

Prerequisites for the establishment of the Baltic-Black Sea Union

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Abstract. *The emergence of new challenges and threats in the modern world raises the issue of creating alliances and sub-alliances that could ensure security issues in the Baltic countries and Eastern Europe as a whole. This, in turn, requires the definition of a new security system, built taking into account regional interests and new approaches to the system of collective provision of stable development. Global institutions in the context of new military conflicts show their inability to make decisions or their unwillingness to define new frameworks and conditions of security. Based on this, it seems important to form a new regional sub-alliance in Europe to ensure security and interpret the Trimoria alliance. The formation of military alliances leads to increased interaction between countries both in the military sector and in the economy as a whole. Within the alliances, a practically unified security system is formed, which works on the same standards, strengthening control over trade policy and forming a common control within the framework of military policy or security policy and protection from real or potential threats.*

Keywords: *security, defence, military-economic cooperation, Baltic-Black Sea Union.*

I. INTRODUCTION

The modern system of collective security in Europe needs a fundamental revision, as well as the entire system of global security in the world. The current geopolitical situation is characterized by extreme turbulence: the situation and the balance of power in the world are changing rapidly. Undoubtedly, the increase in tension in the world is a milestone in the formation of not only a new world order, but in general - global civilizational shifts. In the modern context, there is a need to build a radically new system of regional, collective, Pan-European and even global security. Randomness and uncertainty are becoming integral features of today. Despite the successes achieved since the Second World War in achieving stable peace and order, we can state a constant increase in the number of new threats to the security of countries and peoples.

II. MATERIALS AND METHODS

Research on military alliances is indicative of their positive and negative effects. On the one hand, they certainly, contribute to the growth of trade, which generally gives reason to justify the benefits of such agreements [1] On the other hand, the economic interests of the parties may differ significantly, especially if at the initial point of the agreement the parties did not have the same potential, such as the separately taken Baltic countries and Ukraine, Poland or Great Britain. In this case, a larger player can impose its interests on smaller countries. However, it can also contribute to the strengthening of countries (as happened with the Baltic countries and NATO). A certain change in the quality of wars is also undoubted. In modern conditions, every country, regardless of size, can secure a competitive advantage for itself, for example, in the production of technology, spare parts or drones. Within the framework of the alliance, benefits can be formed that did not exist before the creation of the alliance. [2] – [5]

In a military-political alliance, an increase or intensification of trade can also occur if two countries pursue different goals but are ready to give in to each other in order to ensure the interests of each country separately. In this case, such an agreement would have compensating distributive effects. Moreover, a synergistic effect is created even in the case of unfavorable conditions during the execution of one of the contracts, and thus indirect compensation occurs for the realization of mutual interests. [6]

The main goal of the authors' scientific research is the study of the prerequisites for the emergence of the geopolitical prerequisites for the emergence and development of a new union in Europe, such as the Baltic-Black Sea Union (BBSU) in support of regional security in the context of the Three Seas Alliance.

The achievement of the goal thus set is through the applicability of the methods and tools known to scientific knowledge, based on dialectical principles, the unity of

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theory and practice, scientific abstraction. Methodological basis of the authors' research are system-structural analysis, methods of economic, historical and logical analysis, quantitative and qualitative analysis, expert evaluations, etc.

Within the framework of such an alliance, there may be preferences in the establishment of trade or customs barriers, changes in the terms of trade in exchange for participation in the alliance and ensuring security. If there are sufficient incentives to form a military alliance (and especially a small one, where the connection between countries is quite high and strong), there is a high probability of securing trade agreements. [1] The strengthening of trade relations leads to the financial security of all member countries of the alliance, which in turn can become the basis for ensuring security and, accordingly, strengthening the ability to protect markets. [7] Thus, the protection of a party that is a member of the alliance has higher levels of security than the protection of a country that pursues its interests on its own. It should be borne in mind that the size of the country, its capabilities, political and economic prerequisites are important. There are savings due to the scaling of production, specialization, or distribution of expenses, depending on the capabilities of the alliance members. Refusal to cooperate within an alliance may be caused primarily by fear of refusal to participate in military operations or the inability to realize their own military and economic interests [8].

Realization of long-term interests can outweigh short-term losses or costs, which was proved in a significant number of works at the end of the 20th century [9], [10]. Long-term prospects for military-political cooperation were studied in the works of Axelrod [11], McGinnis [12], Abbott [13]. As part of the work, it was proved that the increase in the value of the alliance occurs due to the confidence that the security promise will be fulfilled and, accordingly, a decrease in such confidence leads to a decrease in the density of contacts with each other within the alliance. Analyzing top-down relationships that are formed under the influence of a political decision and are implemented in cooperation already at the micro level, in cooperation between firms. A significant number of agreements on military or political alliances contain provisions or articles on trade relations or economic cooperation (for example, changing trade barriers or customs duties on certain types of goods).

The relevant data is provided on the ATOP website - The Alliance Treaty Obligations and Provisions project provides data regarding the content of military alliance agreements signed by all countries of the world between 1815 and 2018. Thus, out of 213 alliances within the ATOR, 18% contain such articles or other relating to specific acts of economic cooperation [14]. For example, the Union Treaty between Greece and Serbia of 1913 ensured the freedom of export-import operations of Serbia through the ports of Greece (Thessaloniki) [15]. The agreement between Bolivia and Peru regulates monetary policy and trade both between countries and external (Great Britain, Foreign Office, 1864–65). The agreement signed in 1921 between France and Poland had a limitation regarding entry into force only after such entry into trade relations and trade agreements [16]. The Treaty between Austria, Hungary, and Italy in 1934

indicates the need for trade agreements as a result of the implementation of the military-political alliance [17]. Among the 213 treaties analyzed, 16 agreements have articles relating to specific economic obligations, 23 treaties have articles that promote the implementation of economic relations or economic cooperation [14].

At the same time, not all agreements on military cooperation include articles on economic cooperation or cooperation. It is worth because in modern conditions both contracts and cooperation have a slightly different nature. The dependence of trade and military alliances can be traced in the treaties of the second half of the twentieth century. For example, the liberalization of Germany's trade policy was caused by the desire to preserve certain military-political alliances, such as the Austro-Ugric alliance, which improved the logistics of the agricultural market [18]. After the first world war, a treaty between France and Belgium to provide security against Germany and counter a possible attack [19] – [21].

The Belgian-French agreement is designed to maintain defensive lines [22] – [24]. The signing of this treaty was fraught with problems of cooperation in the United States of America and Great Britain, the former refused to ratify the treaty, the latter refused the treaty without the participation of the United States. In fact, both the United States and Great Britain refused to assume defensive obligations to France. Although Belgium considered a coalition with the participation of both the United States and Great Britain to be more valuable to itself, it was decided to sign a bilateral treaty with France for joint security [22] – [24].

This alliance was framed as an opportunity to counteract German policy and, moreover, Belgium was interested in the fate of Luxembourg, which was seen in close contact with Germany. However, Belgium is interested in such a relationship, because it is connected with Luxembourg in the issue of railway systems, which ensures profitable trade, as well as lower French tariffs for trade [26]. As a result of the military-political alliance, the possibilities for reducing French tariffs on goods transported through Antwerp were clarified and spelled out [26]. After the signing of the treaty, trade between the countries intensified significantly. The functioning of the union was terminated in 1936 by Belgium unilaterally, one of the reasons was the inability to provide sufficient access to the French market for Belgian exporters, which was the result of the use of tools to support the French economy after the Great Depression in the form of quotas and tariffs, as well as quotas for the exercise of the right to work in France [23] (Kieft David Owen, 1972). Thus, we can conclude that the military-political alliances and trade policies of countries are interdependent. Military agreements affect the level of trade, while trade relations affect the provision of the highest level of security [27].

Based on the results of the creation and functioning of military-political alliances, their economic efficiency is calculated. The key parameters for assessing the effectiveness of trade and political alliances are changes in the population, the length of borders (including common ones), the level of GDP, the similarity of economies, the level and dynamics of trade between

member countries of the alliance and between external countries with the alliance, the level of militarization and power political influence on the countries of the alliance.

In general, according to the results of the model, it was determined that trade between the countries-members of the military-political alliance is higher in terms of activity than between the countries of the alliance and other countries. Trade, its intensity and quality are also affected by the terms of agreements between countries - the closer and more specific conditions are prescribed, the higher the level of trade and cooperation, which in turn provides for the existence of economic agreements. Thus, the increase in trade flows is closely related to issues of security policy coordination. The assessment was carried out for the countries of the European continent before the Second World War. It has been proven that trade between allies whose treaties prioritize economic cooperation to ensure security is much higher than in other countries outside the union. The model indicates that trade relations between those countries that are members of the alliance, which have not identified economic cooperation as a priority for themselves, are at the same level as trade between countries that are not members of the alliances.

Justin George and Todd Sandler in his latest article also explores the economics of alliances to reveal the distribution of the burden of military spending in the North Atlantic Treaty Organization (NATO) between 1991 and 2020, until the Russian invasion of Ukraine in February 2022 [28]. This considered the relative location of NATO allies and applied various spatial or economic weights to Allied defense spending. Sandler T. Concludes that the Allies' free use of the total military spending of other Allies has led to a decrease in the military spending of NATO allies located near Russia. This division, the asymmetry within NATO, contributed to the Russian invasion [28].

What is now becoming a reality is increased EU cooperation in deterring future Russian aggression, especially against eastern allies such as Poland or the Baltic states. [28] An increase in military spending by all NATO countries will also be unconditional.

III. RESULTS AND DISCUSSION

Analyzing the possibilities of creating the Baltic Black Sea Union, we can determine the advantages of such a military-political sub-alliance both in terms of security and in matters of economic alliance. The history of the creation of the Baltic-Black Sea Union (BBSU) and the assessment of the total military power of the countries of this region, studied in other works of the authors, suggest that there are objective prerequisites of the widest spectrum for the creation of such a union. We should emphasize here that we are talking about emergencies in different formats. BBSU_1 - represents the very core of this union, Poland, Latvia, Lithuania, Estonia, and Ukraine. BBSU_2 includes, in addition to the named countries, Great Britain. BBSU_3 - plus countries with access to the Baltic and Black Seas (Sweden, Finland, Germany, Denmark and Bulgaria, Romania, Turkey, and Georgia). In addition, this union (BBSU_4) may include countries that are landlocked but interested in participating (Moldova, Croatia, Czech

Republic, Slovakia, Hungary, Greece, Belarus, etc.). In this case, the political aspirations of different countries do not matter, it's just about potential participants. In BBSU_3 and BBSU_4, the composition of countries can also be different, since not all countries can join this alliance at the same time.

First, there are long-term historical prerequisites for this alliance, which were detailed in Section 2. The entire history of relations between these countries, of course, is based on certain geographical prerequisites. The countries that are potential participants in the BBSU are not just neighbors, they form a clear vertical axis connecting the Baltic and Black Seas. The Baltic countries and Poland occupy about 3,000 km of the 8,000 km coastline of the Baltic Sea. There are two segments in the Russian Federation: 520 km near St. Petersburg and 150 km near Kaliningrad. The rest - more than 4000 km - falls on Finland, Sweden, Germany, and Denmark.

As for the Black Sea, we will proceed from the situation that developed before the war, as well as about the legal borders. Out of 4725 km of the total Black Sea coastline, individual countries own: 1629.1 km (34.5%) - Ukraine, 410 km (8.7%) of the Russian Federation, 315 km (6.7%) - Georgia, 1701 km (36.0%) - Turkey, 385 km (8.1%) - Bulgaria and 285 km (6.0%) - Romania. The total length of the coast of the Sea of Azov is 1860 km [29].

Thus, in the Baltic Sea, the BES countries own more than 40% of the coastal territory, and the Russian Federation - 8.5%, while the rest belongs to other NATO countries (current and potential). In the Black Sea - BBSU - 34.5%, RF - 8.7%, and in addition, another 50.1% - to potential members of the BBSU. Obviously, there are predominantly BBSU countries in access to the seas, both for the core of the BBSU, and for a wider range of countries. Most likely, it is this insignificant share of the Russian Federation that is, to a certain extent, the source of its aggressive behavior.

The economic prerequisites are also unconditional, which include a whole range of more detailed favorable conditions for cooperation. Each country in this union has certain economic advantages, selling its products and getting what it needs. In the most general terms, Ukraine sells its agricultural and food products, mineral fertilizers and chemical products (we are not talking about metal yet, since the base of the metallurgical industry has been destroyed). Poland has the most developed industry, the products of which are important for all countries.

It should be noted that all the Baltic countries (Latvia, Lithuania, and Estonia) have created a customs union, which leads to a large volume of trade between these countries:

Latvia exports: electrical machinery and equipment, machinery and mechanisms, lumber, pharmaceutical products, iron and steel products, round timber, knitwear and textiles, non-ferrous metals, and their products, etc. The weaknesses of Latvia are the dependence of energy supply on imported oil products, gas and electricity; scarce resource base; growing shortage of able-bodied labor force and the number of pensioners in the structure of the population.

Estonia is one of the most developed countries. GDP per capita is \$27,280.7. Until the 1990s, Estonia specialized mainly in agricultural products, mechanical engineering, shipping, and transportation. After gaining independence, the country was able to create favorable conditions for the development of innovation and attracting start-ups. Now, there are 4 world-famous unicorn companies (with a capitalization of more than \$1 billion) operating in Estonia: Skype, Bolt, Transfer Wise, Playtech. In addition, it specializes in mechanical engineering, shale mining, electrical products, ships, marine transportation, woodworking products, textile and meat industries.

Lithuania has a high rate of development and a fairly developed industrial base. The main sectors of the economy are services, industry, and agriculture. The main Lithuanian exports are agricultural products and foodstuffs, chemical products and plastics, machinery and equipment, mineral products, timber, and furniture. It should also be noted that the government creates conditions for the widespread dissemination of ICT (information and communication technologies), including in the financial sector. The country has significantly simplified the procedures for obtaining licenses for the activities of electronic money and payment institutions. The first block chain center in Europe was opened in Vilnius in 2018.

Poland is the second largest country in this group of countries, and at the same time the most developed. Poland has large reserves of minerals: gas, coal, iron, nickel ore, silver, gold, zinc, shale gas, etc. A powerful industrial base is formed by such industries as: engineering, ferrous and non-ferrous metallurgy, chemical, textile, clothing, cement industries, production of furniture and various products of light industry, electronics. Highly developed agriculture is represented by the production of sugar beets, wheat and other cereals, potatoes, berries, apples, etc., as well as developed pig breeding, dairy and meat cattle breeding, and poultry farming. Sea fishing is developed.

Ukraine has the largest territory in this union and ranks second among European countries - 603,550 square meters. km. (for 2013) [30]. At the end of 2022, the economic base has been largely destroyed not only in the eastern regions, but throughout the country. Nevertheless, we can talk about Ukraine as a country with developed metallurgy, energy, chemical and mining industries, engineering, automotive, fertilizer and chemical products, agriculture, and services. Ukraine has reserves of almost all mineral resources, vast agricultural land, which leads to great potential for the development of its economy and exports. The ICT sector is also developing.

Therefore, the BBSU union can become a very powerful economic creation since it will unite both resource-rich countries and developed countries that have formed their specialization in the new conditions of the digital economy. Of particular importance in the context of economic prerequisites is the transport factor - the formation of a through transport corridor between the Black and Baltic Seas. Moreover, this corridor can be provided by almost all types of modern transport: road, rail, pipeline, river. The implementation of this project will certainly increase traffic flows and reduce the time of

transportation of various goods and passengers from the eastern regions to Europe.

The political prerequisites for the creation of the BES have a long history and have not lost their importance in modern conditions. They are related to the need to strengthen the contractual positions of the parties while protecting their interests. But the main circumstance is the need to form a shield to counteract the aggressive behavior of neighboring countries. The creation of such a union has great potential to strengthen a bloc of states, which in fact explains such determined resistance to its creation in historical retrospect.

Closely related to the political are also the military prerequisites. The basis for this is the fact that in the 21st century the world has already achieved considerable success in achieving collective security. Nevertheless, the events of 2022 once again confirm that, despite the developed mechanisms and institutions of world security, we must not stop thinking about military security as well. The security of European countries is guaranteed by the NATO bloc and a high level of military-technical support.

In general, the formation of an integral line of defense within the framework of the military-political unification between the Baltic countries, Poland, Ukraine, and Great Britain is a rather important and topical issue. The countries participating in such an alliance, as analysis shows, have sufficient potential to ensure security in the region and counter external challenges.

IV. CONCLUSIONS

The formation of alliances and sub-alliances brings with it both military-political and economic benefits. Economic modeling confirms that economic benefits are primarily derived from trade intensification. A significant number of treaties on military alliances have separate articles that regulate trade relations, are aimed at or contribute to the intensification or liberalization of trade in both military (dual) use goods and trade in general. The intensification of trade leads to an increase in the economic potential of partner countries or alliance member countries, which in turn leads to an increase in the ability to build a security.

The formation of military-political alliances is a necessary condition for ensuring security in modern conditions. All these and many other processes exacerbate the need to create military alliances and alliances for security purposes. Regardless of the features of the new configuration of international security and the agreements reached after the end of hostilities, the development of cooperation in the Black Sea-Baltic region in the aspect of building the North-South vertical, the Baltic-Black Sea axis has great prospects. The idea of creating such an axis has a long history, and in the modern context it can unite states that are ready to develop military, economic, and other forms of cooperation in countering Moscow's imperial ambitions. Areas of cooperation among members of the Baltic-Black Sea Cooperation (BBSU) could include: multilateral trade cooperation; building unified transport corridors; creation of unified logistics and energy systems; coordination of economic and other sanctions; broad military cooperation: multilateral coordination of

economic and other sanctions; mutual deliveries of lethal defensive weapons; cooperation in matters of energy security and transit of energy carriers; mutual assistance in the combat training of troops and the modernization of weapons; exchange of strategic, counterintelligence and other data; joint military-industrial enterprises and developments (especially high-tech ones); joint international initiatives to counter propaganda; exchange of military advisers and other experts.

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