would not give the right incentives to farmers in the new Member States to engage in, or continue, the necessary restructuring⁵⁹.

The unfavourable EU position on quotas and direct payments provided a unique opportunity for the Lithuanian negotiators to use diplomatic advocacy invoking the uniqueness of the Lithuanian case in the context of the EU. As a result, the need was reiterated to apply flexible methodology which would allow establishing the reference period, different that the applied to other candidate countries, and higher production quotas. Lithuania explicitly referred to the synchronic process of dramatic transformation of markets and consumption patterns, restitution of property rights, decrease of GDP, the Russian crisis, structural adjustments and rising unemployment⁶⁰. Particularly in the agricultural sector there was a phenomenal situation because private farming traditions were almost destroyed under the Soviet regime. Any financial burden in a form of strict application of quotas could demonstratively weaken the economic growth. Additionally, it must be admitted that negotiations in Chapter 7 closely related to the budgetary and financial provisions in Chapter 29. Candidate countries faced a real risk of first becoming net contributors to the EU budget so slowing absorption of structural funds and transferring late compensations to farmers. The Commission acknowledged that such situation would be detrimental to the economic stability of new Member States: «No new Member State should find itself in a net budgetary position which is worse than the year before enlargement»⁶¹.

On December 13, 2002, after rounds of negotiations the agreement was reached on progressive introduction of direct payments of 25% in 2004, 30% in 2005 and 35% in 2006 with a possibility to top-up the amounts to 55/60/65% by using co-financing from other structural funds (up to 40%) and national funds. Lithuania was encouraged to orient its national agricultural policy to the CAP by providing additional financial assistance for rural development, restructuring semi-subsistence farms. Increased levels for reference quantities were intro-

⁵⁸ P. Elsuwege, *From Soviet Republics to EU Member States: A Legal and Political Assessment of the Baltic States Accession to the EU*, Brill, 2008, p. 349.

⁵⁹ European Commission, «*Information Note: Common Financial Framework 2004-2006 for the Accession Negotiations*», Communication from the Commission, Brussels, 30 January 2002, SEC (2002)102 final, p.4.

⁶⁰ The Accession Conference of July 28, 2002.

⁶¹ *Ibid*, 60, p. 8.

duced to product groups such as milk, sugar, fibres and potato starch. In setting the milk quota the EU addressed the specific situation in the agricultural sector in the Baltic States⁶².

4.4. *Main conclusions*

During the negotiations, the Commission clearly stated that any solution on the financial package should respect the expenditure ceilings agreed at the 1999 Berlin European Council even though the scope of the framework *de facto* expanded from six new Member States to ten acceding in 2004. It had a huge impact on the pace of Lithuanian negotiations with the EU in Chapter 7 «Agriculture», Chapter 14 «Energy» and Chapter 29 «Financial and Budgetary Provisions».

In comparison to other Member States, the Commission called Lithuania «a net beneficiary» because it was one of the countries, with the highest *per capita* rate of EU funds: € 769 for 2004–2006, out of which € 209 were dedicated to agriculture. In terms of the EU allocations, contribution to the EU budget amounted to € 147, with transfers from the EU budget of € 537. Lithuania also received additional support of € 47 million comprising payments to ease the national budget situation⁶³. Therefore, at the Copenhagen European Council on December 13, 2002, Lithuania successfully concluded the accession negotiations by closing the most complex issues on Agriculture, Financial and Budgetary Provisions, included outstanding financial aspects on Ignalina NPP.

5. Public opinion on the European Project

5.1. *Optimism about the EU*

Public assent was a prerequisite for completing Lithuania's integration into the EU if only because, according to Article 9 of the Constitution of the Republic of Lithuania, «The most significant issues concerning the life of the State and the Nation shall be decided by referendum».

⁶² As provided at: http://ec.europa.eu/enlargement/archives/enlargement_process/past_enlargements/eu10/lithuania_en.htm.

⁶³ *Ibid*, 63.

Since the referendum on independence from the Soviet Union in February 9, 1991, the referendum on Lithuania's membership in the EU was one of those «most significant» events. Voting results confirmed that: during the «Referendum on the membership in the European Union» of May 11–12, 2003, 91.07% of all participants approved of Lithuania's membership in the EU, with a 63.37% turnout.

Referendum results were grounded on long term and continuous educational activities. Accurate, timely and clear knowledge about the expectations and benefits of joining the EU was mandatory in earning positive outcome of referendum. Formation of a favourable public opinion was attributed to multiple factors, such as general support for state and political institutions of Lithuania, trust in mass media, the position of public figures respected in the country and the opinion about Lithuania expressed by the EU institutions and the Member States⁶⁴. Later, in February–March 2004 the results of Eurobarometer confirmed that most Lithuanians supported membership at the EU by displaying an attitude of moderate and reasoned optimism⁶⁵.

As an overview, it can be stated that Lithuania's accession to the EU was commonly considered as a part of the competence of governmental institutions. Public opinion directly depended on the positions communicated by the elite personalities known for the general public. However, it would be incorrect to imply that the EU issues were exclusively a part of the tasks of the government. The major part of the society, especially, the youth and the economically active people were eager to know more about the European affairs so complementing to their broader understanding about the EU, as a supranational organisation, which is the origin of their subsidiary citizenship, freedoms and privileges.

However, there have been *ad hoc* situations, as presented in the following paragraph, where formation of public opinion directly depended on negative historic experiences, direct involvement of personal interests and transitional periods for integrating the EU primary law into a national legal system.

⁶⁴ P. Auštrevičius, «Referendum on Membership of the European Union and Organisation of the Information Campaign», in K. Maniokas, R. Vilpišauskas, D. Žeruolis (ed.), *Lithuania's Road to the European Union: Unification of Europe and Lithuania's EU Accession Negotiation*, Eugrimas, Vilnius, 2005, p. 418.

⁶⁵ European Commission, «National Report, Executive summary, Lithuania», in *Eurobarometer, Public Opinion in the Candidate Countries*, 2004.1, 2004.

5.2. *Restrictions on land sale vs. free movement of capital*

In relation to the agricultural sector, the most politicised question, associated with unpredictable economic consequences and strong public reactions, was the issue of the acquisition of land by non-nationals included in the Chapter 4 »Free Movement of Capital«. Article 47 of Constitution of the Republic of Lithuania was not in compliance with the *acquis communautaire* since it restricted the land sale to foreigners. The origins of legal conformity issues were first raised at the time of signing the Association Agreement in 1995, when adequate constitutional amendment was made in order to liberalize the acquisition of non-agricultural land. Restrictions of acquisition of agricultural land necessitated further amendments in order to provide full compliance with provisions of free movement of capital. Together with precaution measures⁶⁶, in 2003, the *Seimas* adopted constitutional amendments under the granted seven-year transitional period. On February 4, 2011, Lithuania requested the Commission to extend the transitional period concerning the acquisition of agricultural land by three more years. The request was satisfied due to the need to safeguard the socioeconomic conditions for agricultural activities following the introduction of the single market and the transition to the CAP in Lithuania⁶⁷.

Despite Lithuania has been identified as a Euro-optimistic country, numerous internal reasons exist in causing doubts about its membership in the EU and its obligations. For instance, approaching to the expiry of extended transitional period of April 30, 2014 opinion polls showed that two-thirds of Lithuanians still opposed to selling land to foreigners. Moreover, a majority of respondents were eurosceptic and expressed their disappointment with the idea of a more profound union. As a result of public reaction, the Lithuanian Nationalist Union and the Lithuanian Peasant and Green's Union initiated a referendum proposing a constitutional prohibition on the sale of land to foreign nationals and legal persons. According to the Article 9 of the Constitution of the Re-

⁶⁶ Article 17 of The Constitutional Law of the Republic of Lithuania on the Implementation of Paragraph 3 of Article 47 of the Constitution of the Republic of Lithuania set as following: «Foreign subjects meeting the criteria of the European and Transatlantic Integration, with the exception of those foreigners who have been permanently living and engaged in agricultural activities in Lithuania for at least three years as well as foreign legal persons and other foreign organizations which have set up representative offices or branches in Lithuania, may not acquire agricultural land and forestry land until 30 April 2014» (As last amended-No. XI-1626, 3 November 2011, *Valstybės žinios* No. I-1392).

⁶⁷ Commission Decision of April 14, 2011 extending the transitional period concerning the acquisition of agricultural land in Lithuania, 2011/240/EU (*OL L 101, 15/04/2011, p. 122-123*).

public of Lithuania, «A referendum shall [...] be announced if not less than 300,000 citizens with the electoral right so request». 300,000 signatures were collected confirming the first successful popular initiative since 1991⁶⁸. A considerable part of the society has expressed its fear about the possible changes of the status of land ownership since May 1, 2014. Most concerns were related to the fact that for more than fifty years Lithuanian land was nationalised by the Soviet regime, so restricting land use of real legitimate owners. Due to historic reasons, land, especially land used for agricultural activities, is directly associated to the territorial sovereignty questions. Besides fears to lose the latter, farmers alerted that large differences in land prices and income in Lithuania compared to old Member States would create serious disturbances on the Lithuanian agricultural land market, if legal conditions for a foreign ownership start functioning in the near future. Therefore, there are a lot of expectations invested in earning positive results of referendum called for June 29, 2014.

5.3. *Main conclusions*

Although public opinion is based on numerous factors, its variation is meaningful in defining national interests at the level of the EU. Notwithstanding the final outcomes of the citizens' initiative to abolish foreign ownership of the agricultural land by referendum, strong public resentment regarding land issues illustrates certain changes in the Lithuanian society. A decade in the EU has provided a unique opportunity to reveal and develop a more diverse and mature Lithuanian identity in the EU. Hence it could be concluded that the European issues are no longer seen as an exceptional competence of the governmental institutions but rather as a part of an individual's rights and duties.

6. Lithuania in the European Union: a global balance

1. The long and complicated negotiations on access to Kaliningrad from Russia, and on the decommissioning of Ignalina Nuclear Power Plant can be considered as the most important peculiarities of Lithuania's accession negotiations to the EU, the latter becoming even a condition of membership in the Union. The analysis of those episodes of the accession negotiations showed the different roles Lithuania had to take in both of them: the country was consid-

⁶⁸ Land referendum Date Fixed, *LRT.lt* of 11.04.2014, available on line at: www.lrt.lt/naujienos/news_in_english/29/40830/land_referendum_date_fixed.

ered as a partner of the EU in the negotiations on Kaliningrad transit, while the negotiations on the closure of INPP revealed the asymmetry of the negotiating parties.

2. Since accession, Lithuania's insertion in the EU institutions has taken place in different dimensions necessitating comprehension of the EU agenda and accurate knowledge in domestic policy. However, active involvement of strong personalities into the European affairs has directly affected the pace of the integration into the EU, irrespective of the size of the country. Consequently, the first Lithuanian Presidency of the Council of the EU was a challenge which made it possible for a relatively small Member State to gain more bargaining power under the EU decision making mechanism.

3. During its ten-year membership in the Union, the interests of Lithuania in the EU affairs have remained unchanged. Due to the active role in the EU's policy on the eastern neighbourhood, the country is considered as the policy-maker, not the policy-taker in this field. The high dependence on the supplies from Russia was the cause of uploading the vulnerable national interests in this field at the EU level and influencing the decision-making in the energy sector. The analysis of Lithuania's actions in the EU affairs showed, that the country is successful in influencing the EU decision-making process when the domestic policy in this field is consistent.

4. Many factors caused the Lithuanian uniqueness at the EU accession negotiations. Particularly, the discussions of economic aspects, related to the commitments on INPP, quotas of agricultural production and acquisition of land, engendered the necessity to use individually differentiating though decisive argumentation in order to prevent adverse financial outcomes to the national economy after the enlargement.

5. Public opinion can be a powerful tool in the process of negotiations affecting national sovereignty issues. Although integration into the EU dominated as a strategic objective in the Lithuanian political and diplomatic agenda, it never weightily influenced formation of public opinion. Initiatives such as the referendum on sale of land to foreigners confirm that through the involvement of personal interests the Lithuanian society eventually acquires status of an active contributor to the EU affairs.