

Research Paper

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Exploring Transatlantic Responses to Far-right Populism in Europe Simulation Exercise



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Summary

- To better understand how governments on both sides of the Atlantic might respond to a descent towards populist authoritarianism in an EU member state, Chatham House organized a simulation event involving a group of experts drawn from the public sector, academia and NGOs.
- Simulation exercises enable the testing and modelling of the responses of different actors when presented with specific situations; participants' interactions in a given set of circumstances are explored, and patterns of negotiation are captured and analysed.
- In this simulation, European, US and multilateral representatives were given the task of managing relations with Baltia, a fictional Eastern European state on the verge of electing a far-right nationalist, Eurosceptic government. They were then challenged to manage their relationship with Baltia after it had elected such a government, which was pushing for a 'leave' vote in a planned referendum on the country's continued EU membership.
- The simulation highlighted a number of issues:
 - Limited instruments are available to liberal democratic governments where there is cause for concern regarding the outcome of an election in an allied country. There are relatively few tools at the disposal of governments to support political allies, or to prevent outcomes that are perceived as threatening democratic norms. The simulation reinforced the view that interventionist moves, either from the European Commission or from individual national governments, would be more likely to come in response to an unfavourable development rather than pre-emptively.
 - The EU, and caucuses of European states, are the main international interlocutors in this type of political crisis involving an EU member state. The US opted to play a limited role in the negotiations; the same was largely true for NATO, aside from its action in sharing intelligence about a potential coup in Baltia. France and Germany formed a natural working partnership, taking meetings together and coordinating policies first before discussing them with a wider European circle, although their positions did not always align.
 - The UK's capacity to shape the outcome of collective EU discussions appeared more restricted, while Brexit also seemed to shape the response of other EU states to the developing situation in Baltia. Although member states were undoubtedly reluctant to see another country go down this route, they were also resolute in demonstrating a unity of approach and limited flexibility in the face of the new populist government's attempt to divide them.

Introduction

To better understand the future direction of the transatlantic relationship, the US and the Americas and the Europe programmes at Chatham House are working together on a project to analyse the currents buffeting politics on both sides of the Atlantic and consider appropriate responses. Under the banner of ‘the backlash against globalization’, the ambition of the project is to explore the challenges to open societies and open economies from different parts of the political spectrum in a comparative transatlantic context. In November 2017 the two programmes held the first activity as part of this initiative. Chatham House’s new Simulation Centre hosted a group of experts drawn from the public sector, academia and NGOs to examine how governments on both sides of the Atlantic might respond to a descent towards authoritarianism in an EU member state.

Methodology and context

Events over the last two years have thrown into sharp relief the extent to which Western policymakers and the political class had underestimated the appeal of anti-establishment political movements. They have also served as an object demonstration of the capacity of public sentiment to swing behind populist, nationalist or authoritarian movements. Policymakers and civil society organizations need a clearer understanding of what drives such sentiment, and of the best indicators of support for it, if they are to address the public concerns that motivate it.

The backlash against globalization comprises complex and multifaceted issues, which have a variety of political, economic and cultural roots, as well as diverse political manifestations and consequences for the global political and economic system. One important component is a rise in support for parties that can be described as populist authoritarian. This Chatham House project has proceeded from an understanding of populism as a political style that makes broad claims to represent average people or the politically ignored against an elite that is portrayed as out of touch, or even corrupt, and an understanding of authoritarianism not as a system of government, but as an outlook and a set of preferences among voters that favours order, deference to authority and resistance to change.¹

While many organizations have explored dimensions of populist authoritarianism on a country-by-country basis, this project takes a comparative approach, using simulation exercises as a method of examining the implications of the phenomenon for transatlantic relations. Simulation exercises enable the testing and modelling of the responses of different actors when presented with specific situations; participants’ interactions in a given set of circumstances are explored, and patterns of negotiation are captured and analysed.

The US and the Americas Programme at Chatham House has been carrying out crisis simulation exercises to test the strength of the transatlantic relationship since 2015. Past simulations have been set in projected future or near-future versions of existing geopolitical hotspots (such as a conflict between China and Japan over the Senkaku/Diaoyu islands in 2020). In view of the

¹ Raines, T., Goodwin, M. and Cutts, D. (2017), *The Future of Europe: Comparing Public and Elite Attitudes*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publication/future-europe-comparing-public-and-elite-attitudes> (accessed 1 May 2018).

apparent rapid pace of change in the transatlantic relationship, a different approach was adopted for this project. In this instance, a fictional Eastern European state, Baltia, was created – occupying a peninsula on the Baltic coast – with characteristics and an imagined post-Cold War history drawn from those of its immediate neighbours, along with other states on the eastern periphery of Europe.

Since the purpose of the simulation was to model how European and US governments would respond to a descent towards authoritarianism in an EU member state, participants were selected with the relevant expertise to play the roles of key governments, international bodies and civil society. Baltia itself was represented by Chatham House researchers, who had been fully briefed on the scenario. Additional scenario details were revealed selectively to the participants over the course of the exercise. Participants were authorized to use any relevant tools of national power or influence within their remit to try to mitigate the potential negative consequences of Baltia turning to an authoritarian government, and could undertake any communication – public or private – necessary to that goal.

Scenario details

In the simulation, conducted over two sessions, European, US and multilateral representatives were given the task of managing relations with the Eastern European state of Baltia. The roughly 20 participants were drawn from academic, journalistic, think-tank and government backgrounds at mid-senior level.

In the first session, set in the then present day (i.e. in the autumn of 2017), Baltia was on the verge of electing a far-right nationalist, Eurosceptic government. By the second session, set six months later (in the early summer of 2018), that government had come to power.

The Republic of Baltia occupies a peninsula projecting into the Baltic Sea. It has a land border with Poland, and maritime borders with Latvia, Lithuania, Sweden and Russia (via Kaliningrad). A former Warsaw Pact member (though not a former Soviet republic), Baltia liberalized and joined the EU and NATO in the late 1990s. The process of democratization and liberalization began to slow in the 2000s, however. As of 2017, Baltia had a middling score of 80 on the Freedom House index (below Poland's 89 but ahead of Ukraine's 61).

With legislative elections due in the spring of 2018, the governing party, the centre-right Baltian Liberal Party (BLP), was, in the timeline of the first session, defending a slim majority in parliament, in a domestic context of sluggish economic growth and public discontent with both a brain drain from the country and refugee resettlement. Polls were showing a close race between the BLP and the far-right Baltian Populist Party (BPP). Baltia's relationship with the EU had been strained by the incumbent administration's opposition to taking in more refugees, but the BLP remained firmly committed to the country's continued EU and NATO membership.

The Chatham House researchers representing Baltia – both the BLP government and the BPP – had been given broad instructions about their orientation but discretion as to how to implement their remit. The other participants – representing both national and institutional actors – were external invitees and were given wide latitude to respond and negotiate according to their own perceived interests.

Session one

At the beginning of the session, a civil society delegate presented findings from an ‘Index of Risk of Populist Authoritarianism’.² The index assessed Baltia as being at ‘moderate to high’ risk of succumbing to populist authoritarianism.

Participants were asked to set their country or organization’s policy towards Baltia in the run-up to the election. The approaches taken during this phase were relatively cautious. This caution was based on the principle of respect for Baltian self-determination, but was reinforced by the BLP government’s own stated position that foreign intervention in Baltia’s domestic politics could easily backfire. One notable exception was Poland’s Law and Justice-led government, which held a low-profile meeting with the BPP in view of the fact that the latter’s policies on major issues were aligned with its own.

Early in this session, the British and US teams were informed that their respective intelligence services had detected signs of covert Russian support for the BPP. The Americans received the information that the Treasury Department had tracked suspicious wire transfers to the BPP from shell companies linked to Russian entities, while the British team was told that GCHQ had identified Russian ‘troll farms’ working to build support for the BPP on social media. The UK offered the support of its intelligence services to the Baltian government, which accepted this assistance. The US, for its part, chose to notify its allies and increase monitoring, rather than do anything that might be perceived as intervening in Baltian domestic politics.

Where EU states engaged substantively, this tended to be on questions of energy, in particular in relation to a potential gas pipeline project running from Norway through Sweden and into Poland and Baltia. Although a number of countries were competing for various defence contracts with the Baltian military at this time, this did not seem to factor into any calculations or discussions. The UK, mindful of its imminent departure from the EU, attempted to leverage its NATO membership by suggesting a new working group on security in the Baltic Sea, which Baltia could chair, but the proposal did not advance any further.

The incumbent BLP government sought reassurances from the European Commission that there would be no further requirement or expectation that Baltia would accept refugees as part of a collective quota system, and while some private suggestions were made to that effect, there was – intentionally – no public declaration that the EU would make that concession. The BLP prioritized relations with France and Germany, who offered as much political support to the Baltian government as they felt able to without appearing to interfere overtly in domestic affairs. While the French team did not consider itself constrained by domestic factors, the fact that the simulation was played out in the autumn of 2017 meant that the German team was limited by the lack of a settled

² A prototype index to measure potential for support for populist movements is currently under development by Chatham House using data from the Gallup World Poll, although for this exercise the index (along with Baltia itself) was drawn up by the simulation designers. The index will be based on public survey data about quality of life indicators, and is designed to detect significant rises in key indicators associated with likely electoral victories for authoritarian leaders and political parties. These include feelings of loss of national identity, relative deprivation, feeling ‘left behind’, feelings that life has become more dangerous, etc.

governing coalition at home.³ Nonetheless, the German and French teams were quickly established as power centres, with other participants coming to speak to them rather than vice versa.

One specific offer that was made by the German and French governments was for their leaders to visit Baltia in the weeks before the election. The BLP government was hesitant about this proposal, but took the view that it may be a useful way to demonstrate Baltia's influence within the EU and balance its pro-European outlook with an opportunity to signal concerns about refugee policy.

There was a split among civil society groups. Three separate participants were charged with portraying three different civil society groups: a privately funded foundation, an international transparency advocacy group, and local Baltian civil society. While all three groups echoed commitments to providing monitoring and accountability for the upcoming election, there were major differences between them in terms of approach and willingness to collaborate.

Session two

The second session moved the timeline forward eight months to the early summer of 2018. By this stage, as part of the scenario design, the BPP had won the election and now formed the government. The US and UK teams were notified that their intelligence services had determined that while the Russian government had almost certainly targeted the Baltian people with disinformation operations during the pre-election period, the vote itself had proceeded without interference. International civil society actors were informed that the same conclusion had been reached by independent researchers working from open-source information.

Once in office, one of the BPP government's first moves was to announce a referendum on Baltia's continued EU membership, potentially leading to a 'Baltexit'. The BPP made various discreet offers to EU states, indicating that it might be willing to abandon its campaign for a 'leave' vote in exchange for various concessions. These overtures were rebuffed, however, not least because of the prevailing lack of trust between the new Baltian administration and other European governments.

The outcome of the election also created a major upheaval within Baltian civil society. Baltia, per the scenario design, has a substantial Orthodox Christian minority. The BPP leveraged its appeal to this segment of the population to co-opt local civil society, which switched positions and started to support the party's 'leave' campaign. In view of competing claims as to the legitimacy of the referendum, the international civil society teams made a public statement announcing that they would not observe or certify the referendum. The impact of this was, however, blunted by local civil society's confirmation that it would do so, and by the BPP government's announcement that it would welcome monitoring of the referendum by the OSCE.

At this point, the Polish and NATO teams were told that there were signs of an imminent coup in Baltia. The source of this information was a Polish lieutenant colonel, who had spoken to counterparts in the Baltian military and who subsequently informed the relevant military chain of

³ The simulation took place in the interim period between the September 2017 federal elections in Germany and the eventual formation of a new coalition government led by Angela Merkel in her fourth term as Chancellor. Given that uncertainty, the German team felt that it could not act as decisively as would have been possible under a non-caretaker administration.

command in Poland as well as officials in NATO. As part of the scenario design, the information was deliberately ambiguous. The source was defined as credible, but other indicators were not in evidence and it was unclear whether a potential coup had any chance of success.

Having received the information, the NATO team elected to notify the US, the UK and France, but not the Baltian government. The UK chose in response to hint to the Baltian government that it needed to look to its internal security, but the nuance of this message was not understood. The government of Poland, on the other hand, passed the relevant information in full to its Baltian counterpart. The BPP implemented a number of measures in response: the military officers believed to be involved in the coup plot were arrested; steps were taken to nationalize media and to reduce the independence of the judiciary; and paramilitary forces were deployed to quell unrest after protesters took to the streets in protest against the crackdown.

These steps were, unsurprisingly, not welcomed by European states or institutions. Prompted by France and Germany, the final part of the second round found the BPP government in the midst of an informally convened meeting with all the principal European states, the US, NATO, the European Council president and the European Commission. The BPP government suggested to its interlocutors that it would have been willing to make various concessions – including campaigning to remain in the EU – but that the Europeans had not been willing to give any ground. European participants – both state and institutional – discussed initiating proceedings under Article 7 of the EU treaties (which provides mechanisms to hold a member state accountable for actions that threaten democratic norms)⁴ as a means of pressuring Baltia into remaining in the bloc, but did not reach a decision on implementation before the end of the exercise.

The simulation did not conclude neatly, in part because of time constraints. The matter of Baltia's continued membership of the EU remained unsettled, as did the question of how much further the EU might go to prevent, or respond to, a decision to leave. However, it was clear that there was little common ground on which to build a future agreement between the EU and Baltia around refugee/migrant acceptance and freedom of movement.

Perhaps reflecting Baltia's relatively small size, intra-European and transatlantic relations seemed undamaged by the developments in the simulation. To the extent that the BPP's positive attitude towards the Russian government was a security issue, this seemed to be viewed in roughly similar terms by teams from both sides of the Atlantic.

⁴ For the text of Article 7, see EUR-Lex (2018), 'Consolidated version of the Treaty on European Union – TITLE I COMMON PROVISIONS – Article 7 (ex Article 7 TEU)', <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:12012M007> (accessed 30 Apr. 2018).

Analysis and conclusions

As it evolved, the simulation exercise demonstrated that few instruments are available to liberal democratic governments where there is cause for concern regarding the outcome of an election in an allied country. In the first session, notwithstanding warnings from civil society groups, the response of Baltia's EU partners and the US in advance of the legislative election was broadly cautious. This circumspection on the part of state actors perhaps reflected the fact that the outcome of the election was not guaranteed, or the limited influence they felt able to wield over a domestic political process. The principle of non-interference in another country's elections exists to protect the integrity of national democratic processes. It also discourages potentially counterproductive interventions that may not serve their intended purpose; in this instance, too, the stated position of the BLP government was that intervention by external parties could backfire. However, it also leaves relatively few tools at the disposal of governments to support political allies, or to prevent outcomes that are perceived as threatening democratic norms.

The European Commission appeared reluctant to take any actions that might give the impression that it was overtly offering support to an incumbent government prior to an election. For example, the BLP government approached the Commission in an effort to secure political guarantees regarding migration quotas, considering that this would shore up its position in the face of domestic antipathy to refugee resettlement. However, no such commitment was forthcoming from Brussels, with the Commission perhaps fearing that an implied offer of support on this issue would set a precedent that other states would then pursue. The European Commission's recent (real-world) decision to initiate action under Article 7 against Poland for its moves to curb judicial independence would appear to indicate a greater willingness to intervene in a member state's domestic politics when there is a perception that fundamental democratic values are under threat.⁵ This direction could become more pronounced should moves to make the Commission a more political actor succeed (as pointed to by both the *Spitzenkandidaten* process by which Jean-Claude Juncker was selected as Commission president in 2014, and his current proposals to, *inter alia*, merge the positions of Commission and Council president).⁶ Meanwhile, however, the simulation reinforced the view that interventionist moves would be more likely to come in response to an unfavourable development rather than pre-emptively.

The behaviours during the simulation underscored that the EU, and caucuses of European states, are the main international interlocutors in this type of political crisis involving an EU member state. The US opted to play a limited role in the negotiations; the same was the case for NATO, aside from its action in sharing intelligence about the potential coup. France and Germany formed a natural working partnership, taking meetings together and coordinating policies first before discussing them with a wider European circle, although their positions did not always align. The final informal grouping in the second session was also focused on Baltia's EU relationship, with Baltia seeking a

⁵ European Commission (2017), 'Rule of Law: European Commission acts to defend judicial independence in Poland', press release, 20 December 2017, http://europa.eu/rapid/press-release_IP-17-5367_en.htm (accessed 16 Apr. 2018).

⁶ De La Baume, M. (2018), 'MEPs set to bolster 'Spitzenkandidat' process for EU top job', *Politico Europe*, 23 January 2018, <https://www.politico.eu/article/spitzenkandidat-process-set-to-be-bolstered-for-european-commission-presidency/>, 16 April 2018; European Commission (2018), *A Europe that delivers: Institutional options for making the European Union more efficient*, 13 February 2018, https://ec.europa.eu/commission/sites/beta-political/files/communication-institutional-options-for-making-the-european-union-work-more-efficient_en.pdf (accessed 20 Apr. 2018).

special deal that might avert the BPP's support for leaving the EU. This grouping was also generally led by European actors, and served to demonstrate the power of isolation: the pressure placed on Baltia was considerable, and Poland's relative support for Baltia did not extend to joining its neighbour in isolation. All the same, the combined effort did not lead to a mutually amenable solution – at least not in the timeframe of the simulation exercise.

Also apparently highlighted were some of the complications that Brexit may create for the UK – traditionally a leading actor within EU foreign policymaking – as well as the way the context of Brexit influenced the European response. The UK's capacity to shape the outcome of collective EU discussions appeared more limited than might previously have been expected. There was no sign, for example, of trilateral coordination between France, Germany and the UK, as Europe's three leading foreign policy powers, with France and Germany tending to engage bilaterally. Arguably, Brexit also shaped the response of other EU states to the developing situation in Baltia, where a referendum on continued EU membership was a core component of the BPP's platform. Although member states were undoubtedly reluctant to see another country go down this route, they were also resolute in demonstrating a unity of approach and limited flexibility in the face of the new populist government's attempt to divide them.

Bilateralism played an important role. The new BPP government actively sought to build bilateral political alliances, in particular with Poland. However, this approach ultimately failed. While Poland was sympathetic to the Baltian position, and did try to moderate that of the EU, when in effect pressed to choose a side Warsaw recognized the essential nature of its ties to the EU. Bilateralism was also important in developing the common EU approach, with France and Germany being particularly prominent throughout the process and smaller countries tending to be sidelined, or deferring to their larger neighbours. And while the common approach did take a while to agree, it appeared robust once forged.

Finally, the exercise suggests the need for a more nuanced understanding of the causes of populist backlash and a greater awareness of long-lead indicators to allow democratic bulwarks to be reinforced before they are directly threatened, given the limited levers available to respond after the fact.

Appendix

The following is a lightly edited version of the information that was shared with participants in advance of the simulation exercise.

Setting: Session 1, autumn 2017; Session 2, early summer 2018.

Background: Societal tensions within the Eastern European nation of Baltia have been mounting since the 2014 general election, which saw the centre-right Baltian Liberal Party (BLP) hold on to power with a slim majority. More significantly, that election saw the far-right Baltian Populist Party (BPP) gain several seats to become the second largest party in parliament, holding a quarter of all seats. Polling suggests that the population is increasingly Eurosceptic – with specific grievances regarding the Schengen Area, which is viewed as a key catalyst for both rising immigration rates and a drain of skilled labour in the domestic market. While the metropolitan elite continues to express support for the broadly pro-EU governing BLP, popular discontent is on the rise.

With a general election due in the spring of 2018, polling suggests that the BPP might win a significant majority. The party's anti-immigrant (and specifically anti-Islamic) sentiments are resonating with Baltia's working classes, and the government has not successfully articulated an effective counter-argument. The BPP advocates protectionism, and is calling for the country's withdrawal from the EU ('Baltexit') if it is not allowed to significantly redraw its relationship with the Union.

Country profile

Name: The Republic of Baltia ('Baltia').

Location: Borders Poland (land), Latvia, Lithuania, Sweden and Russia via Kaliningrad (maritime).

Population: Roughly 8 million. Largely homogeneous ethnically and religiously: 90 per cent Christian (60 per cent Roman Catholic; 40 per cent Russian Orthodox). Approximately 50,000 registered refugees from Ukraine, Syria and North Africa have arrived since 2014.

Language: Baltian (official language, closely related to Polish); Polish, Russian and (increasingly) English are also widely spoken.

Political status: A former Warsaw Pact state, Baltia has largely followed Poland's political path, taking a pro-Western approach after the fall of the Berlin Wall. In the late 1990s it became a member of both the EU and NATO, although it chose not to join the eurozone and maintains its own currency. Baltia has a parliamentary system with a first-past-the-post electoral system, four-year legislative terms, and a relatively small number of viable parties. The centre-right BLP and the centre-left Social Democrats (SDP) have alternated in government since 1990.

Baltia is a flawed democracy, scoring 80 on the Freedom House index in 2017 (as against 89 for Poland, 61 for Ukraine and 76 for Hungary). Perceptions of economic stagnation and government ineptitude/corruption account for a growing gap between the government and population, with

strikes and unrest growing in the poorer rural parts of the country. In the 2014 legislative election the BLP won 34 per cent of the vote, enough to secure a small majority in parliament. Amid scandals and a stalled legislative agenda, the BLP has subsequently lost ground and is now barely ahead of the far-right BPP in opinion polls (while the SDP trails a distant third).

Baltian Liberal Party (BLP): Governing centre-right party. Broadly neoliberal: over the past decade, while in office the party has overseen increased privatization and a relaxation of immigration policy, although it has opposed the large-scale influx of MENA refugees (offering to take 2,000). The party is softly Eurosceptic but understands the benefits of EU membership (particularly access to the single market), and has an Atlanticist outlook: it has been largely tolerant, though not actively supportive, of US President Donald Trump. The BLP views Russia with suspicion and is fundamentally Western-oriented.

Baltian Populist Party (BPP): Right-wing nationalist party. Polling suggests a slim majority ahead of the 2018 election. The BPP promotes a protectionist agenda with higher public spending on benefits for Baltian citizens, reduced spending on immigration/migrant benefits, and much stricter asylum laws. The party supports withdrawal from the Paris Agreement on climate change, is vocal in its support for Donald Trump, and is strongly Eurosceptic. The BPP supports Baltia's withdrawal from the EU ('Baltexit') if the country is unable to negotiate opt-outs from freedom of movement and refugee placement requirements. It wants to increase military spending significantly, and has proposed saving money by procuring Russian military equipment instead of NATO gear. It seeks to impose taxes on foreign-dominated industries (such as banking and retail).

Economic status: Baltia is the 17th largest economy in Europe (behind Portugal, ahead of Greece). Baltia is part of the EU but is not in the eurozone; it uses a domestic currency, the Balt. Its main industry is heavy machine-building, followed by intermediate manufactured goods (plastics, steel, iron) and then agriculture and fishing.

Baltia's two main trading partners are Poland (services) and Germany (goods). It is heavily eurozone-dependent for trade (some 80 per cent).

Defence procurement: The Baltian military, spurred by counterterrorism concerns and Russian revanchism, is increasing its procurement budget. There are currently several valuable contracts being decided:

- A squadron of multirole fighter jets, for which the competitors are the American F/A-18E Super Hornet and the French Dassault Rafale – some €5 billion;
- Armoured fighting vehicles (either British/Swedish BAE CV90s or a Polish contract to modernize Soviet-era BMPs) – €1.5–3 billion; and
- A naval modernization programme, which may include patrol craft, radar, maritime patrol aircraft and, potentially, submarines. This is at a much earlier stage, and British, American, French, German, Polish and Scandinavian firms are all in competition for various aspects. The total contract value might exceed €5 billion.

‘Index of Risk of Populist Authoritarianism’

Independent researchers have developed a polling-based instrument to gauge a nation’s susceptibility to authoritarian governance. With respect to Baltia, the index shows the following measures:

- Sense of **loss of national identity** (up 25 per cent in five years)
- Sense of **feeling left behind** (up 36 per cent in five years)
- Sense that **life has become more dangerous for people like you** (up 24 per cent)
- Sense that **national identity has become compromised** (up 37 per cent)
- Decrease in **confidence in the government** (down 20 per cent in two years)

Accordingly, the index suggests that Baltia is at a **moderately high risk** of electing an authoritarian government.

Other socio-economic factors support the index’s findings:

- Baltia’s low economic growth, driven by loss of export markets to China and India
- High immigration from MENA and Ukraine from 2014
- Anti-Roma discrimination
- Creeping anti-Semitism
- Brain drain: well-educated youth population leaving Baltia for the UK, Germany and France; compounded by low fertility rates and low population growth
- High youth unemployment
- Labour shortages
- Over-reliance on Russian gas for energy, including winter heating

Country-specific information

EU: There are increasingly fractured relations between the EU and Baltia, due to the latter's often provocative rhetoric on free movement of people. The BLP government, in an attempt to appease civil unrest and gain a more stable footing in parliament in the upcoming election, seeks to reform Baltia's relationship with the EU, while the BPP has stated that it will hold a referendum on continued EU membership if it comes to power. The EU has been critical of Baltia for not recognizing the role it should play in hosting immigrants coming from the MENA region and Ukraine. For both political and economic reasons, the EU is opposed to Baltia's withdrawal from the bloc.

France: Relations have continued to sour between France and Baltia, especially since President Emmanuel Macron was voted into office earlier in 2017. The BPP was a vocal supporter of the far-right candidate Marine Le Pen during the election campaign, and is strongly opposed to Macron's plans to overhaul the EU's 'posted workers' system, from which Baltia, as an Eastern European member, currently benefits. Many French businesses, especially in the construction industry, also oppose Macron's plans, arguing that cheaper labour coming from Eastern Europe bolsters their businesses and drives economic growth. Macron has criticized the BLP government's reluctance to take in refugees, and has threatened to seek penalties for Baltia via the European Commission if it does not relent in its opposition to his reform proposals on posted workers.

France's Dassault Industries is in contention for Baltia's fighter jet procurement contract. Winning the contract would support several thousand high-skilled manufacturing jobs. French companies also hold several valuable contracts for maintaining and upgrading the infrastructure around Baltia's late-Soviet-era nuclear power plants.

Germany: There are strong economic ties between Germany and Baltia, with almost a third of Baltia's exports going to Germany. These ties are threatened by the increasingly nationalist sentiments being voiced by the BLP to appeal to its waning support base. Germany has established large engine manufacturing plants and R&D centres in Baltia, employing thousands; these jobs would potentially be threatened if Baltia left the EU. Merkel's CDU party has been vocal in its criticism of Baltia's anti-EU rhetoric, especially because Germany employs many Baltian migrant workers. Germany, along with Turkey, continues to lead on the refugee crisis, and has called on Baltia to relax its asylum laws and receive and house more refugees. Germany's far-right AfD party made significant gains in the 2017 election, exerting greater pressure on the incoming government to change its own refugee policy. The rise of the far right in Germany has inspired further confidence on the part of the BPP, which cites the AfD's gains as an indication of a turning tide.

German companies hold valuable contracts to upgrade the Baltian rail network, and the German defence industry is putting together a multi-billion-euro bid for a comprehensive modernization of the Baltian navy, including new and retrofitted shore-based radars and warships.

NATO: Conducts several training exercises in Baltia each year, much to the frustration of Russia. Baltia's geographical position makes it crucial for NATO's ability to project power throughout the Baltic Sea and to monitor Russian traffic to and from Kaliningrad (although a long-standing treaty ensures Russian naval access via the Straits of Latvia). The Baltian military stagnated throughout

the 1990s and early 2000s, but the country's government has invested significantly in recapitalizing in recent years.

NATO does not take an institutional view on which country supplies Baltian defence equipment, but it strongly opposes the BPP's suggestion that Baltia could save money by procuring Russian equipment.

Sweden: Migration rates between Baltia and Sweden are high; over 100,000 Baltians are resident in Sweden, while Swedes are the second largest group of foreign students in Baltia. There are strong economic ties between both countries; Baltia is the biggest importer of Swedish seafood, and a significant customer of the Swedish defence industry. Baltia has invested heavily in the Baltic Pipe, which will deliver natural gas from Norway, through Sweden and into Poland with a branch into Baltia. The project is unpopular with the BPP and with sections of the Baltian public, who believe that financial contributions from the state towards the project would be better spent on social housing and welfare. Moreover, France and other EU member states are applying pressure on Sweden to delay the pipeline project until Baltia lends its support to the reformed posted workers directive.

Poland: Close diplomatic relations stem from a shared cultural heritage and closely related national languages. The two countries are key trading partners, and their politics have followed similar trajectories. They are united in their criticisms of the EU, and are quick to jump to each other's defence in the face of disputes with Brussels. Members of the BPP have announced support for Poland's far-right National Movement, stating that their close ties are rooted in a common desire to defend the idea of the nation state as well as the Christian values and ethnic composition of both countries. Independent observers have pointed to significant and ongoing collaboration between far-right groups in both countries.

A government-owned Polish company has been shortlisted in a tendering process to provide land vehicles for the Baltian army, and has proposed a modernization of the Baltian army's Soviet-era armoured vehicles, which would be 50 per cent cheaper than the alternative.

UK: The UK is Baltia's third largest trading partner. It receives thousands of migrant workers from Baltia each year; however, with Brexit in process there are fears that many Baltian migrant workers will have to return home. While there are positives related to the return of skilled labour to Baltia, the country's economy would be hit by the loss of €500 million that is currently sent back by Baltian migrant workers each year. Baltia supports the British approach to sanctions against Russia, while the UK recognizes the value in keeping strong relations with a state on the Russian border.

Britain's BAE Systems has been shortlisted (along with its Swedish subunit) in the Baltian army land vehicle tendering process, which is potentially worth some €3 billion for the supply of CV90 armoured fighting vehicles.

Spain: The Spanish government maintains largely friendly – if somewhat distant – ties with the Baltian government. The strengthening of ties between Poland (Baltia's close ally) and Spain through the 1998 Common Polish-Spanish Declaration has served to improve Spanish–Baltian relations, with bilateral trade having amounted to €2.1 billion in 2016; Spain is also the 12th largest investor in Baltia.

The BLP has shown support for the Spanish government's move to suppress Catalan independence. While elements of the BPP have praised Catalan secessionist movements, this hasn't been echoed by the party core, which has largely been silent on the matter.

US: Ties between the two countries have not weakened since the election of President Trump. The US president has relatively good popularity ratings in Baltia, and the BLP has managed its relationship with him with some degree of success. The BPP has openly praised Trump, and Trump caused a minor diplomatic incident by praising the party on Twitter and endorsing it in the forthcoming election. He has also tweeted his support for Baltia's potential acquisition of US-made F/A-18E Super Hornet fighter jets ('JOBS!').

Boeing is competing for Baltia's fighter jet contract. Winning the contract would support several thousand high-skilled jobs in competitive Congressional districts.

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