

Chapter 5

Kaliningrad: Changing Perceptions

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Introduction

The Kaliningrad Region (*Oblast*), a part of former East Prussia, was given to Stalin at the Potsdam Conference in 1945. It is surrounded by Poland, Lithuania and the Baltic Sea. Its territory is 15,100 square kilometres and the population is about 950,000 inhabitants (including 75 per cent Russians, quite substantial numbers of Belorussians, Ukrainians and Lithuanians and 0.2 per cent Germans), almost half of whom are concentrated in Kaliningrad. The enclave belongs to the North-Western Federal District (Russia has seven such districts), whose capital is St. Petersburg.

Kaliningrad was the Soviet Union's military outpost on the Baltic in the Cold War period. However, with the breakdown of the Soviet Union Kaliningrad found itself sandwiched between Poland (to the south) and Lithuania (to the east). The region had to deal with numerous problems ranging from provision of basic supplies and transit (civilian and military) to visa and customs regimes. NATO and EU enlargements created a new set of problems that are far from being solved.

These developments have attracted a great deal of attention from the Russian and world academic communities. One group of works examined socio-economic development of the region in the post-Communist period (Bilczak 2002; Council on Foreign and Defence Policy 2000, 2001; Fyodorov 1998; Klemeshev 2004; Klemeshev et al. 2002; Smorodinskaia

2001; Smorodinskaia, Kapustin and Malygin 1999; Zhdanov 2000). Other scholars studied military-strategic aspects of the problem (Krickus 2002; Lachowski 1998; Pedersen 1998; Trynkov 1998). The third category of works analyzed the implications of NATO and EU enlargements for Kaliningrad (Deriabin 2000; Fairlie 2000; Fairlie and Sergunin 2001; Ginsburg 2000, 2004; Gourova 2000; Joenniemi, Dewar and Fairlie 2000; Krickus 2002; Leshukov 2000*c*). Finally, some experts discussed the future of the region and suggested concrete recommendations and options (Fairlie 1998, 2000; Fairlie and Sergunin 2001; Ivchenko 2002; Joenniemi 1996, 1999; Klemeshev et al. 2002; Smorodinskaia 2001; Songal 2000).

The authors differ by their theoretical and political approaches. Some specialists tended to be alarmists by considering Kaliningrad as a flash point of conflict or a source of insecurity for the entire Baltic Sea region (Lachowski 1998; Main 2001; Petersen and Petersen 1993). Others viewed Kaliningrad as a small change in the great powers' 'big game' (Alksnis and Ivanova 2001: 4; Bubenets 2001: 3; Velichenkov and Chichkin 2001: 2). There are also some experts who see Kaliningrad as a historical chance for Russia to be integrated into Western civilisation. For this school, Kaliningrad is a 'gateway' or 'pilot' region, a region of cooperation rather than confrontation (Fairlie and Sergunin 2001; Fyodorov 1998; Joenniemi, Dewar and Fairlie 2000; Klemeshev et al. 2002; Krickus 2002; Matochkin 1995; Songal 2000; Zhdanov 2000). Authors also differ by their specific suggestions and recommendations as to how to solve numerous Kaliningrad problems.

This study seeks to broaden understanding of Kaliningrad's current place in European politics and its future by considering the following fundamental questions:

- Why is Kaliningrad a problem both for Russia and its neighbours?
- What sort of federal policies of Russia's towards Kaliningrad should be suggested?
- How can the problems stemming from EU and NATO enlargement be solved?
- Which global, regional and sub-regional institutions are helpful in the case of Kaliningrad? How should they coordinate their activities in order to avoid duplication?
- What is the future of the region? Would it remain an isolated 'island'?

surrounded by the EU ‘waters’ or could it become a ‘gateway’ or ‘pilot’ region that may offer a model, which could be attractive to other Russian border areas?

There are also a number of more theoretical questions:

- Is the national sovereignty over the territories still important in the post-modern age?
- Do national borders matter in the present-day world? Do they divide or unite peoples of Europe?
- How can the Kaliningrad issue help to shift the focus of European politics from a ‘hard’ to ‘soft’ security agenda?
- Is it possible to make a sub-regional/regional security system more stable through intensive cross- and trans-border cooperation?
- Is Kaliningrad a place for inter-civilisational contact and cooperation or a border between Cosmos (the West) and Chaos (the East) (Tunander 1996) or manifestation of a Huntingtonian-type ‘clash of civilisations’? (Huntington, 1993)

The discussion below addresses some of these topical questions. It should be emphasised that these questions are not only of academic significance; they are also of paramount practical importance for Russia, the EU member states and other international actors.

1. Background

The EU enlargement has both posed challenges to Russia and opened up new horizons for its integration to Europe. The bright side of the current situation is that Kaliningrad (being surrounded by the EU countries) is a natural partner for the EU to cooperate with in areas such as economics, trade, transit of people and goods, transportation, environmental protection, research and education, etc. Numerous collaborative projects have already been implemented over the last decade. The institutional framework for such cooperation has been established and much positive experience has been obtained. Kaliningrad enjoys the reputation of the ‘pilot region’ in EU-Russia relations.

On the other hand, numerous barriers to four freedoms (4Fs)¹ still remain in the area. Among the most compelling needs, the following problems should be mentioned:

- *Constraints on the mobility of persons.* The 2003 introduction of the visa regime first of all affected the border area residents in Kaliningrad, Poland and Lithuania who had strong socio-economic ties to neighbouring regions (10 per cent of them depended on the cross-border shuttle trade). The 2002 EU-Russia agreement (which established the Facilitated Travel Document system) has eased the problem of travelling to and from Kaliningrad via Lithuania. However, this document (1) did not cover the transit via Poland (for some travellers it's easier to go via this country); (2) was of temporary character (Lithuania will formally join the Schengen *acquis* in 2007) and no permanent solution has been suggested so far; (3) allowed transit with Russian internal passports only till 31 Dec. 2004 and required international passports (while it's a problem for the Russian authorities to provide one million Kaliningraders and several million visitors from other regions with such documents), and (4) a feasibility study on the introduction of a visa-free non-stop train via Lithuania has not yet been done.
- *Trade barriers.* Although EU and Russia aim at creating a Common Economic Space and have already undertaken some steps to liberalise the bilateral trade regime, there are still many obstacles to cross-border trade in goods and services, including high customs and transit tariffs, non-tariff discriminatory practices, differences in standards, incompatibility of trade, bank, audit and book-keeping regulations, bureaucratic formalities, corruption, etc.
- *Hindrances to investment.* Chronic underinvestment hampers economic reforms in Kaliningrad. The following factors cause this problem: the lack of (1) an even and transparent system of government licensing, inspections and authorisation; (2) EU-Russia regulatory compatibility and convergence; (3) progress in demonopolising sectors providing utilities—power, gas, railways and oil transportation; (4) adequate financial services; (5) a simple and

¹ Four freedoms are freedoms of movement of people, goods, services and capital.

coherent tax system; (6) good corporate governance, and (7) the effective rule of law (i.e. stricter enforcement of rules and a judiciary independent from the executive branch).

- *Underdeveloped transport system.* The existing energy (gas and oil pipelines, electricity networks), transport (highways, railroads, harbours and airports) and telecommunication networks do not cater to the 4F's needs and should be modernised.
- *Underdeveloped border infrastructure.* Kaliningrad's contacts with neighbouring countries are hampered by slow border crossing formalities and *infrastructure* bottlenecks at the 23 international road, rail, air and sea border crossing points of the region. Such bottlenecks also entail the increase of criminality in the border areas. To eliminate these bottlenecks, new (especially road) border-crossings should be constructed and the existing ones should be modernised.
- *Institutional/societal problems:* (1) the lack of modern public administration and civil service, both at federal and regional levels, and slow pace of the administrative reform (abolition of overlapping government functions, revamping of intra-governmental fiscal relations, anticorruption measures); (2) the erosion of human capital (the growing brain drain, the deterioration of the education and health systems and inequality of access to public services), and (3) underdeveloped civil society institutions. Without solving these problems, enhancement of the 4Fs is hardly possible.

To solve these problems a joint effort of various actors at different levels is needed.

2. The Russian Political Debate on Kaliningrad

It became commonplace to assert that in the age of globalisation domestic issues are inseparable from international politics and that the borders between them are transparent and permeable. This is also true for the Kaliningrad issue. The Russian debate on Kaliningrad easily crosses the lines between purely domestic and international problematique because the very nature of this problem is defined by both internal and external factors. For this reason, it is advisable to examine not only Russian discussions on economic, social, environmental and legal aspects of the

Kaliningrad problem but also the Russian security perceptions of the issue. There are three main approaches to the Kaliningrad problem among the Russian political and academic élites: *political realists and geopoliticians*, *the liberal institutionalists*, and *the globalists*.

Political realists and geopoliticians view Kaliningrad (and the Baltic Sea area) as a manifestation of an eternal geopolitical rivalry between Russia and the West. In contrast with the past, the West prefers economic rather than military instruments for putting pressure on Russia. According to these paradigms, the aim of the EU policies is to secure Russia's status of the West's 'younger partner' and a source of cheap natural resources and labour force (Khlopetskii 2000: 111). They believe that the Kaliningrad SEZ (Special Economic Zone) detrimental to Russia's economic security and serves only as a camouflage for smugglers and corrupted officials. According to this school, the West is not interested in revival of the local economy and plans to make Kaliningrad a mere transit point in communications between the Baltic states and the 'mainland' part of the EU. This means that foreign investment will go only towards developing a transport infrastructure rather than to modernisation of local industry and agriculture.

Some realists believe that the EU is only a vehicle for German geopolitical ambitions: Berlin dreams about returning the former East Prussia into the 'German empire'. As the first step of this geopolitical plan a sort of a German economic protectorate over the Kaliningrad *Oblast* could be established (Bubenets 2001: 3; Velichenkov and Chichkin 2001: 2). These fears were widespread in the region in early 2001 when some rumours that Germany could forgive a part of Russian debts in exchange for securities of Russian companies (including the Kaliningrad-based firms) arose. There was a series of rallies in Kaliningrad where the local residents appealed to the President to confirm or to deny these rumours (Nuiakshev 2001: 7).

Other radical versions of realism and geopolitics believe that the final goal of the West is to disintegrate Russia and separate Kaliningrad from the country (the 'fourth Baltic republic' concept) (*The Baltic Independent* 4–10 Nov. 1994: 5; Khlopetskii 2000: 107; Alksnis and Ivanova 2001: 4). Realists think that Kaliningrad should retain its strategic importance and criticise the government for the premature dismantling of a formidable military infrastructure in the region. They recommend tightening the governmental control over the *Oblast* in order to prevent the region's

potential drift to the West. They believe that in case of ‘Western encroachments’ on Kaliningrad Moscow should make the region an ‘unsinkable carrier’, including the deployment of nuclear weapons (Alksnis and Ivanova 2001: 4). They also favour military cooperation with Belarus to counter-balance the NATO’s eastward extension and even make the Baltic states an ‘exclave’ in a strategic sense (Bubenets 2001: 3). Geopoliticians suggest providing Russia with the freedom of the civilian and military transit via Lithuania similar to those that Germany had in the case of East Prussia after World War I. If Vilnius disagrees they suggest questioning the territorial integrity of Lithuania, which obtained some Polish, Belorussian and German territories as a result of the Molotov-Ribbentrop Pact and World War II (Alksnis and Ivanova 2001: 4).

Since the realists and geopoliticians are the dominant schools in Russia, the current Russian leadership should take into account their authority (at least at the level of public rhetoric). During his July 2000 visit to Kaliningrad President Putin stated that Russia must increase the size of its Navy if it is to remain a major world power. ‘The navy is an important element in national defence and we give particular attention to the development of the military fleet’, said Putin, speaking from the decks of an anti-torpedo boat in the Baltic Sea port of Baltiisk, where he was overseeing the navy’s annual parade. ‘Russia cannot carry on without a navy if it wants to play a role in the new world order’, Putin asserted. Held every year on the last Sunday in July, the festivities are traditionally played out in St. Petersburg. But the 2000 parade commemorated Kaliningrad as the place where the Russian navy distinguished itself during World War II, fleet commander Vladimir Yegorov (later the Kaliningrad Governor) said. The Russian navy festivities here were performed by 5,000 sailors aboard 40 Russian warships, and some 40 military attachés from foreign embassies in Moscow watched the parade (*JRL*, no. 4432, 31 July 2000).

However, despite the *Kursk* submarine tragedy that emphasised the need for the state’s care of the Navy, the above stance should be taken with a grain of salt because the Russian leadership understands that the country simply has no resources for any ambitious programs.

The geopoliticians and realists are grouping around the influential think tanks, such as the Council on Foreign and Defence Policy, Russian Strategic Studies Institute, Foundation ‘Politics’ (all are in Moscow), the Baltic Research Centre (St. Petersburg), etc.

The liberal institutionalists point out that the military significance of Kaliningrad decreased in the post-Cold War period and the region is unable to play the role of Russian military outpost. This change was proved at the doctrinal level. According to the previous Russian military doctrine (1993), the use of nuclear weapons had been limited to circumstances that constituted a ‘threat to the very existence of the Russian Federation as an independent sovereign state’. According to the new doctrine (2000), the use of nuclear weapons is justified ‘if all other means of resolving the crisis situation have been exhausted or proved ineffective’. Such a situation had been simulated in a manoeuvre carried out in the summer of 1999, which assumed a NATO attack on the Russian enclave of Kaliningrad. According to the scenario upon which the manoeuvre was based, Russian conventional strike forces were only able to hold out for three days (*JRL*, no. 4483, 29 Aug. 2000).

The liberals’ hope is that Kaliningrad will be further opened up for international cooperation to become a Russian Hong Kong, a ‘gate-way’ region that could help Russia to be gradually integrated in the European multilateral institutions (Ginsburg, 2000; Songal, 2000: 100–1). They believe that due to its unique geo-economic location, Kaliningrad has a chance to be a ‘pioneer’ Russian region to be included in the regional and sub-regional cooperation. They think that priority should be given to the issues that unite rather than disunite regional players—trade, cross-border cooperation, transport, environment, health care, people-to-people contacts and so on. In this respect, they view the EU Northern Dimension project as a helpful framework for such cooperation (Leshukov 2000*a*, 2000*b* and 2000*c*; Tkachenko 2000). The liberals are sure that if the mutual trust were to be developed, technical problems such as visa regime and border controls could be easily solved.

According to Igor Leshukov, ex-director of St. Petersburg’s Centre for Integration Research and Programs (CIRP), the EU poses challenges to both Russia’s economic and security interests. He says the Russian enclave of Kaliningrad will pose a special problem. If the EU expands to the Baltics, the Kaliningrad region will be wholly within the Union. He adds that Moscow, the Baltic States, Poland and the EU should start working out a special status for Kaliningrad because that will prove very difficult. ‘Integration will not be possible if Russia keeps full sovereignty over Kaliningrad. A concrete dialogue about the Kaliningrad issue between Russia and its EU partners is necessary. There’s a mutual interest

in this because the expansion of the European Union to Poland and the Baltic region without a resolution of the problem of Kaliningrad's status is not possible. Kaliningrad would then remain an abscess that hampers normal development' (*JRL*, no. 4527, 20 Sept. 2000).

The liberals tend to group around the following institutions: the Carnegie Moscow Centre, Moscow branch of the East-West Institute, RECEP (Russian-European Centre for Economic Policy), Moscow State Institute of International Relations, Institute of Europe (Russian Academy of Science) (all are in Moscow) and CIRP (St. Petersburg).

The globalists go further than liberals in terms of possible participation of Kaliningrad in international cooperation. They believe that globalisation and regionalisation are worldwide processes and Russia cannot avoid them. According to this school, Kaliningrad is a place where these two tendencies are intertwined (Zhdanov 2000). On the one hand, Kaliningrad is a subject of a dialogue between the two global players—the EU and Russia. On the other hand, there is a clear tendency towards making a new international region—the Baltic Sea area—where Kaliningrad could find a mission of its own. The globalists think that Moscow should not push onto the regional agenda sovereignty-related issues and should provide the *Oblast* with additional powers as regards external relations. They call for the EU to implement a 'two-track' approach to cooperation with Russian regions. In their view, along with some other 'pioneer' regions, Kaliningrad can be put on the 'fast track' in terms of a further cooperation with the EU. Particularly, they hope that such Russian regions could be a part of the European Free Trade Area or even become associate partners of the European Union (before the main part of Russia will receive the same status). They insist on the feasibility of this model by referring to some North European countries such as Finland and Denmark where some territories have special status with regard to relations with the EU (Åland Islands, Greenland and Faeroe Islands, respectively). Similar to liberals, the globalists welcome any cooperative initiatives, including the EU's Northern Dimension.

Some radical globalist sub-schools believe that we are living in a world where state borders are increasingly obsolete. International borders are becoming so porous that they no longer fulfil their historical role as barriers to the movements of goods, people, and ideas (Berg 2000: 153; Burlak 1992: 16–24). This can be seen as very close to some West European approaches that look for social integration, transfer of

sovereignty, and cross-border cooperation, whereas new states (or newly reborn states like Russia) naturally focus on borders, security, exclusion, sovereignty, and national economies.

Currently the realist-geopolitical school dominates the Russian security discourse. This leads to a discrepancy between the Russian and European discourses on borders and their role in the future international relations system. While the Russian discourse emphasises the need to protect national interests and territorial integrity, including external borders, Europe increasingly finds itself in a post-modern world where borders are relatively unimportant (within the EU itself) and emphasis is made on cross- and trans-border cooperation (in relations with the outer world).

In assessing Russian discourse on Kaliningrad some European experts maintain that Kaliningrad is located, in the sphere of representations, at a cross-section. There is a mixture of departures and broad diversity of views concerning the issues at stake. This means that there has to be an ability to cope with different political languages or logics that do not easily translate into each other. As Pertti Joenniemi of the former Copenhagen Peace Research Institute (now the Danish Institute for International Studies) puts it, Kaliningrad has to be able to deal, on the one hand, with the return of some affective, emotional and nostalgic issues and, on the other hand, cope with various issues that pertain to realism and a calculation of 'national interests' as represented above all by the centre. Thirdly, Kaliningrad operates at the watershed between the integrated and the non-integrated, i.e. it has to adapt to a European logic of Governance (Joenniemi 1999: 1).

A European University Institute's study says that the EU's external border cannot be treated simply as a physical line on the ground to be defended solely by the apparatus of repression. The attempt to make it impermeable is doomed to failure and can increase instability by disrupting economic and cultural ties between neighbours. The conclusion is that border management—a broader, more encompassing concept than narrowly defined control at the physical border—implies deepening cooperation with the candidate countries and the new Eastern neighbours in a wide range of areas: policing and judicial affairs, economy, trade, cross-border cooperation, education, training and culture (Amato and Batt 1999: 61).

Post-modern discourse does not necessarily involve the disappearance of territorial boundaries. As some scholars suggest, it may actually lead to their proliferation and to relativisation of all borders. In this case the term ‘border’ includes both the legal borderline between states and the frontier of political and cultural contest, which stretches away from the borderline. On the other hand, the ‘frontier’ transcends the borderline, and its width and depth within each state can best be determined through the understanding of border people’s behaviour and beliefs. Moreover, many of today’s borders transform, form zones, and evolve into border regions (and the Kaliningrad *Oblast* is among them) (Berg 2000: 154).

Despite the dominance of the realist-geopolitical school in Russia there are some signs that alternative paradigms have also some say in policy-making.² For example, Moscow indicated its stable interest in the Northern Dimension initiative and presented its suggestions to be included to both Action Plans (2000–3 and 2004–6). Moreover, Russia’s medium term strategy for the development of its relations with the EU (2000–10) underlines the possibilities regarding Kaliningrad as a pilot region for the EU/Russia relationship and a test case for this relationship in connection to the EU enlargement (Nyberg 2000: 8). It mentions the option of a special arrangement for Kaliningrad in view of enlargement, and it is hinted that cooperation could in the future cover, if Kaliningrad turns out to be a successful test case, Northwest Russia at large. The federal task program on Kaliningrad (2001) is based on the same approach.

New political thinking took place not only in Moscow but also in Kaliningrad. For instance, the Amber Land coalition in the Kaliningrad Regional Duma suggested that Kaliningrad should be the eighth federal district rather than be included in the Northwest district which is run by St. Petersburg. In 1998, the Kaliningrad tourist industry succeeded in eliminating of the 1992 special border crossing fee, and establishing red and green customs lanes. In general, however, prior 2002 Russia’s response has been reactive, not proactive.

² Interestingly, the Russian Council on Foreign and Defense Policy—a bulwark of Russian realism and geopolitics—devoted its 2000 report on the Baltics exclusively to economic issues. Kaliningrad is described as an important transport junction rather than Russia’s military outpost (Council on Foreign and Defense Policy 2000: 23–4, 32–3).

In the past, Kaliningraders sometimes complained that Moscow did not fully understand their situation. This situation, however, has radically changed. Moscow has become more involved for the following reasons. First, Moscow was concerned by the forthcoming abrogation of bilateral agreements in the context of EU enlargement. Second, the Kaliningrad Regional Administration and Duma's initiatives, according to local officials, have also had an impact on Moscow's policies (Romanovskii 2000; Songal 2000: 103). Third, EU and other regional actors have underlined Kaliningrad's unique situation and thus called for a special treatment of this Russian region. As mentioned, it was a regional team of experts who took part in drafting the federal concept and program of 2001.

3. Problems and Solutions

The problems and obstacles to the EU-Russia cooperation on Kaliningrad can be identified on both the EU and Russian side.

Starting with the Russian aspect, one of the major problems is that Moscow is very suspicious of any attempt to put the Kaliningrad issue and sub-regional initiatives (including Euroregions) in the context of a Baltic/Nordic region-in-the-making and has been keen to ensure its control over those Russian regional/local authorities involved. This reflects Moscow's concerns over regional separatism and the possible disintegration of the Russian Federation. However, such actions may well have an adverse impact on the very spirit of regional/sub-regional cooperation projects.

Notably, however, on the EU side of things similar obstacles exist relating to the fear of decentralisation. For example, Brussels' bureaucracy has also been unenthusiastic about the decentralising impact of regional collaborative initiatives as well. For example, in case of the Northern Dimension Initiative (NDI) the EU Commission appears to be unwilling to delegate responsibility to any particular group of countries or sub-national units for region-specific policies. According to Brussels, the NDI (which covers Kaliningrad as well) should not be seen as a regional initiative, which in the Commission's view is not necessary. It is instead stressed that the NDI is a matter of joint concern for all EU member countries and should be implemented at the supranational level. In 2000 the then Finnish Prime Minister, Paavo Lipponen, also stressed that 'The Northern Dimension of the EU is not a regional initiative but refers to a

policy of the whole Union’.

Many experts (European and Russian) believe that the EU’s European Neighbourhood (ENP) initiative launched in May 2004 is basically centralist in nature. As such, if it is understood in a narrow manner this may also restrict region-to-region and cross-border cooperation in other contexts as well, by indicating that there are limits for such developments. The emphasis in the ENP is clearly on the involvement of the EU at large, and in a similar fashion Russian representatives have underlined that the partnership is constituted by Russia as a whole and not just only the northwestern regions. Notably, in the recently signed roadmaps for the four EU-Russia common spaces (10 May 2005) the NDI is mentioned only a couple of times and the local actors and people-to-people contacts are briefly mentioned in a small section the on cross-border cooperation. Euroregions and Kaliningrad were not mentioned at all (The Roadmap to the EU-Russia Common Economic Space 2005).

In this context, it is important to note that north European regional cooperation precisely should not be interpreted as an artificial top-down project. Instead, it should be understood as a bottom-up process with very lively grass roots and it is this that centralising tendencies in Russia and the EU threaten to undermine. In contrast, therefore, it can be argued that the best way to make a contribution to regional cooperation in the north is precisely to use the potential of the existing international networks of sub-national and non-governmental actors—rather than to bypass them via centralising initiatives such as the ENP. Instead, bottom-up actors should thus have access to decision-making processes in the regional context and be treated in inclusive terms. Local government and civil society organisations should be involved throughout the launching, implementation, monitoring and continued development of cooperative activities, and authorities at all levels should cooperate to this end. Whether the ENP will continue to support such proclamations is a matter for debate.

It is also suggested that to maintain the regionalist nature of the cooperation in the European North, Moscow and Brussels should give their local and regional entities the necessary leverage and means in order to enable their full-fledged participation in interregional and cross-border activities. These should not be seen as hampering, but as enriching national foreign policies.

In the case of Kaliningrad the region should be provided with a *special status* within the Russian Federation. Moscow cannot treat the region similarly to any inner/mainland territory. There is no need for Russia to give up completely its sovereignty over Kaliningrad, but, if Moscow wants to make the region a part of the European common space, it should be provided with broader powers in the fields of foreign economic activities, taxation, property rights, customs formalities, border controls, consular services and so on. To provide such a status a Constitutional Law on the Kaliningrad Region should be passed by the federal centre (Songal 2000). This legislation will be very helpful in reinvigorating the Euroregion initiatives in the Baltic Sea area.

In contrast to Russia's concerns about some elements of regional cooperation that it sees as potentially undermining Russia's territorial sovereignty, it is notable that Moscow is also unhappy with the universalist approach of the ENP concept in the way the EU is now thinking about cooperation with its neighbours. The point is that Russia does not want to be treated in the same way as Belarus or Morocco and rather claims a special status and special relationship with Brussels. Likewise, Moscow is also discontented with the ENP concept in that—in contrast, for instance, with the NDI—it leaves almost no room for Russia in setting the bilateral cooperative agenda. The concept is rather based on the assumption that the EU's neighbours should simply accept its rules of the game and upgrade their legislation in accordance with European standards, rather than the EU developing specific models for each country. The peculiarities of each neighbouring country (including Russia) and also of particular regions (e.g. northern Europe) should be taken into account. In short, in putting forward the ENP, the rather innovative elements of the NDI should not be discarded. As far as the practical aspects are concerned the EU should also emphasise technical assistance and investment rather than credits and loans, whilst priority should also be given to long-term projects with positive effects on the local economy and society.

Given Moscow's perceptions of the ENP Russia refused to join this initiative but recently joined its financial instrument (European Neighbourhood Partnership Instrument) that should replace the existing programs.

In addition, to some extent the concept of the EU-Russia four common spaces provides Moscow with a special status and reflects

Russia's concerns on the initial version of the ENP. It also represents a more systemic and better coordinated approach to EU-Russia cooperation. The four spaces also have a clearer set of priorities for such cooperation. However, they still lack a detailed program and specific timetable for how to implement these ambitious plans. The four roadmaps often look more like a declaration of intentions rather than such a program. And, as mentioned, there is no link to the Kaliningrad problem.

In particular, both Moscow and Brussels should give priority to actually making Kaliningrad a pilot region,³ rather than simply proclaiming it to be one. A number of suggestions can be made here. For example, the Kaliningrad region could be the first (among Russia's regions) put into the context of the Common Economic Space (CES) initiative recently launched by the EU with Russia. The CES itself should be developed to set out a deeper and broader timetable for legislative harmonisation and approximation between the EU and Russia.

A common regulatory mechanism in particular areas could be developed. Such a mechanism could include:

- Establish a regulatory dialogue, which includes a consultation mechanism. This dialogue aims at enhanced transparency in the regulatory activity, exchange of information amongst regulators with the aim at promoting the gradual approximation of relevant legislation (including technical regulations) and practice for clearly identified priority industrial sectors of greatest mutual interest to be jointly defined;
- As soon as the priorities are determined, launch the work of gradual approximation of relevant legislation and practices;
- Identification of procedures for possible recognition of the results of conformity assessment of both sides, including certification of systems of quality and ecological management.

The EU and Russia agreed to cooperate in the following sectors as a priority for dialogue (particularly in the Kaliningrad area):

³ The idea of Kaliningrad as a pilot region, a place for a joint EU-Russia cooperative experiment, was suggested by the then Prime Minister Vladimir Putin at the EU-Russia summit in Helsinki (1999).

ICT, Radio and Telecommunications Equipment
Electrical Equipment and Machinery
Medical devices
Automotive industry (Kaliningrad has BMW and KIA plants)
Textiles
Pharmaceuticals
Forest-based and related industries
Public procurement
Intellectual, industrial and commercial property rights
Investment
Enterprise policy and economic dialogue
Interregional and cross-border cooperation
Financial services (banking, insurance, securities)
Accounting/auditing and statistics
Agriculture, forestry, timber, fisheries. Sanitary and phyto-sanitary measures
Environment

Participation in selected EU activities and programs, including aspects, such as consumer protection, standards, environmental matters and research bodies, could be opened to Kaliningrad and then to the rest of Russia.⁴ For example, EU standards should be established for Kaliningrad-produced goods. A joint EU/Russia Standardisation Committee should also be created and efforts to support the further development of enterprise policy by Kaliningrad/Russia should

⁴ In the Concept Paper on the CES prepared by the EU-Russia joint High-Level Group the CES is defined in the following way: 'The CES means an open and integrated market between the EU and Russia, based on the implementation of common or compatible rules and regulations, including compatible administrative practices, as a basis for synergies and economies of scale associated with a higher degree of competition in bigger markets. It shall ultimately cover substantially all sectors of economy.' The paper sets up three major goals within the CES: (1) promoting trade and investment between the EU and Russia, based on well-functioning market economies, aiming at sustainable development, taking into account internationally recognised principles, such as, inter alia, non-discrimination and transparency and good governance; (2) creating opportunities for business operators through common, harmonised or compatible rules and regulations, as well as through interconnected infrastructure networks; and (3) enhancing the competitiveness of the EU and Russian economies worldwide. The Roadmap for the Common Economic Space adopted in May 2005 specifies these priorities.

accompany regulatory approximation. As mentioned, however, the EU-Russia Roadmap for the EU-Russia CES lacks this idea.

Another step forward could be the creation of an EU-Russia Free Trade Area (FTA). This could be done both in parallel with and as a follow up to CES activities. A Free Trade Area is envisaged in the EU-Russia Partnership and Cooperation Agreement (PCA), but no timetable has ever been attached to this. To implement this idea objectives and benchmarks should be developed. In particular, this process could be started by concluding a free trade agreement with the Kaliningrad region and then replicating this experience to the rest of Russia. However, some Russian experts feel uneasy about this idea because it could lead to the erection of customs barriers between the *Oblast* and the rest of Russia, at least in the transitional period.

Over the long run, upon the implementation of the CES and FTA projects the EU and Russia could think of creating a European Economic Area-type arrangement that aims at the further harmonisation of European and Russian regulatory regimes. Again, Kaliningrad could be a pilot region in implementing such an ambitious project.

The existing and future Euroregions with Kaliningrad's participation should become one of the locomotives of the EU-Russia cooperation on CES/FTA business. While general rules are established at the national/supranational level the implementation of concrete projects should be done by local companies and governments. It is advisable that the creation of the CES and promotion of the 4Fs should become the main priority for the Euroregions.

The Euroregions also can contribute to facilitation of the movement of people and goods in the sub-region by building new, and developing the existing, border crossings and transport infrastructure in the area. Currently local governments prefer to foist this responsibility on the federal budget. However, with providing local government with more powers in taxation the local authorities will feel themselves more responsible for this business (on the one hand) and get more funds for implementing projects (on the other).

A better division of labour should be established between the Euroregions. While the Baltic Euroregion could keep its current specialisation on sub-regional economic planning, support of private entrepreneurship, environmental protection and home and justice affairs (particularly, fighting organised crime), Saule Euroregion could focus on

cross-border trade and developing the transportation infrastructure. The Neman, Lyna-Lava and Sheshupe Euroregions could pay more attention to development of people-to-people contacts, education, culture and cooperation between NGOs. In addition, the Neman Euroregion could focus on engaging Belarus (which is becoming an important priority for the ENP) in sub-regional cooperation. Border crossings development could be a joint sphere of responsibility for all Euroregions.

To support Euroregion activities the interoperability of various EU cooperative programs and instruments should be improved in the new institutional framework of the ENP. In short, it is essential that flexibility remains a central tenet of the EU approach. Some steps have already been taken by the European Commission over the last five years to ensure better coordination between the different programs such as PHARE, TACIS and INTERREG. The ENPI seemingly aims at the same direction. This work should be completed in the process of implementation of the four roadmaps.

The very nature of the existing (semi-dormant) Euroregions should be changed. Not only municipal officials should be participants of exchange programs, but other actors such as local businessmen, NGOs, journalists, students and teachers should be involved. To strengthen cooperation within the Euroregions and its institutional basis joint structures—ventures, chambers of commerce, professional associations, NGOs, education institutions, etc.—should be developed. The local actors should not wait for Moscow's permission and should be more proactive and initiative-minded. By the way, even the current Russian legislation allows local actors to establish links to similar actors in foreign countries (the Russian Foreign Ministry only asks for information about these contacts, visits and joint projects). The main problems are the lack of finance, and psychological inertia that was inherited from the Soviet era. However, with the coming of a more sustainable economy and increase in living standards as well as overcoming the Soviet-type mentality (through civic activism and growing international contacts) these problems could be successfully solved.

Establishment of a proper legal basis for the Euroregions should also be an important priority for Russia. Moscow ratified the European convention on border cooperation as late as 2003. Russia does not have border treaties with Latvia and Estonia. There is a clear need in passing a federal law on Euroregions because not only Kaliningrad but also other

Russian regions (Karelia, Murmansk, Pskov, etc.) experience difficulties in this area.

On an organisational/administrative note both Russian and EU representative bodies in Kaliningrad should initiate a series of meetings, expert seminars and workshops (with participation of local governments from countries and regions concerned) to discuss the future of the existing Euroregions and the prospects for the creation of other Euroregions.

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