

The Baltic States: transport and energy infrastructures, a guarantee of sovereignty that is too often neglected

Description

1 May 2024 marked the twentieth anniversary of the Baltic States' accession to the European Union. This step consolidated their position on the international stage and vis-à-vis Russia, just 13 years after the dissolution of the USSR. While bringing democracy and economic modernization, membership has also encouraged these countries to align themselves with the European development model, particularly regarding infrastructure.

For the past twenty years, Estonia, Latvia, and Lithuania have demonstrated an unwavering commitment to developing modern infrastructure independent of the former Soviet system. Despite the challenges and setbacks, their focus on transport and energy projects is a testament to their determination for a more stable future. This infrastructure fuels each country's development and strengthens its independence. The Baltic States, therefore, stand in a delicate balance between a commitment to a more stable future and the challenges of transition.



Since 1991, a limited number of projects coupled with perpetual deferrals

While wind farms and submarine cables are increasing at an impressive rate in the western part of the Baltic region, the pace of work in the Baltic States appears to be slower. After the collapse of the USSR, the now-independent Estonia, Latvia, and Lithuania quickly recognized the need for modern infrastructure. In 2004, the three countries joined the EU and NATO, and projects such as the Rail Baltica railway line and the EstLink undersea electricity cable played a fundamental role in the drive to connect a region that had previously been considered “peripheral.” However, despite this awareness of the importance of what is at stake, the deadlines seem to be stretching endlessly. Project completion deadlines have been extended from 2026 to 2030, then to 2036, imposing a veritable intermittence of construction work. As exemplary pioneers in technological and democratic transition, the Baltic States lag astonishingly in infrastructure.

These delays are undeniably attributable to the three countries themselves. Projects are generally entrusted to private companies, and the process leading up to the start of work often merges the interests of these companies with those of public bodies. Each initiative, therefore, has inextricable links with politics, and corruption usually plays a significant role. In Estonia, we talk about “seemukapitalism,” or “bros’ capitalism,” a term that refers to the close ties between political elites and business leaders, who often come from the same universities and maintain contact throughout their careers, behaving like so-called “brothers.” Public and even European funds are often intercepted by the elites in power and subjected to lobbying by private companies. This undermines the spirit of enterprise and confidence in institutions and even discourages some foreign investors.

Simultaneously, the Baltic region is a battleground of geopolitical competition, with each country striving to assert its sovereignty, sometimes at the expense of multilateral relations. The concept of ‘Baltic countries’ is not always in vogue in Estonia, Latvia, and Lithuania, where ‘Baltic national sentiment’ is sparingly expressed. Each country’s desire for total independence often hinders regional projects as the three countries struggle to reach agreements. Project deadlines inevitably extend when one country prioritizes its national interests over the collective interest. The need for regional cooperation is urgent, and the Baltic States must recognize this as a crucial step towards their collective future.

As a key player, the European Union proposes initiatives and commits itself to the region's integration. But the Baltics, while enthusiastic, are often unaccustomed to this kind of approach. When the cost of specific projects – as was the case with the construction of [a joint liquefied natural gas terminal](#) or the unfinished [Rail Baltica project](#) – far exceeds the economic capacity of the countries concerned, the EU can offer financing that can cover up to 85% of the total cost of the project. However, it cannot force an agreement, whereas only a strong desire for collaboration between the countries concerned can lead to compromises and, therefore, to arbitration. The Baltic countries must understand the importance of compromise and arbitration in reaching agreements, even if this means missing out on funding opportunities.

A Russia lurking in the shadows, eyes wide open

The USSR has been gone for 33 years, but the energy and transport networks in the Baltic States are still very dependent on former Soviet installations. In three decades, there have been too few long-term projects, even though everyone agrees that their implementation would contribute to a more certain future. Admittedly, access to non-Russian gas is now more accessible, and prices are lower. But despite the sanctions, countries continue to trade, albeit on a more limited scale, with Russia (in 2023, [Latvia's exports to Russia](#) represented 5.9% of the total, and [Estonia's](#) 3.24% of the total, for example). To break away from this commercial outlet requires a considerable effort in terms of organization and costs, linked to the determination of governments (in particular, as in the case of other Western countries, there has been a significant and therefore suspicious increase in Baltic exports to Central Asian countries, leading to suspicions that sanctions are being circumvented).

Maintaining close ties with such a threatening neighbor weakens the region and makes it easier for Russia to exert influence. Yet the Russian presence in local institutions and at the heart of public projects remains substantial. Some private companies working with the state are partly (or even totally) affiliated with Moscow. In such cases, there is a risk of industrial espionage by employees for the benefit of Russia. External individuals can easily monitor construction sites. These intelligence activities are facilitated by the lack of policies implemented to ensure the security of projects. Within the Baltic governments, project managers, for example, from Russian-speaking minorities, can sometimes obfuscate information or take advantage of the organization's weaknesses.

Since the early 2000s, the Russian threat has been tangible in the Baltic region. In 2008, Russia's invasion of Georgia set off the first alarm bells. Then, in 2014, the invasion of Crimea raised even more severe concerns in each of the Baltic countries. The deployment of NATO troops in these three countries from 2017 onwards was a solid signal to Russia and a further symbol of their resolve to emancipate themselves. However, at the institutional level, [the changes have remained limited](#), and apart from Lithuania's construction of an LNG terminal in Klaipeda, this perception has not provided the decisive boost needed to launch or complete infrastructure projects to ensure the three countries' security.

The beginning of the 2020s marks a turning point. The health crisis and then the large-scale invasion of Ukraine have plunged the region into existential anguish. At a time when sanctions against Russia were the order of the day, the Baltic States had to adapt quickly, aiming to emancipate themselves entirely from the Russian market. However, there are still infrastructural weaknesses that Moscow could exploit.

After 2022, infrastructure for more excellent safety

The three countries' modest size and relatively recent independence limit their economic capacities and force them to manage limited budgets, implying a precise calculation before any investment. How can they simultaneously manage the strict budgetary orthodoxy associated with their membership of the EU, the objective of economic stability, while continuing to cushion the costs of the health crisis, inflation linked to the abandonment of the Russian market, and compliance with sanctions against Russia, but also committed and financially demanding support for Ukraine, while carefully respecting their financial commitments as members of NATO? At the same time, how can we find the resources to speed up the disconnection of the BRELL electricity network (Belarus, Russia, Estonia, Latvia, Lithuania; the disconnection, initially scheduled for the [end of 2025, should be effective from February 2025](#)) and the connection to the central and northern European networks, via the PIMERB (Baltic Energy Market Interconnection Plan)?

The urgent reorientation of these countries' economic priorities may divert their attention from infrastructure projects, even though transport and energy are more than ever synonymous with security. Aware of their vulnerabilities, the Baltic states are racing to compensate for lost time. The aim is not only to reduce the trade flows with Russia (already well underway) through greater integration into the European market but also, without doubt, to play the intra-Baltic cooperation and solidarity card a little more without seeing this undermining their sovereignty.

Thumbnail: Rail Baltica (source: RB Rail AS).

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[Back to the top of the page](#)

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