

Major Research Paper

The Russians Are Coming: An Analysis of Russian-Baltic Energy Relations

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Abstract

The Baltic region is one of the world's potential hot zones, where NATO forces could come into contact with Russian troops. Latvia and Estonia are home to significant ethnic Russian minorities whose presence has been the cause of several incidents and strong rhetoric between Russia and Estonia and Latvia. The main fear being that one of these incidents could escalate and lead to a Ukraine-style intervention from Russia. To mitigate this, NATO forces have been deployed in the Baltics in an effort to deter Russia. Complicating the situation further is the economic relations between Russia and the Baltics. The Baltic states are dependent on Russia for energy resources and are prime candidates to be targeted by energy cut-offs, which could be used to force changes in the treatment of Russian minorities or to try and halt the NATO buildup on Russia's border. However, this has never been done. This paper examines the potential reasoning behind the lack of economic warfare from Russia towards the Baltics by focusing on deterrence theory and theories of economic interdependence. Though NATO is attempting to deter Russian aggression in Eastern Europe, current deterrence capabilities are inadequate and have been unsuccessful. Therefore, economic interdependence is found to be the best possible explanation to this puzzle. The financial economic linkages between Russia and the Baltic states are small but the existing Russian influence in the Baltics and the Latvian and Estonian role in Russia-EU trade have stopped Russia from using energy cuts as a foreign policy weapon.

Introduction

This research paper will focus on the complex relationship between Russia and the Baltic states of Estonia and Latvia. Since the breakup of the Soviet Union in 1991, there have been several high-profile incidents between Russia and these two states. These interactions have led to an increasing level of political mistrust. Many of these incidents have transpired due to the treatment of ethnic Russian and Russophone minority groups in the Baltics. The relationship has been further complicated by the Russian annexation of Crimea in 2014 and the ongoing military intervention in Donbas. Like Ukraine, Latvia and Estonia are home to significant Russian minority groups. Russia has long criticized the treatment of these communities by the Baltic states and the presence of these communities and their connection to Russia have become a legitimate security concern for Latvia and Estonia. However, at the same time, Latvia and Estonia are highly dependent on Russia for natural gas and other energy resources. This level of dependence seemingly gives Russia leverage in the ability to cut off gas or other energy resources to Latvia and Estonia. This would apply massive pressure on both of the much smaller economies. Russia has used gas cut offs in the past in dealings with other Eastern European states in similar positions to the Baltics, such as Ukraine, Belarus, etc. However, Russia has never used gas cut offs against Latvia or Estonia despite a recent history of harassment, subversion, and politically heated rhetoric over minority rights. Both states on the surface are prime targets for this type of economic warfare that would force a political outcome and potentially bring changes to the treatment of ethnic Russians. This is the puzzle this research paper seeks to investigate. This will be done using the following research question: “Why has Russia not used gas or energy cut-offs as a foreign policy weapon against Latvia and Estonia?”. Although Lithuania plays an important role in Baltic politics and the gas trade, it has been left

out of this analysis as its ethno-linguistic minority communities create a different dynamic than those in Latvia and Estonia. The factors that will be investigated are, (1) the status of Latvia and Estonia as NATO (North Atlantic Treaty Organization) members (deterrence) and (2) the presence of critical economic infrastructure in the Baltics and the importance of Latvia and Estonia in Russia's trade with Germany and the EU (economic interdependence).

Energy Dependence

Russia and the Baltic states are highly linked through trade and the Baltics are almost entirely reliant on Russia for energy resources, and especially reliant in the natural gas sector (Hollerbauer, 2017). While Estonia does possess oil shale deposits, these are difficult to access and mostly used for domestic electricity production and not for industrial use (Clemens Jr. 191). There are the obvious historical reasons for this. Upon independence in 1991, the Baltic gas infrastructure was only directly connected to Russia (Clemens Jr. 192; Hollerbauer, 2017). Thus, the only way for Estonia and Latvia to receive gas was from Russia and by paying a higher price than any other states in Europe (Hollerbauer, 2017). Furthermore, Russian gas companies, especially Gazprom, owned majority stakes in the Baltic national gas companies (Ibid, 2017). Since the 1990s, the Baltic states have diversified somewhat, though they still rely on Russia for nearly the entirety of their gas imports. In 2019, Estonia and Latvia imported over 75% of their gas from Russia (Ferris, 2020). Different sources present different figures in terms of natural gas dependence, however, even the lowest estimates/figures are no lower than 75%.

Latvia

In 2014, Latvia imported 100% of their fossil fuel resources from Russia (EIA, 2014). Latvia relies on Russian gas for 100% of its domestic consumption and the Russian company

Gazprom currently owns a 34% equity stake in Latvia's biggest gas company Latvijas Gaze through a long-term supply deal (2030) (Klus, 2017 & Clemens Jr, 193). Although this may seem like an incredibly advantageous position, Latvia, in conjunction with the EU (European Union) has taken steps to limit their reliance on Russian gas. "Natural gas plays an import role in Latvia's economy, but its overall share in the country's energy balance has been falling from roughly 30 per cent a decade ago to around 25 per cent currently" (Ibid, 2017). The majority of gas consumption goes towards heating and power production, as well as electricity production. 70% of the electricity consumed in Riga, the Latvian capital, comes as a result of Russian natural gas imports (Ibid, 2017). Latvia has become less dependent on oil and natural gas for its overall energy consumption, however, any cut-off of oil or gas from Russia would have highly negative consequences for the Latvian economy. "A potential halt of gas supplies by Russia would entail significant negative consequences for the Latvian economy and cause hardship for the population" (Ibid, 2017). Latvia is still an important transit country for Russian exports to Europe and the only Baltic country with its own natural gas storage facility (Ibid, 2017). Thus, Latvia only imports gas at specific times of the year as it can store it for consumption at the necessary times of the year and to direct it to the necessary areas. However, the dependence on Russia for energy has the potential to become a major security issue.

Estonia

Estonia's economic relationship with Russia is similar to Latvia's. As recently as 2017, Estonia received 100% of its natural gas imports from Russia (EIA, 2020). The overall amount of gas being imported has fallen as other alternatives are explored but Russia is still the main the supplier of most energy resources. Like in Latvia, Russian gas company Gazprom had major equity stakes in Estonia's national oil company (ERR.ee, 2015). However, in 2015, the Estonian

company Elering, purchased Gazprom's shares, shutting any Russian linked companies out of the Estonian gas sector (Ibid, 2015). Estonia also suffers from the same infrastructure dilemma as Latvia. The majority of Estonian energy infrastructure and other types of trade infrastructure (railway, electricity, etc.) are centered in Russia or entirely connected to Russia (Grigas, 40). "Estonia is not connected to the Russian crude oil pipeline system, but receives crude oil, oil products, and other energy products by rail that are later sent to Estonian ports (Ibid, 41). Unlike Latvia, they do not have a gas storage facility that they can use to hold gas from other options (Noack, 2018). However, Estonia has been an important transit country for Russian goods and resources to the rest of Europe. Transit through Estonia has been an important source of revenue for the state and a key element in Russia's export of gas and other resources to Europe (Clemens Jr, 195 & Grigas, 2013). Russia stopped sending certain energy resources to the Baltics in the early 2000s as it began creating its own energy infrastructure and once paused gas exports to Estonia for 3 days in 2007 (Grigas, 2012). However, this even has been an anomaly in the relationship and energy cuts have never been used outside of this isolated incident. It is evident based on these statistics that Estonia and Latvia have a heavy dependence on Russian energy imports.

Literature Review

Deterrence

Deterrence and economic interdependence are the two factors that offer the best chance at successfully answering the research question and explaining the Baltic-Russia puzzle. These terms will be used throughout this paper and therefore it is important to have an understanding of the theories of deterrence and economic interdependence. In his short piece on deterrence, Leon

Sigal loosely defines deterrence as the concept of threatening war to deter war and threatening with punitive retaliation to deter attack (Sigal, 247). According to Sigal, deterrence is inherently tied to nuclear warfare and the idea of retaliatory attacks, better known as mutually assured destruction (MAD). However, that does not mean there are not conventional warfare applications to deterrence. Sigal demonstrates two important components of having a successful policy of deterrence. “The first group emphasized the need to demonstrate the capability and will to wage war, lest a potential aggressor doubt a state’s strength or resolve” (Ibid, 248). From this, one can establish that projecting military power/capabilities is a central pillar of proper deterrence. The second component is to not over project deterrence as it may lead to a security dilemma in which all sides continue to escalate their capabilities to try and deter the other, making the situation less safe (Ibid, 248). Though Sigal offers a basic definition and idea of deterrence and accompanying theory, these are the ideas at the core of NATO and Baltic deterrence policies towards Russia. Building on this notion of deterrence, Toms Rostoks defines effective deterrence as “Convincing the adversary through communication that the costs and risks of a given course of action are likely to outweigh the potential gains”. (Rostoks, 2018a). The ability to communicate the threat is of central importance to the success of deterrence. Deterrence theory establishes a cost-benefit component and one that tries to cause doubt on the potential success of an attack, with a focus on deterrence based on the above concepts, NATO must effectively communicate that the cost of a potential attack or a drastic move (like a gas/energy cut off) would outweigh the benefits and could lead to an escalation in tensions.

Zapfe and Vanaga examine NATO’s current deterrence capabilities in the Baltic region. While taking into account NATO’s extended (nuclear) deterrence policy, Zapfe and Vanaga argue that NATO’s current deterrence policy in the Baltic region has taken a conventional

approach. This is to say that the focus is on using regular military troops and equipment to serve as a deterrent rather than using the threat of nuclear retaliation in the region (Zapfe & Vanaga, 49). NATO deterrence currently focuses on a “tripwire” style defense by placing NATO troops in Eastern Europe (known as the Very High Readiness Joint Task Force or VJTF). The tripwire defense acts as a deterrent by dissuading Russia from potentially confronting NATO from western Europe or non-European troops in combat and potentially escalating the conflict (Ibid, 41). The turning point of NATO’s deterrence policy began at the Warsaw Summit in 2016 where the 3 main elements of its deterrence policy were formed, mainly, conventional, nuclear, and missile capabilities (Ibid, 50). The policy of deterrence has constantly been changed and upgraded to meet the perceived threats to NATO’s Eastern European members. This includes an extended nuclear element.

During the Cold War deterrence policies relied chiefly on nuclear deterrence and mutually assured destruction (MAD). As shown, NATO’s current posture is focused on conventional deterrence capabilities, but with modern technology it is possible for nuclear warfare to be carried out from across the world, meaning it still must factor into deterrence. Corbett deals with the idea of nuclear deterrence within NATO. Corbett argues that contemporary nuclear deterrence for NATO is a part of their extended deterrence capabilities (Corbett, 58). This is done mainly through American leadership and American nuclear capabilities. “The US extended deterrence model relies on the ability to ‘message’ resolve at every stage of a crisis, including the very early stages, in order to influence an adversary’s decision-making and control escalation” (Ibid, 67). For Corbett, within nuclear deterrence the idea of messaging is incredibly important. Being able to present a coherent nuclear policy is key to having an actual nuclear deterrence policy. This is where NATO has struggled. “NATO has a

nuclear deterrence policy, and the capabilities to conduct nuclear strike, but there is no Alliance nuclear deterrence strategy linking them” (Ibid, 64). Different NATO members have different policies in terms of nuclear warfare and nuclear responses, and this fragments the ability to have a united nuclear deterrence. However, there is still a nuclear element to NATO’s deterrence in Eastern Europe.

Regardless of conventional or nuclear deterrence postures, the main challenge to the success of NATO and Baltic deterrence has been hybrid warfare from Russia. Veebel presents hybrid warfare as an approach to warfare that uses mix of conventional and unconventional military and non-military tactics (Veebel, 283). Though the idea of hybrid warfare is contested, and the term itself it not necessarily agreed upon, hybrid tactics have been used by Russia, especially in Crimea as a supplement to its military strategy (Ibid, 288). These tactics have been used in situations where conventional warfare is not necessary or in place of the conventional tactics in situations where conventional warfare is not possible (Ibid, 284). Hybrid warfare includes many of the elements seen in the Crimea intervention including manipulating information (Rostoks, 2018b). Propaganda and disinformation are core elements of hybrid warfare tactics (Richey, 102). Mainly, Russia seeks to present itself as coming from positions of strength and making the pro-Russian narrative the dominant discourse within the media (Ibid, 109). These disinformation campaigns often target western countries or western perceptions of the truth. These campaigns are often done in association with other Russian actions. For example, during the intervention in Crimea or the 2008 war in Georgia. “Russia’s information warfare is the strongest when it is scripted to accompany other aspects of Russian action. This was the case with both Russia-Ukraine oil/gas crises and the Russo-Georgia war” (Ibid, 112). While the term hybrid warfare is somewhat problematic as it has acted as a catchall concept

within the literature, it is still relevant to this paper and examination as it describes many of the actions taken by Russia and the incidents between Russia and Latvia and Estonia.

The main take away from this examination is NATO's commitment to deterrence as its central policy of dealing with Russia in Eastern Europe. There is little interest in exploring different avenues of diplomacy and communication, especially after Russia's actions in Ukraine. Communicating the cost-benefit analysis to Russia has also been the primary focus of changes in deterrence policy. It is therefore possible that this deterrence has succeeded and sheltered Latvia and Estonia from economic warfare and energy cuts.

Economic Interdependence

Theories of economic interdependence, particularly the liberal theory and theory of complex interdependence focus on the importance of trade integration and interdependence between states to reduce conflict. In the case of Russia and Latvia and Estonia, energy cuts could be seen as a drastic move that could lead to conflict with NATO. Simionov and Pascariu present their theory of economic interdependence between Russia and the European Union (EU). They look at realist, liberal and complex interdependence theories of economic trade and its role in preventing conflict, especially between different regional blocks. The realist theory is not relevant in this analysis. The liberal theory of international relations views states, companies and international organizations as the main actors within the international realm in which economic integration severely reduces the chance of conflict (Simionov & Pascariu, 122). The complex interdependence theory they propose is similar to the liberal take but take it a step farther. According to complex interdependence theory (CIT), there are many relevant actors in the international realm, including actors that interfere with power influences (companies, international organizations, regionalization, etc.) and this reduces the role of the nation-state and

therefore the possibility for conflict (Ibid, 122). Once a certain level of economic integration is reached, the chance of conflict is increasingly reduced (Ibid, 122). Should states belong to different alliances or regional blocks, there is still a possibility for conflict, but this is diminished by non-state actors. Major companies and international organizations have the ability to influence the possibility for conflict (Ibid, 123). Simionov and Pascariu test this theory through an analysis of Russia-EU relations.

Like Simionov and Pascariu, Silva and Selden look at the role of interdependence between Russia and the EU in the face of Russian sanctions. They hypothesized that EU states more integrated with Russia would be more likely to be against sanctions and also be negatively affected by these sanctions. Silva and Selden present a liberal interpretation of interdependence in that, being more interdependent will prevent conflict (Silva & Selden, 231). Their results found that the three Baltic states were some of the most interdependent with Russia. “The four states with the highest levels of economic interdependence— Malta, Latvia, Estonia, and Lithuania whose trading relationships with Russia comprised 44%, 36.95%, 19.82%, and 15.51% of their respective economies” (Ibid, 240). However, they were also in favor of Russian sanctions (Ibid, 240). One would expect interdependent states to be against sanctions as it could have an adverse effect on their economy as well. However, Silva & Selden rationalize that there is a vast difference between conflict and sanctions (Ibid, 247). While one might expect interdependent states to oppose sanctions, sanctions are also a matter of security and at some point, security does outweigh economic prosperity (Ibid, 246). In terms of interdependence, with or without sanctions, Estonia and Latvia are still interdependent with Russia and dependent on Russia for energy resources. Supporting sanctions would not change the level of interdependence they have with Russia. Also, sanctions and conflict do not equate at the same level of security.

In terms of interdependence, the role of infrastructure is also important. Theory often focuses on the quantifiable, financial data, however, Russian access to Estonian and Latvian infrastructure on the Baltic sea may also be as important in this case. As Crandall displays, Russia is still dependent to a certain extent, on now foreign states for transit in the Baltic region. “After the collapse of the Soviet Union, Russia became a country dependent on others. Ports, pipelines, refineries and other critical energy transit infrastructures were located in other countries (Crandall, 144). Russia has tried to regain the edge in transit by building its own infrastructure to counter the loss in access from Soviet times. Russia has also stopped using pipelines in Latvia and Lithuania (Estonia has no pipelines) and focused on fighting the challenges the winter environment presents to Russian ports in the winter (Ibid, 154-55). There is said to be a power versus profit motive towards this. While in the short run, avoiding Baltic transit may hurt profit, it amplifies power (Ibid, 156). This will be explored in later sections of this paper. Economic interdependence does not just include resources and financial matters. In order to be profitable, one must get their resources to market. Currently, Russia must use transit in the Baltics to get some of their most important resources to market meaning that interdependence covers several different economic components. Based on the existing literature surrounding the topic, it is clear both deterrence and economic interdependence play an important role in the relations between Russia and the Baltics, these two concepts will be the basis for hypothesizing an answer to the research question.

Hypothesis

Based on the literature, theories of deterrence and economic interdependence present the best opportunity to try and answer this research question. Therefore, it is hypothesized that the reason Russia has not used energy cuts against Latvia and Estonia is due to the presence of

NATO deterrence and the potential tensions this would cause with NATO and because it would affect major Russian trade partners in western Europe. Looking at the ideas from the author's reviewed above, it seems to be a mix of the two elements, both deterrence and economic interdependence, though deterrence may be somewhat inconsistent. The source of tensions between Russia, Latvia and Estonia starts with the presence and treatment of ethnic Russians and Russian speakers in the Baltics. This is more of a political issue than an economic or military but, it has caused incidents involving or challenging military capabilities in the Baltics, which in turn, has caused Estonia and Latvia to start looking elsewhere for energy alternatives to eliminate the energy cut option. The presence of these Russian minorities has become the main concern of a potential intervention from Russia. Using energy cuts to try and force political changes to better the situation for these people seems like a potentially valuable weapon. However, although there are many geopolitical issues surrounding the actors involved in this case study, a combination of economic interdependence between Russia, Latvia and Estonia and the potential issues this would cause with NATO takes this weapon off the table for Russia.

Ethnic Minorities & Russian Speakers in the Baltics: The Source of Tension

Latvia and Estonia have significant populations of ethnic Russian and Russophone citizens and non-citizen residents living within their borders as a result of Soviet era population transfers. Since their independence, after the collapse of the Soviet Union, Estonia and Latvia have had trouble creating policies that deal with these ethnic minorities who are not Estonian or Latvian but also no longer completely Russian. Many of these people still feel a deep connection to Russia and a less nationalistic connection to Estonia or Latvia. However, many have spent more than a generation living in Estonia or Latvia. Citizenship and linguistic policies have further complicated the relationship these minorities have with their new nation-state in which

they are no longer part of the ruling majority. There is a large portion of non-citizens residing in both countries. The treatment of these minorities and their geographic concentrations in both capitals (Riga & Tallinn) and in the eastern parts of the Baltics have created tensions in the relations between Russia and the Baltic states. The fear is that the presence of these Russophone minorities could be the pretext for an invasion or intervention from Russia or could be backed by Russia in the case of a resistance movement.



Sources: Coalson, (2014). t.ly/QhS9

Figure 1: Ethnic Russians in the Baltics

Latvia

Latvia has a population of just over 2 million (Luxmoore, 2017) and of that 2 million, 26% or roughly 520,000 are ethnic Russians (McGuinness, 2014 & Di Gregorio, 10). And, of the total Latvian population, roughly 40% are said to be Russian speakers (Russophones/Russian as a first language), including some ethnic Latvians (McGuinness, 2014). In 1991, after Latvia gained its independence from the Soviet Union, citizenship laws were created that immediately made most Russian-speakers and ethnic-Russians “non-citizens”, which is an official status. In

2019, roughly 270,000 people in Latvia were classified as non-citizens (Latvia Public Broadcasting, 2019). Ethnic-Russians make up the large majority of this 270,000. 60% of all ethnic Russians live in the Eastern region of Latgale and are heavily concentrated in the city of Daugavpils (Kuczynska-Zonik, 13). At the time of independence, citizenship was only extended to those who were residents of Latvia before 1914 or 1940 and their descendants (Di Gregorio, 14). This obviously excluded Russians and many Russian speakers who had only come to Latvia after its annexation by the Soviet Union. Those who could not fit into the appropriate citizenship categories were forced to take the path of naturalization. This was the only path for most Russians in Latvia even though some had been born in Latvia or had been living in Latvia for more than a generation.

The naturalization option required residency in Latvia for at least 16 years, knowledge of the Latvian language, constitution and history and an oath of loyalty to the country (Ibid, 14). Citizenship was also denied to any Soviet security personnel or members of the government (unless they were of Latvian descent) (Ibid, 14). This created a situation where many minorities became stateless almost overnight. An amendment to the law in 1994 created age brackets and a quota system where non-citizens between the ages of 16-25 were prioritized while older individuals had to wait to apply for citizenship (Ibid, 14). This was eventually scrapped as a requirement for Latvia to join the council of Europe. All non-citizens 16 and older were able to apply for citizenship, only having to pass the language and history tests and children were also able to gain citizenship through parental approval (Ibid, 14). By 1998, Latvia had adopted the principle of *jus sanguinis* but attached to the principle of *jus solis*. Anyone born in Latvia, to stateless or non-citizen parents, after 1991 was granted citizenship as long as they could pass the language and history tests, which they could take between the ages of 16-18 (Ibid, 15). The

language test has been the most difficult part of the naturalization process as few Russophones had the necessary knowledge of Latvian to pass the test. Language policy at the time also forbade anyone without the necessary knowledge of Latvian from running for political office, limiting the ability of Russophone citizens from participating in political life (Ibid, 15). However, Latvia was forced to make concessions and changes to its policies in order to be accepted into the EU in 2004.

There were 7 main elements surrounding citizenship laws and minority protection laws that the Baltic states were supposed to adopt in order to be granted EU membership. These 7 elements included policies like adopting the European Social Charter, the European Convention on Nationality, etc. (Duina, & Miani, 536). These measures were put in place as pre-requisites for Latvia to join the EU, however, Latvia has still only officially met 2 of the 7 elements yet was still accepted into the EU relatively easily. There are several reasons for Latvia's decision to not adopt these policies or agreements but the main one is the insistence and emphasis on nation-building policies (Ibid, 544). In contrast to Latvia, Lithuania either accepted or had pre-existing laws that met 6 of the 7 requirements (Ibid, 536). However, Lithuania has a much more homogenous population than Latvia, with over 80% of its inhabitants being ethnic Lithuanians (Ibid, 538). Nation-building and protecting language, history and culture is not as much of a pressing issue in Lithuania due to population differences. Furthermore, Lithuania focused on inclusive policies that directly include Polish and Russian ethnic minorities as an integral part of society (Ibid, 549). In Latvia, the focus was much more exclusionary, and the very presence of minorities has been the major concern and the major focus of policies since independence (Ibid, 550). Many of Latvia's citizenship and language policies directly violated several of the required elements necessary for EU membership, yet they were nonetheless accepted relatively quickly

and easily. Duina and Miani argue that this is due to the desire of the EU to enlarge in the post-Cold War landscape and to prevent states with questionable minority protection laws from “falling into the wrong hands” (Ibid, 550). Even as recent as 2018, language and language rights are still a major issue in Latvia.

In 2012, Latvia held a referendum on making Russian the official second language of the country. It was overwhelmingly rejected with 75% voting against and just 25% voting in favor (Herszenhorn, 2012) and the Latvian Prime Minister at the time (Valdis Dombrovskis) argued that increasing schooling and study opportunities in Latvian was a solution to the tensions between ethnicities (Ibid, 2012). However, most ethnic Russian politicians instead viewed it as a way to increase solidarity and argued that the referendum itself was a display of tension and fractures in society. “‘This referendum is not creating problems’, Mr. Usakovs (opposition politician) said in a telephone interview. ‘It is a reflection of existing problems’” (Ibid, 2012). Recently, in 2019, Latvia moved to remove the Russian language from schooling in subjects other than Russian language and history. Further complicating already divisive school system.

There are two school systems in Latvia, one primarily of Latvian language and one of Russian, a system inherited from the Soviet Union (Kim, 2018). In 2004, Latvia moved to make Latvian the primary language of instruction in schools, requiring 60% of all classes to be taught in Latvian (Kim 2018, Euractiv, 2018). The logic behind these changes was to prevent Russian from eventually taking over Latvian as the primary language. However, starting from 2019 on, 80% of classes in all schools are now required to be taught in Latvian (Ibid, 2018). Latvian officials have argued that this will improve graduating exam test results for all students (exams are in Latvian) and improve the chances of getting state-funded college tuition (Euractiv, 2018). These changes have obviously angered the Russian minority who viewed the move as

discriminatory and have questioned it from a human rights standpoint. The Russian government, including Vladimir Putin openly opposed the changes (Kim 2018, Euractiv 2018). Small protests popped up around the country mainly comprised of elderly or older Russophones and members of pro-Russian/Putin organizations (Euractiv, 2018). Officials and supporters of the school changes have viewed it as an opportunity to remove certain foreign influence from Latvia.

The Kremlin has two main tools it uses to influence Russians in Latvia, Russian media and outreach to compatriots, Russians who were now living outside of Russia after 1991 (Kim, 2018). Russia has used the excuse of defending Russian speakers to intervene in Ukraine and as an open threat to other countries with a Russian minority. Russian media and propaganda have been seen as major threats in Latvia and Estonia as a weapon that could create dissent in Russophone communities and shift more support to Russia. Raising a new generation of Russian children who are fluent in Latvian is a way to counter the influence of pro-Russian media and propaganda that is consumed in Latvia (Ibid, 2018). While the move has been controversial, younger generations often attend Latvian only schools and use the language outside of school more and more frequently (Euractiv, 2018).

Latvia also has restrictions on dual citizenship. Only Latvian citizens from the pre-1940 laws are able to have dual citizenship. Non-citizens and naturalized citizens who are not descendants of Latvians are not able to hold dual citizenship without giving up their Latvian one (Di Gregorio, 15). Non-citizens are not considered stateless and do now have legal protections in Latvia. Being a 'non-citizen' is considered an official status. They can obtain a special passport that allows for travel and they are legally allowed to preserve their language and cultural practices. However, non-citizens do not have political rights, are barred from working in the public service and certain private sector jobs and require work permits and visas to work or

travel within Latvia (Ibid, 16). Non-citizen status was not intended to be a long-lasting status but as a bridge towards naturalization (Ibid, 17). It has morphed into a so far permanent status with many non-citizens refusing or not feeling the need to become citizens and it has become a point of contention in Latvian society. However, a new law, which came into effect at the beginning of 2020, has ended the status of non-citizen for every newborn child (Latvia Public Broadcasting, 2019). Starting in 2020, any children born to non-citizens do not need parental approval to become Latvian citizens, they will automatically be granted citizenship at birth. In recent years, fewer and fewer newborn children were classified as non-citizens as new parents had immediately requested citizenship for their child (Ibid, 2019). “The decision to grant automatic citizenship has important symbolic value as well as making life easier for young lives who can hardly be blamed for the circumstances of their birth” (Ibid, 2019). While this new law is designed to make things easier Russophone families and non-citizens it also symbolically connects Russophones to Latvia as Latvians instead of as Russian outside of their motherland.

Many Russophone citizens of Latvia still have a connection and loyalty to Russia and obviously much more so than Latvian speakers (Karabeshkin & Sergunin, 355). One of the concerns with the Russophone populations in the Baltics has always been that their presence and grievances may become the pretext for a Russian invasion as it was in Ukraine. According to a study conducted by the Pew Research Center, ethnic Russians in Latvia are much more likely to view Russia favorably than ethnic Latvians. 64% of ethnic Russians believe that a strong Russia is necessary to balance the west, compared to just 29% of all other Latvians (Latvians, Ukrainians, etc.) (Diamant, 2017). Most telling is that only 5% of ethnic Russians view Russia as a threat to Latvia compared with 44% of others (Ibid, 2017). Ethnic Russians are also less likely to be proud of saying they are from Latvia with only 15% saying they were, compared to 35% of

all other groups (Ibid, 2017). Lastly, and arguably the most important statistical response from study was that 70% of ethnic Russians in Latvia believe that Russia has an obligation to protect ethnic Russians outside of its borders. This is compared with just 30% of all other respondents (Ibid, 2017). It should also be noted that other non-citizens may have been surveyed as part of the overall Latvian community. Regardless, it is easy to see the stark contrast in societal attitudes within Latvia towards Russia and towards Latvia itself. With a recent history of restrictive citizenship, political and social rights it should not be surprising that these numbers are opposing, especially among the older generations.

The treatment and status of Russophones in Latvia has been a major point of contention between Russia and Latvia, at least politically. The main issue between Russia and Latvia when it comes to the ethnic minorities has been the perceived discrimination against Russians and the Russian language. The obvious division in society is a major security concern for Latvia. Russia has attempted to exploit the division in society and has been accused of using asymmetric tactics to target and influence Russophones in the Baltics. They have used different methods to try and create dissent and destabilization. The methods used by Russia include the use of media, propaganda and Russian-backed organizations to carry out their foreign policy in Latvia or at least stir up dissent (Luxmoore, 2017). “Kremlin-funded NGOs like the Fund for the Support and defense of compatriots abroad are seen as fronts for Russian policy in the Baltics and the grievances of local Russians are fanned by a media landscape penetrated by Russian news” (Ibid, 2017). Most Russophones get their news entirely from Russian television stations and sources. This leads to two completely different viewpoints being shown to different segments of the population. Latvians more likely to consume news from western sources and Russians from Russia (Kuczynska-Zonik, 34, Luxmoore, 2017). “Russia has extended various anti-diplomatic

instruments of influence in the Baltic States to construct a negative image of the Baltic States, affect the Baltic States' domestic policies, and subtly discredit their governments (Kuczynska-Zonik, 33). Events like World War 2 commemorations or tributes have become politicized with Latvian celebrations directly conflicting with Russian ones and expressions of Russian nationalism and identity being commonplace at these commemorations (Luxmoore, 2017).

Russian based nationalist organizations like the Immortal Regiment are active in Latvia and play a major role in stoking these nationalist flames (Ibid, 2017). The legacy of memory and history has become a weapon for Russian subversion in Latvia. Each community has a fundamentally different understanding of the history between Russia and Latvia. The Russian intervention in Ukraine and the means in which it was carried out, has amplified security concerns and an intervention or crisis modeled on Ukraine becoming reality is a major fear in Latvia.

Latvia's main intelligence agency the DP released a report in 2017 showcasing their findings of Russian intelligence meddling in Latvia and the targeting of Latvian residents and accusations of supporting border smuggling. The Federal Security Bureau (FSB) of Russia has allegedly supported criminal activities on the Russia-Latvia border to try and gain information on Latvian border protection and equipment, especially in the eastern regions of the country (Ibid, 2017). On top of this, the report also supported the belief that Russia uses media and pro-Russian organizations as a foreign policy weapon. The FSB actively promotes propaganda and pro-Russian activists in Latvia. "Russia's intelligence and security services were also involved with pro-Kremlin activists implementing the Kremlin's humanitarian influence measures in Latvia, such as compatriot policy, the promotion of interpretations of history favorable to Russia" (Ibid, 2017). The Russian compatriot policy is a part of the overall Russian foreign policy that seeks to support Russian communities in neighboring countries using humanitarian measures and NGOs

(DP, 2017, Karabeshkin & Sergunin, 361). However, this is seen as a cover for using the local Russophone population to achieve foreign policy goals and undermine the ability of the state to function thoroughly. “It has the advantage of using democratic mechanisms as a cloak for systematically influencing the domestic policies and decisions of foreign countries to suit the Kremlin’s political agenda, which is at the same time not in the target state’s interests” (DP, 2017). The DP also expects the frequency of cyberattacks and the manipulation of elections and public opinion to mount in the near future as Russian intelligence agencies become more active (Ibid, 2017). The main security issue posed by the presence of Russian minorities in Latvia is underground support and misinformation they receive from Russian intelligence agencies and media services. The possibility this support turns into a Ukraine-style intervention or upheaval in regions where there are large numbers of ethnic-Russians. These communities have become a major security concern in Latvia.

Estonia

Estonia has a population of roughly 1.3 million people. Of that number, 68% are ethnic Estonians and 25% are ethnic Russians (Di Gregorio 8, CIA, 2020, Lagerspetz, 462). Finns, Ukrainians, Belarussians and immigrants or other small minorities make up the final 7% (Di Gregorio 8, CIA, 2020). This means that there are upwards of 300,000 ethnic Russians currently living in Estonia (Lagerspetz, 462). Estonian is the main and official language and 68% of the population speaks Estonian as a first language, while between 28-30% of the population speaks Russian as a first language (Di Gregorio 8, CIA, 2020). There has long been a rift between the Russian speakers and the Estonian speakers in Estonia and the Russian population in Estonia. Furthermore, it is also a highly regional problem with most ethnic Russians living either in Tallinn, the capital, or concentrated in the northeast, especially in the city of Narva right on the

border with Russia (Trimbach & O'Lear, 495). Like in Latvia, Estonia created exclusionary citizenship laws and policies after independence in 1991. In 1992, Estonia reformed its citizenship laws granting citizenship to anyone who could prove they or their descendants (regardless of ethnicity) lived in Estonia prior to 1940 (Di Gregorio, 13). For anyone else, a process of naturalization was created. Unlike Latvia's naturalization process, which was fairly restrictive, Estonia required at least 2 years of residency in Estonia (starting from 1990), an Estonia language test, and an oath of loyalty to the state (Ibid, 13). Estonia did grant residence permits to those who became stateless as a result of the new laws and granted them voting rights in local elections as well as a passport that would allow one to leave and reenter the country (Ibid, 15-16). In 1998, Estonia simplified the naturalization process for children of non-citizens by allowing any children born after 1992 with non-citizens parents, to acquire citizenship by naturalization (Ibid, 16). This was further amended in 2016 to facilitate the language test for certain groups of individuals and to be more inclusive for younger children and teenagers. The 2016 amendments allow children 15 and under to be automatically naturalized as citizens as long as their parents do not possess citizenship of another country and if the child is a permanent resident of Estonia (Ibid, 16). Children under 15 are now granted citizenship automatically. Furthermore, the language testing has been changed and simplified (written component removed for seniors), those who take the test are reimbursed for missed work or costs incurred while taking the test and children are allowed to have dual citizenship but must choose one by the age of 21 (Ibid, 17). While the laws have been amended to make things easier for young people, this has not yet resulted in a more inclusive feel.

Tallinn's National Center of Defense and Security Awareness conducted a study surveying 2800 young (16-20) Russian-speaking Estonians. Citizenship was a focal point of the

study, mainly, trying to identify the reason why young Russian speakers acquire Estonian citizenship. The center found that this group is less integrated in Estonian society than previously thought. Their relationship and approach to dealing with Estonian institutions is one centered on practicality. (Goble, 2019). Estonia facilitated the acquisition of citizenship for people in the 16-20 age bracket (Ibid, 2019). 47% view it as a practical measure and gives them certain advantages such as the ability to travel (Ibid, 2019). 46% believe that it is a way of identifying with Estonia as their country (Ibid, 2019). A third of respondents also did not take citizenship as they preferred the travel abilities of having a Russian passport (Estonia does not allow adult-age dual citizens) (Ibid, 2019). Estonia's citizenship laws are much more inclusive in terms of its requirements, when compared to Latvia, but still creates a large group of non-citizens and a clear rift in society among those who do acquire citizenship. Estonian citizenship is more of a tool that facilitates life rather than a status to be proud of.

Estonia's decision to grant political rights to non-citizens early on in their nation-building journey has had implications on its federal political landscape. Non-citizens are only allowed to vote in local/municipal elections. They cannot run for office but the ability to vote and make their grievances known in communities where they are the majority has led to a political climate where their interests are often accepted and taken into account by political parties at the federal levels (Di Gregorio, 16). Therefore, the political landscape in Estonia has not been turned into one that is ethnically based. There is no major ethnic-Russian based political party, and the political landscape is more ideological rather than ethnic (Ibid, 16). In 2002, as part of their membership bid to join the EU, Estonia amended this law to allow the right to vote and the right to run for office in local elections to all European citizens (Ibid, 16). This still excluded non-citizens (who weren't citizens of an EU state) and this law was eventually changed one more

time officially excluding non-citizens by barring anyone who was not a citizen of Estonia or of the EU (Ibid, 16). Voting rights for Russophones and non-citizens at the local level is however an established and universally accepted practice in Estonia (Ibid, 16). Estonia also has laws on cultural autonomy for minority groups and has policies in place for cultural protections for minority groups.

There is a history of minority protection laws dating back to the early 20th century in Estonia. Estonia's modern laws on cultural autonomy and protection for minorities were established in 1993 and are structured on the laws from the early 20th century. These laws focus on non-territorial autonomy. Instead of allowing governance over an area in which minorities are concentrated like in places such as South Tyrol in Italy or in Catalonia in Spain, the focus is on legal institutions and cultural institutions. "A form of autonomy can be defined as a system of government that gives cultural, ethnic, religious or language groups the right to self-rule in respect to matters affecting the maintenance and reproduction of culture, exercised through specific public institutions" (Lagerspetz, 459). Members of these minority groups elect a council that manages the cultural, social and educational issues within the community. However, the current laws only apply to those with official citizenship and only 4 official groups of minorities: Russians, Swedes, Germans and Jews (Ibid, 459). Any other group of minorities must have at least 3000 registered members in order to establish a council (Ibid, 459). Despite these steps being taken, to try and grant autonomy to minority groups and appease their concerns in 1993, the Estonia government did not act quickly or bring in actual practical bodies to help govern this until 2004. The first official autonomy council was setup by the Finnish minority in 2004 and the Swedish minority followed not long after (Ibid, 467). The Russian minority had attempted to setup a council as early as 1996 but no practical system was in place to process claims or deal

with actual serious applications. However, even today, there is still no official cultural autonomy for the Russian minority in Estonia. Official cultural autonomy applications have been made by different organizations and groups claiming to represent the Russian minority, but the Estonian government has not yet granted any official cultural autonomy (Ibid, 467-468). Both the Finnish and Swedish bids for autonomy were aided by community organizations representing both minorities. In 2006, a Russian community organization, led by Stanislav Tserepanov, submitted an application for cultural autonomy which made its way up to the supreme court of Estonia (Ibid, 467). It was eventually rejected on the basis that the community organization did not widely represent the entire Russian community and therefore elections for a council could not be completed fairly (Ibid, 468). The application was also said to have political motives outside of achieving cultural autonomy. At the time of the formal application, Estonia was discussing changing the official language of instruction in Russian schools (from Russian to Estonian) and the cultural autonomy status would have complicated this (Ibid, 467). However, the committee responsible for approving applications has criticized the practicality of the current laws and the hesitancy to grant autonomy to the Russian minority harms ethnic relations more than it protects the Estonia majority. Lagerspetz argues that an official Russian organization or council could facilitate dialogue between the different groups within Estonian society and prevent ethnically motivated incidents (Ibid, 470). Estonia has actively placed governmental obstacles and challenges in the way of any Russian autonomy applications and Estonian politicians have openly called for Russians to assimilate or leave the country. Estonian politician and chairman of the Conservative People's Party of Estonia (3rd largest party) Mart Helme has accused opposing politicians of supporting the Russification of Estonia (ERR News, 2018). Furthermore, he has argued that the European Union and Russia have tried to turn Estonia into a multiethnic state

rather than a nation state. “According to Helme, both the Kremlin and Brussels, while employing slightly different approaches, have the same ultimate goal — to see Estonia become a multicultural and multiethnic state” (Ibid, 2018). Helme has consistently taken a stand against cultural autonomy for the Russian minority and has gone as far to suggest Russians leave Estonia if they are not happy with their conditions (Ibid, 2018). While Helme does have an extreme position on the treatment of minorities, it is important to understand that his ideas and arguments represent an ever-present sentiment among certain segments of the Estonian population. These types of viewpoints are just a small example of the differences in perspective and attitude within Estonian society.

Despite the protections offered to minorities and non-citizens, there are still major differences in attitude between the Russophone minority and the Estonian majority. The same study conducted in Latvia by the Pew Research Center was also conducted in Estonia and the numbers are even more lopsided. 71% of ethnic Russians in Estonia believe that a strong Russia is needed to balance western influence in Estonia and only 5% believe that Russia is a military threat to Estonia (Diamant, 2017). This is compared with 21% and 48% of others (Estonians, Finns, Swedes, etc.) surveyed in Estonia (Ibid, 2017). Further, 76% of Estonian-Russians agreed that Russia is obliged to protect ethnic Russians living outside its borders, while only 23% of others surveyed agreed (Ibid, 2017). On top of this, only 12% of Estonian-Russians agreed that they were proud to be citizens of their country (Ibid, 2017). These numbers are also supported by the study conducted by Tallinn’s National Center of Defense and Security Awareness. Apart from its citizenship questions, the study also asked young Russians about security issues. As expected, the study found a large disconnect between the state and the Russian minority. The study also looked into opinions on relations with Russia and NATO. “70 percent of Estonian

speakers in that country view the North Atlantic Alliance as the primary guarantor of the country's security, as compared to only 29 percent of Russian speakers" (Goble, 2019). The Russian-speakers also had a much more favorable view of Russia as a means for security. 29 percent of Russian speakers agreed with a permanent NATO presence in Estonia, and 66 percent say that establishing good relations with Russia is the key to guaranteeing Estonia's security (Ibid, 2019). The presence of linguistic and ethnic minorities has been a security issue for Estonia since day one. The numbers/opinions shown in these two studies are evidence of why most Estonians view Russia as a potential threat and why the minorities provide Russia with a gateway to intervention or a means for undermining national unity.

Estonia faces many of the same problems as Latvia when it comes to its relations with Russia. The presence of the Russophone minority has become a security concern and after the Ukraine crisis the potential for a Russian invasion seems all the more possible. It is obvious from the information presented in this section that despite an easier path to citizenship than Latvia, there is still animosity between the Estonians and ethnic Russians. Overall, Russia has been more antagonistic towards Estonia than it has towards Latvia. As previously mentioned, there have been confrontations between Russia and Estonia including border disputes, protests and a kidnapping of an Estonian security agent (Trimbach & O'lear, 2015). Russia has used media and propaganda to exploit existing divisions in society (Goble, 2019). In 2007, disagreements over the movement over the Bronze Soldier statue in Tallinn led to widespread ethnic Russian protests fueled by false media reports from Russia (McGuinness, 2017). This has been one of the more open attempts by Russia to spread propaganda and disinformation, which is a constant concern for Estonia. The Bronze Soldier protests were also linked to cyberattacks throughout Estonia originating in Russia. "Estonia was also hit by major cyber-attacks which in some cases lasted

weeks. Online services of Estonian banks, media outlets and government bodies were taken down by unprecedented levels of internet traffic” (Ibid, 2017). Estonia responded by strengthening its cyber defenses, especially in the sectors that experienced attacks. The kidnapping of an Estonia security official, Eston Kohver, was the most recent major incident between the two countries. In 2014, Kohver was kidnapped from the Estonian side of the border (and brought to the Russian side) while investigating organized crime (The Guardian, 2015). He was subsequently arrested by Russian security service personnel and sentenced to 15 years in prison for espionage (Ibid, 2015). By September of 2015, he was returned to Estonia as part of a prisoner swap in exchange for a convicted Russian spy who had spied on Estonia since 1991 (Ibid, 2015). This incident has been the most direct conflict between the two sides to date and the only one actually involving a confrontation between security personnel.

This is also a regional issue for Estonia. The city of Narva in the northeastern portion of the country is located directly on the border with Russia and is home to most of the countries Russians and Russophones (Trimbach & O’lear, 494, Rubin, 2019). The region also has a history of secession movements and even a failed referendum in 1993 (Ibid, 494). It has even created the hypothetical ‘Narva Scenario’ among NATO planning. A scenario in which Narva is destabilized and invaded by Russia (Rubin, 2019). The average income in the region is the lowest in Estonia and unemployment is also very high (Trimbach & O’lear, 498, Rubin, 2019) and the region has the highest number of Russian speakers and non-citizens in Estonia. It boasts many of the same characteristics as Crimea and the Donbas region in Ukraine (Russian-speakers, on the border, etc.) and has been said to be the main place where any type of crisis would take place (Rubin, 2019). Estonia has taken steps to counter Russian influence and try to improve conditions in the Narva region. In 2018, Estonian President Kersti Kaljulaid symbolically moved her office to

Narva for one month and the government has invested heavily in the arts, media and local culture to counter the influence of Russian media in the region and improve quality of life (Ibid, 2019). Narva is the most obvious and most likely place for any type of Ukraine-style insurgency to take place and has been the focal point for defense strategies and governmental policies to integrate the local Russophone population. As much as Estonia and Latvia have been antagonized, there decisions to exclude ethnic Russians in the early citizenship process has contributed to the security issues these communities now face. Despite all of these geopolitical tensions, harassment and potential escalation, trade between Russia and Eastern Europe is still ongoing and strong. The Baltics are still reliant on Russia for gas and other energy resources. The threat of cutting off gas shipments to the Baltics has not been used despite all of these contentions around identity and issues of harassment from Russia.

Is NATO Deterrence the Key?

Despite the long history of tensions caused by the presence and treatment of ethnic minorities in the Baltics as shown above, Russia has not used gas or energy as a foreign policy weapon. Even though this weapon could be used to force the Baltics into changing their minority policies. One potential reason for this is the presence of NATO troops in the Baltics and the Baltic states' status as NATO members. This might be a source of deterrence for Russia as turning off the spigot may be seen as a step too far for NATO. The potential for a Russian invasion or for Russian intervention in the Baltics based on aiding Russian speakers now seems more real than ever. Russia has shown that it is not afraid to use aggressive measures against its neighbors. In response to this threat, Latvia and Estonia have invited NATO members to station troops in the Baltics and carry out training missions. Latvia and Estonia joined NATO in 2007 and since then have participated militarily with NATO in both Iraq and Afghanistan. However,

overall, their militaries are very small and lack many of the tools and weapons associated with modern warfare.

Latvia, Estonia & NATO

Latvia has a very small military of about 5,000 active service personnel supplanted by 8,000 reservists (Scott, 2017). Estonia also has a small military, comprised of 6,500 active service personnel and 13,000 reservists (GFP, 2020). Neither military has its own fighter jets or tanks (Ibid, 2020). Thus, they are reliant on NATO equipment and vehicles and NATO fighter pilots to reinforce their ground troops and what few armored vehicles they do have.

NATO has over 3,000 troops and 200 vehicles stationed in Latvia and taking part in the Silver Arrow training exercises (NATO.int, 2019). These exercises are small-scale and mainly defensive in nature and focus on preparedness. There are 4 NATO battlegroups currently stationed in Eastern Europe (1 each in Estonia and Latvia) and they are composed of several different NATO countries. The Canadian-led battlegroup is stationed in Latvia and is composed of troops from Albania, Italy, Poland, Slovakia, Slovenia and Spain (Woody, 2018). In total, there are just over 1100 soldiers from these NATO members currently in Latvia, as well as tens of auxiliary support personnel (Ibid, 2018). The battlegroup in Estonia is led by the United Kingdom and consists of 1000 troops from the UK, Denmark and Iceland (Ibid, 2018). The other battlegroups, led by the United States and Germany, are stationed in Poland and Lithuania, countries that do not have significant percentages of ethnic Russian minorities. There are 25 countries involved in operations in Eastern Europe, and 12 of those 25 are in Estonia and Latvia. NATO also has a rapid reaction force in Europe that is prepared to respond to an attack. Furthermore, NATO has placed small command cells (roughly 40 people per cell) in the Baltic states, Poland and Bulgaria (Mackenzie Institute, 2019b). Steps have been taken to increase the

“readiness forces” in Europe in the event of a war with Russia. As a direct response to Russia’s increased troop levels near Ukraine, NATO has made plans to expand the rapid reaction force from the current amount of 13,000 troops to 40,000 (Ibid, 2019). This further includes having 30 land battalions, 30 fighter aircraft squadrons and 30 warships ready to respond within 30 days of being alerted (Woody, 2018). Several NATO members do also have nuclear capabilities, but do not have any nuclear weapons in the Baltic region. In terms of troops, equipment, nuclear capabilities and even operational ability in the region, Russia’s arsenal dwarfs that of the Baltics and NATO’s mission in Eastern Europe. Shlapak & Johnson carried out an analysis of different NATO wargames in the Baltics and concluded that NATO’s current capabilities in the region are not enough to provide a credible defense against a Russian invasion. They found that based on simulations, Russian forces could be in Talinn and Riga within 60 hours of the beginning of an invasion (Shlapak & Johnson, 4). Further, they proposed that in order to provide a sufficient defense, or a defense that could at least buy enough time for reinforcements to arrive, NATO would need to reinforce current defenses with at least 7 more battalions, 3 of which would need to be heavily armored (Ibid, 2). This would come at a cost of upwards of 2.7\$ billion a year (Ibid, 11). Considering the Rapid Reaction Force is operating on a 30-day timeline, this is nowhere near fast enough to be successful. As it stands, if Russia were to invade, they would take both capitals and NATO’s options would be limited to costly counter-offensives and a massive escalation in conflict. Russia has the capabilities to completely overwhelm NATO in the region.

Russia

The Russian military is made up of over 3.3 million soldiers (including reserves, 800,000+ Active), with access to 350 naval ships, 20,000 tanks or tank-like vehicles, 3,700

aircraft and over 7,000 nuclear weapons (Mackenzie institute, 2019b). In September of 2017, Russia and Belarus conducted the Zapad war games in Belarus, western Russia and the Kaliningrad Enclave of Russia, as well as in the Baltic Sea. The drills were designed to simulate the defense of an invasion into Russia or Belarus from the Baltic states and during the drills, Russia unveiled several new pieces of military equipment (Boulegue, 2017). At the start of these drills, Russia was simulating a defense from small terrorist groups carrying out border incursions but by the end, were defending against a full-on conventional invasion from a fake enemy resembling the Baltic states with NATO support (Ibid, 2017). While there are several disputes around the number of troops that took part in these exercises, most sources agree that somewhere between 12,500 and 13,000 troops were involved in these exercises (Boulegue, 2017 & Janjevic, 2017). Originally, Estonia and several other NATO members had accused Russia of deploying up to 100,000 troops in these exercises (Janjevic, 2017), but this has not been fully verified. As a member of the OCSE (Organization for Security and Cooperation in Europe), Russia is a signatory to the Vienna document which requires members of the OSCE to provide advance notice for war games using over certain amounts of troops and invite observers to the drills (The Economist, 2017). Both Estonia and Latvia, as well as other NATO members sent representatives to spectate these military drills as the scale and potential motives for the exercise was a source for concern (Ibid, 2017). The main concern of NATO with these drills was the possibility for Russia to leave certain troops or equipment stationed in Belarus or use these drills as an excuse to move more firepower to Kaliningrad (Ibid, 2017). Russia's plan with the Zapad exercises was to try and expose NATO for fearmongering as well as display their preparedness and force if faced with an invasion (Boulegue 2017, The Economist, 2017 & Janjevic, 2017). However, the idea of Latvia or Estonia or any Eastern European country attempting an invasion

of Russia is unthinkable. None of the Eastern European states have anywhere near the capabilities to do so and the political ramifications of doing so would be catastrophic. The Zapad exercises displayed Russia's capabilities and that simply based on numbers alone, Russia could easily invade or intervene into any country in Eastern Europe. Even if the estimated number of troops involved in the Zapad exercises is 12-13,000, that is still more than the active militaries of Latvia and Estonia. The role of the NATO build up and policy changes has been to try and deter Russia from any type of intervention yet Russia has shown it has the military capabilities to do so.

Estonia's Deterrence

Prior to the annexation of Crimea, Estonian security thinking focused on deterrence measures against Russia. These were mostly done through a national focus. After the annexation, Estonia began trying to establish a credible NATO deterrence (Praks, 147). Estonian defense strategy is built around two main principles. The first being the idea that "Estonia will fight back" and the second is to avoid a situation where Estonia would be without allies (Ibid, 149). Estonia has pledged to defend itself no matter how overwhelming or overpowering the enemy is and has actively encouraged its citizens to engage in resistance should a future invasion cause the loss of territorial control (Ibid, 149). Secondly, in order to avoid being in a conflict without allies, joining NATO was a logical step in the development of Estonia's security policy. Original thinking in Estonia security was that the accession to NATO and their central deterrence tactics were enough to deal with the threat from Russia. However, the Bronze Soldier Statue incident in 2007 changed this attitude. The Bronze Soldier Statue incident was a series of protests and confrontations between ethnic Latvians and ethnic Russians over the moving of a statue dedicated to World War II Heroes (Ibid, 148). The protests resulted in a condemnation from

Russia over the treatment of Russians in Estonia and as mentioned, several cyberattacks. Something as small as a disagreement over a war memorial led to increased propaganda and serious cyberattacks. Before Ukraine, the war in Georgia also amplified the security concerns in Estonia as it displayed Russia's willingness to use military force (Ibid, 149). The Estonian National Security Concept focuses on Russia as an existential threat to Estonia due to the desire of Russia to reclaim its position as a major power and its direct opposition to the west (Ibid, 150). Estonia's deterrence policy includes expanding the military, drafting new policies, actively inviting NATO members into their state to establish a military presence, and increasing spending. Latvia has done the same and created a national policy of deterrence for the first time in its history.



Sources: Mackenzie Institute, (2019a). t.ly/VSDD

Figure 2: Russia's Strength & NATO's Battlegroups

Latvia's Deterrence

The Ukraine crisis displayed the inadequacies of the Latvian self-defense policies and the lack of actual deterrence (Takacs, 5). Further, due to the large Russian-speaking minority in Latvia, the mixed opinions about the crisis in Ukraine were enough to display the potential for a societal fragment in the event of a Russian invasion. Russia increased the propaganda going into Latvia during the Ukraine crisis and this was deemed a serious security risk by Latvian security analysts (Vanaga, 164). Prior to this, there was no history of deterrence policies in Latvia. “This was a unique experience for Latvia’s policy makers as the concept of deterrence had never been discussed or even mentioned before in political discourse” (Ibid, 164). Pre-2014, Latvian defense policy was mainly focused on taking part in international coalitions with NATO allies. Latvia was a participant in Iraq, Afghanistan, and Kosovo (Ibid, 166). The belief was that due to Latvia’s participation and reputation as a reliable ally, NATO would come to her defense in the event of a crisis (Rostoks & Vanaga, 101). This dedication to participation in conflicts abroad was the centerpiece of Latvian defense policy and allowed them to carve out certain niche military capabilities (Ibid, 101). However, this still left Latvia without an explicit deterrence policy.

During the Ukraine crisis, media and news from Russia presented a vastly different view of the situation than the Latvian language media (Takacs, 2). This resulted in two divergent viewpoints within Latvian society with Latvian speakers seeing Russia as more of a threat after 2014. “An increase can only be seen within the Latvian-speaking community, from 40 per cent in 2013 to 64 per cent in 2014 (of those who viewed Russia as a threat), which can be explained by widespread and targeted disinformation campaigns in the Russian language media about events in Ukraine” (Vanaga, 170). Prior to 2014, many in Latvia wanted a balance between good relations with Russia and a strong defensive policy. This is because Russia is seen as a major

economic partner and a source of large economic opportunity for Latvia and Latvian business (Ibid, 171). However, after a Russian invasion became a possibility, Latvia began forming its official defense policy centered around deterrence. The main tenants are similar to Estonia's in that they focus strengthening the military and having the will to fight back no matter the situation and to present a defense outlook that would create a high cost-benefit analysis for the potential aggressor (Ibid, 172). Furthermore, the idea of encouraging civilians to partake in resistance should Latvia be attacked has also been mentioned. Latvia has also placed a high value on military intelligence. NATO makes up a massive part of this conventional deterrence strategy. The basic plan is for Latvian forces to hold off a Russian invasion long enough for NATO to save them (Ibid, 172). Latvian defense policy has shifted from focusing on foreign contributions, to focusing on building its own territorial defenses with the help of NATO, in order to build a form of deterrence. "Latvia is trying to address them not only within NATO, but to also work very intensively on central deterrence by investing in self-defense capabilities, increasing manpower in the armed forces and working hard on strategic communication" (Ibid, 177). The most significant piece of the new Latvian defense policy has been to increase defense spending to 2% of GDP, as suggested under NATO guidelines (Rostoks & Vanaga, 102). While progress has been made, there are still elements missing from Latvia's defense policy and they are without a true credible deterrence.

Harassment & Aggression Against the Baltics

Overall, Russia has focused on hybrid warfare tactics to antagonize the Baltics. In the past, Russia had often used strategies of excessive force to overwhelm their enemies, but these strategies were often poorly executed and showcased weakness that could be exploited by a stronger foe (Benz, 283). This was especially evident during the war in Georgia in 2008 and the

war in Chechnya (Ibid, 284). Hybrid warfare is the use of a mix of military and non-military tactics in operational warfare. In the Crimean context this was the use of propaganda and destabilizing factors that preceded the intervention (Ibid, 288). The idea being, that these created a pretext for a “legitimate” intervention. As mentioned briefly in the previous section, Russia has instigated several incidents against the Baltics. Including the aforementioned cyber-attack in 2007, the kidnapping of Eston Kohver in 2014 (both in Estonia), various violations of airspace and territorial waters, extensive propaganda and media campaigns and clandestine support for pro-Russian groups in the Baltics. Since 2014, airspace violations and violations of territorial waters have become major issues. Russia has increased the amount of flights near the borders of NATO countries and has violated the airspace around Baltic sea, Latvia, Estonia and Lithuania (Mackenzie Institute, 2019). In 2014, NATO intercepted 442 Russian aircraft flying in NATO airspace, and 400 in 2015 (Mackenzie Institute, 2019b). This is an increase of nearly 200 incidents from the 2013 levels. Furthermore, Russian submarine activity has been detected in Latvian and Estonian territorial waters (Ibid, 2019). Russia has used destabilizing tactics against other Eastern European states, not just in Ukraine. Apart from the actual physical on the ground/water/air incidents, propaganda and destabilizing pro-Russian rhetoric has been the major concern from NATO and the Baltics. These are all part of Russia’s hybrid warfare tactics against the Baltics.

These tactics include supporting nationalist organizations and promoting pro-Russian activists, blackmailing Estonian and Latvian citizens, cyberwarfare, and even small-scale border harassments (DP, 2017). Much of the focus of Russian intelligence services has been on trying to deepen the rift between the Russian minorities in the Baltics and the rest of the population (Trimbach & O’Lear, 499). Russia’s compatriot policy which is designed to support Russian

communities around the world, but especially in the former Soviet republics, has been seen as a front for intelligence operatives to promote pro-Russian propaganda and ideas (DP, 2017). Russian news and media reports usually show a completely different version of whatever Estonian and Latvian media shows. This promotion of propaganda ensures that the Russian minorities in these states remain heavily connected to Russia ideologically and harbor more hostile or unfavorable attitudes towards other states. Latvia recently exposed faults in its cybersecurity and the threat that Russian cyberattacks could pose. In 2019, NATO cyber security experts set up fake forums and chatrooms and tricked Latvian soldiers on active duty into using these sites (by promoting them on social media ads) (EURACTIV, 2019). On these sites, Latvian soldiers discussed things like troop locations, equipment, equipment failures, tactics, and more. Furthermore, NATO also set up fake female profiles on dating sites and convinced some soldiers to leave their posts to meet (Ibid, 2019). While these were all harmless, it showed the weakness of the military's cyber strategies, a realm Russia has been known to exploit. In 2017, suspected Russian sources claimed that NATO troops had raped a 17-year-old local Lithuanian girl (Ibid, 2019). The incident turned out to have never happened but succeeded in causing a local media firestorm around the story and is useful propaganda for Russia. Further, Russian bots have been caught active on several Latvian websites ranging from political discussions to sports arguments. In 2019, Russian sources posted pictures of a polluted forest, claiming that Canadian NATO troops had been behind the pollution. However, when examined further, most of the garbage (wrappers, bottles, cans) were from products only available in Russia (Ibid, 2019). Russian media reported the incident as 100% true. If the rift in society worsens, the possibility of some type of Ukraine style crisis occurring becomes more of a concern in Latvia and Estonia.

Has Deterrence Failed?

Matus Halas argues that the absence of a conventional military attack against the Baltics is not proof of a successful policy of deterrence (Halas, 431). NATO does not currently have a successful policy of deterrence due to the lack of several important elements. “It takes sufficient capabilities, solid credibility, and strong communication of threat to make deterrence work, but a closer look at the Baltic region reveals that there is not much of a substance behind NATO’s declaratory statements” (Ibid, 432). As shown, NATO does not have the conventional capabilities in the region, nor do they have any element of nuclear deterrence to supplement this (Ibid, 433). It is more so the lack of interest to invade the Baltics on Russia’s part than the success of any deterrent. The only element of deterrence has been the rhetoric around NATO’s article 5 which states that an attack on one member is an attack on all (Ibid, 433). NATO has focused on deterring conventional warfare and regular military operations. While this deterrence is not enough according to Halas, neither is their deterrence of hybrid or sub-conventional tactics. For Halas, the types of incidents described above are proof of a failed policy of deterrence in the Baltics. In the case of the Baltics, this is evidenced by the use of propaganda towards ethnic minorities, the kidnapping of Eston Kohver, violations of territory and borders and most significantly the 2007 cyberattack against Estonia (Ibid, 442). “These violations easily stay below the Article 5 threshold in the given context with no risk of conventional escalation under present conditions. But they represent a constant reminder of the limited ability of the three Baltic states to protect their sovereignty” (Ibid, 441). Russia has constantly exploited the sub-conventional domain of hybrid warfare where there is a complete absence of deterrence but each incident at this level has the possibility to escalate into a true conflict. If Russia is willing to violate territorial spaces, kidnap military personnel and use cyberattacks, it is not unimaginable that energy cutoffs would come into play. Attempting to violate and bring into question a state’s

ability to maintain its sovereignty is more severe than using energy cuts as a weapon. Normally, deterring hybrid threats in the sub-conventional domain would rely on existing structures (such as cyber security networks, media, etc.) from the member state, but for Halas, the success and prevalence of these tactics from Russia means that NATO needs to focus on helping the Baltic states provide deterrence in this sector. Echoing the same sentiments as Halas, Veebel looks at Baltic deterrence from a nuclear standpoint.

Having a nuclear element to deterrence has historically been a cornerstone of NATO's policy of deterrence. Members who do not have nuclear weapons or are not in the immediate vicinity of another member who has nuclear capabilities are the most vulnerable members of NATO (Veebel, 291). The Baltics fall into this category. Veebel conducted interviews with Latvian and Estonian security personnel in order to gauge their views and understanding of nuclear deterrence. He found that perceptions of nuclear deterrence in Estonia and Latvia follow thinking often associated with Cold War nuclear tactics. Mainly, that Estonia and Latvia view the United States and its nuclear weapons as their primary element of deterrence towards Russia (Ibid, 304). Estonian and Latvian security personnel do not believe they need nuclear capabilities and instead believe that simply being allied with a nuclear power will be enough for deterrence. Further, Veebel also found that most of the interviewees believed that Russia is scared of NATO's deterrence capabilities. "The majority of military experts interviewed in Estonia and Latvia believe that Russia is afraid of the strategic nuclear launch of NATO to an extent that the country avoids even conventional aggression and any attempts of hybrid warfare" (Ibid, 302). Obviously, as shown above and as argued by Matus Halas, this is anything but true. Without conventional deterrence measures and nuclear deterrence measures in the Baltics Russia has carried out a campaign of hybrid warfare without hesitation. Due to the fact that modern nuclear

weapons can be deployed from almost anywhere on the globe, Estonia and Latvia do not see having nuclear capabilities in the region as an importance (Ibid, 305). This Cold War era view on nuclear deterrence has hindered Baltic deterrence capabilities. Veebel suggests that while bringing nuclear weapons into the Baltics is not necessary, increasing nuclear rhetoric and communicating the nuclear element within deterrence would be paramount in improving Baltic security (Ibid, 307). Based on the frequency of antagonistic incidents from Russia and from what these scholars have argued, it is evident that deterrence is not adequate in the Baltic Region.

Looking at the military numbers, along with what several different scholars have shown to be inadequate conventional and sub-conventional deterrence and based on the myriad of incidents of Russian antagonism, it is clear that deterrence cannot answer the research question. Russia has not been deterred from taking aggressive actions against Latvia and Estonia. Deterrence has failed in all aspects in the Baltics. Committing cyberattacks, kidnapping a security officer and violating borders is much more severe than briefly cutting off energy to force policy changes. Russia is possibly accomplishing its goals in the region using hybrid tactics and has not needed to use energy cut-offs. Or, more likely, based on deep economic ties, Russia has resorted to these hybrid tactics in order to avoid using energy as a weapon due to the ramifications this would have on its own economy and on its relationship with Europe. Russia has exploited a gap in NATO deterrence policy and found a niche that allows them to antagonize the Baltics without invoking article 5 and without using self-harming energy cuts. Economic interdependence is therefore the only potential key to this puzzle.

The Economics & Baltic Role in European-Russian Trade

Russia is the major supplier of energy to Europe and one of the world's largest economies. In 2018, Gazprom, Russia's largest gas company, exported 162 billion cubic meters of natural gas to Western Europe, 58 billion of which went to Germany (Gazprom, 2020). Also, in 2018, Gazprom's revenue counted for 5% of Russia total GDP of 1.6\$ trillion USD (Soldatkin, 2019). Foreign trade accounted for 51.5% of Russia's total GDP (Santander, 2020). Sales to Europe add up to around 70% of all of Gazprom's revenue (Soldatkin, 2019). In 2017, 39% of the EU's total imports of gas came from Russia (Trellevik, 2020). Germany being by far the biggest customer. Russia's gas/petroleum trade with Germany equaled over 30\$ billion (USD) in 2018 (OEC, 2020a). Total trade between Russia and Germany equaled 53\$ billion in 2018. Russia exported 23\$ billion to Germany and imported 30\$ billion (Ibid, 2020a). Germany was the third largest destination of Russian exports but its second biggest source of imports (Ibid, 2020a). Petroleum products are by far the biggest commodity being exchanged between the two but going to Russia from Germany are mainly important consumer goods. Overall, in comparison, Latvia and Estonia are not even within Russia's top ten of import or export partners. Meaning the Russian relationship with Germany and the part the Baltics play in said relationship is the key to answering his economic puzzle.

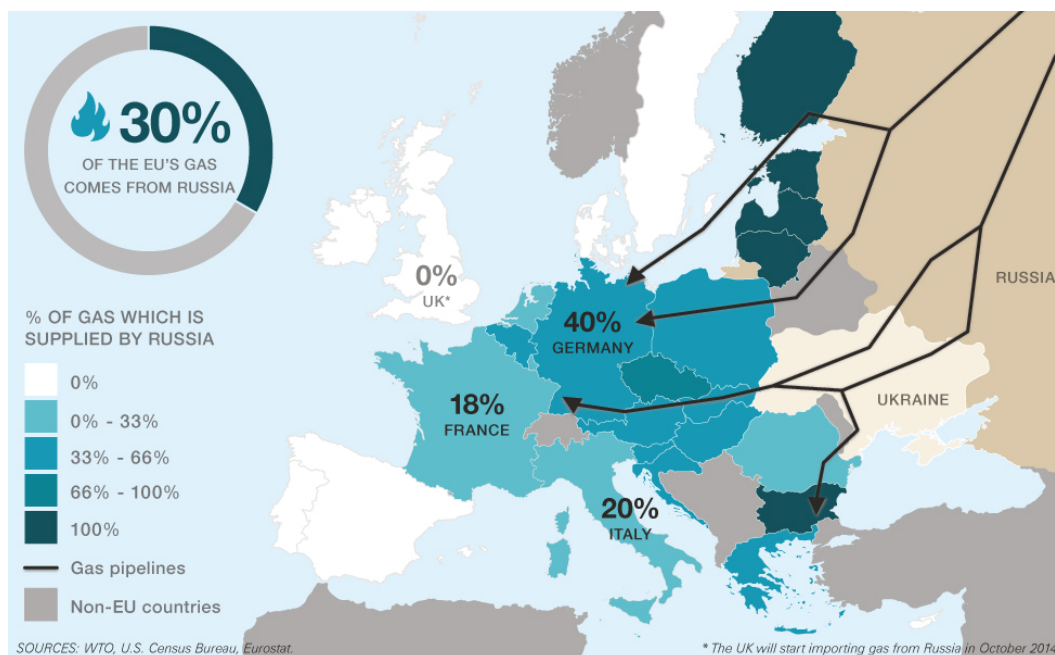
Germany is one of Russia's largest trade partners and is also one of the main trade partners of the Baltic states (OEC, 2020b). It is one of the world's largest economies and thus, requires a consistent and heavy influx of energy. As such, upwards of 51% of German petroleum imports come from Russia (OEC, 2020b). 36% being crude petroleum (Ibid, 2020b). Trade with Russia is roughly 2% of Germany's total trade but the majority of its energy imports, other than energy resources, Germany mainly imports raw materials from Russia, whereas it exports mainly cars, machinery, and other consumer goods (Ibid, 2020b). Germany exported 1.8\$ billion in

pharmaceuticals to Russia (Ibid, 2020b). In trying to make sense of these numbers, one can see how important trade between these two parties is for both sides but especially to Russia.

Germany needs Russia's energy and raw materials, as for the time being there are not enough viable alternatives, but, as shown by the statistics above, a major part of Russia's economy is reliant specifically on energy exports and especially on the financial success of Gazprom. The importance of maintaining a positive trade relationship with Germany cannot be understated.

Germany is in constant demand for energy and is a reliable customer for Russian gas, hindering or interrupting this relationship has the potential to backfire on Russia. Though Germany is the biggest European customer, trade to other EU countries is also important.

Outside of Germany, the EU as a whole is a major importer of Russian energy resources. In 2018, 60% of EU energy demands were met through imports (Wettengel, 2020). Two-thirds of all energy imports came in the form of petroleum products, overwhelmingly from Russia (Ibid, 2020). 24% of energy imports were petroleum gas and 8% were solid fossil fuels (Ibid, 2020). Russia's share in EU energy imports is by far the highest of any energy producing states. "Russia was the main extra-EU supplier in all three categories (30% petroleum, 40% gas and 42% solid fossil fuels), followed by Norway for crude oil and natural gas" (Ibid, 2020). Russia's share in each category of energy imports is 30% or more, with the specific amount varying in different EU countries depending on access to other suppliers. Figure 3 below presents a snapshot of the Russia-Europe gas trade. Obviously, trade in energy between Russia and the EU, in which Germany is the biggest customer, is at the core of their economic relationship and also key to the economic success of both Europe and Russia. Estonia and Latvia, as shown, are obviously part of these dependent states, yet their monetary economic ties to Russia and size of their economies are miniscule in comparison.



Sources: Chapple & Kottasova, (2014). <https://t.ly/YwUY>

Figure 3: Russia-Europe Gas Dependence

Estonia

Estonia has a GDP of 30\$ billion USD (OEC, 2020c). In 2018, Estonia imported 2.45\$ billion USD worth of goods from Russia (Ibid, 2020c). Estonia received 90% of its natural gas from Russia in 2018 and Russia accounted for over half of all other petroleum products (Ibid, 2020c). 1.1\$ billion of Russian imports were petroleum products (WITS, 2020a), making up the largest share of any types of products. Consumer goods and intermediate goods being the second and third highest (Ibid, 2020a). Estonia only exported 1.5\$ billion worth of goods to Russia in 2018, with the main goods being consumer goods, capital goods and machinery and electrical products (Ibid, 2020a). Overall, Russia is the fourth largest export destination for Estonian goods but, the second largest source of imports for Estonia (Ibid, 2020a). Making the trade to Russia a critical element to the success and growth of the Estonian economy. Germany is Estonia's

second largest source for imports, totaling 2.2\$ billion (OEC, 2020c). Germany is also one of the top export and import partners in most other sectors of the Estonian economy (Ibid, 2020c).

Latvia

Latvia is in a similar economic situation to Estonia. Latvia has a GDP of 34.4\$ billion (OEC, 2020d). In 2018, Latvia imported 1.5\$ billion USD worth of goods from Russia. The main imports were fuel, consumer goods and intermediate goods (WITS, 2020b). Latvia exported 1.3\$ billion worth of goods to Russia, mainly consumer goods, food goods, capital goods and machinery and electrical equipment (Ibid, 2020b). The Russian market was the third biggest market for Latvian goods in 2018 and Russia was the fifth biggest trade partner of Latvia in 2018 (Ibid, 2020b). Germany was the fifth largest market for Latvian goods, totaling 1.09\$ billion (OEC, 2020d). It was also the third biggest source of imports at 1.95\$ billion (OEC, 2020d). Both Latvia and Estonia have trade deficits with Russia and need Russia for energy. As table 1 shows below, Russia has a massive economy compared to Latvia and Estonia, and trade between the two only makes up an incredibly small percentage of the Russian GDP. One would assume that this would make the Baltic states prime targets for economic warfare, especially in the petroleum and energy sectors. Trade between Russia and Germany is worth more than the entire GDPs of both Estonia and Latvia. However, the Baltics are Russia's main connection to the west and their ports are key to maintaining trade with Germany and maintaining a somewhat peaceful connection to the west and Europe.

Ties Beyond Finance

As all parties have expanded their economies, modernized and inevitably diversified, Russia has made attempts to avoid Baltic ports, pipelines, and other infrastructure in order to

avoid paying transit fees and limit the influence of the Baltic countries within the European gas trade (Hollerbauer, 2017). As of 2020, there is a pipeline war/race ongoing in the Baltic region. Estonia and Finland have agreed to build the Balticconnector pipeline connecting Finland and Estonia, which will be a connection to part of a bigger pipeline moving down through the Baltics and into southern Europe. To counter this, Russia has raced to build the Nord Stream 2 pipeline. One of the world's longest, stretching from Northern Russia to Northern Germany. This pipeline would allow Russia to bypass Eastern European and Baltic states in its gas trade to Western Europe. The hope is that once this pipeline is completed Russia will be able to up its supply to Germany (and the EU). But this would also give them the ability to cut off energy to Eastern Europe without jeopardizing supply to the West. However, due to geographical, political and even natural factors, at this time Baltic ports are still needed in Russian-European trade and thus, are unavoidable. Baltic ports are ice-free ports in wintertime, something that is more of a challenge in Northern Russia and an example of how important Baltic infrastructure is to trade between Russia and Western Europe. The Baltic ports are also much more important in oil transit from Russia rather than they are in its natural gas sector (Grigas, 2012). Estonia is home to two major ports of the Baltic sea, the Port of Muuga and the Port of Tallinn. Both are ice-free in wintertime (LSAM, 2020). Latvia is also home to a major port, the Port of Ventspils. The port of Ventspils is the largest in Latvia and one of the most important on the Baltic sea. In 2019, Ventspils turned over roughly 22 million tons of cargo and served roughly 110 vessels per month (Port of Ventspils, 2020). Half of all the cargo handled in the port in 2020 were petroleum products (Ibid, 2020). Latvia also has a natural gas storage facility. In Estonia, Estonian ports handled roughly 20 million tons of cargo in 2019 (Port of Tallinn, 2019). Transit accounted for 51% of all products coming in and out of the port (Ibid, 2019). Estonia does not have any

petroleum infrastructure such as refineries or storage facilities however, the Port of Muuga is one of the most modern in Europe and is fitted with the necessary equipment to load and unload tanker ships and liquid cargo (Ibid, 2019). It is a major source of transit for goods going between Russia and Europe. Russia has attempted to construct and modernize ports in Primorsk and Ust-Luga, however, as of 2020, these projects are still ongoing and their location in the Northern areas of the Baltic sea makes trade in the winter months more complicated, even with the newest technology (Crandall, 154). This is an example of how Baltic ports remain critical to Russia's economy as large amounts of all types of cargo, from petroleum to pharmaceuticals travel through the ports. Oil and consumer goods are the most important resources shipped through the Baltics and exchanged between Russia and Europe, especially Germany. Until ports and infrastructure in Northern Russia are modernized and improved, Russia needs to access Baltic ports and petroleum infrastructure in order to meet its demands in Western Europe and receive goods into Russia. One might argue that infrastructure is not enough to be protected from gas cut-offs, especially when both Ukraine and Belarus house important pipelines going from Russia to Europe but have experienced gas cuts.

Victims of Russian Energy Cuts

While the level of trade in financial terms between Russia and the Baltics is negligible for Russia, the importance of economic infrastructure is not. Baltic ports are essential to the success of Russian trade in Europe and as EU members they maintain key connections to Western European states and especially to Germany. While in the examples of Ukraine and Belarus, the key economic infrastructure is present, they have still experienced gas disputes and cuts. Belarus and Ukraine have suffered from Russian gas disputes. Neither of these two states are members of NATO or the EU but they have acted as transit states for Russia and house economic

infrastructure key to Russia's gas industry. Part of the Druzhba pipeline is located in Belarus, and the Belarusian section of the pipeline is used to bring Russian energy resources to market in Europe (Zhdannikov, 2019). Russia has cut gas to Belarus on several different occasions. There have been gas disputes in 2004, 2007, 2010 and most recently, right at the end of 2019 (Ibid, 2019). The majority of the disputes have been over transit fees and pricing. At different times, Belarus has tried to raise transit fees on Russian gas and Russia has tried to raise prices for the domestic supply (Ibid, 2019). These cut offs have not lasted long but are enough to cause problems for Belarus or at least begin to cause worry. The 2019-2020 dispute has also been over pricing issues and transit fees but also has motives under the surface. Mainly, the desire of Russia to deepen ties with Belarus (RadioFree Europe, 2020). In February of 2020, the earlier dispute flared up once again. As part of the 2019 deal, Russia promised to send 24 million tons of oil and gas to Belarus for 2020 (Kudrytski, 2020). However, in the first month, Belarus only received 500,000 tons and threatened to begin taking oil from shipments bound for Europe (Ibid, 2020). Belarus has made plans to try and begin receiving energy resources from other sources, (US, Saudi Arabia, Poland, etc.) and due to their already existing infrastructure, could potentially refine oil from Baltic ports, joining the European gas market (Ibid, 2020). This would be a major problem for Russia and its influence over Belarus. "Lukashenko has claimed Russia's leaders are "hinting" he should accept a merger of their two countries in return for getting cheaper oil and gas" (Ibid, 2020). It is no secret that Russia is using gas and oil policies as economic warfare against Belarus and as pressure to try and prevent them from forming closer ties to European states and instead strengthening ties to Russia. Despite the Belarussian control of key infrastructure and reliance on them for transit that has not stopped gas cut offs. Ukraine is also in similar situation to Latvia and Estonia and Belarus.

Ukraine is a key transit state for Russian resources and houses major pipeline networks that supply gas to Europe. Since 1991, Ukraine and Russia have been codependent in terms of energy and infrastructure. Ukraine was and has been completely reliant on Russia for gas, consuming massive amounts (Pifer, 2019). However, Russia had been dependent on Ukraine for its pipelines. Ukraine has obviously been the state the most subjected to Russian aggression, subversion, and antagonism. Russia and Ukraine have had two different gas disputes since 2006 originating from disagreements over things like transit and pricing. In 2006, Ukraine was accused (by Russia) of taking gas bound for Europe and using it for its domestic needs (Ibid, 2019). Russia responded by cutting gas supplies until a deal was reached several days later. The 2006 cut off did not go as far as affecting Europe's supply, but a second gas cut off in 2009 had major impacts on both Ukraine and the European supply. The 2009 gas dispute between Russia and Ukraine started once again over price disputes and transit fees. In this instance, the dispute lasted for over three weeks and gas was shut off completely, both for Ukrainian domestic use and for transit to Europe (Ibid, 2019). This shut off took place in the middle of winter and especially affected states in the Balkans and direct neighbors of Ukraine (Ibid, 2019). In the past, Russia has not been scared to cut off gas to Ukraine even if it affected markets and customers around Europe. However, Ukraine continues to be an important transit state for Russia. Both sides have attempted to diversify away from the other, and Russia's ongoing and planned construction of pipelines will be the primary tool to avoid paying transit fees. As previously mentioned, Ukraine has been the primary example for Eastern Europe of the dangers Russia could pose. The gas disputes and cut offs are just another level to the aggression and antagonism Ukraine has faced. While Russia has depended on Ukraine to deliver their resources, they have not been shy about supporting separatist groups or physically intervening in eastern Ukraine. Petroleum

infrastructure cannot be the only thing preventing Russia from using these same tactics in the Baltics. The Baltic connection to western Europe and the access to Baltic ports for transit is the key to this puzzle. It is not necessarily about being interconnected, but about having the right connections.

The Right Connections

Cutting off energy to Ukraine and Belarus does not come without risk for Russia as the pipelines in those countries are important to the success of the energy trade. However, the Baltics are close in proximity to Germany, Russia's biggest energy importer and Latvia and Estonia are Russia's closest EU neighbor. Russia could cut off energy to Latvia and Estonia, but they could respond by halting goods going towards Russia or prevent Russia from accessing Baltic ports. These goods are primarily coming from western Europe and it is key for Russia to maintain consistent trade to western markets. This would cause issues with Germany and western European states and damage Russia's already tense relationship with the west. There is a high level of economic interdependence between Russia and the Baltics, in the form of transit, that has prevented them from being the victims of gas and energy cuts. Ukraine and Belarus do not have these types of connections to Western Europe and obviously are not members of the EU. Transit through the Baltic states is hugely important. Being the middleman for Russian and European goods has proved indispensable to energy security. Based on the financial figures and the tense relationship Russia has with Estonia and Latvia, these connections to the EU and Russia's current need to use Baltic ports and infrastructure for transit, having the proper interconnections is the main factor preventing Russia from using energy as a weapon. However, the figures also show that this is an asymmetric interdependence.

Binhack & Tichy, examine this phenomenon of asymmetric interdependence in the context of Czech-Russia trade relations. The experiences in the Czech context can be easily transferred to the Estonian and Latvians ones. The main idea of asymmetric interdependence in the Czech context deals with mutual dependence between Russia and the EU. According to Binhack & Tichy though the Czech Republic is dependent on Russian energy and Russia could easily take advantage of this, doing so would harm its relationship with the EU and inevitably cause the EU to look to diversify away from Russia, harming its economy (Binhack & Tichy, 55). Russia could play the energy card against the Czech Republic, and new infrastructure developments are further isolating the Czech market, making it a gas island. However, with the EU's constant need for energy, cutoffs to one EU member could influence the others to look elsewhere for resources. Therefore, the Czech Republic balances out its dependence by being an EU member. "The EU as a whole significantly contributes to increasing the energy security of the Czech Republic. It could also balance out the asymmetry of interdependence" (Ibid, 63). The Czech case is very similar to the Estonian and Latvian cases but without the infrastructure ties and provides a classic example of how interdependence works to reduce potential conflict. This mix of EU ties and presence of infrastructure is the main reason why Russia has not used energy cuts to the Baltics. The asymmetry in the actual state to state relationship is balanced out by being a member of an international organization, the EU, just as the theory of complex interdependence proposes (Simionov & Pascariu, 122).

Agnia Grigas, in her 2012 piece, hypothesizes several other reasons why Russia has never used energy cuts against the Baltics. She proposes 4 main reasons why this has never happened. These reasons being, the part ownership of Baltic gas companies by Gazprom, Gazprom's influence in the Baltic gas network (gas distribution, etc.), the willingness of the

Baltic states to pay full price for energy (Belarus and Ukraine receive discounts), and the reliance on Latvian (and Lithuanian) infrastructure to transport gas to Kaliningrad and the Pskov regions of Russia (Grigas, 2012). While this piece is somewhat older (2012) and things have changed in the Baltic-Russia relationship, such as Estonia repurchasing its national gas company from Gazprom, it still offers a relevant display of a certain level of asymmetric interdependence, and combining this with current transit policies it is evident that both sides are benefitting from their current interconnections, however, both sides have made plans to find new alternatives for the energy sector. While the status quo has protected against the use of energy cuts, this has the possibility to change in the future.

Future Implications

As of 2020, the Baltics remain a potential hot zone and a major geopolitical struggle is underway in the Baltic Sea and in Eastern Europe as a whole. At the present time, the interconnections between Russia, Estonia, Latvia, Germany and the EU prevents Russia from shutting off gas and energy exports into the Baltics. As shown, the economic ties between these 4 states, and Latvia and Estonia's importance as transit states makes any form of unilateral action, an act of self-harm. If Russia were to turn off the spigot, the Baltics could respond by halting transit into Russia or from Russia. Further, a move this dire from Russia would instantly affect trade between Russia and Germany and even the rest of Europe. However, this relationship may change in the not so distant future. New deals and changes in infrastructure could lead to major geopolitical changes.

Latvia, Estonia and Finland have created a common gas market (Reuters, 2019). This means that no parties have to pay transit fees or any types of taxation to move gas from Latvia to Finland and back. Furthermore, prices will be consistent, and no side can lower or raise prices

artificially (Elering, 2019). This also has the result of creating competition for Gazprom (Russia's major gas company) and lowering prices in the Baltic region and Finland (Karagiannopolous, 2019). Transit fees are only paid if one party moves gas to a destination outside of this common market (ERR News, 2020). Therefore, in theory, one state could purchase gas from Russia and move it to the others instead of each state individually purchasing from Russia. However, as this system (market & pipeline) is brand new, the main transmission at this time is gas coming from the Incukalns storage facility in Latvia towards the Finnish market (Elering, 2019). This means that the gas currently in the Baltics and flowing the Balticconnector is still Russian gas. The pipeline has only been in operation since January of 2020 but as of now is only another means for Russian gas to move to EU countries. The long-term plan is for non-Russian gas to be transmitted from EU countries all the way up to Finland (or from Finland down into Poland) in order to end the dependence on Russian gas. Finland's inclusion into the common market with Latvia and Estonia helps make the trade of gas in the Baltic-Finnish region easier and more affordable. Finland is less dependent on and has a much friendlier relationship with Russia than does Latvia or Estonia. Finland only uses gas for 11% of its energy consumption (Jaaskelainen et. al., 17). This is much lower than Estonia and Latvia and at this level it is not nearly as much of a security threat as in Estonia and Latvia. According to Estonian company Elering, the goal of the Balticconnector is to "improve the security of supply of natural gas in the Baltic-Finnish region, enhance the gas market in the Baltics and increase competition, improve the integration of common gas market with the EU and give Finland access to other EU countries" (Elering, 2019). This common market is the first of its kind in Europe and these three parties are hoping to expand to Lithuania and Poland when another pipeline, the GIPL (Gas Interconnection Poland-Lithuania), is completed in either 2021 or 2022 (Gumbau, 2020). This

will create a pipeline straight through, from Finland down to Poland in an effort to solve the energy security issue. The GIPL is currently the missing piece in this pipeline puzzle that will end the high level of dependence on Russian gas. Once completed and the Baltic states are integrated into the EU gas market, the expectation is that the pipeline will be able to provide up to 40% of the Baltics' natural gas to start out, increasing over time (Ibid, 2020). Obviously, Russian gas will still be needed but they will no longer be as dependent and over time they will be able to receive more and more from alternative sources.

The GIPL will be the potential (and most likely primary) access point where non-Russian gas will come into Poland, the Baltics and Finland. As of now, the Balticconnector is a way of uniting Estonia and Latvia and Finland in the face of Russian dependence and potential energy pressure, however, until the connection from Lithuania to Poland is completed it is not yet a way to end this dependence, unless Finland becomes a transit country for non-Russian gas (Gumbau, 2020). At this time, the list of potential suppliers is not clear, but the infrastructure has been created in order to attract potential suppliers and be able to immediately open for business when this becomes a possibility. Norway has been seen as a potential supplier to Finland and the Baltics (Ibid, 2020). The United States and other gas producers can in theory, now move gas through Finland into the Baltics and would be able to take advantage of this new infrastructure (Noack, 2018). Ultimately, until the Gas Interconnection in Poland and Lithuania is completed, the prospects of ending the dependence on Russian gas are slim, but the infrastructure and economic agreements have been put in place in an attempt to do so.

The Russian response has been to try and circumvent Estonia and Latvia as transit countries by building the Nordstream-2 pipeline from Northern Russia to Northern Germany (Noack, 2018 & Crandall, 152). This pipeline is controversial for many reasons. One major issue

is that is seen as a geopolitical move to increase western Europe's dependence on Russian energy (Noack, 2018). The United States in particular is concerned that this will increase Russian leverage over European countries (Noack, 2018 & Turner, 2020). The location of the pipeline would also box in the Baltic countries between the Nordstream pipeline and pipelines to the south through Ukraine. "Russia could be able to stop or reduce the flow of gas to Eastern Europe, via the Ukrainian and Belarusian pipelines, while keeping gas flowing to Western Europe, via the Nord Stream Pipeline" (Crandall, 152). Previously, having to rely on Latvia and Estonia as transit countries, this would not have been possible. Western Europe is now also more reliant on Russia for energy. Furthermore, this pipeline is an undersea pipeline that traverses thousands of kilometers underwater. An overland pipeline through Latvia or Estonia would have been cheaper, safer, faster to build and easier to maintain (Ibid, 152). However, the decisions to go with the undersea pipeline is clearly an example of an attempt to deal with the Western European market and Germany directly without paying any transit fees (Ibid, 152-153). Previously, despite their dependence, Latvia and Estonia did have some leverage over Russia economically in the form of transit fees and port fees. This new Russian gas infrastructure eliminates any advantage and hinders the effectiveness of Latvian or Estonian attempts to diversify their energy sector.

Germany is obviously the most powerful economy in Europe and one that requires vast amounts of energy. The Nordstream-2 pipeline which connects Russia directly to Germany would be a major solution to Germany's and Europe's energy demands (Turner, 2020). The direct access to Russian gas would solve any supply issues in Germany and in other Western European states like France. This pipeline would also make Germany the natural gas hub of western and central Europe and replace Ukraine as the primary transit country for gas into

Europe (Maciazek, 2015). However, the fear is that it gives Russia leverage and influence over these states and alienates smaller EU members, particularly in Eastern Europe (Noack, 2018 & Hoellerbauer, 2017). With the pipeline nearing completion, the fear is that Germany, as a leader in the EU and NATO, will be less inclined to aid Estonia and Latvia in the face of Russian aggression, harassment or economic warfare. Western sources have argued that the pipeline will alienate smaller European states, particularly in Eastern Europe and undermine European unity, and that it could lay the foundation for a Russian incursion into Europe (Korzun, 2020). The pipeline has been accused of being a pretext for Russia to control and patrol the Baltic sea and set up other infrastructure that would give them a military advantage in the region (Ibid, 2020). With Russia struggling under sanctions, there are also hopes in Germany that the pipeline can be a way to alleviate some of the pressure from sanctions in the long run and keep Russia stable and negate aggressive moves (Maciazek, 2015). While Germany has been a major supporter of this pipeline, the United States has not (Noack, 2018). As far back as 2018, the United States has been pressuring Germany to stop the pipeline and instead import gas from other sources or from the United States itself. However, in February 2020, American sanctions on Russia have forced work on the pipeline to be stopped at 94% completion (Donahue & Miller, 2020 & Turner, 2020). Third party companies have had to stop work and according to American sources, Russia does not have the necessary technology or resources to complete the pipeline without international help. “U.S. sanctions in December forced Switzerland’s Allseas Group SA, which was laying the sub-sea pipes, to abandon work, throwing the project into disarray” (Donahue & Miller, 2020). The halting of the pipeline is positive for Latvia and Estonia as it buys more time to figure out alternatives but, it seems as though Germany is bent on keeping close ties to Russia through trade, no matter the cost.

Russia has also invested heavily in ports on the Baltic sea to modernize and increase their capacities (Crandall, 154). Ports in Estonia and Latvia have been used to ship Russian energy resources and other goods to Europe and around the world. The Ust-Luga and Primorsk ports have been upgraded to handle large amounts of freight and goods (Ibidl, 154). Like the pipelines, it would have been much cheaper and cost effective in the short run to invest in ports in Latvia and Estonia and much more technically challenging to maintain in the winter months, however, the construction has been heavily subsidized in order to make them financially viable (Ibid, 155). Russia is obviously playing the long game in terms of profit from their infrastructure investments and countering any moves made by Latvia and Estonia. It is more important for Russia to have their energy security in their own hands instead of having to rely on NATO and EU members for the overall success of their energy sector. One way or another, Russia is still able to maintain an advantageous position in their economic relationship

The economic relationship between these three states is obviously complex and has a contentious history. Latvia and Estonia are still very much connected to Russia and dependent on Russia for energy resources. Modernizing and breaking away from the physical infrastructure connections have been a major security challenge for Latvia and Estonia and has not gone without response from Russia. The economic relationship runs deep and has not really ever been affected by political tensions, however, it is clear that Latvia and Estonia are making efforts to diversify away from Russia and break free of their influence to guard against any potential economic warfare. This includes creating a common gas market, building new pipelines, and improving deterrence capabilities. However, Russia has actively tried to counter this with new pipelines and modernization projects. If and when these projects, on both sides, come to fruition, and interdependence is no longer necessary, the situation in the Baltics could become much more

confrontational. While Russia loses the ability to play the energy card to ever, the economic interdependence, created through transit connections, guaranteeing the safety of all sides would now rest solely on EU membership. Trade will still be ongoing but there will now be alternatives for all meaning political and military confrontation could being the main avenue in which these states interact or settle their grievances.

Discussion

Though Estonia and Latvia view the Russian minorities in the Baltics as potential security threats and an element that Russia could take advantage of, their measures to deter Russia have not been strong enough. After examining the literature, statistics and theories, it is clear that deterrence is not the answer to this puzzle. Russia's capabilities in the Baltic region are much stronger than what NATO and its Baltic allies currently have. This is true in all facets of conventional forms of warfare and deterrence. Russia has more troops, more equipment, more nuclear weapons and better operational capabilities. NATO has focused on a tripwire defense only using a small number of troops (Zapfe & Vanaga, 49). While there are plans to upgrade the deterrence capabilities, the required upgrades to actually counter a Russian attack is more than NATO has so far vowed to contribute (Shlapak & Johnson, 2016). NATO also does not have a united nuclear deterrence policy in the region and instead has relied on an extended nuclear deterrence (Corbett, 2018). Without either a credible deterrence policy nor a nuclear deterrence policy to backup any deterrents, Russia maintains the operational advantage in the region and has freely used hybrid warfare tactics against Latvia and Estonia. For authors like Halas the use of hybrid warfare tactics is proof that NATO's deterrence policy is not up to par. The invasions of territorial waters and airspace, as well as the kidnapping of a security official are evidence that deterrence has failed (Halas, 2019). Russia's hybrid warfare tactics have focused on staying

below the threshold for NATO's article 5 but still point to a lack of proper deterrence. The absence of conventional attack does not mean deterrence is working (Ibid, 2019). Instead, the constant hybrid attacks are examples of ways in which deterrence has failed. This failure has been at both the conventional level and the hybrid level. NATO has not taken the necessary steps to create a proper policy of deterrence, instead focusing on the tripwire defense as a means of keeping Russia at bay. This has not addressed the issues surrounding Russian minorities in Latvia and Estonia and has also not addressed the disparity in military strength.

It seems that NATO command is not sure how it wants to treat Russia on its Eastern European flank. NATO and its Eastern European members clearly view Russia as a potential threat but have dragged their feet in establishing a presence in the region that is worth any military merit. Instead it has been a mix of a tripwire defense and an attempt at communicating deterrence without much success. Without a credible deterrence policy, these incidents of harassment will continue and the possibility of Russia fomenting and supporting an uprising among the ethnic Russians in the Baltics will remain a possibility. NATO deterrence in the Baltics cannot provide an answer to the research question being addressed in this paper.

Deterrence is not the answer to the absence of energy cutoffs. The answer lies in the interdependence between Russia and the EU. Though there is an asymmetric level of interdependence between Russia and Latvia and Estonia, Estonia and Latvia are EU members and this protects them from energy cuts. Russia's need to maintain access and trade to EU markets is a safeguard against economic aggression (Binhack & Tichy, 2012). On top of this, Latvia and Estonia act as transit states for Russian oil and goods going to Europe. This infrastructure is an extra level of protection against economic aggression. Interdependence theory presents the best possible answer to this research question. The two theories of interdependence

proposed by Simionov and Pascariu give clarity to this puzzle, especially their theory of complex interdependence. This theory argues that non-state actors, including international organizations like the EU and multinationals like Gazprom, are important in international relations (Simionov & Pascariu 122). This theory contends that there is a certain threshold of economic integration that diminishes the possibility of conflict (Ibid, 122). Though, if states are part of differing blocks, the relationship may remain tense. International organizations and other non-state actors help cultivate this integration. This seems to describe the situation between Russia, Latvia, Estonia and the EU almost perfectly. They are part of different blocks, yet the threshold of economic integration seems to have been met that has diminished the possibility of conflict, at least so far. This is also the case in the Czech context shown above. Although, Latvia and Estonia are not included as the focal point in either study, the same idea holds true. Economic interdependence and particularly the close proximity to Russia's biggest customer in Germany, as well as the Latvian and Estonian role in this trade has created a high level of economic interdependence. There is also some evidence to suggest that Russia is interested in maintaining the interdependence. "This increases interdependence between major European states and Russia. Expensive infrastructure is accompanied by long-term gas deals, which mean Russia is tied to the European market and Europe is tied to Russia as a supplier" (Crandall, 152). Though the Baltic states are caught between two giant economies, they have been able to find a niche of safety through the right connections and the use of what key economic tools they have.

Although right now the Baltics are protected by their EU membership and the presence of key infrastructure, as all sides try to diversify their energy sector, these key interconnections could be severed and create a scenario where Latvia and Estonia are no longer used for transit and their EU membership may not be enough to protect them. Without a legitimate policy of

deterrence, this could prove incredibly dangerous for Latvia and Estonia. Only time will tell how the geopolitics of the region will change and what effect this will have on the lightly defended states in Eastern Europe.

Conclusion

The goal of this paper was to answer the question “Why has Russia not used gas or energy cut-offs as a foreign policy weapon against Latvia and Estonia?”. Reviewing the relevant literature from various scholars on the topic, it was evident that the answer was linked to deterrence theory or to theories of economic interdependence. After examining the situation on the ground in the Baltics and Russia, including the importance of ethnic minorities, military capabilities, and past instances of harassment and subversion. Latvia and Estonia possess only a weak deterrence capability, even with NATO support, in the region. Russia outnumbers NATO’s capabilities in Eastern Europe in all facets, troops, equipment, vehicles, and nuclear capability. Ongoing incidents of Russian harassment in the region, such as cyberattacks, stationing troops near the border, violating airspace and territorial waters, and the constant media/propaganda campaigns targeted at Russian speakers in the Baltics as well as the clandestine support for pro-Russian groups in the region are proof that they have not been deterred by Latvia and Estonia’s status as NATO members or even by the presence of non-European NATO members in the area. Without a credible deterrence in the Baltics, these types of incidents are likely to continue in the foreseeable future.

Baltic/NATO deterrence cannot explain this puzzle, the answer lies within the economic domain. As shown in this paper, the trade connections between Russia and the Baltics run deep, and, although the Baltics are dependent on Russia for large portions of their energy resources,

they have and continue to act as key transit states for Russian goods and petroleum to Europe and especially to Germany. Russia cannot use gas cut-offs against Latvia or Estonia due to the high levels of economic interdependence. This economic interdependence prevents Russia from using energy cut-offs as a weapon as this would be a counter-productive move and damage both the Russian economy and its relationship with Europe. Further, it is not necessarily an issue of trade value between Russia and the Baltics, it is about the connections the Baltics have to Europe that are essential to Russia. Unlike Ukraine or Belarus, Estonia and Latvia are key transit states for Russia. While they may have a clear economic advantage, the importance of connections is the key. Although the relationship is rocky, the economic ties between Russia, the Baltics and Europe have kept Russia from using the same strategies it has used against other Eastern European state and has protected Latvia and Estonia from severe issues of energy security. To formally answer the research question; Russia has not used energy cuts against the Baltics because its economic interdependence with Latvia, Estonia and the EU would make this an act of self-harm and damage Russia's relationship with key partners in the EU going forward.

Lastly, though in the case of this paper economic interdependence has been shown to be the key to unlocking the Baltic-Russia puzzle, I would suggest that future avenues of inquiry focus on Russia's hybrid warfare and clandestine foreign policy moves in Eastern Europe. Without the ability to use energy as a weapon, Russia has instead used clandestine tactics. Future research would benefit from examining the use and levels of success of these types of tactics. Although the energy card has been played in the past, perhaps the inability to use this card has created a new focus on hybrid tactics for Russia. Or it could be an indication of Russia's lack of interest in the Baltics. To fully understand Russia's motives and actions towards the Baltics,

analysis of these tactics would be paramount. However, this type of research is beyond both the scope and the aim of this paper.

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