

Russia and the European Union: The Case of Kaliningrad

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October 2000

PONARS Policy Memo 172

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Background

Kaliningrad is a unique Russian region due to its history and geopolitical location. During the Cold War era it was considered an important Soviet military outpost in the confrontation with the North Atlantic Treaty Organization (NATO), and it was one of the most highly militarized areas in Europe. The headquarters of the Baltic Sea Fleet was (and is) located there; the 11th Guards' Army, equipped with offensive arms such as tanks, artillery, missiles and aircraft, were deployed in Kaliningrad oblast, as well. Approximately 100,000 servicemen (one-tenth the oblast's population) were located in the area.

With the end of the Cold War and the dissolution of the Soviet Union, however, Kaliningrad found itself in a completely new situation. First, it was separated from "Big Russia" by newly independent states such as Lithuania and Belarus. The new geopolitical situation led to numerous problems in areas such as supplying the region with basic provisions, energy, raw materials and equipment, transport, communications, military transit, and travel. It was necessary to create a new customs, border-crossing and consular infrastructure in the region. Feelings of isolation from "mainland Russia" have become widespread in Kaliningrad. For this reason, many experts refer to Kaliningrad as a Russian exclave rather than enclave.

Second, the military significance of Kaliningrad has dramatically declined in the 1990s. In late 1997 the Kaliningrad Special Defense District (the only remnant of the former Baltic Military District) was abolished (including the 11th Army). The residual land units were subordinated to the commander of the Baltic Sea fleet, which was radically reduced as well. Now it is comparable--in terms of the number of battleships--with the German and Swedish navies. The number of servicemen in the region has fallen to 30,000. The configuration of the region's military structure has become purely defensive. Many military analysts doubt that Kaliningrad is really defensible from a strategic point of view because of its remoteness and low fighting efficiency.

Third, in contrast with Soviet times, Kaliningrad is now open for international cooperation and has one of the most liberal economic, customs, and border/visa regimes in the Russian Federation. First, a Free Economic Zone (FEZ) and then a Special Economic Zone (SEZ) were established in the region to attract foreign investment. The

German and South Korean automobile giants--BMW and Kia--opened production lines in Kaliningrad, and Norwegian ships are repaired there. Unlike other Russian citizens, Kaliningraders enjoy a visa-free regime with Lithuania and Poland.

Contrary to the image of a "garrison town" or "military outpost" in the Cold War era, Kaliningrad now is perceived as the most pro-Western and cosmopolitan region in the country. In this regard, Kaliningrad exemplifies the most dramatic change in the economy, society, foreign policy and mentality of any region in post-Communist Russia.

Kaliningrad in the Context of European Union (EU) Enlargement

However, with Poland and Lithuania joining the EU, a new set of problems looms ahead. According to EU requirements, Warsaw and Vilnius will join the Schengen agreement as part of their pre-accession procedures. This may lead to the abolition of a visa-free regime on Kaliningrad's borders with both countries. In turn, it may cause numerous problems both for the oblast and the EU. A strict visa regime could undermine local business (especially tourism) and create additional impediments to the SEZ's effective functioning. It could also be detrimental for shuttle-traders both in Kaliningrad oblast and in neighboring areas of Poland and Lithuania (shuttle trade is the main source of income for 10% of the population in these areas).

The Schengen rules could hinder the development of a regional transport infrastructure and create new bottlenecks on the borders. It would also cause human rights problems such as, for example, barriers to free access to the larger territory of Russia: Kaliningraders would be unable to travel there by car without a Lithuanian visa. Neither Russia, the EU, nor the Polish and Lithuanian consular infrastructures are ready to introduce a visa regime. There are only two small Polish and Lithuanian consulates in Kaliningrad and Russian consulates in Gdansk (Poland) and Vilnius (Lithuania): they are unable to process the potential flow of visa applications due to a lack of staff and proper facilities. EU countries are also afraid that Kaliningrad--being surrounded by EU territory--may become an attractive place for illegal migrants from the CIS and the Middle East who might use the oblast for transit to EU countries. Formerly perceived as only a Russian problem, there is growing feeling among the regional actors (including Brussels) that Kaliningrad is becoming a problem for the EU, too. This means that EU policy towards Kaliningrad should be radically revised.

As some experts observe, the EU has until recently tried to pursue two goals simultaneously. One goal is to attain the advantages of legitimate cross-border travel and trade with its non-EU neighbors. The second and potentially competing goal is to minimize "soft" security risks arising from problems such as crime, illegal immigration, transmission of communicable diseases, and environmental pollution. Obviously, the two policies conflict. The EU's external security concerns have caused it to encourage regional integration at all levels, but at the same time its internal security policies are having contrary effects by reinforcing barriers between itself and non-EU countries. This

collision has encouraged both Brussels and Moscow to start a search for a new policy regarding Kaliningrad.

Kaliningrad in the Russian Security Debate

There are three main approaches to the solution of the Kaliningrad problem among Russian political and academic elites: that of political realists and geopoliticians; that of liberal institutionalists; and that of 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 to the past, the West prefers economic rather than military instruments for pressuring Russia. The aim of EU policies is to secure Russia's status as the West's "younger partner" and a source of cheap natural resources and labor. They believe that the SEZ is 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 to developing a transport infrastructure, rather than to modernization of the oblast's industry and agriculture. Some radical versions of realism and geopolitics hold that the final goal of the West is to disintegrate Russia and separate Kaliningrad from the country (the "fourth Baltic republic" concept). Realists think that Kaliningrad should retain its strategic importance and criticize the government for the premature dismantling of a formidable military infrastructure in the region. They recommend that the government tighten its control over the oblast in order to prevent a potential drift toward the West.

Liberal institutionalists hope that Kaliningrad will be further opened up for international cooperation and become a Russian Hong-Kong, a "gateway region" that could facilitate Russia's gradual integration into European multilateral institutions. They believe that due to its unique geo-economic location, Kaliningrad has a chance to be a "pioneer" Russian region that is included in regional and subregional cooperation. They think that priority should be given to the issues that unite rather than divide regional players--trade, cross-border cooperation, transport, environment, healthcare, people-to-people contacts, and so on. In this respect, they view the EU Northern Dimension project as a helpful framework for such cooperation. The liberals are sure that if mutual trust is established, technical problems such as visa regimes and border controls can be easily resolved.

Globalists go further than liberals in terms of Kaliningrad's possible place in international cooperation. They believe that globalization and regionalization are worldwide processes that Russia cannot avoid. According to this school, Kaliningrad is a place where these two tendencies are intertwined. On the one hand, Kaliningrad is the subject of a dialogue between two global players--the EU and Russia. On the other hand, there is a clear tendency toward 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 sovereignty-related issues onto the regional agenda and that it should provide the oblast with additional powers as regards its 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 further accession to the EU. They insist on the feasibility of this model by referring to some North European countries such as Finland and Denmark where some territories are not members of the EU. As liberals, the globalists welcome any cooperative initiatives, including the Northern Dimension. Currently the realist-geopolitical school dominates the Russian security discourse, but there are some signs that the two other paradigms also have some influence in policymaking. For example, Moscow indicated its interest in the Northern Dimension initiative and presented its suggestions for inclusion in the Action Plan. Moreover, Russia's medium-term strategy for the development of relations between the Federation and the European Union (2000-2010) underlines the possibilities regarding Kaliningrad as a pilot region for EU-Russia cooperation and a test case for this relationship in connection to EU enlargement. It mentions the option of a special arrangement for Kaliningrad in view of enlargement, and it is hinted that cooperation could in the future--if Kaliningrad turns out to be a successful test case--cover northwest Russia at large.

The Northern Dimension: A Solution?

Both Russia and the EU believe that Kaliningrad should be a top priority for their cooperation. Some collaborative projects already exist. In the 1990s, TACIS (which provides technical assistance to the Commonwealth of Independent States) executed 18 different projects ranging from municipal infrastructure to educational programs in Kaliningrad. For example, under the TACIS program a special project to modernize the Kaliningrad port (costing 1 million Euro) is being implemented. TACIS also features a 2 million Euro Northwest health replication project for the Kaliningrad, Murmansk, and Arkhangelsk regions. The project aims at reducing health and social disparities across the border by supporting reform of the local health system. The European Bank for Reconstruction and Development and Nordic Investment Bank have funded several wastewater and water purification projects in Kaliningrad. The Municipal Training Center at Kaunas University of Technology (Lithuania), in cooperation with the Democracy Support Fund of the United States, is successfully executing a training program for municipal administration officials of the Kaliningrad region.

The Euroregion concept is another venue for subregional cooperation. Kaliningrad takes part in the Baltic Euroregion, which started in 1998 and united a group of local governments from Poland, Sweden, Denmark, Lithuania, Latvia, and Russia. The cooperation among associations from various countries focused on subregional economic planning and the construction of transport routes. Kaliningrad also intends to participate in the Neman Euroregion, which is designed to link Kaliningrad, Lithuania and Belarus. However, the project as yet exists only on paper because of some tensions between Russian and Polish participants. Since 1999 a new Euroregion named Saule is under

consideration, involving the Kaliningrad towns of Slavsk, Sovetsk and Neman, along with participants from Lithuania, Latvia, and Sweden.

The EU and Russia both aim at coordinating different Kaliningrad projects under the aegis of the Northern Dimension. The Russian and Lithuanian prime ministers agreed in June 1999 to prepare proposals on the engagement of the Kaliningrad region in the activities and programs of the Northern Dimension. On February 10, 2000, Russia and Lithuania together presented to the European Commission a list of joint projects to be included in the Northern Dimension Action Plan. In May 2000 Russia made some additional proposals at the international conference on Kaliningrad organized by Denmark. Almost all the above suggestions were approved by the EU Feira summit in June 2000. The most promising projects cover the following areas:

- transport: modernization of the IX-D transport corridor (which connects the Baltic states to the European transport system) and construction of a gas pipeline to Kaliningrad via Lithuania;
- environmental protection: management of the Nemanas River Basin, deepening of the river Skirvyte, the branching of the river Nemunas delta-bed, and restoration of the constantly decreasing eel population in the Curonian Lagoon;
- education: training of public administration officials, establishment of Eurofaculty at Kaliningrad State University (a cooperative program between the KSU and the Institute of Political Science and International Relations at Vilnius University), and student exchange programs;
- healthcare: fighting AIDS proliferation (establishing a special center with branches in Klaipeda and Kaliningrad for treating AIDS-infected people), and supporting prevention through coordination of work with other institutions in this sphere;
- trade and investments: establishment of a business information center;
- fighting crime and strengthening border controls: construction of a new Panemune-Sovetsk border crossing post, construction of the Sudargas-Pogranichny border crossing, establishment of border crossing posts in Nida and Rybachy on the coast of Curonian Lagoon, and an education program for customs and border control officers; and
- cross-border cooperation: establishment of an information center in Klaipeda for cooperation with the Kaliningrad region.

Despite this impressive list of priorities for future cooperation, there are some barriers that could hinder the collaborative process. The EU is not responsive to Russian proposals to invest in modernization of the oblast's industry and agriculture. Most of the TACIS projects are of a "pilot" rather than a long-term character. There is a lack of interoperability between different EU programs and projects with regard to Kaliningrad. The EU has not yet signaled to Moscow whether or not it would liberalize the Schengen

rules in the case of Kaliningrad. The fear of potential Kaliningrad separatism, which could result from the oblast's closer relationship with the EU, is still strong in Moscow, and prevents the central government from implementing bolder initiatives.

It appears, however, that all the regional players are very serious about solving the Kaliningrad problem. The process of creating a mechanism of regional and subregional interdependency--economic, social, environmental, cultural and institutional--is underway and, for this reason, there are more grounds for optimism than for pessimism as to the future of Kaliningrad.

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