The Three Seas Initiative as a Geopolitical Approach and Austria’s role

Introduction

The “Three Seas Initiative” (TSI) was launched in 2015 and builds a framework for a pragmatic collaboration aimed at creating a network of cooperation possibilities for twelve countries of the Central and Eastern European region (CEE). It seeks to promote large-scale infrastructural, digital, and energy-related investments that are highly needed in this geographic area, as the region still faces underdevelopment challenges mainly in the field of infrastructure and interconnectedness following 45 years of socialist rule and its lasting negative setbacks after the collapse of the Soviet Union. The TSI has been conducting a supportive role in relation to the efforts of the European Union (EU), which has been playing a key role in gradually building better infrastructure and interconnectedness in the CEE countries and aiming to overcome the present gap between the West and the East of Europe. Regarding the CEF (Connecting Europe Facility) Transport program, €23.4 billion has been made available for grants from the EU’s 2014-2020 budget in order to cofund TEN-T projects in the EU. Since 2014, several calls for project proposals have been launched supporting 935 projects and a total amount of €23.1 billion in the transport sector.

The CEE aims to achieve the infrastructural standards of Western Europe and overcome the legacies of the communist era, the outdated technology and unsustainable energy supply systems and neglected transport roads. The European integration led to key investments in connectivity regarding the East-West axis, which resulted in the North-South axis being much less connected. By launching a North-South infrastructural axis, the Three Seas Initiative aims to create an interconnected and more self-sufficient Europe with greater diversification of supply chains and infrastructure. The TSI with its ambitious goals exceeds all previous projects of the 12 signatory states and has a great potential for the future connectivity in Europe.

The Economic Pillar of the Three Seas Initiative

Altogether, the current members of the TSI represent roughly a third of the EU’s territory, a quarter of its population, and one fifth of its GDP. It is one of the fastest growing regions in the world, taking into account that the level of development of some of the states (e.g. Slovakia) was similar to the “Asian tigers” before the Covid-19 pandemic.

Prior to the Covid-19 crisis, these states experienced the highest economic growth in the EU, approaching 3.5% compared to the bloc average of 2.1% at the beginning of 2020. According to the latest projections by the IMF published in a study by Bruegel, this geographic area will witness the most significant post-Covid economic growth, which will help the countries catch up with Western Europe in economic terms. The Three Seas Initiative could reinforce the area’s economic momentum by attracting more private investors, as without the engagement of the private sector and private capital the development gap between the Three Seas region and the rest of Europe in most of the sectors cannot be overcome. The TSI does not only play a role in achieving gas supply independence from Russia, but also enables a higher level of infrastructural interconnectedness. One of the flagship projects of the TSI is the Via Carpatia highway that is planned to lead through Poland, Slovakia, Hungary, and Romania to Greece. This new highway would be the main integration element for the less developed regions of east Poland, east Slovakia, and east Hungary.

Finland and Estonia signed a memorandum of understanding (MoU) on large-scale transport projects, including the 103 km Helsinki–Tallinn undersea rail tunnel, Rail Baltica, and the North Sea–Baltic Sea corridor. This tunnel could be important for trade with Asia through the future Arctic Northern Sea Route, a shipping line between the Atlantic Ocean and the Pacific Ocean.

The Security Pillar of the Three Seas Initiative and the Role of the US

The TSI countries also want to strengthen European security in the context of regional threats and risks, such as the growing influence of Russia, by increasingly cooperating with the US. By investing in the TSI, the US is not only setting its foot in the neighborhood but also hopes to lure the region to its side and make it more strategically predictable. In order to do so, the US provides liquified natural gas (LNG) to allow CEE to diversify their energy sources and thus become less reliant on Russian oil and gas.

The US has been supporting the TSI from its very beginning. This could be seen at the TSI summit in Warsaw in 2017, at which then President Donald Trump expressed his support towards the initiative. Further, US Secretary of State Mike Pompeo pledged $1 billion (€850 million) for the TSI fund as well. In October 2020, before the presidential elections, Joe Biden also showed interest in the TSI. The latter was confirmed after Biden’s victory, when the American Congress issued resolution n. 672 supporting projects under the TSI and the strategic concept of this initiative. In 2021, the Biden Administration plans to continue to nourish the TSI as a central component of U.S. policy in Europe. The TSI presents also a great opportunity for the US to pursue its own economic interests in the region and use it as an instrument in the fight against China’s influence in the CEE. The TSI enables the US to achieve economic
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and technological influence in the region and is at the same time seen as part of its influence projection towards Asia. The US has a good chance of success, as the suspicion of Chinese ambitions is growing within the CEE countries, amplified by the coronavirus crisis which revealed how unstable global supply chains are due to dependencies on China. The US is also trying to slow down China’s influence on mobile phone technologies with its “5G Clean Network Security” plan. The 5G network is essential for the interests of the US because it enables the control of data in regions where it is maintained.

The Three Seas Initiative

The Three Seas Initiative (TSI) was agreed at the 2018 TSI Summit in Bucharest. Among these are many gas projects that are of pivotal importance for the Visegrad 4 countries and for other countries of the CEE and their supply diversification: “The GIPL gas pipeline (Poland-Lithuania), BRUA gas connection (Bulgaria-Romania-Hungary-Austria, and Easting gas pipeline (Slovakia-Hungary-Romania-Bulgaria), Romania-Hungary interconnector, Baltic Pipe (Norway-Denmark-Poland, Poland-Slovakia, and Poland-Ukraine gas interconnections).”

The Financial Pillar of TSI

TSI can play a supportive role in the post-pandemic recovery, as investments and new projects under the TSI will be highly needed in post-Covid Europe. Recently, the European Commissioner for Energy, Kadri Simson, highlighted the pivotal role of the Three Seas Initiative in helping Central and Eastern European countries to recover from the economic backsliding caused by the pandemic and in supporting Europe’s Green Deal.

The EU agreed to provide funding for about half of the planned projects under the TSI. However, more money is needed, given that the financial means required to modernize the CEE region are enormous and up to date present approximately 600 billion euro.

There is also a TSI Investment Fund, providing economic support to the initiative in developing the region’s infrastructure. The Fund was registered on 29 May 2019, in Luxembourg. Its initiators were Poland’s development bank Gospodarstwa Krajo wego (BGK) and Romania’s national EximBank, which were also the first investors. On 16 April 2020, Estonia became the third country to join the Three Seas Initiative Investment Fund, contributing €20 million. Poland contributed with $875 million and Slovenia with $28 million. Bulgaria, Croatia, Hungary, Latvia, Lithuania, and Romania have also contributed with large sums. These investments will hopefully help the positive progress of the TSI projects and will also support the post-pandemic recovery. The TSI, with the support of the US, and despite Covid-19, continued to gain success over the past year. It can be viewed as an investment in both collective and national defense as well as in economic growth, and as an initiative with further potential.

Austria’s bridge-building approach to TSI

Austria occupies a unique position within the TSI because it sees itself as a bridge between Western Europe and the former Soviet bloc of countries in Central and Eastern Europe. The Alpine republic is the only member that was not part of the Warsaw Pact or Yugoslavia during the Cold War. In this context, Austria could become both a spoiler and a multiplier of the TSI. On the one hand, Vienna sees no incentive to participate in the TSI as a way of reducing the dependency of EU members on Russian oil and gas imports, since the country itself plays an important role as an energy hub for Russian supplies to the European market. On the other hand, Austria could make a significant contribution to the development of the transport and digital North-South infrastructure.

Austria has a great potential to play a spoiling role as it does not always share the same geo-economic interests with the other member states, especially on key energy and infrastructure issues. For example, many Eastern European countries, which were under Moscow’s domination for decades, fear Russia’s growing influence in the region and oppose the completion of the Nord Stream 2 gas pipeline. Incidentally, they also favor liquefied natural gas imports, including those from the U.S., which are increasingly expected to reach Europe via Poland’s Baltic coast. Austria, on the other hand, sees the Nord Stream 2 pipeline, which OMV is also involved in financing, primarily as a “commercial project.” The diversification of energy sources and likewise the diversification of energy routes are of great importance for Austrian interests. There is a large gas pipeline project from Romania to Austria, the so-called BRUA project, in which Austria is very interested. This pipeline is to supply natural gas to customers.
in Bulgaria, Romania, Hungary, and Austria in the future. In the construction of the pipeline, the Three Seas Initiative could be of decisive help.\textsuperscript{45}

As far as possible multiplier effects are concerned, the Alpine republic also has a geopolitical agenda. If there is a geopolitical role that fits Austria’s ambitions in Europe to a great extent, it is the role of a “bridge builder”, which Vienna has been eagerly exercising since the EU enlargement waves of 2004 and 2007. The EU accession of the CEE countries moved Austria from the periphery to the center of the EU’s borders, combined with a great potential to benefit economically from the new markets in the East. The $80 billion high-capacity rail and road corridor will link the ports of Gdansk and Swinoujscie with those of Trieste, Rovinj, and Ancona, after crossing heavily industrialized areas such as Warsaw, the Upper Silesian coal basin, Vienna and the Po Valley. Austria still has to decide how to define its role in the Three Seas Initiative in order not to become a free-rider in terms of investment gaps and infrastructure requirements compared to the other CEE countries.\textsuperscript{46}

In general, Austria takes a positive view of the U.S.-led TSI for closer cooperation in Central and Eastern Europe, but nevertheless opposes possible “duplication” due to other EU-funded projects and insists on the EU’s leading role in this framework. Austria wants to avoid an overlapping of European structures, funding instruments and approaches based on EU participation. From Vienna’s perspective, the initiative offers a good opportunity to support EU efforts to strengthen cohesion and reduce existing regional disparities, for example by expanding infrastructure and improving connectivity. Austria sees the added value mainly in contributing to the implementation of already existing plans in the EU, for example in the areas of infrastructure, energy, and digital connectivity. In addition, Austria expects the TSI to raise political awareness of this regional dimension of European integration.\textsuperscript{47}

In conclusion, Austria will continue to support the TSI as a framework for the definition, development, and implementation of common objectives of the countries of the CEE region, which will continue to be of strategic importance for its geopolitical and geo-economic interests.

Geo-economic and geopolitical implications of the Three Seas Initiative

This initiative is by far one of the boldest and most ambitious geopolitical projects of modern times, aimed at radically changing the destiny of Central and Eastern Europe. TSI is geostrategic in nature because it promises to further integrate and connect this region to Europe’s major energy, transportation, and communications networks. This will ultimately create new opportunities for the EU to act as a coherent geo-economic actor in the region and to promote its further modernization. The objectives of the Three Seas Initiative are fully in line with the EU’s priorities in areas such as digital transformation, improved connectivity, and the rebuilding of economies after the Covid-19 crisis.\textsuperscript{46} The U.S. will also benefit from the TSI because it can sell liquefied natural gas to most members of the initiative and help them build the necessary pipeline distribution system from North to South, unlike the current gas supply system from Russia to Germany (Nord Stream 2).\textsuperscript{49}

In this context, the TSI reveals the overlapping of geo-economic interests between Brussels, Washington, and Berlin.\textsuperscript{10} Their interests overlap not only in terms of coinciding geopolitical calculations, but also in terms of building a solid counterweight to China’s own Belt and Road infrastructure initiative and the 17+1 initiative in CEE. The China-Europe Land-Sea Express Route includes Hungary, Serbia, northern Macedonia, and Greece, and connects to the Chinese-owned port of Piraeus. This is a key project of China’s infrastructure connectivity in Southeast Europe. Meanwhile, Lithuania was the first country to leave the China-led 17+1 format, calling on the EU to “move from a divisive 17+1 format to a unifying and therefore much more efficient 27+1 format. The EU is strongest when all 27 member states act together with the EU institutions.”\textsuperscript{51}

Facilitating the geo-economic nexus between the North (the Arctic region), where the northern transport route is expected to significantly shorten the global flow of goods, and the South in the Mediterranean region, where member states are seeking new connectivity opportunities with North Africa, is of strategic importance to the EU, the Franco-German engine of European integration, and the US. Because of these realities, TSI members also emphasize the need for better communication by strengthening political and economic cooperation within the region and within the framework of the EU itself. The TSI could help erase the traditional division of Europe into West and East and overcome this stigma, which would also benefit EU integration and cohesion toward a unified CEE.\textsuperscript{52} Increasing integration could also improve the overlapping interests of these countries, which in the long run will strengthen their position in the EU itself.\textsuperscript{53}

Despite the various common intentions, the members of the Three Seas Initiative are politically divided. The political positions, especially toward Russia, are very different. Therefore, it is not yet possible to speak with one voice vis-à-vis the rest of the EU. Joint economic projects are the best long-term possibility for cooperation - and remain an “attractive tool” for the U.S. and the EU to exert positive influence in this part of Europe.\textsuperscript{54}

Countries from the Anglophone\textsuperscript{55}, the Quad\textsuperscript{56}, and Three Seas Initiative countries have pushed in parallel for infrastructure projects, supply chain reconfiguration, and military interoperability, in contrast to China’s global Belt and Road Initiative and the 17+1 Initiative in Central and Eastern Europe. In this context, the Three Seas Initiative should be seen as a geopolitical and geo-economic project of the EU and the U.S. aimed at creating North-South connectivity corridors (Baltic-Adriatic-Black Sea) along transportation, energy, and infrastructure routes that will be necessary for expanding EU-North Africa links and containing the influence of the Dragon Bear (China and Russia).
In summary, the CEE region has suffered far too long from its satellite role within the Soviet Union during the Cold War and is now in danger of becoming a “buffer zone”, squeezed between Western Europe on the one hand and assertive regional players such as China and Russia on the other.22 However, the race for new infrastructure, transportation, and digitalization connectivity between the main competitors could lead to more incentives for the EU and the U.S. to engage more actively, which will have a positive impact on the balance of power in this region.

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Endnotes


3) Musialek, “The Three Seas Initiative”

5) Lewicki, “Meet the Three Seas Initiative”
6) Musialek, “The Three Seas Initiative”


10) Musialek, “Iniciativa Trojmoří: Velké ambice,”

12) Sál, “Iniciativa Trojmoří: ‘Velké ambice’”
13) Lewicki, “Meet the Three Seas Initiative”
14) Ibid.

16) Lewicki, “Meet the Three Seas Initiative.”
17) Ibid.


19) Sirdzka, “Europe’s Three Seas Initiative: Aims to Curb Chinese Influence”
20) Lewicki, “Iniciativa Trojmoří: Jaký MA Geoestrategický Význam pro Evropu a USA?”

22) Sirdzka, “Europe’s Three Seas Initiative: Aims to Curb Chinese Influence”
23) Lewicki, “Iniciativa Trojmoří: Jaký MA Geoestrategický Význam pro Evropu a USA?”
24) Sirdzka, “Europe’s Three Seas Initiative: Aims to Curb Chinese Influence”
25) Ibid.

26) Lewicki, “Iniciativa Trojmoří: Jaký MA Geoestrategický Význam pro Evropu a USA?”

28) Kochis, “The Three Seas Initiative is a Strategic Investment that Deserves the Biden Administration’s Support,” 1-7.

29) Urmata, “The Three Seas Initiative”
30) Musialek, “The Three Seas Initiative: Natural Gas in Central European Foreign Policy”
31) Sál, “Iniciativa Trojmoří: Velké ambice,”
32) Lewicki, “Meet the Three Seas Initiative: The crucial international project you probably know little about.”


35) Musialek, “The Three Seas Initiative: Natural Gas in Central European Foreign Policy”
36) Sál, “Iniciativa Trojmoří: Velké ambice,”
37) Barska, “Three Seas Initiative Source Digest”
38) Morris, “The Three Seas Initiative: Europe’s Answer to the Belt and Road?”

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45) Alexander Van der Bellan, “Gipfel treffen der Drei-Meer-Initiative in Bukarest: Bundespräsident Alexander Van der Bellan befürwortet das Projekt, um die regionale Zusammenarbeit in Mittel- und Osteuropa zu fördern,” Bundespräsidnet.at, Sep-