

# REGIONAL DEVELOPMENT: GEOGRAPHY AND ECONOMY



## THE KALININGRAD REGION: CHALLENGES OF THE EXCLAVE POSITION AND WAYS TO OFFSET THEM

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*Recent geopolitical shifts and Russia's response to them have had a significant impact on the Kaliningrad region. This has created new challenges and warranted a revision of the old ones. The article investigates the reaction of the region's economy to the challenges of its exclave position and considers possible measures to offset related problems in the current geopolitical situation. The article employs statistics, regional strategies, cross-border cooperation programmes, and expert interviews conducted by the authors in Kaliningrad in 2012–2014. The vast body of empirical data is instrumental in analysing the views of different stakeholders and estimating the problems and prospects of the region's development as either Russia's military outpost in Europe or as a 'cooperation laboratory'. The analysis takes into account collaborations with the neighbouring states. In striving to identify the preferable regional development conception, the authors reveal low susceptibility of local cross-border cooperation actors to the belligerent rhetoric of national authorities on either side of the border. The study of the state of affairs in tourism, a promising area of regional specialization, demonstrates a dual effect of the exclave position, which can be considered both as a challenge and an opportunity.*

**Keywords:** exclave, Kaliningrad region, border region economy, tourism, cross-border cooperation

After the demise of the USSR, the Kaliningrad region and the prospects of its development remain in focus of attention of the Russian and foreign researchers. Since there were many

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publications devoted to the analysis of the exclavity phenomenon [1], as well as influence of exclave position on the development of the Kaliningrad region [7; 16; 17]. A successful attempt to represent sixteen hypothetical regional development concepts, reflecting current diversity of opinions, was made in the book “Development strategies of the Kaliningrad region” published in 2011. Without getting into details and inherently unrealistic approaches including those presupposing secession from the country, it is possible to distinguish two main organically interrelated lines in the discussion on the regional development problems. Some researchers were primarily focused on a search for Russia’s internal opportunities and incentives for the development of this territory. Within the framework of this approach, different models of interrelation between the federal centre and the region were widely discussed, and various economic mechanisms for the region development were regarded [8; 18].

Another no less important line of the discussion was an attempt to associate economic development of the region with an external context: geographical position, processes of Euro-Atlantic integration, etc. Some Russian and foreign researchers emphasized that exclavity generates not only hazards, but also new development opportunities. According to their opinion, the Kaliningrad region should have become a ‘region of cooperation’ [8], which could have potentially led to confidence building initially between countries of the Baltic region [23], and then between Russia and the EU as a whole [22; 24]. As a ‘natural laboratory of cooperation’ aimed at the development of relations between Russia and the EU [32], the Kaliningrad *oblast*’ could have got significant economic advantages and, while modernizing the economy, become a kind of driving force for Russia’s rapprochement with the European Union.

A new crisis in Russia — EU relations in 2014 revitalized old perception of the Kaliningrad region as a ‘double periphery’ [19] and even a ‘geopolitical hostage’ [26] withdrawn from modernization processes in Russia and Europe. Just like in the old days, the Baltic exclave is more often regarded as one more ‘unsinkable aircraft carrier’, and a ‘military outpost’ of Russia in the West [3; 21].

The change of geopolitical situation and mutual sanctions of the Russian Federation and the West had exerted a significant impact on the position of the Russian exclave; these create new challenges for regional development.

The aim of this work is an attempt to analyze challenges of exclave position as well as responses on them proposed by federal authorities and regional development strategies and cross-border cooperation programs. The exclave and near-border position do not only impose certain restrictions but are an important resource. The paper demonstrates its dual role using an example of tourism as one of prospective specializations of the region. The research is based on statistical material and a series of interviews conducted by the authors in the Kaliningrad region in 2012,

2014, and 2017<sup>1</sup>. The article explores regional development strategies and cross-border cooperation programmes, analyses departmental statistics, describes tourist flows and results of surveys provided by the Ministry of Tourism of the Kaliningrad region, the Kaliningrad Tourism Information Centre, and the Agency for Foreign Affairs and Regional Cooperation.

### Exclavity as a Challenge for the Regional Development

The exclave position influences practically all aspects of the regional development. The region is separated from mainland Russia by territories of Lithuania and Belarus, and the sea route to St. Petersburg is over 1,000 km long. Considerable experience has been accumulated in the world in the management of exclave territories, including those that used to exist in the territory of today's Kaliningrad *oblast'* [16] but the application of this experience is restricted due to the peculiarities of the region. Firstly, the Kaliningrad region is one of the largest exclave territories in recent history. The region stands out from other similar territories due to its big number of population (986,000 people in 2017) and a relatively diversified economy. Secondly, under the current conditions, the enclave status of the region within the European Union and the NATO countries creates a significant conflict potential because the Russian exclave is not an independent state unlike other similar areas (for instance, Andorra or Vatican).

Similarly to other exclaves, the Kaliningrad region faces four main groups of problems. Firstly, providing access to the exclave territory from the main territory of the state; this is the most obvious cause of serious and frequently emerging conflicts. In case of Kaliningrad, the issues of transit (personal, cargo, and military one) have provoked such disputes. Secondly, there have been some management difficulties caused by the impossibility to solve inner problems without taking into account the opinion of the neighboring countries. Trying to provide the region with power by the construction of the Baltic Nuclear Power Plant, Russia met serious objections from the neighbouring countries who failed to propose any adequate alternatives while making diplomatic demarches only. Thirdly, exclave territories face economic problems resulting from the insufficient capacity of their internal market as well as from additional expenses entailed by customs and border barriers. Fourthly, there is a possibility of the formation of a special identity which can be, on the one hand, conservative due to the isolation from the main territory of the

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<sup>1</sup> The authors conducted over 40 interviews with representatives of business and expert communities, regional and local authorities, customs services, religious and noncommercial organizations.

country, and, on the other hand, extremely flexibility due to the influence exerted by the nearest neighbours [14; 5]. This possibility, fraught with the risk of the region drifting away from Russia, causes major concerns in the federal centre. This is clearly visible in the results of the federal discourse analysis [9] and in the interviews by local experts.

Negative effects of the exclavity were not observed immediately after the demise of the USSR; they developed gradually. It is possible to say that a gradual process of ‘exclavization’ evolving from a legal to a real exclavity of the region [7] (Fig. 1).

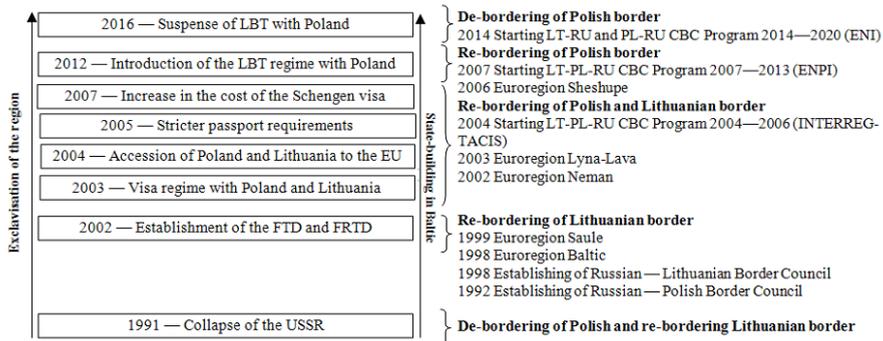


Fig. 1. Exclavization and the development of cross-border cooperation in the Kaliningrad region

## Russia's Internal Response to Exclavity

Federal and regional authorities have made significant efforts in order to *compensate costs of 'exclavization'* sticking to two main lines of a scientific and political discussion. The first line was a search work into a *balance of powers between the federal centre and regional authorities*. At the turn of the 1990s, most researchers and regional politicians pushed the idea to broaden economic and political independence of the Kaliningrad region; this idea complied with the decentralization processes characteristic of the relations between the federal centre and other regions at that time. In 1993, the draft law “On the Special Status of the Kaliningrad oblast” was prepared, but it was not passed. An alternative proposal was made to emphasize the role of the Kaliningrad region as a military outpost of the country; it meant that Kaliningrad remained a recipient region. Nevertheless, the process of the region's demilitarization was well underway.

In the late 1990s and the early 2000s, when a trend to power centralization and unification of the federation entities rights prevailed in the country, the idea of enlarging the federal presence in the region [18] and

increasing direct investments by the state and government-controlled companies became more popular. Large investments were initially aimed at improving communication between the region and mainland Russia (ferry at Baltiysk) and at decreasing energy dependence on Lithuania.

During the preparation for the 2018 FIFA World Cup significant funds were allocated for the development of transport infrastructure in the region (e.g. *Primorskoye Kol'tso* motorway and a cruise terminal in Pionerskoye), and for improvement of urban services in Kaliningrad and some resort towns. The ambitious Government Programme “Socioeconomic development of Kaliningrad *oblast'* up to 2020” was adopted in 2013, however, some adjustments were already made in it due to the Federal Budget cuts.

The federal authorities provided their support in the form of the creation of special conditions for economic activities within the region. Since the beginning of the 1990s, the region has enjoyed significant customs and taxation benefits as well as tariff support for the transportation of goods. The establishment of the Yantar Free Economic Zone and the status of the Special Economic Zone in 1996 (SEZ-1996) made it possible for their residents to import raw and semi-processed materials duty-free and to export end products on the condition that the added value, created within the region, was not less than 30% (15% for electronics and household appliances). This contributed to the formation of a new economy based on imported raw and semi-processed materials from abroad and the delivery of the manufactured goods to the all-Russia market. As a result, large clusters of automobile, electronic, and electric equipment industries, based on an import-substituting principle, formed in the region [19]. In the mid-2000s, according to the Federal Service of State Statistics (Rosstat), almost 86% of Russian TV sets, 84% of vacuum cleaners, a quarter of tinned meat, etc. were manufactured in Kaliningrad.

The crisis of 2008 demonstrated a significant vulnerability of the economic model of the region based on the preferential position of assembly plants, oriented towards the all-Russia's market. It was impossible to fully compensate exclave costs because of the Eurasian integration and the preparation for Russia's accession to the WTO. The interests of the exclave as a territorial system relatively isolated from the rest of the country did not always coincide with the interests of other Russia's regions and the state as a whole. Decisions with the aim to overcome the exclave resulted in additional advantages of the region over other regions with similar economic profiles. This provoked interregional conflicts of economical and political character.

This experience was partly taken into account by the Federal Law No. 16 “On SEZ in Kaliningrad *oblast'*” of January 10, 2006 (SEZ-2006) which established ten-year transitional period for the transfer from customs privileges to tax advantages. During this period, duty relief remained valid for legal entities registered before April 1, 2006 only. New

residents of the SEZ could enjoy tax preferences only. Despite these measures, however, most manufacturing plants in the Kaliningrad region enjoyed customs privileges provided by SEZ-1996 regime even up to 2016. After the repeal of these benefits in April 1, 2016, enterprises started to receive compensations from the federal budget. About 26 billion rubles were allocated for these purposes in 2016, including almost 14 billion rubles for car assembly enterprises. In order to support local manufactures, such measures were taken to delay of import VAT payments, subsidies for rail transportation of goods, and support for the regional labor market [15]. However, the procedures of paying subsidies to local business operators remain non-transparent [2].

In 2016, emphasizing the necessity of additional support to Kaliningrad entrepreneurs, who are uncompetitive compared with any mainland Russia manufacturers, the Kaliningrad authorities started developing an entire complex of measures to attract investments and simplify conditions of business activities in the region.

In 2017, amendments to the Federal Law FZ-16 “On SEZ in the Kaliningrad *oblast*” were adopted extending the SEZ territory to land and water areas of sea ports, prolonging the time of the SEZ operation up to 2045, and introducing some additional preferences for residents.<sup>2</sup> According to local experts, however, all these amendments are insignificant in comparison to principal proposals made by the local government but rejected by federal authorities. [13]. At the same time, many experts believe that it is not a matter of concrete procedures, but a matter of instability of the such economic model, basing not on specific regional factors, but on artificially created institutional conditions, changes of which could make many production facilities, created in the region, incapable to exist [4; 12].

### Neighborhood as a Method to Compensate the Exclavity: the Role of Cross-border Cooperation

External conditions of the region development were also a subject of an active scientific discussion, the results of which are partly fixed in regional strategies. The assessment of these conditions and methods to overcome the exclavity depend, first, upon parameters which should be regarded as prior ones while evaluating geographical position of the region — the exclavity per se or the neighborhood factor [12], and, secondly, upon the assessment of the neighborhood factor itself and the entire

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<sup>2</sup>Abolition of utilization fee, simplification of procedures of various expert evaluations, reduction of insurance payments as well as income and property tax rates for new residents of the SEZ, lowering of minimal investment threshold.

complex of relations between Russia and the EU as a whole. The diversity of emerging opinions on the issue may be reduced to two main approaches.

The first approach, becoming increasingly popular in recent years, is a possibility and even necessity to make the Kaliningrad region Russia's "military outpost" again. Despite the fact that the majority of people, who advocate this approach in its most extreme forms, are rather political writers than scientists, the probability of such scenario cannot be completely excluded. This approach is described in research literature in a softer form [21; 3], and is not reflected at all in regional strategies worked out up to date.

The second approach stipulates that benefitting from the neighborhood position may be a way to compensate the region's exclavity. In the 1990s, when the relations between Russia and the EU seemed to be evolving to the level of not just mere cooperation but even of strategic partnership and integration, an idea of a 'pilot region' of Russia-EU cooperation appeared [18]. The Kaliningrad region was regarded both by Russia and by the EU as a specific region under the sovereignty of Russia, as a platform for EU-Russia cooperation. This referred to the testing of new forms of economic integration, cross-border cooperation, people mobility, etc. This idea was supported by both Russian and foreign scientists [8; 31], by regional authorities, It was even proclaimed as Russia's official negotiating position at different EU summits in the early 2000s.

In the mid-2000s, when the top-level cooperation between Russia and the EU started to slow down, a less ambitious and less obliging idea of "the region of cooperation" was discussed. Even this idea, however, became excessively revolutionary in a little while, and this has not allowed to implement the "Strategy of socioeconomic development of Kaliningrad *oblast'* as a cooperation region for the period up to 2010" to the full extent. Regional authorities within their powers focused on most depoliticized and, as time has shown, most stable form of international cooperation — cross-border one.

The regional authorities initially regarded cross-border cooperation as a method to mitigate the consequences exclavity and the socioeconomic crisis after the demise of the USSR. In the 1990s, the process of active formation of institutional infrastructure and cross-border cooperation practices was going on at the regional level under the control of the central government. Russian-Polish (1992) and Russian-Lithuanian (1999) cooperation councils were established in the Kaliningrad region during that period; many issues of current interest, ranging from border delimitation and demarcation to economic cooperation, were within the scope of competence of their different commissions.

An important role in the formation of the existing cooperation frameworks was played by TACIS programme launched in the Kalinin-

grad region in 1991. The region became one of priorities of this programme in 1994; in particular, this entailed a significant increase in financial support. TACIS projects concerned mainly environment protection, modernization of some plants, development of transport networks, and trainings for managers and professional employees.

In the late 1990s and the early 2000s, Euroregions became one of the main forms and platforms of regional cooperation. Five of them were established with the Kaliningrad region, namely “Neman” (founded in 1997), “Baltic” (1998), “Saule” (1999), “Sheshupe (Šešupė)” (2003), and “Lyna-Lava” (2003). Most intensive cooperation took place in the Euroregions “Baltic” and “Neman”. The total amount of the EU grants for the Euroregion “Baltic” ran to 8,9 million euros in the period from 1998 to 2005 while that for the Euroregion “Neman” amounted to 13,2 million euros [20].

According to the official documents of the Ministry of Foreign Affairs, in 2012 the activities of the Euroregions were ineffective because of several issues, first of all due to a lack of financial resources in municipalities for the implementation of joint initiatives together with foreign colleagues as well as due to significant contradictions between partners. The participation of the Kaliningrad region in the Euroregions is gradually being reduced while there are no new projects. International activities are limited to several small international events at best.

After the EU enlargement the Kaliningrad region took an active part in the programme of cross-border cooperation “Lithuania — Poland — Russia 2004—2006” financed by INTERREG (for the EU member countries) as well as PHARE (for countries which are candidates for the EU accession) and TACIS (for the rest of participants). The bulk of projects, implemented through these programmes, was aimed at developing cooperation in the spheres of environment protection, civil society development, cultural and scientific exchanges. However, programmes of cross-border cooperation were repeatedly criticized by the expert community. It was noted that the projects were obviously asymmetric in their character because most funds were spent within the EU countries, having no serious impact on the socioeconomic situation in neighboring regions involved in the programme [6; 27]. Financing of the first cross-border cooperation programmes was performed by the EU and contractors in the Kaliningrad region had the status of partners without any financial participation and, therefore, could not promote their interests.

In 2007, Kaliningrad *oblast'* took part in the development of a new program of cross-border cooperation “Lithuania — Poland — Russia” (2007—2013) taking into account the experience of the previous program implementation. Thus, instead of complicated financing through different funds and European programmes (INTERREG, TACIS, PHARE) a unit-

ed financial system was created — European Neighborhood and Partnership Instrument (ENPI) — with a single set of rules and procedures for all participants; co-funding threshold for projects bidders was lowered; more opportunities emerged for adaptation of the European Commission priorities to local realities.

As far as the content and implementation practices are concerned, the ENPI programmes of cross-border cooperation (2007—2013) differed significantly from the INTERREG, PHARE, and TACIS programs (2004—2006). First, systematic monitoring of programmes efficiency allowed the region to decrease costs of socioeconomic development asymmetry in near-border areas. It was the result of the experience gained by local actors during international projects and, most notably, a tangible financial contribution of the Russian side to the overall budget of the programme (44,000,000 Euro or about 25 percent).

Secondly, cross-border cooperation came “closer to the border”: new programmes were focused on border areas to a greater degree than earlier (Fig. 2). The programmes of 2007—2013 demonstrated long-established patterns; they shifted the emphasis partially from large cities to municipal centres located closely to the border. They became platforms for large-scale infrastructural projects aimed mainly at the improvement of transport accessibility of these towns from the adjoining territories of the neighboring countries. These programmes were also aimed at the reduction of negative influence of these towns on the environmental situation in trans-border river basins.

Thirdly, “soft” projects, relatively small in terms of funding allocation, are accompanied in cooperation programs with larger projects aimed at modernization or creation of up-to-date infrastructure.

The analysis of implemented projects in the sphere of cross-border cooperation demonstrates that the Kaliningrad region has made good progress during the last ten years, as far as the deepening of interaction with neighboring countries (first of all, Poland) is concerned. An institutional model of cross-border cooperation was gradually constructed which led to the formation of real partnership networks, both cross-sectoral ones and those concerning individual branches (environment protection, tourism, etc.). Today, it is difficult to forecast the stability of such networks and their capacity to initiate independent projects. Nevertheless it is quite clear that there is continuity in partnership relations because any new programme demonstrates reproduction of the already established contact groups. Common interests of their participants provide prerequisite for further cooperation even under conditions of geopolitical tension.

A key distinction of the new programme period (2014—2020) is a transition from a trilateral cooperation format to a bilateral one. As in the previous years, among priorities proposed by the European Commission,

the programme participants can choose and adopt those of them, which meet their interest the most. It was decided that primary focuses of the “Poland-Russia” programme should be the improvement of near-border areas accessibility and environment protection. It is expected that in the “Lithuania-Russia” programme a lot of attention will be paid to anti-poverty measures as well as the support of cooperation between local and regional authorities. Nevertheless, cooperation in the sphere of historical, natural, and cultural heritage preservation and also in the field of border security management and migratory movements control remained a common priority of both programs.

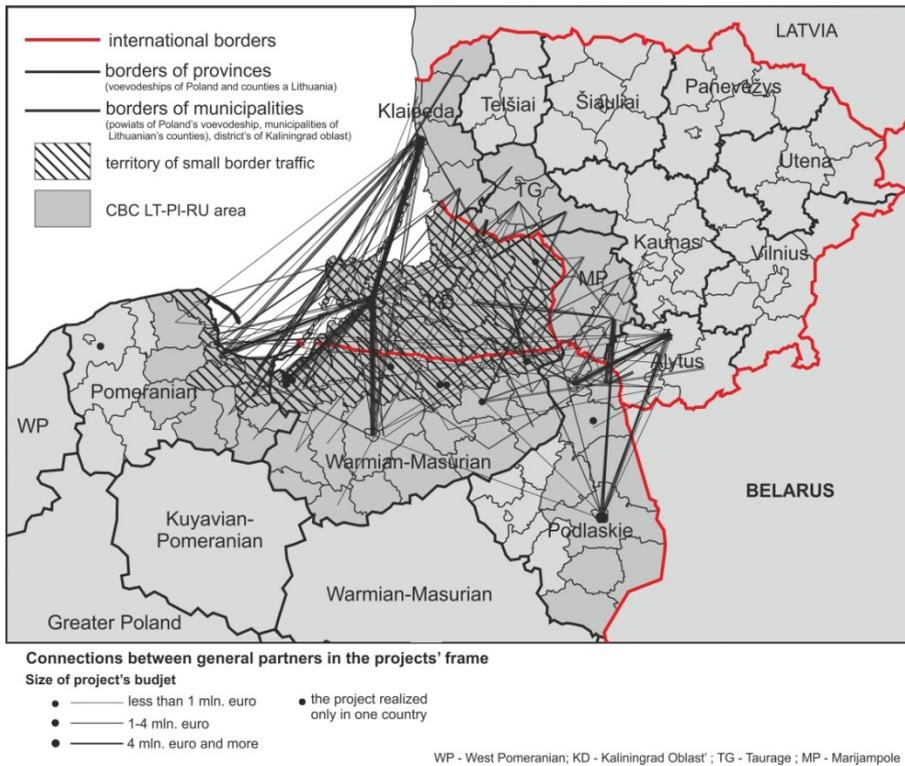


Fig. 2. Partnership network emerged as a result of cross-border cooperation projects according to INTERREG IIIa and ENPI programmes in 2004—2013

By the beginning of 2018, financial agreements between Russia and the European Union as well as framework documents concerning the programmes “Poland-Russia 2014—2020” and “Lithuania-Russia 2014—2020” have already been signed, and a joint monitoring committee of the programme has started its work. A package of requests for large-scale projects with obligatory infrastructural components is being formed. These projects include “From Spit to Spit” bikeway, the con-

struction of a waste treatment facilities in Yantarny and Rybachy, the construction of a beach promenade, a park and marina in Svetly, improving water supply and waste water treatment, the construction of a road in Gusev, and many others.

It is known that the total allocated budget of the Poland-Russia cross-border cooperation programme will run to 61,900,000 Euro (41,3 million euros from funds of the European Union and 20,6 million euros from funds of the Russian Federation) while that of the Lithuania-Russia programme will exceed 23,5 million euros (including 7,8 million euros contributed by Russia). The first period of tender applications according to the Russian-Lithuanian programme started in January 2018 and will continue until April (most probably there will be another round). The results of tenders will be announced in the summer 2018. A regular tender within the framework of the Russian-Polish programme will begin in February-March 2018 because the agreement was signed only at the end of December 2017 as a result of the Polish Cabinet reshuffles and a tension in the relations between Russia and Poland.

Despite positive experience of the cross-border cooperation, it does not meet all expectations. First of all, its positive influence on the structure of the Kaliningrad region economy was not significant. The idea of production cooperation with the neighbours in a bipolar (Tricity Gdańsk-Gdynia-Sopot — Kaliningrad) or a tripolar format (Tricity — Kaliningrad — Klaipėda) was not implemented. As a result, the most intensive cross-border contacts of the region were until recently related to supplies of consumer goods as well as raw and semi-processed materials for further processing at the region's plants and a subsequent delivery to Russia's market. Steps, taken by the Russian government in response to Western sanctions, have inflicted a blow at these already established relations. The events of recent years have also done harm to the tourism which is one of prior branches both for cross-border cooperation and for regional development.

### Exclavity and Tourism: Opportunities for Cross-border Cooperation

The tourist industry has been one of the regional priorities since the early 2000s when the development of economic strategies became systematic in its character. Although the contribution of tourism to the region's GRP is rather humble and, according to optimistic assessments, does not exceed 2%. And yet, the branch is on the rise (Fig. 3). According to the data of the Kaliningrad *oblast'* ministry of tourism, the number of tourists visiting Kaliningrad went up one-and-a-half times during the post-Soviet period (from 400,000 in the late 1980s to 600,000 in 2014). The growth of the number of tourists was achieved thanks to domestic

tourism, the percentage of which increased from 68.3 in 1997 to 93.7 in 2014. The main purposes to visit the Kaliningrad *oblast* was the same as in the Soviet time: health and wellness (48%) and culture-related tourism (28%).

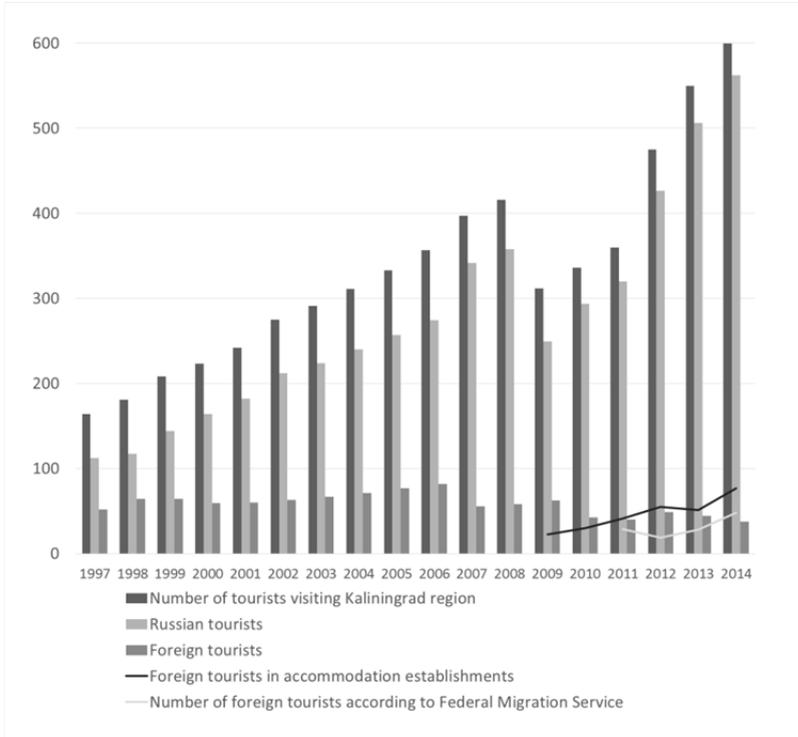


Fig. 3. The number of tourists visiting the Kaliningrad *oblast*' (thousand people)

When the region was officially opened for foreign visitors in 1991, the first tourists, who visited the region, were so called 'nostalgic tourists', i. e. citizens of Germany born in the former East Prussia. In the late 1990s and the early 2000s, their children and grandchildren as well as inquisitive Germans interested in their history started coming to Kaliningrad.

In contrast to Russian tourists, most foreigners visit the Kaliningrad *oblast*' on business (35%) and for pleasure (46%). Besides citizens of Germany, whose percentage was 60—70% during the post-Soviet period, tourists from Lithuania and Poland were interested in visiting the region, but their percentage was not large (3—5% on average).

International programmes of cross-border cooperation, regional strategies, and regional programmes of tourism development tried to take into account the structure of tourist flows as well as the needs of individual tourist groups. The work on all these documents went on simultaneously, providing good opportunities for coordinated actions [28; 11]. There was one idea that ran through all these documents in 2003—2006. It was the

idea of creating a comprehensive tourist and recreational space based on “Prussian heritage”. Since 2007, the regional strategies and programmes of tourism development have been oriented mainly towards the region’s own tourist brands, such as “European Russia”, “Russia in Europe”, “Amber Region” (*Yantarny kray*), etc. It looks odd because cross-border cooperation opportunities and the creation of a common tourist and recreational space with the neighbours were disregarded whereas a common tourist product, based on “Prussian heritage” seemed to be the most competitive and appealing.

The border regime is one of the main principal barriers for the development of cross-border cooperation in the sphere of tourism and for the formation of a comprehensive tourist and recreational space. The first experiment with visa regime liberalization for the citizens of the Schengen zone countries, Great Britain, and Japan began in 2002 when the Foreign Ministry Representation office in Kaliningrad established three consular offices at three border crossing points in Mamonovo, Bargationovsk (both for motor vehicles), and Khrabrovo Airport. In order to get a 72-hour visa, it was necessary to buy a tourist product at one of six accredited travel agencies. The service *visa at border* was most frequently used by citizens of Germany, France, Great Britain, Scandinavian countries, and Poland.

According to the Foreign Ministry officials, 500 to 1,500 foreign tourists received their visas at the border yearly; that is why consular offices were open, when accredited travel agencies asked them for it and from 9.00 to 18.00 on weekdays only. Because of a limited demand for this service and a negative background created by the new regulations of the Schengen visa procurement for Russian citizens, the Foreign Ministry decided to stop the experiment in January 1, 2015. However, the visa experiment was extended to December 31, 2016 at the request of the regional government. One of reasons for making the service “visa at the border” unpopular, was a short period of visa validity.

Since 2009, visa-free entry (no longer than 72 hours) has been in effect for foreign citizens coming to the region aboard cruise ships. However, there are serious infrastructural restrictions for the development of cruise travels, namely the absence of the necessary port infrastructure. According to the Kaliningrad branch of the Federal Agency for Maritime and River Transport (*Rosmorrechflot*), the sea port of Kaliningrad received only 15 cruise ships in 2011—2013, while the neighbouring port of Klaipėda was visited by 44 cruise liners in 2012 and the port of Gdynia by 70.

Another instrument, potentially increasing the capability of the region to attract tourists, was the instrument of local border traffic (LBT) introduced in 2012 and abolished in 2016 at the initiative of Poland. This mechanism granted people residing in border areas the right to mutual trips using special LBT cards. Russia and Poland managed to introduce changes in the EU rules in order to extend the LBT zone and include Tricity into it [25].

According to the Central Statistical Board of Poland, 88% of Russian-Polish border crossings were made just by Polish citizens, and 50% of them used their LBT cards [29; 30]. About 96% of Poles went shopping within 30 kilometers from the border; they did not go to Kaliningrad and tried to minimize their travel and reduce it to visiting the nearest petrol station. Consequently, even those residents of adjacent voivodeships of Poland, who frequently visited the Kaliningrad region, are not interested in the region as a potential place for excursion tourism or recreation.

According to Tomasz Omański, chief of the Polish cultural centre in Kaliningrad, the main reason why the Poles are not interested in the Kaliningrad *oblast* is a lack of information on events in the region as well as negative stereotypes which are still strong even among near-border residents. The elaboration of a comprehensive strategy for the development of tourism, including a system of marketing and advertising of various events in the region, such as concerts, festivals, sales, etc., could improve the situation.

The abolition of the LBT regime had a negative influence on the development of cross-border contacts and limits opportunities of compensation for the exclave position of the region [10].

The development of cross-border tourism is also significantly limited due to the insufficient number of border crossing points, their low traffic capacity as well as a special border zone regime on the Russian side. The border zone regime though imposing some restrictions on mobility and economic activities, was extended in 2013 to many areas regarded as potential objects for cross-border tourism development, namely the famous Romintenskaya (Romincka) Forest at the border with Poland, and Lake Vishtynetskoye (Vištytis) at the border with Lithuania (the European Baikal cluster).

The development of incoming tourism is also impeded by special zones offering only a limited access for foreigners. These zones include vast areas in the Nesterov and Krasnoznamenensk municipalities, Zelenogradsk and the Guryevsk municipalities. Such a special zone in the Baltiysk municipality impedes the implementation of one of main projects in the region — the constriction of “From Spit to Spit” bikepath construction.

The border regime hampers the development of water tourism. The fact that the state borders go along the rivers (Neman, Sheshupe (Šešupė), and others) and across the Curonian and Vistula lagoons, makes it extremely difficult to use these water areas for tourism. There is little communication between the ports of Baltiysk and Elbląg since there are practically no border crossing points necessary for the development of small shipping and yachting. There are no special regulations for yachts crossing the maritime border are not worked out. Although a seasonal checkpoint “Rybachy-Nida” was established in 2013, it is functioning on request only and is visited by extremely small number of ship (less than 20 for a season). One of the methods to overcome border barriers could be the practice when visa-free entry (no longer as for 72 hours) would be accessible for owners and passengers of sports, sailing, and recreational crafts as well.



The introduction of a simplified online procedure of visa processing for foreigners visiting the region since 2018 could be an important mechanism for compensation of the LBT abolition. In this case, the exclavity of the region could play a positive role because a tourist coming with a special digital visa will have no possibility to travel to mainland Russia omitting border crossing checkpoints.

## Conclusion

The choice of a concept for the Kaliningrad *oblast* long-term development seems to be a difficult problem, which cannot be resolved only by efforts of the regional government. Unlike other regions of the Russian Federation, whose strategies take into consideration regional and federal interests, the Kaliningrad *oblast* due to its exclavity has to pay attention to the interests of the neighboring countries as well. Attempts to find a reasonable balance between the three groups of interests are reflected in all regional development strategies. However, this problem remains unresolved.

Firstly, the Kaliningrad authorities have no powers allowing them to influence risks related to the foreign policy or, vice versa, to use the external situation for regional development. Secondly, the interests and policy of the region's direct neighbours changed rapidly and were infused with the interests of economic and military-political groupings, which determine rules of the game in the Baltic Sea region. Thirdly, the federal centre in its Europe-related foreign policy not always respected regional interests of The Kaliningrad region as far as was necessary.

Since the early 1990s, the main emphasis of the regional development has been focused on internal factors given new geopolitical circumstances; this resulted in the creation of special conditions for the economic development of the region (SEZ) and in an increase of direct government investments. The weakness of this model became obvious during the crisis of 2008 and later, when there was a shift from customs privileges to tax advantages.

An aggravation of the international situation at the beginning of the Ukrainian crisis made geopolitical position of the region even more complicated. Nevertheless interviews with Russian and Polish experts, performed in 2012, 2014, and 2017, testify that local and regional actors of cross-border cooperation demonstrate relatively low sensitivity to hostile rhetoric on both sides of the border. The transition to a real militarization of common border areas, however, could lead to a loss of accumulated experience of cooperation, as it already happened with the LBT.

A balanced development of the region economy on the basis of internal and external factors is possible when the emphasis is made on those branches, which are interesting both for the region itself and for its neighbours. The creation of a common tourist and recreational space is an idea interesting for all; there are many prerequisites for its realization in the region, including its exclave position. Lowering or abolition of visa

barriers for tourists visiting the region would be an important step aimed not only at the branch development but also at changes in relations with the neighbours.

It is known that cross-border cooperation as one of the most depoliticized forms of international relations fosters the growth of confidence and facilitates the improvement of relations on a state-by-state basis. By establishing close contacts between people, it will be easier for the region to integrate itself into all-European space and to overcome negative consequences both of its political isolation from the West and its isolation from mainland Russia. Despite all complexities of negotiations, the tense international situation had no impact on the funding and implementation of cross-border cooperation projects in 2014—2018. Regional level officials on both sides of the border hope that the recently launched ENPI cross-border cooperation programmes will not suffer from mutual sanctions exchange; they consider these programmes to be “the last bridge-head”<sup>3</sup> of cooperation.

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