

**Vladimir Pozdorovkin**

***Problems of Basic Subsistence and Development of the Kaliningrad Oblast of the Russian Federation in the Context of the European Union Expansion Eastwards***

The Kaliningrad Oblast is a unique and integral part of the Russian Federation due to the historical circumstances of its entry into the territory of Russia and its status as a Russian enclave, separated from its “mainland” territory and surrounded by foreign territories, a situation created as a consequence of the Soviet Union’s collapse in 1991. The geostrategic importance of the Kaliningrad Oblast for the interests of Russia, as well as the influence of the Kaliningrad factor on the development of the situation both in the Baltic region and beyond, explains the profound and consistent interest in everything that is related to this Russian enclave. The purpose of the present article is to make an attempt at analyzing the extraordinary situation which is developing around the Kaliningrad Oblast in relation to the European Union’s expansion to the east as far as its borders, to determine the possible consequences of this process for Kaliningrad in the sphere of its basic subsistence and development, and to express some personal assessments.

Talking about the new situation which is developing today around Kaliningrad, it is necessary to emphasize that it is an object of particular attention and concern not only for Russia but for the European Union as well, likewise for the countries of the Baltic region, and first of all for Lithuania and Poland. Brussels, Vilnius and Warsaw, highlighting the unprecedented character of the development of the situation, acknowledge the necessity of cooperating with Moscow in an attempt to find mutually acceptable solutions.

During international discussions, first of all those on the non-governmental level concerning the problem of Kaliningrad in the context of the European Union’s expansion, three attitudes dominate:

- the expansion of the European Union may lead to the aggravation of the situation around the Kaliningrad Oblast and, as a consequence, to the worsening of the external conditions for its basic subsistence and development;
- the Kaliningrad Oblast is more likely to benefit than to lose from the expansion of the European Union, as its neighborhood with the EU will have favorable influence on the socio-economic situation of the district;
- the issue of the problems of the Kaliningrad Oblast, as related to the eastward expansion of the European Union, is not a problem in itself, as the existing precedent of the Russian–EU proximity along the Russian–Finnish border is proof of the possibility of a conflict-free development of the situation.

The latter attitude is not exactly correct as, contrary to the Kaliningrad Oblast, the Russian territories which border with Finland are not an enclave, which means that it would hardly be appropriate to apply their conditions, practice and experience of direct proximity with the European Union automatically and completely in regard to Kaliningrad.

What concerns the previous two attitudes, the truth as always, most probably lies somewhere in the middle and the parties concerned have to make a joint effort to find it.

Before undertaking the analysis of what consequences might be in store for the Kaliningrad Oblast in the sphere of its basic subsistence and development in the

aftermath of the European Union expansion in the Baltic region, it is important to make an attempt at defining the term “basic subsistence” as applied to Kaliningrad. The author maintains that this term implies a complex of systems and measures intended to ensure the subsistence of the Kaliningrad Oblast, as an integral part of the Russian Federation, in the circumstances of its geographical isolation from the rest of the territory of Russia, finding itself encircled by the area of the European Union, and still experiencing a lack of resources.

On the basis on this definition, it is possible to draw an obvious conclusion that the crucial role in the basic subsistence and development of the Kaliningrad Oblast is played by reliable transport links and telecommunication ties with “Great Russia”, sustained supply of energy, gas, other deficient raw materials and products; free movement on a legal basis of the inhabitants of the Kaliningrad Oblast outside it borders; guarantees for the cross-border and inter-regional cooperation with foreign partners in commercial, economic, scientific, technological, cultural and humanitarian areas. The above has already been confirmed by existing experience.

For the first time Kaliningrad had to face the problem of its basic subsistence and development after the collapse of the USSR in 1991. It then in reality experienced the dependence of its situation, as an enclave territory, on the influence of external factors. The situation was as follows: the administrative border between the Russian Federation and the Republic of Lithuania in relation to Kaliningrad became the state border between Russia and Lithuania with all the corresponding measures of control; Lithuania, with Russia reciprocating, introduced the visa regime; the territory and the air space of Lithuania acquired the status of a transit zone for Russian carriers; the inhabitants of Kaliningrad started experiencing a threatening sense of being separated from “Great Russia” and also isolated from neighboring Lithuania and Poland.

This resulted in an urgent necessity on the part of Russia to create favorable external conditions for Kaliningrad, which also conformed to the interests of the states of the Baltic region which were against building up tension in the region. The relevant capitals responded with due understanding to the ambiguous situation which was developing around the Russian enclave and, in cooperation with the Russian administration, active measures were taken to resolve the emerging problems.

Thus, starting from the 1990s, joint efforts resulted in the formation of a solid legal framework to regulate the Kaliningrad-related Russian-Lithuanian relationship in various spheres on the basis of good neighborliness and mutual benefit; to launch the mechanisms for the realization of bilateral agreements on Kaliningrad with Belarus, Denmark, Lithuania and Poland; to give an impetus to the development of regional and cross-border relations of the Kaliningrad Oblast with the partners from Belarus, Lithuania, Poland, Germany, Denmark and Sweden by employing, *inter alia*, such forms of cooperation as Euroregions, e.g. “Baltica” and “Saulė.” For the permanent residents of the Kaliningrad Oblast, likewise for the citizens of Lithuania, a reciprocal visa-free regime was retained; agreements were reached on unimpeded transit transport, as well as on the communications between the Kaliningrad Oblast and other entities of the Russian Federation by means of gas mains, electric power transmission lines and telecommunication links through the territory of Lithuania; cross-border trade became more active; contacts between people grew stronger.

Thus, it is possible to state that in general, due to collective and co-coordinated timely measures, it was possible to create more or less normal conditions for the basic subsistence of the Kaliningrad Oblast, as an integral part of the Russian Federation, to preclude its isolation from the rest of the territory of Russia, and to preserve the atmosphere of good will and mutually beneficial cooperation in the Baltic region.

What new challenges and trials are emerging before the Kaliningrad Oblast today in relation with the planned expansion of the European Union to the East?

It is obvious that the situation around the Kaliningrad Oblast of the Russian Federation will undergo a fundamental change as a result of the entrance of Lithuania and Poland into the European Union. The essence of these changes is envisaged as follows:

1) The Kaliningrad Oblast along its whole overland perimeter will find itself completely engulfed by a single territorial, customs and legal area of the European Union. Consequently, the state borders of Lithuania and Poland along the Kaliningrad land will be transformed into the external borders of the European Union, where a more rigid border control might be established instead of the currently functioning liberal regime. It is, at any rate, the sense of Article 1(5) of Title I of the Treaty of Amsterdam.

2) The co-ordination and solution of the Kaliningrad-related issues in the Russian-Lithuanian and Russian-Polish relations will become more complicated. Pursuant to Article 1(5) of Title I of the Treaty of Amsterdam, the European Union will try “to assert its identity on the international scene, in particular through the implementation of a common foreign and security policy.” In practice it may mean that Moscow will have to resolve the above-mentioned issues in relation to Kaliningrad by dealing not so much directly with Vilnius or Warsaw, but with Brussels instead. At present this work is being carried out by Russia, Lithuania and Poland in the framework of direct and operative dialogue with due regard to mutual interests, namely, the way it is expected to be done between neighboring states.

3) The Kaliningrad Oblast will be faced with the necessity to change the technologies of economic partnership with Lithuania and Poland, both of which are in the process of gradual transition to the standards, regulations and to commercial-political regime of the European Union and are striving to harmonize the mode of conduct with the EU countries.

4) In the situation around the Kaliningrad Oblast, there will emerge an additional factor, the appearance of the politico-military component in the activity of the European Union determined by the formation within the EU of European policy in the sphere of security and defense. It is expected that there will arise political and military structures in the EU capable of ensuring the planning and strategic management of military and non-military operations, including crisis management;

5) It may happen that the Kaliningrad Oblast will be suddenly and depressingly left behind Lithuania and Poland in respect to its social and economic state and the living standards of its residents. Pursuant to Article 5 of Title I of the Treaty of Amsterdam, the European Union has pledged to promote economic and social progress and a high level of employment, and to achieve balanced and sustainable development of the nations within the EU area. Lithuania and Poland, as countries-candidates to join the European Union, have already received from the Union the appropriate financing for these purposes.

The analysis of the situation which is shaping around the Kaliningrad Oblast convinces us that the expansion of the European Union in the Baltic region might result

in the appearance of problems of basic subsistence and development for this Russian enclave. We would like to highlight some of them, which seem to be the most essential and sensitive.

First problem: border control.

The Kaliningrad Oblast is engaged in the regional and cross-border cooperation with counties of Lithuania and provinces of Poland, and participates in the activity of two Euroregions “Baltica” and “Saulė.” This type of partnership is able to develop mostly thanks to the functioning of a simplified form of control on the Russian-Lithuanian and Russia-Polish borders. This situation conforms to the interests of both the inhabitants of the Russian enclave and the residents of Lithuanian and Polish frontier regions.

In this relation, the prospects of reinforced control on the future borders of the European Union with the Kaliningrad Oblast of the Russian Federation are regarded by the residents of Kaliningrad with serious apprehension as actually threatening to worsen the conditions for the cross-border cooperation with the neighboring states.

Some disturbing tendencies have already become apparent. Thus, for example, Warsaw, referring to EU regulations, in January 1999 unilaterally introduced restrictions on the amount of currency in the possession of foreigners crossing the Polish border. Some time later, a similar procedure was likewise introduced by the Lithuanian side. This considerably obstructed the movement of the residents of Kaliningrad to Lithuania and Poland.

Second problem: the visa regime.

Both Vilnius and Warsaw make it clear that, pursuant to EU regulations, they will be obliged to introduce a visa regime for Kaliningrad. Such measures *per se* already restrain the freedom of the movement across the Russian-Lithuanian and Russian-Polish borders. Besides, the procedure of applying for the visas and getting them, as well as obtaining the relevant invitations as a necessary prerequisite for the visa applications, entails spending much time and money, which will inevitably serve as a further obstacle for international movement. There is another important side to this issue as well, as it was justly highlighted by a representative of Kaliningrad in his address at the international seminar “Our Neighbor Russia – a Great Empire” (Travemünde, 10-12 September 1999, organized by the Baltic Academy, Germany): “The matter is not just in the benefits of a visa-free regime for an ordinary person. The essence is in the rights of a person, which should not be infringed. In all countries today there exists such a practice that nobody cares to explain why the visa has been refused, thus making it impossible for a person to apply to the court. Many people acknowledge this injustice, but there has been very little improvement.”

It is likewise interesting to note that residents from Lithuanian and Polish frontier regions with Kaliningrad, in their conversations with the people from Kaliningrad, also expressed their preference for the visa-free regime for their travels. Some states of the Baltic region are in favor of applying an exemption from the regulations of the EU in regard to the Kaliningrad Oblast – to refrain from introducing there a visa regime or, if such was introduced anyway, to enforce it in a “milder” form. Since the 1980s, residents of Russian Chukotka have been traveling to Alaska in the USA, much in the way people from Kaliningrad are going to Lithuania and Russia now, with locally registered Russian passports. Furthermore, the residents of Chukotka are entitled to stay on the

American side up to three months, unlike the residents of Kaliningrad, who may stay in Lithuania for thirty days.

It might be said that the strengthening of border controls and the introduction of the visa regime for the Kaliningrad Oblast in the context of the EU enlargement is to some extent contrary to the idea and practice of the processes of integration in Europe, committed to facilitating contacts between peoples. That is especially important for such a most advanced form of cross-border cooperation as Euroregions.

Third problem: transit.

The transit transport between the Kaliningrad Oblast and other entities of the Russian Federation are executed in two directions: Lithuania-Belarus and Lithuania-Latvia, which means that the Lithuanian link has key importance in this sphere. According to the statistical data for 1999, out of the total volume of transit through the territory of Lithuania, the Russian transit accounted for about 70 percent of the railway transport and over 40 percent of the motor vehicle transport. The major part is taken by the transit transport of Kaliningrad. The Russian-Lithuanian legal agreement currently in force and the existing bilateral practice in the sphere of transit transport basically ensure the necessary conditions for the Russian transport communications through the territory of Lithuania. Until recently, the transport carriers of Kaliningrad likewise did not experience any great problems in their transit crossings through the territory of Poland.

At the same time, there is a cause for some concern on the part of Russia that, due to the transition of Lithuania and Poland to the standards, requirements and regulations of the EU in the sphere of transport and transport communications, the requirements applicable to the motor-vehicles executing the Russian transit to and from Kaliningrad might become more rigid.

Quite illustrative in this aspect were the actions of the Polish administration, information about which appeared in the Kaliningrad mass media. From January 5, 1998, Polish officials started requiring special border crossing permits for freight vehicles of gross weight over 1.5 tons and control forms for irregular passenger transport (until then vehicles with the carrying capacity of up to 3.5 tons, as well as passenger transport vehicles designed for the transport of up to 8 persons, did not require any special permits to cross the border). As a result, already in that very same January, an 80-85 percent decrease in the transport crossing the Russian-Polish border was observed. From February 10, 1998, the permit regime became even more rigid, which resulted in additional material and time wasted in preparing the necessary documents required for all vehicle types when crossing the border. Kaliningrad transport communications were likewise dealt a blow in July 2000 when the Polish side unilaterally, and without previous notification, introduced the limitation on the quantity of fuel up to 200 liters in the built-in fuel tanks of freight vehicles, without having worked out the relevant procedures for removing and accounting for the fuel excess. All this provoked a strongly negative response on the part of the inhabitants of Kaliningrad. There should be no flawed novelties of this kind on the border. It is necessary to inform people in sufficient time about any new developments in the rules for border crossing, as in this case motor vehicles, as well as to gauge any possible consequences thereof for the parties concerned. This will enable us not only to avoid any retaliatory measures but will likewise give the inhabitants of Kaliningrad ample time to make adjustments to the new situation.

Besides, it is necessary to emphasize that the element of transport plays an important role in the economy of Kaliningrad as a budget-forming branch, and any obstacles in crossing the border of Lithuania or Poland, including those unrelated to tariffs, are likely to have a negative impact on the positions of the Kaliningrad carriers in the region.

Fourth problem: *energy supplies.*

Eighty percent of the energy demand of the Kaliningrad Oblast is satisfied by the supply from Russia which is executed by transit through the territory of Lithuania. Transit by itself does not present any problems. Questions might arise in connection with the possible withdrawal by the Lithuanian energy producers from the system of parallel work with the Russian energy producers. The transition of the Lithuanian energy grid to the European standards will result in the Oblast being disconnected from the system of the Russian joint stock company, "The Single Energy System of Russia." Such prospects compel the parties concerned to prepare, on an international level, the assessment of all the possible options which might ensure sustained energy supplies to Kaliningrad. At present, among other plans, a project to construct a second line of gas mains from Russia to the Kaliningrad Oblast through the territory of Lithuania is being considered, which will enable us to launch a second thermal electric power station in Kaliningrad. Lithuania seems to have no objections against the construction of a second Russian transit gas pipeline through its territory.

Fifth problem: *the asymmetrical character of development.*

Considerable concern on the part of Russia is caused by the prospects of a rapid increase in the gap between the social-economic level of the Kaliningrad Oblast on the one side and Lithuania and Poland on the other. The European Union is rendering assistance to the candidate states in the process of their accession to the EU by means of such programs as PHARE, SAPARD, ISPA. In the framework of all these three programs, Poland is expected to receive about one billion euros and Lithuania, about 130 million euros, while at the same time, the Kaliningrad Oblast, in the framework of TACIS, the only program available for it, since 1994 has received 12-15 million USD (from the interview of Vice-Governor of the Kaliningrad Oblast V.M. Romanovsky to the newspaper "Kaliningradskaya pravda" of April 29, 2000). The financial and other assistance to Lithuania and Poland, intended on improving their social-economic situation and living standards, will be likewise continued after they join the European Union.

If the significant lag of the Kaliningrad Oblast behind Lithuania and Poland in the development of the social-economic situation and in the living standards of their inhabitants were to persist, this might cause illegal migration of the work force, smuggling, drug trafficking, and other negative consequences.

Sixth problem: *standards and certification.*

The essence of this problem is that at present there are no difficulties for the export of commodities from Kaliningrad Oblast to Lithuania or Poland on account of standardization and certification, as these countries are still using the CMEA system. Nevertheless, after Lithuania and Poland join the EU, the Kaliningrad exporters will already be obliged to comply with the standards and certification procedures of the European Union. The internal harmony of trade relations within the EU, achieved by means of common regulatory procedures and compliance with unified industrial

standards, might turn into a powerful non-tariff barrier against import from outside, in particular that from Kaliningrad Oblast with its modest level of technological development.

It might be possible to continue with the list of problems the Kaliningrad Oblast has to face in relation with the European Union enlargement, however, the scope of the present works does not permit that. Nevertheless, I would like to mention that a list of Russian concerns in relation to Kaliningrad was submitted by Moscow to the European Commission in September 1999. There can be no doubt that it is first of all the task and obligation of Russia itself to ensure the basic subsistence and prosperity of the Kaliningrad Oblast. Nevertheless, it is also obvious that the best possible resolutions to the problems of Kaliningrad can be only found by means of correspondent interaction with the international community. The Russian Federation is pursuing that in the following three directions:

### 1. The dialogue of Russia and the EU

The possibility for sharing opinions about the Kaliningrad problem is provided by the Agreement on Partnership and Cooperation between the Russian Federation on the one side and the European Communities and their member-countries on the other. Article 102 of the Agreement, in particular, stipulates a provision of consultations along appropriate channels on the requests of any of the Parties on the issues related to the interpretation or implementation of the said Agreement, or any other important aspects of the relationship between the Parties.

In the interests of the basic subsistence and sustained development of the Kaliningrad Oblast, the Russian Federation has officially proposed to the Commission of the European Communities to start consultations within the framework of the institutions and mechanisms of the aforesaid Agreement. Such consultations may be expected to start soon. As it was noted, in the Strategy for the Development of the Relationship between the Russian Federation and the European Union for a Medium-Term Prospect (the years 2000-2100), it would be in the interests of Russia to conclude a special agreement with the EU on Kaliningrad.

Particular hopes in the work on the problems of Kaliningrad are founded on the realization of the Northern Dimension concept in the politics of the EU. Thus, a joint Russian-Lithuanian list of projects, oriented *inter alia* towards the Kaliningrad Oblast (known as the “Nida Initiative”), was officially submitted to the European Commission on February 10, 2000 for their prospective realization in the framework of the EU Northern Dimension Initiative.

### 2. Bilateral cooperation of Russia with Lithuania and Poland.

The framework of bilateral cooperation of Russia with Lithuania and Poland, as candidates for joining the European Union, is very important in resolving the problems related to the basic subsistence of the Kaliningrad Oblast in the context of the EU expansion eastwards. The main emphasis is given to the improvement of the legal basis which regulates bilateral relations involving Kaliningrad, and to the development of the cross-border partnership ties. The latest achievements in this area include the signing in

June 1999 of the Russian-Lithuanian inter-governmental Agreement for the Long-Term Cooperation between Regions of Lithuania and the Kaliningrad Oblast and the creation of the working mechanism for its realization, the Russian-Lithuanian Council for Long-Term Cooperation.

The foreign policy efforts of Moscow, Vilnius and Warsaw have enabled the parties to resolve most of the issues for the benefit of the normalization of the situation around the Kaliningrad Oblast. Nevertheless, as already mentioned, the conclusion of relevant agreements on the Russian enclave is increasingly shifting from the sphere of the dialogue Moscow-Vilnius and Moscow-Warsaw to the level of the dialogue Moscow-Brussels.

### 3. Regional cooperation.

The administration of Russia encourages cooperation of the Russian Federation with foreign partners on the regional level. The Kaliningrad Oblast actively pursues this type of relationship. Kaliningrad has signed agreements with a number of Lithuanian counties, Polish provinces, Belarusian Oblasts, the Danish Bornholm county. The municipal structures of Kaliningrad participate in the activity of the Euroregions “Baltica” (together with Danes, Latvians, Lithuanians, Poles and Swedes) and “Saulė” (together with Latvians and Lithuanians).

A considerable positive potential inherent in regional cooperation, especially in such forms as the Euroregions, may be effectively realized by the Kaliningrad Oblast in the interests of its basic subsistence. The proof of the obvious desirability of such partnerships is in the support extended by the European Union, the Council of Europe and the Council of Ministers of the Baltic Sea States, including their financial, material and intellectual assistance, rendered for this purpose within the framework of various programs.

In assessing the situation around the Kaliningrad Oblast and the prospects for its development, it is essential to take into account a rather important circumstance, namely: one of the principal guarantees for preserving stability and calm in the Baltic region still remains the due consideration given to the Kaliningrad factor, while, on the contrary, the disregard for the Kaliningrad factor may give rise to tension in this part of Europe. Moreover, there is no doubt that, with respect to the expansion of the EU presence in the Baltic area, the influence of the Kaliningrad factor will increase. In turn, the welfare of this Russian enclave will also be to a great extent determined by the existence of a stable and neighborly atmosphere in the Baltic region.

In this relation, it is worth referring to Graeme Herd, author of a research work “Competing for Kaliningrad”<sup>1</sup> who states that today Kaliningrad is acquiring even more important strategic weight, as this small enclave is “on the front line between the EU keen to enlarge and the Russian Federation struggling to understand and manage its transformation.” In his work, Herd also offers a prediction: “As with Kosovo in the Balkans, Kaliningrad will be a touchstone for the new European security order in the region. Its fate is inextricably linked to regional stability.”

---

<sup>1</sup> Graeme Herd, “Competing for Kaliningrad: Europe and Russia”, *The World Today*, 12 (55), 1999, p.7-9.

It is certainly possible to take various attitudes to this prophesy of Greame Herd, though there can be no doubt as to the truth of his words about the interrelation between the fate of Kaliningrad and the stability in the Baltic region.

Taking into account the multifaceted character of the affect produced by the European Union enlargement on the situation around the Kaliningrad Oblast, paying attention to the role and importance of the Kaliningrad factor in the Baltic region and beyond, and for the purpose of strengthening peace, stability and good neighborly relations in this part of Europe, it is essential, in the course of processes related with the enlargement of the European Union, to maintain the balance of the interests of all the parties concerned. As a guaranty that mutually acceptable resolutions to the Kaliningrad issues will be found, joint attempts at drawing maximum benefit out of the advantages of the European Union's eastward expansion should be attempted. At the same time preventing the emergence of, or eliminating or compensating any negative consequences for the Kaliningrad Oblast of the Russian Federation, is also seen in the Strategy for the Development of Relationship between the Russian Federation and the European Union for a Medium-Term Prospect (2000-2100).