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The centre-left government takes power in Lithuania

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The new government of Lithuania led by Algirdas Butkevicius, a Social Democrat, won a vote of confidence in parliament on 13 December. The coalition, which has a constitutional majority, has been formed by centre-left groupings: the Social Democrats, the Labour Party, Order and Justice, and the Electoral Action of Poles in Lithuania (AWPL).The Social Democrats will be in charge of the key ministries, including the ministries of finance, the economy, defence, and foreign affairs – in total 7 of the 14 ministries (see Appendix). The Ministry of Internal Affairs will be controlled by the Order and Justice party, which also has two representatives in the government. The Labour Party will direct four ministries. Jaroslaw Niewierowicz from AWPL will be the minister for energy (AWPL will also have five deputy ministers, including one for education). The political opposition will consist mainly of Conservatives/Christian Democrats and Liberals. The opposition party the Way of Courage has adopted a neutral stance, expecting that – given the Labour Party's problems with the law – it might in future back the government and the coalition led by the Social Democrats.

The agenda of the government led by Prime Minister Butkevicius for 2012–2016 is rather vague and sets only general directions of activity. The key sections of the government's agenda – foreign policy and the energy sector – are based on opposing the stance taken by political right, who governed the country for the past four years. In the opinion of the prime minister, Lithuania must above all improve relations with its neighbours. He believes that resuming a strategic partnership with Poland is a top priority. As regards relations with Russia, Butkevicius is aware of the fact that the key task will be to settle Lithuania's disputes with Gazprom. However, this will require amending the energy policy so that the interests of this sole gas supplier are taken into consideration.

A new government is formed under pressure from President Grybauskaite

President Dalia Grybauskaite played an essential role in the process of forming the government. She blocked all candidates for ministers from the Labour Party, claiming that each of their candidates was insufficiently competent. She had previously announced that she expected the prime minister to make personnel proposals which would be based on real competences and not the affiliation of the candidates. Examples of such nominations may be seen in the choice of the minister of foreign affairs, Linas Linkevicius (who represents the Social Democrats but was also a member of right-wing cabinets in the past) and the

minister for energy, Jaroslaw Niewierowicz (an ethnic Pole delegated by AWPL, who is not a member of this party and who has made a career in Lithuanian diplomacy over the past few years; most recently, he directed the Polish-Lithuanian company, LitPol Link).

The Labour Party is a populist grouping. It is centred around its leader and founder, Viktor Uspaskich, who is an ethnic Russian and a millionaire who has built his fortune on gas supplies from Gazprom. This party has no specialists who are competent enough to direct ministries. Grybauskaite has not succeeded in her attempts to eliminate the Labour Party from the government, but she has clearly expressed her objection to the presence of this grouping in the coalition. In her efforts to eliminate the Labour Party from the government and the coalition, Grybauskaite has made references to charges from the public prosecutor, according to which party funds were embezzled in 2004–2006. Similar charges have been brought against three influential Labour Party MPs, including its leader, Viktor Uspaskich. Should parliament decide to rescind their immunity, they may face penal proceedings. The public prosecutor has requested this action be undertaken. If this situation comes about it will spell a serious crisis in relations between the coalition members (the parliamentary inter-party commission has recommended that immunity should be rescinded in the case of these three MPs) and could as a consequence even lead to a break-up of the newly created coalition.

The coalition partners have not as yet decided to enter into a sharper confrontation with the president, even though they have a constitutional majority in parliament (and may even lead to impeachment). In this case the stance taken by Social Democrats is decisive. They would benefit from weakening the position of the Labour Party and its leader, Viktor Uspaskich who, as a coalition partner has ambitions to influence especially the government's economic and energy policy.

Major elements of the government's agenda

Prime Minister Butkevicius has been trying to set the general guidelines for 2012–2016, resulting in rather a blurred vision. As regards the economy, he will make efforts to stimulate economic growth and production, but he has also promised that social benefits will be preserved. The most vital elements of the new government's agenda put an emphasis on the differences between the stance taken by the new cabinet and the agenda and the policy of its predecessor led by Prime Minister Andrius Kubilius – this is especially evident in the parts dealing with foreign policy and the energy sector.

Foreign policy

Close co-operation with the EU and NATO is still a priority. Defence expenditure will remain a difficult element of relations with NATO. Lithuania has undertaken that this should be 2% of GDP. The government has promised to increase spending in this sector (pursuant to an agreement reached by all major Lithuanian parties in spring 2012), but no precise dates (not earlier than 2014) or levels of expenses have been provided. Until then, defence expenditure

will remain at 0.79% of GDP. Lithuania is being criticised for this by its partners in NATO.

The prime minister has granted high priority to improving relations with Lithuania's neighbours, which deteriorated while the political right was in power. This concerns primarily the strained relations with Russia and the cooling in relations with Poland.

Relations with Russia are especially challenging. The energy policy of the Kubilius cabinet included actions aimed at diversifying gas supplies to Lithuania and depriving Gazprom of control over transport infrastructure (as part of the third energy package's implementation). This led to open conflict with Gazprom (both parties have brought complaints against each other to the arbitration court in Stockholm). Butkevicius may unblock high-level diplomatic relations with Russia mainly by adjusting at least those actions of the political right which challenged Gazprom's interests. This does not mean a withdrawal from the process of implementing the third energy package in Lithuania. This only means that Gazprom's interests will be shown more respect in the process of its implementation, which the prime minister seems prepared to do. However, the price of this new opening up in relations with Russia may be higher. Russia has recently been accusing Lithuania of training the opposition in Russia. Thus it has been trying to put pressure on the new government in the areas which Moscow traditionally attaches great significance to, such as Vilnius's support for democratic processes in the post-Soviet area. The new Lithuanian coalition has also announced it will reduce pressure concerning Lithuania's financial claims for the years of Soviet occupation in the country. This is also an important and welcome gesture for Russia.

The prime minister hopes that the 'pause' in Polish-Lithuanian relations, which had been announced by President Grybauskaite, will end. The Polish demands that Lithuania should fulfil its treaty obligations with regard to Poland, mainly those concerning the rights of the Polish minority, were seen by the previous government as political pressure, which was at time compared to the pressure Russia was putting on Lithuania. In effect, the political right decided that the Scandinavian direction should become a political priority for Lithuania as an alternative to its frozen relations with Poland. The new prime minister has announced his desire to reconstruct its strategic partnership with Poland and has declared his readiness to visit Warsaw as soon as possible. The new government's agenda, which includes elements that are seen as essential by the Polish minority, is a clear goodwill gesture from the new coalition, one of whose members being AWPL. The government has announced an education budget reform, which will solve the problem of underfinanced Polish schools, thus meeting the Polish minority's expectations. It has also promised to postpone the introduction of a uniform examination in Lithuanian for both Lithuanian and minority schools. It has declared its will to finalise the process of returning land to its former owners. Furthermore, the government has undertaken to support the cultural development of national minorities, to prepare a bill on national minorities (there is no such law at present) and to create a Department for National Minorities which will handle the issue of the spelling of people's names and place and street names. As with the other chapters on the agenda, the part concerning national minorities fails to provide any detailed timeframes or ways for the obligations to be fulfilled. It needs to be emphasised that similar declarations have already been heard from prime ministers before, including from Social Democrat Gediminas Kirkilas.

The fact that Linas Linkevicius (currently Lithuania's ambassador in Belarus) has been nominated foreign minister confirms that political relations with this country, which Lithuania has made efforts to uphold despite the imposition of European sanctions, will remain of key significance. They are vital not only because of the possible economic benefits offered for example by the handling of Belarusian transit but also in the context of Lithuania's presidency of the Council of the European Union in the second half of 2013. Lithuania has ambitions to maintain political dialogue with the Belarusian government on behalf of the entire EU, which is to be Lithuania's essential contribution to EU policy both during the Lithuanian presidency and in the longer term. However, Minsk is an especially difficult partner in this case. Like Moscow, it will be ready to co-operate when provided with real economic offers and political gestures important from the point of view of Lukashenka's regime.

Energy policy

The new government has not presented any clear vision in this area of the economy which the previous cabinet had treated as an issue of key significance. Building energy bridges with Poland and Sweden is still a priority. The government has announced it will continue the construction of the LNG terminal, but it will change the financing project for this investment. Since no details have been provided, it may be expected that the obligation to buy 25% of gas from the Lithuanian LNG terminal, which was to be imposed on Lithuanian gas recipients, will be lifted as the prime minister has alluded to this. Thus the government will meet halfway the interests of local business circles (influential in Lithuania) and the interests of Gazprom itself (which is demanding free competition on the market). The issue which gives rise to the greatest amount of questions is the government's stance on the continuation of the project which envisages the construction of the Visaginas Nuclear Power Plant. The government has promised to continue analysing the possibilities of building a nuclear power plant in Lithuania, which means that the new prime minister's stance on the Visaginas project (who had been critical so far) has altered and is moving closer to the stance taken by President Grybauskaite. The prime minister has announced recently that the new nuclear power plant could be built if arguments proving the existence of benefits from this investment are forthcoming. The new energy minister, Jaroslaw Niewierowicz, can be seen as Grybauskaite's ally in the government as regards energy issues. He is also a convenient partner for the prime minister himself as tasks aimed at reaching a consensus on energy policy between the government and the president, who wishes to keep control of the new government's activity in the energy sector, can be entrusted to him.

Appendix

The composition of the new government

Algirdas Butkevicius (the Social Democratic Party) – prime minister

The new leader of the Social Democrats, who have seen a leadership crisis over recent years. The new prime minister is not perceived as a strong leader. He represented the political left during the recent presidential election, and received the second largest support after Dalia Grybauskaite, whose victory was sweeping. He has served as the minister of finance and later as the minister of transport and communication.

Rimantas Sadzius (the Social Democratic Party) – minister of finance

Birute Vesaite (the Social Democratic Party) – minister for the economy

Juozas Olekas (the Social Democratic Party) – minister of defence

Rimantas Sinkevicius (the Social Democratic Party) – minister of transport and communication

Vytenis Povilas Andriukaitis (the Social Democratic Party) – minister for health

Juozas Bernatonis (the Social Democratic Party) – minister of justice

Linas Antanas Linkevicius (the Social Democratic Party) – minister of foreign affairs

Known for his expertise in both defence and foreign affairs. He is a member of the Social Democratic Party. He has served as defence minister twice in left-wing governments. When Lithuania was applying for NATO membership, he was the Lithuanian ambassador to NATO. Following accession, he became Lithuania's permanent representative at NATO. He is also valued by the political right. The conservative prime minister, Andrius Kubilius, made him his advisor and in July 2012, upon approval from President Grybauskaite, he nominated him ambassador to Belarus.

Sarunas Birutis (Labour Party) – minister of culture

Algimanta Pabedinskiene (Labour Party) – minister of social care and labour

Dainius Pavalkis (Labour Party) – minister of education and science

Vigilijus Jukna (Labour Party) – minister of agriculture

Dailis Alfonsas Barakauskas (Order and Justice) – minister of internal affairs

Valentinas Mazuronis (Order and Justice) – minister of the natural environment

Jaroslaw Niewierowicz (AWPL) – minister of energy

Not a member of AWPL, but has held twice positions in the government assigned to AWPL – he was deputy minister of foreign affairs (2006) and is currently the minister of energy. He is an economist, who has been involved in the Lithuanian state administration for ten years. He graduated from the Warsaw School of Economics in Poland and embarked on his career in Lithuanian diplomacy. He was working at a Lithuanian agency in Washington and then at the Lithuanian Ministry of Foreign Affairs as a specialist in security and NATO. From 2008, he was the head of the Polish-Lithuanian company LitPol Link, which ensures electric energy connection between Poland and Lithuania. His candidacy for minister of energy did not raise any controversies in Lithuania, but he himself has never spoken publicly about issues concerning the situation of the Polish minority in Lithuania. The AWPL will also be represented in this ministry by deputy minister Renata Cytacka, who is a member of this party and who is famous for her struggle for Polish school education and demands to expand the scope of the use of the Polish language in Lithuania.