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CONFISCATION ESTONIAN STYLE: LEGAL AND POLITICAL ASPECTS OF POTENTIAL SEIZURE OF RUSSIAN ASSETS IN EU COUNTRIES

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The possible confiscation of Russian assets by Western countries is one of the serious challenges to modern international law and the system of international relations. Since the greater part of the frozen assets is under the jurisdiction of EU countries, special attention should be paid to studying mechanisms for the use of Russian assets within the EU. The purpose of this article is to identify the key characteristics of the EU's approaches to the use of frozen Russian assets, determine their compliance with international law and investigate possible consequences for the modern system of international relations. To achieve this goal, the author analysed the legal aspect of this problem, examined the compliance of the initiatives to confiscate Russian property with the norms of modern international law and pinpointed the potential consequences of such actions. It is concluded that possible options for seizing sovereign assets contradict the norms of international and national law. Therefore, all these methods are unfeasible within the current legal framework. Yet, the main obstacle to implementing the plans to seize Russian sovereign assets lies not within the legal realm, but in the political sphere since such actions could result in unforeseeable ramifications. The mechanism proposed by the European Commission for seizing private property within the framework of criminal proceedings implies the use of criminal law to solve political problems, which is at variance with the objectives of criminal policy.

Keywords:
European Union, Russia, sovereign assets, private property, confiscation, Estonia, principle of sovereign immunity, international law

Introduction

In June 2023, the Estonian authorities announced that the development of a mechanism for the seizure of Russian assets had been completed. On 12 October 2023, the Estonian government adopted a bill amending the Act on International

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Sanctions[1], which was subsequently submitted to Parliament for approval. According to the information made public, the new bill lays down national rules allowing the utilisation of assets belonging to individuals targeted by restrictive measures to compensate Ukraine for damages.[2] It can be concluded that this refers to the frozen assets of private individuals targeted by restrictive measures. These assets, according to the Estonian authorities' estimates, amount to approximately 38 million euros.

Thus, according to the Estonian authorities, the country may become the first EU member state to legally establish a national mechanism for the seizure of foreign property. At the same time, the country's authorities hope that their experience will serve as an example for the entire EU.

Estonia, however, is not the pioneer in this matter. In 2022, amendments to the Special Economic Measures Act[3] were approved in Canada. According to these amendments, the Prime Minister was granted the right to confiscate property located in Canada and owned by a foreign state in case of a serious violation of international peace and security or of significant and systematic human rights violations in a foreign state [1].

The information disclosed by the Estonian government does not yet clarify how the property confiscation mechanism will work in Estonia and whether it concerns sovereign assets of the Russian Federation. Yet, to date, no state has implemented a mechanism for confiscating foreign private and sovereign property or has a clear understanding of how this can be executed.

It is not coincidental that Estonia was the first EU country to assert its readiness to develop a mechanism for the seizure of Russian property. The Baltic States have always been at the forefront of anti-Russian policies, insisting on the radical option of using Russian assets for not only the needs of Ukraine but also their own.[4] Nevertheless, these countries play a very modest role in the international financial system, and the volume of frozen assets they hold is insignificant: given the negligible volume of investment in their economies, a lack of international trust will not have catastrophic consequences for these states.

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[1] International Sanctions Act, 2022, *Riigi Teataja*, URL: https://www.riigiteataja.ee/en/eli/508032022003/consolide (accessed 12.11.2023).

[2] The government will send a regulation on the use of frozen Russian assets to the Riigikogu, 2023, *Republic of Estonia Government*, URL: https://valitsus.ee/en/news/government-will-send-regulation-use-frozen-russian-assets-riigikogu (accessed 10.09.2023).

[3] Special Economic Measures Act S.C. 1992, p. 17, as amended on 23 June 2022, 2023, *Government of Canada,* https://laws-lois.justice.gc.ca/eng/acts/s-14.5/page-1.html#1358046-1367626 (accessed 10.07.2023).

[4] Strupczewski, J. 2022, Exclusive: Four EU countries call for use of Russian assets to rebuild Ukraine, *Reuters,* URL: https://www.reuters.com/world/europe/exclusive-four-eu-countries-call-use-russian-assets-rebuild-ukraine-2022-05-23/ (accessed 01.10.2023).

Confiscating foreign property has been a recurring event in global practice [2]. However, the confiscation of Russian assets has some peculiarities: firstly, due to Russia's status as a leading global power and a permanent member of the UN Security Council, and secondly, due to the amount of funds that could potentially be seized. These circumstances indicate the significant urgency of the problem, which requires comprehensive analysis from both legal and political perspectives.

According to expert estimates, around 200 billion euros of Russian sovereign assets have been frozen in EU countries, along with approximately 24 billion euros belonging to private individuals.[1] Additionally, around 40 billion US dollars is frozen in the US and approximately 20 billion US dollars in the UK [3]. These numbers stem from reports by the Central Bank of Russia, whilst Western nations lack precise knowledge regarding the whereabouts of the majority of frozen assets. Despite the apparent unity of Western countries regarding sanctions pressure on Russia, approaches to the use of frozen Russian assets in different countries and alliances may differ.

This article will examine the legal and political aspects of the EU's plans for the utilisation of Russian sovereign and private assets.

Seizure of Russian property as an element of the EU's sanctions policy

After the beginning of Russia's special military operation in Ukraine, the EU significantly tightened the regime of unilateral restrictive measures introduced in 2014 [4—6].

Amongst the numerous restrictions, the EU has prohibited any transactions related to the management of reserves and assets of the Central Bank of Russia (Article 5a (4) of Regulation № 833/2014 as amended by Regulation № 2022/394).[2] Until 2022, asset freezing was solely applied to individuals. Since February 2022, such measures have also been extended to sovereign assets

Formally, freezing is not identical to confiscation, implying that the specified assets will eventually be returned to their owners. Almost immediately, widespread appeals were made for the use of the frozen Russian assets for Ukrainian reconstruction and potentially for the needs of EU member states.

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[1] EU Blocks More Than €200 Billion in Russian Central Bank Assets, 2023, *Bloomberg*, URL: https://www.bloomberg.com/news/articles/2023-05-25/eu-has-blocked-200-billion-in-russian-central-bank-assets (accessed 05.10.2023).

[2] Council Regulation (EU) 2022/394 of 9 March 2022 amending Regulation (EU) №833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine. OJ L 81, 09.03.2022, p. 1—7, 2022, *EUR-Lex*, URL: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32022R0394 (accessed 01.10.2023).

At the meeting held on 30—31 May 2022, the European Council called for exploring options for using frozen Russian assets for Ukrainian reconstruction (para. 13).[1] In October 2022, the European Council called on the Commission to present options for using frozen Russian assets for Ukrainian reconstruction in accordance with EU legislation and international law (para. 11).[2]

The issue of seizing Russian assets was once again raised at the European Council meeting on 29 and 30 June 2023, where the Council, the High Representative and the Commission were invited to continue work on frozen Russian assets in accordance with EU law and international law in coordination with partners (para. 6).[3] Thus, the issue of EU countries using Russian assets has been on the Union's agenda for over a year, yet no progress has been made in this regard.

The problem of legalising the confiscation of Russian assets should be considered as consisting of two parts: the confiscation of Russian sovereign assets and the confiscation of funds and other assets belonging to private individuals.

Confiscation of private assets belonging to Russian private individuals

The term 'seizure of private Russian assets' refers to the process of confiscating property and funds belonging to Russian individuals and legal entities targeted by EU restrictive measures. In accordance with Council Decision № 2014/145/CFSP and Council Regulation № 269/2014, restrictions, including asset freezing, have been imposed on a range of individuals and entities. It is in relation to such property that measures for seizure from the rightful owner are planned to be applied. The Estonian government, however, intends to take a step further in this matter by extending the practice to any Russian individual, whether targeted by restrictions or not.[4]

[1] Special meeting of the European Council (30 and 31 May 2022). Brussels, 31 May 2022, *European Council*, URL: https://www.consilium.europa.eu/media/56562/2022-05-30-31-euco-conclusions.pdf (accessed 05.10.2023).

[2] European Council meeting (20 and 21 October 2022). Conclusions, *European Council*, URL: https://www.consilium.europa.eu/media/59728/2022-10-2021-euco-conclusions-en.pdf (accessed 05.10.2023).

[3] European Council meeting (29 and 30 June 2023) — Conclusions, *European Council*, URL: https://www.consilium.europa.eu/media/65398/2930-06-23-euco-conclusions-en.pdf (accessed 05.10.2023).

[4] Estoniya khochet prodat' portovyye terminaly rossiyskikh kompaniy. [Estonia to sell Russian companies' terminals], 2023, *Sputnik Lithuania*, URL: https://lt.sputniknews.ru/20230628/estoniya-khochet-prodat-portovye-terminaly-rossiyskikh-kompaniy-29305239.html (accessed 01.09.2023).

At the EU level, the confiscation of Russian assets is primarily considered concerning individuals on the so-called sanctions list. Within the sixth package of restrictive measures, the Commission and the High Representative proposed to strengthen accountability for sanctions regime violations through criminal law measures, including property confiscation.[1] Effectively, this means the introduction of criminal law sanctions for violating Union-wide restrictive measures. On 25 May 2022, the Commission prepared a Union-wide mechanism for the seizure of property and funds from private individuals targeted by sanctions.[2] The main idea of this mechanism is to establish criminal liability at the Union level for sanctions violations and to introduce confiscation of property as one of the penalties. The Commission has prepared a package consisting of three draft laws to implement the proposed mechanism.

The first bill within this package was Council Decision № 2022/2332,[3] which included sanctions violations amongst the most serious transnational crimes, often referred to in Western legal terminology as Eurocrimes [7, p. 507; 8].

According to this decision, violation of Union restrictive measures constitutes a crime in compliance with the second subparagraph of Article 83(1) of the Treaty on the Functioning of the European Union (TFEU), i. e. this violation falls into the category of particularly serious transnational crimes. Remarkably, this is the first case of expanding the number of Eurocrimes provided for in Article 83 (1) of the TFEU after the implementation of the Lisbon Treaty.

Moreover, the Commission has prepared a new draft directive on confiscation[4] intended to replace Directive № 2014/42/EU,[5] which is currently in effect.

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[1] Council Regulation (EU) 2022/880 of 3 June 2022 amending Regulation (EU) №269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (article 15 (1). OJ L 153, 03.06.2022, p. 75—76, *EUR-Lex*, URL: https://eur-lex.europa.eu/eli/reg/2022/880/oj (accessed 25.05.2023).

[2] Communication from the Commission to the Europen Parliament and the Council towards a Directive on criminal penalties for the violation of Union restrictive measures. Brussels, 25.05.2022. COM (2022) 249 final, 2022, *EUR-Lex*, URL: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022DC0249 (accessed 25.05.2023).

[3] Council Decision (EU) 2022/2332 of 28 November 2022 on identifying the violation of Union restrictive measures as an area of crime that meets the criteria specified in Article 83(1) of the Treaty on the Functioning of the European Union. OJ L 308, 29.11.2022, p. 18—21, 2022, *EUR-Lex*, URL: https://eur-lex.europa.eu/eli/dec/2022/2332/oj (accessed 25.05.2023).

[4] Proposal for a Directive of the Parliament and of the Council on asset recovery and confiscation Brussels, 25.05.2022. COM(2022) 245 final, 2022, *EUR-Lex*, URL: https://ec.europa.eu/home-affairs/proposal-directive-asset-recovery-and-confiscation_en (accessed 25.05.2023).

[5] Directive 2014/42/EU of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union. OJ L 127, 29.04.2014, p. 39—50, 2022, *EUR-Lex*, URL: http://data.europa.eu/eli/dir/2014/42/oj (accessed 05.07.2023).

Unlike the latter document, the new confiscation directive will establish a legal basis for the effective implementation of Union restrictive measures. It will also provide a mechanism for asset seizure, should it be deemed necessary to prevent, detect or investigate criminal offences related to the violation of Union restrictive measures.

Finally, in December 2022, the Commission presented a draft directive on criminal liability for violation of Union restrictive measures.[1] The directive provides framework rules for criminalising acts related to the violation of Union restrictive measures and formulates liability for their commission. According to the draft directive, such acts include the provision of funds and property to a person in violation of the sanctions regime, failure to act in regard to asset freezing, provision of services in violation of the sanctions regime and permission of entry into the country in violation of an established ban, etc.

According to Article 10 of the draft directive, member states shall take necessary measures to ensure that funds or economic resources falling under Union restrictive measures, in relation to which a person, organisation or entity commits a crime, are considered 'proceeds' of crime for the purpose of the directive. In other words, regardless of the actus reus of the violation related to sanctions breach, frozen assets must be qualified as proceeds from criminal activity and subject to confiscation.

Thus, a legal framework for the lawful confiscation of assets and funds from private entities has been established. Based on the scheme proposed by the Commission, the conditions for the confiscation of private assets owned by Russian individuals are, firstly, the fact of imposition of restrictive measures against the owner of the said property and, secondly, the commitment by said or other individuals of actions related to the violation of the sanctions regime.

When analysing the package of draft legal acts presented by the Commission, several aspects merit particular attention. According to established international practice, confiscation as a criminal penalty is applied to property or money that has served as an instrument of a crime or has been obtained as a result of criminal activities. At the time of asset freezing, individuals subject to corresponding restrictive measures have not committed any violations.

Provisions of Article 10 of the Directive on the Definition of Criminal Offences and Penalties for the Violation of Union Restrictive Measures, which require member states to ensure the qualification of 'frozen assets' as proceeds of crime, seem disputable as they may substantially infringe upon the rights of natural persons under sanctions. This imperative demand from the Union for member states to act in line with the directive undermines the very foundations

[1] Proposal for a Directive of the Parliament and of the Council on the definition of criminal offences and penalties for the violation of Union restrictive measures. COM/2022/684 final, 2022, *EUR-Lex*, URL: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52022PC0684 (accessed 05.07.2023).

of the institute of confiscation, turning this criminal penalty measure into political leverage. Overall, the proposed scheme for seizing private property raises a range of questions as to the protection of property and procedural rights [10].

Analysis of the entire package of draft legal acts leads to the conclusion that the confiscation of property in criminal proceedings is to be used to address political tasks related to the seizure of property and funds from Russian individuals and their redirection towards financing the military campaign in Ukraine. Yet, criminal law should never be used to achieve political goals under any circumstances [9, p. 499].

Moreover, under Article 83(1) of the TFEU, the Union is granted the right to harmonise national criminal law rules only with regard to particularly serious transnational crimes. Criminalising certain acts can be justified only when all other options for achieving the goals of legal regulation have been exhausted [11], i.e., criminalisation must follow the *ultima ratio* principle [12]. In this particular instance, the proposal to criminalise acts related to the violation of restrictive measures is unlikely to meet the said principle. In a different political situation, violation of the sanction regime could hardly be classified as a serious transnational crime comparable to terrorism, drug trafficking, human trafficking, etc. Currently, the violation of sanctions regimes is not generally regarded as a criminal offence by most countries. The Council's swift decision to include violations of sanctions in the category of the most severe transnational crimes reflects the extreme politicisation of the proposed mechanism.

Thus, one can conclude that the preparation of the aforementioned package of draft legal acts seeks primarily not to improve EU criminal law [13; 14], but to legitimise the mechanism for the forced seizure of Russian private property located within the jurisdiction of EU countries.

When analysing the Commission's proposed mechanism for the seizure of Russian private property, attention should also be paid to yet another factor. Traditionally, restrictive measures have primarily served as instruments of the EU' common foreign and security policy. Now, however, instruments for legal cooperation in criminal matters are being used to ensure the implementation of the sanction policy at the Union level [15]. Thus, the EU's sanction policy is gradually extending beyond the scope of common foreign and security policy, permeating other areas of EU policy.

Utilisation of Russia's sovereign assets

In the study context, sovereign assets refer to funds that are part of the international reserves of the Russian Federation and are held in foreign states. Primarily, this concerns funds that have been invested by the Central Bank of Russia in foreign financial assets.

As noted earlier, in March 2022, the EU Council adopted a regulation prohibiting any operations related to the management of reserves and assets of the Central Bank of Russia. In other words, the assets of the Central Bank of Russia, located within the jurisdiction of EU countries, were frozen. These frozen assets are considered by the EU authorities and member states as subject to potential confiscation.

Despite extensive discussions on this issue, there is currently no common approach at either the political or expert level regarding the confiscation or other use of frozen Russian assets. Some researchers advocate for legal avenues for seizing Russian property [16], whilst others argue that such a measure would contradict international law [17, p. 15] or face significant legal obstacles to implementation [18].

Within the Union, there is consensus that Russia should bear financial responsibility for the damage caused by military actions in Ukraine. However, member states and EU institutions tend to differ on whether Russian sovereign assets can be used for these purposes, and if so, how to implement it.

Analysis of the current discussion on this issue reveals two main approaches: radical and compromise-seeking.

The radical approach suggests the immediate seizure of all known Russian sovereign assets for subsequent transfer to Ukraine — formally, for the country's reconstruction. Supporters of this approach traditionally include EU members comprising the so-called 'anti-Russian bloc': Poland, the Baltic States, including Estonia, and some other countries. They, however, have not yet found a universal method for seizing Russian sovereign property.

A compromise-seeking option for utilising Russian sovereign property was proposed by the European Commission's officials. In accordance with the mandate of the European Council, the European Commission presented on 30 November 2022 its plan for using Russia's frozen sovereign assets. According to the Commission, there are no legal avenues for confiscating Russian sovereign assets, so member states will have to return all funds belonging to Russia. The Commission proposes to split the decision on the use of Russian assets into two stages.

In the first stage, the Commission proposes to invest the assets of the Central Bank of Russia to generate interest income, which can be directed towards Ukrainian reconstruction. In the future, after a peaceful resolution of the conflict in Ukraine and the lifting of restrictive measures, Russian assets will be returned to Russia. However, the EU believes that a peaceful resolution of the conflict should include an obligation for Russia to compensate for the damage caused. In other words, according to the EU, Russia's access to frozen assets should be granted on the condition of compensating Ukraine for the damage caused by military actions.

Thus, both approaches imply that Russia will effectively be unable to use its assets located within the jurisdiction of EU countries. The difference between them lies in that the radical scenario suggests that Western countries would take possession of Russia's assets, transferring them to Ukraine (or retaining them for their own use to aid Ukraine). In the second scenario, EU countries would take possession of the income generated from the use of Russian assets, and in the long term, unlock Russia's access to its assets for their subsequent redirection in favour of Ukraine.

A legal basis for the possible seizure of Russia's sovereign assets

The very possibility of one state confiscating property and financial assets belonging to another state raises serious doubts regarding compliance with norms of international law [19].

First and foremost, asset confiscation entails a procedure for the forced transfer of ownership of certain property. This procedure requires a corresponding legal foundation. According to proponents of seizing Russian sovereign assets, confiscation is aimed at compensating for the damage caused by Russia's actions in the armed conflict in Ukraine. In this case, this means reparations [20, p. 64]. Yet, to execute reparations, the state's consent is necessary. It may be expressed in a document, such as an international treaty, or executed through a decision made by a body whose jurisdiction is accepted by the parties involved in the reparations. Although the UN Security Council serves as such a body, there is neither a treaty providing for compensation nor a relevant decision by the UN Security Council.

At present, international calls for compensating Ukraine for the harm inflicted by Russia as a result of the armed conflict are outlined in the United Nations General Assembly resolution dated November 14, 2022, № ES-11/5.[1] Yet, formally, resolutions of the UN General Assembly are not legally binding. Moreover, the demand for full compensation for damages from Russia was raised by Ukraine in the lawsuit against the Russian Federation under the Convention on the Prevention and Punishment of the Crime of Genocide.[2] The case mentioned is currently under consideration.

[1] United Nations General Assembly Resolution ES-11/5. Furtherance of remedy and reparation for aggression against Ukraine, 2020, *United Nations Digital Library System,* URL: https://digitallibrary.un.org/record/3994481?ln=ru (accessed 11.11.2023).

[2] Allegations of Genocide under the Convention on the Prevention and Punishment of the Crime of Genocide (Ukraine v. Russian Federation), 2023, *International Court of Justice*, URL: https://www.icj-cij.org/case/182 (accessed 05.10.2023).

The unilateral seizure of assets by one country from another typically occurs during wartime. However, neither EU member states nor other Western countries are currently at war with Russia [17, p. 31].

Supporters of the confiscation of Russian sovereign assets often refer to the provisions of the Articles on State Responsibility for Internationally Wrongful Acts of 2001, prepared by the UN International Law Commission (below, Articles on State Responsibility) [21], paying particular attention to paragraphs covering the use of countermeasures by the injured state against the responsible state (Article 48).[1] At the same time, central to the idea of countermeasures are incentives for the targeted state to comply with its international legal obligations [22, p. 395—396]. In other words, countermeasures are measures to compel the responsible state to fulfil its obligations [23, p. 104]. Amongst the principal characteristics of countermeasures are their reversibility and temporary nature, i.e they shall be lifted as soon as the violated rights of the injured party are restored. By its legal nature, asset confiscation is a measure of responsibility rather than coercion as it does not possess the attribute of reversibility. Consequently, the potential confiscation of Russian sovereign assets cannot be classified as countermeasures under the Articles on State Responsibility.

When analysing the legal aspect of the possible seizure of Russian sovereign property by EU countries, another factor should be taken into account. Through its political institutions, the EU is actively engaged in discussion on these issues. But, as an integration union, it does not have sufficient competence in this area: Russian international reserves are held not within the EU but in specific member states.

The Union is based on the principle of conferral. Member states did not and could not delegate to the Union the authority to forcibly seize a third state's sovereign property. Therefore, these issues fall within the competence of member states.

According to the Central Bank of Russia, as of the end of 2021, more than a quarter of all its assets in foreign currency and gold were held in three EU countries: Germany, France and Austria. Thus, approximately half of all the frozen sovereign assets are located in these three states, and the size of Russian assets held in other countries of the Union is insignificant. Therefore, the legal decision on the possible confiscation of Russian assets will be made by these countries

[1] Report on the work of the fifty-third session of the International Law Commission (April 23 — 1 June and 2 July — 10 August 2001), 2001, *United Nations*, URL: https://www.un.org/ru/documents/decl_conv/conventions/pdf/responsibility.pdf (accessed 05.10.2023).

rather than EU institutions. The European Commission's involvement in discussions on the seizure of Russian property likely aims to showcase its active involvement and coordinate decisions made at the national level.

Confiscation and the sovereign immunity principle

A formidable obstacle in international law to the seizure of foreign sovereign property is the principle of sovereign immunity. According to the principle of equality, no state can exercise its sovereign authority over another state, its authorities or property [24, p. 49]. In the case of foreign asset seizure, one sovereign state takes ownership of assets belonging to another sovereign state. This involves intergovernmental confiscation, which fundamentally differs from confiscation within criminal proceedings. In criminal procedural matters, the decision to confiscate property from a citizen is made on behalf of the state, with the citizen, regardless of their status, initially undertaking to comply with the laws and decisions of the state. In other words, in the sphere of criminal policy, the participants in confiscation are legally unequal entities, as the state possesses sovereign authority over the citizen. In international relations, no state has sovereign authority over another, so intergovernmental confiscation is excluded by its nature.

Rooted in the principle of sovereign equality, the principle of sovereign immunity [25] has developed to protect states from negative impacts from other countries within international law [26, p. 407]. According to the commonly held perspective, the principle of sovereign immunity pertains to rules of customary international law [27].

Overall, sovereign immunity refers to a state's right to avoid being subjected to the jurisdiction of another state in all its forms — legislative, executive and judicial [28, p. 114]. The principle of sovereign immunity is enshrined in the UN Convention on Jurisdictional Immunities of States and Their Property,[1] which has not yet come into effect. The document provides for both judicial immunity and immunity from any coercive measures in connection with court proceedings, i. e. immunity from execution [29].

The principle of sovereign immunity is a rather complex category of international law. Despite its universal nature, this principle is applied differently in various countries. Several forms of sovereign immunity exist, along with diverse approaches to its application across different states. As for the immunity of cen-

[1] United Nations Convention on Jurisdictional Immunities of States and Their Property. Adopted by resolution 59/38 of the General Assembly on December 2, 2004, *United Nations*, URL: https://www.un.org/ru/documents/decl_conv/conventions/state_immunities.shtml (accessed 05.06.2023).

tral bank assets, many countries, such as France and Germany — where most of the frozen assets of the Central Bank of Russia in the EU are located — follow the concept of nearly absolute immunity or are progressing towards it [30, p. 24].

For the purposes of this article, it is important to note that the principle of sovereign immunity is the key legal obstacle to the implementation of the plan to seize Russia's state assets. The issue of sovereign immunity arises regardless of whether the radical or compromise-seeking approach has been adopted to utilise Russian assets.

As mentioned above, the European Commission proposes to allocate to aid Ukraine not the assets of the Russian Federation, but only the interest earned from their investment. The income from the use of property, however, belongs to the owner of that property. Thus, in this situation, there is a double violation of property rights: firstly, through the unauthorised use of assets for investment purposes without the owner's consent, and secondly, through the deprivation of property rights to income from the use of the property. Moreover, in the event of unsuccessful investment of Russian assets, EU member states (Germany, France and Austria) will bear the risk of loss or reduction of the asset.

Some experts believe that in the study situation, there are grounds not to apply the principle of sovereign immunity to the assets of the Bank of Russia since the UN Convention on Jurisdictional Immunities of States and Their Property has not entered into force. Additionally, this principle protects against national courts but not against international ones, let alone unilateral administrative acts [31].

Firstly, as mentioned above, the concept of sovereign immunity is part of customary international law [32; 33] and applies regardless of the entry into force of the 2004 Convention. Secondly, according to judicial practice, this concept has a broader application and extends beyond national courts.[1] As for unilateral administrative actions, reference should be made to the official commentary of the International Law Commission (ILC) regarding the Draft articles on Jurisdictional Immunities of States and Their Property. The ILC notes that the concept of 'judicial function' covers functions regardless of whether they are carried out by courts or administrative bodies.[2] Therefore, concerning the application of immunity from the jurisdiction of courts of another state, some decisions of admin-

[1] Jurisdictional Immunities of the State (Germany v. Italy: Greece intervening), Judgment, I. C. J. Reports 2012, (par. 113) p. 99, 2012, *International Court of Justice*, URL: https://www.icj-cij.org/sites/default/files/case-related/143/143-20120203-JUD-01-00-EN.pdf (accessed 07.06.2023).

[2] Yearbook of the International Law Commission. 1991. Volume II. Part Two Report of the Commission to the General Assembly on the work of its forty-third session, p. 14, 2012, United Nations. Office of Legal Affairs, URL: https://legal.un.org/ilc/publications/yearbooks/english/ilc_1991_v2_p2.pdf (accessed 19.11.2023).

istrative bodies may be considered judicial, particularly if they involve property deprivation [17, p. 24]. Additionally, a state is not obliged to comply with acts of international organisations of which it is not a member and whose jurisdiction it does not recognise. If a special international tribunal is established by the EU, the US or other countries, its decisions will not be binding on the Russian Federation and most countries worldwide. Even if a considerable number of states participate in the activities of a potential tribunal, this will not confer 'international' status on the tribunal [3], nor will its decisions be binding unless the state consents to its jurisdiction. In other words, sovereign immunity implies the right of a state not to comply with any acts of a foreign state, including judicial, administrative or legislative acts, as well as acts of intergovernmental organisations of which it is not a member.

It is difficult to concur that immunities are granted by international law solely in the contexts of inter-state relations and proceedings in national courts. Immunity is provided to prevent unauthorised interference by foreign states in the affairs of other states and to preclude the exercise of judicial jurisdiction over a state without its consent. It does not matter whether foreign states exercise this jurisdiction unilaterally or through a collective body, to which the concerned state has not consented [26, p. 417].

Possible consequences of forced seizure of Russian assets

The principle of sovereign immunity and other complexities of international law are not the sole obstacles to the use of Russian assets. It is quite evident that interested states may attempt to justify the necessity of seizing Russian sovereign assets by the exceptional nature of the conflict in Ukraine, acting within the framework of collective self-defence, etc. Recently, there has been a notable expansion in the variety and scope of unilateral economic measures employed within international relations [34, p. 407]. Experts propose various ways to overcome the existing limitations of international law [35, p. 53—56].

Thus, the restrictions arising from existing international law are not the key impediment to implementing the plan for confiscating Russian assets. It seems that the primary concern behind the EU's hesitancy regarding the forcible seizure of Russian assets is the apprehension of potential repercussions stemming from an unprecedented confiscation of substantial sovereign assets, particularly from a powerful country like Russia.

Despite attempts by individual countries to advance the issue of seizing Russian property, such a decision is unlikely to be made at the national level. In the current situation, extraordinary measures for confiscating Russian property can only be taken collectively under the leadership of the US. However, the US is particularly cautious in this matter because the legal protection of foreign assets, including central bank assets, serves as the foundation for the role the US has in the global economy. Devaluation of such protection could undermine the US economy and significantly reduce its economic role and resources in the world [36].

As noted earlier, most of Russia's frozen assets are held in France, Germany and Austria. The economies of these countries, along with the US, the UK, Canada, and Japan, which have also opted to freeze Russian assets, partly depend on attracting foreign assets. Moreover, investors — both private and public individuals — may originate from countries that may potentially face economic measures similar to those applied to Russia. As a result, investments in the Western economy will no longer be deemed safe for these countries and their private business representatives. Increasing sanctions pressure on Russia has already launched a process of asset outflow from Western jurisdictions.[1] All this raises concerns amongst Western countries about whether they will be able to attract assets from foreign central banks in the future [37, p. 15].

Even if the confiscation of sovereign assets is justified as a countermeasure or method of collective self-defence, it can lead to political consequences such as retaliatory measures, loss of confidence in transnational property rights protection and further weaponisation of the global financial system amid confrontation with various countries [3].

There is yet another aspect to consider. Some foreign researchers advocate for exemptions from international law concerning the seizure of Russian assets, citing the exceptional international situation. Unfortunately, there is nothing extraordinary about the conflict in Ukraine. In recent decades, the world has seen and continues to witness numerous international armed conflicts initiated by Western countries with significantly more serious consequences and a much higher number of victims. Creating an international mechanism for compensation in favour of one side of the conflict will prompt several countries to seek compensation from the US, UK, France, Belgium and other nations for incurred damages. Finally, this will further inspire Poland in its intention to seek compensation from Germany for the damage caused during World War II.

So, the obstacles to confiscating Russian sovereign assets are primarily political rather than legal. Moreover, in recent instances of international legal practice, there have been cases of successful challenges to unilateral actions concerning property rights restrictions. In particular, this refers to the decision of the

[1] Jones, M. 2023, Countries repatriating gold in wake of sanctions against Russia, study find, *Reuters*, URL: https://www.reuters.com/business/finance/countries-repatriating-gold-wake-sanctions-against-russia-study-2023-07-10/ (accessed 05.06.2023).

International Court of Justice of 30 March 2023,[1] which recognised that the US violated its obligations under international law by freezing the assets of some Iranian companies (para. 157, 159) and confiscating such assets without due compensation (para. 187, 192). Moreover, the court ordered the United States to pay compensation.[2] This decision did not concern sovereign assets, as the court concluded that it has no jurisdiction. In general, this ruling confirms the notion that unilateral infringements on the property rights of foreign entities are illegal.

There is another practical complication concerning the possibility of confiscating Russian assets. The successful implementation of such actions requires precise information about the location of the assets of the Central Bank of Russia is necessary. Yet, as mentioned earlier, EU countries still do not have accurate information on the matter [37, p. 15]. For this reason, representatives of the EU and G7 countries are leaning towards a strategy whereby Russian assets, instead of being confiscated, will be withheld until Russia agrees to compensate Ukraine. In other words, alongside radical and compromise-seeking options for the use of Russian assets, a so-called 'cautious' approach emerges.

Conclusion

The confiscation of Russian assets represents a complex political and legal. The EU, along with the US, Canada, the UK and other countries, is one of the key proponents of this idea. Within the EU, discussions about confiscating Russian assets occur at multiple levels, involving both the Union as a whole and individual member states.

Currently, the confiscation of Russian assets remains merely an idea, which has evoked a mixed reaction from the expert community for over a 2 years, as there are several legal and political obstacles to achieving the stated goal.

The problem of seizing Russian assets has two dimensions: the seizure of private property belonging to Russian individuals and legal entities, and the seizure of sovereign property. Regarding private property, a mechanism has been proposed involving the confiscation of assets as a measure of criminal liability. However, its application requires evidence of a criminal offence related to a violation of the sanctions regime. Actions taken to circumvent the sanctions regime do not

[1] Certain Iranian assets (Islamic Republic of Iran v. United States of America). Judgment of International Court of Justice of 30 March 2023, 2023, *International Court of Justice*, URL: https://www.icj-cij.org/sites/default/files/case-related/164/164-20230330-JUD-01-00-EN.pdf (accessed 05.10.2023).

[2] Pimenova S. 2023, Porazheniye SShA v Mezhdunarodnom sude OON: delo ob iranskikh aktivakh. [US defeat in the International Court of Justice: case regarding Iranian assets.], *Zakon.ru*, URL: https://zakon.ru/blog/2023/4/7/porazhenie_ssha_v_mezhdunarodnom_sude_oon_delo_ob_iranskih_aktivah (accessed 20.11.2023).

always concern frozen assets. Therefore, proponents of an approach targeting all sanctioned Russian assets within EU jurisdictions view the mechanism proposed by the Commission as incomplete.

As for sovereign assets, the situation has proven to be significantly more complex. Firstly, in this matter, the EU will have to align with the broader ‘Western’ policy, coordinated by the US [19, p. 2]. Secondly, the EU currently lacks an understanding of how to overcome existing legal obstacles. Thirdly, the confiscation of Russian sovereign assets could have uncontrollable consequences leading to significant political and economic costs for the leading EU countries and the Western world. For this reason, neither the EU nor its closest allies have reached a decision on the use of Russian sovereign assets. Meanwhile, Western countries plan to continue withholding Russian assets to deprive Russia of access to resources needed to continue the military operation and to use frozen assets as crucial leverage in future peaceful conflict resolution efforts.

Smaller countries like Estonia may attempt to take some independent measures to confiscate Russian assets without significant consequences for the global financial system. However, such measures are likely to be seen as tentative attempts to gauge possible reactions and consequences.

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SANCTIONS RISKS AND REGIONAL DEVELOPMENT: RUSSIAN CASE

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Economic sanctions and countersanctions are expanding worldwide, posing spatially heterogeneous threats to most countries. The study aims to develop and test a methodology for assessing regional exposure to sanctions risks using Russian data. The share of foreign trade with the countries that introduced restrictions can be used to evaluate the exposure to new trade barriers. In several cases, this share exceeded 50 %, necessitating a rapid reorientation of product flows in Nenets, Khanty-Mansiysk Autonomous Areas, Komi, and Murmansk region. The Kaliningrad, Kaluga, and Leningrad regions exhibit high import dependence in the production sector, particularly in the automotive industry, due to their active involvement in global supply chains. Sanctions against large legal entities created risks for the stability of regional economies but the increase in demand for domestic products offset this impact. Foreign enterprises exiting the market posed risks of disrupting production chains but also provided opportunities for local business development. Before some countries introduced sanctions, their companies had held more than 20 % of the market share in Kaluga, Moscow region, and the city of Moscow. However, the share of foreign firms that announced complete withdrawal exceeded 5 % of the market only in the Komi, Samara, Leningrad, and Moscow regions. An integral index of exposure was proposed based on the mentioned indicators. Its value is lower for the regions with a more diversified economy and foreign trade. The greatest risks were observed in the closely connected to the European Union northwestern territories of Russia: Karelia, Komi, Kaliningrad, Leningrad, and Arkhangelsk regions. In 2022, regions with a high index value were more likely to experience a decline in economic activity, but in 2023, this impact was less explicit due to economic adaptation and transformation. Based on the results of the study, some recommendations can be formulated.

Keywords:
sanctions, Russian regions, foreign trade, economic development, import dependence, exit of foreign companies, economic security, resilience

Introduction

In recent years, sanctions have become a significant instrument of world politics. These economic restrictions are widely introduced against countries, regions, individual legal entities, or individuals to change their actions by other countries and organizations. At the beginning of 2024, most countries were in-

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volved in these processes.[1] Moreover, the challenge of growing global contradictions means that any country or some of its regions in one form or another may be a subject to direct or indirect external restrictions,[2] which can be considered as exogenous shocks to economies.[3] Therefore, the governments of most countries and regional authorities have begun to pay greater attention to economic security [1; 2]. Accordingly, it is necessary to understand the scale, direction and consequences of possible threats, their monitoring and mitigation, and the sanctions risks analysis is becoming a more relevant scientific topic. At the same time, the 2020 pandemic showed that external shocks and restrictions are possible not only because of targeted actions but also due to emergency situations.

After 2022, Russia has been a subject to an unprecedented number of sanctions [3] from the United States, the European Union (EU), Japan, Australia, Canada, and most Western countries. Various types of financial restrictions have been introduced, including refusal to lend, invest and insure cargo, export of certain goods and energy resources, and import of certain goods, including high technologies among many others. Countries that carry out such actions are called 'unfriendly' in the literature [1], and this term has received an official legal status in Russia.[4] Some companies from these countries were forced to leave the Russian market under pressure from their governments and public organizations [4]: close and/or sell their enterprises, and curtail investments [20].

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[1] In scientific literature, sanctions mean restrictions with declared political goals [7; 8], but goals may not be publicly voiced or may be disavowed. For example, almost all countries that have border conflicts, territorial disputes, and uncontrolled territories, one way or another introduce various kinds of economic restrictions against each other, which are not called sanctions, although they are in essence, since they are aimed at changing policy. In addition, the scientific literature considers sanctions much more often, but less often studies the tools and results of counter-sanction policy. Thus, China plans to limit the export of rare earth metals in response to restrictions of the United States and the EU after 2019. The trade war between the United States and China, in our opinion, may be turning into a sanctions confrontation. In addition to negative sanctions, there are also positive ones, designed to motivate countries to take certain actions. In such a broad formulation, it is difficult to find in history a large country that was not subject to external economic restrictions with political goals.

[2] Judging by the latest strategic documents of the US and the EU countries (USA National Security Strategy, European Economic Security Strategy, Germany National Security Strategy), numerous instruments of restrictions against third countries will be introduced, including export, import and investment controls, and sanctions. Subsequently, counter-sanction measures will actively expand. Probably, the world economy has entered a new phase of deglobalization [1] and regionalization.

[3] The results of most of these restrictive measures did not achieve their political goals but influenced the decline in the living standards of citizens in the countries subject to pressure [7; 8]. Moreover, quite often sanctions led to the concentration and consolidation of the political and economic agents of the targeted country.

[4] Order of the Government of the Russian Federation dated 03/05/2022 №430-r, 2022, Consultant Plus, URL: https://www.consultant.ru/document/cons_doc_LAW_411064/e8730c96430f0f246299a0cb7e5b27193f98fdaa/ (accessed 19.02.2024).

These restrictions, despite the stated political goals, posed a threat to the social and economic development of certain regions and undermine the standard of living for their residents [5; 6], since it requires time and resources to reorient trade, technological and other flows, not to mention direct restrictions against Russian citizens — infringement of free movement rights, reduction of opportunities to receive medical care abroad, etc. Exposure to the described risks, coping and adaptation capabilities differ significantly between regions [9—12]: territories more integrated into the global economy, including those bordering the EU, could suffer more. Regional authorities had to apply a set of measures to maintain the level of well-being of residents, depending on their exposure to these risks [13].

This article aims to propose and test a methodology for assessing the exposure of territories (as parts of countries) to the sanctions risks using Russian data as an example..

Methods

The following terminology is used in this article. Challenges are conditions that can lead to hazards and threats to the economic security of a country or its region [21; 37]. Hazards are circumstances (phenomena, events, processes) that pose specific threats. Threats create direct or indirect possibilities of causing damage, in particular, a decrease in GDP (gross domestic product) or in the living standards. Risk is a possibility with an identified probability of causing damage when a threat is realized. For example, one of the modern global challenges is the growth of international contradictions leading to trade, military, and other conflicts. This is associated with threats of expanding specific external restrictions, leading to numerous impacts of sanctions risks in exposed areas, for example, food shortages in poor countries due to transport barriers. Since there are quite a lot of threats and risks associated with sanctions, they lead to various hazardous impacts. To evaluate the potential impact of risks on specific territories, the first step is to assess whether the local economy or community is exposed to threats. For instance, severing trade ties in a region with no such connections would not result in negative consequences; hence, the risk value for this region would be zero. In the subsequent stage, which was not addressed in the study, an assessment of the region's vulnerability to risks should be conducted. This involves evaluating the region's capacity to withstand and adapt to risks [31].

Based on a review of the literature on sanctions [5; 7; 10; 11; 14—18], considering the available data, a set of indicators was proposed to assess regional exposure to sanctions risks[1] (Table 1). Each indicator shows different aspects of sanctions risks, which could potentially lead to negative socio-economic consequences, that is, damage to the regional economy or community.

[1] Most sanctions restrictions may not have a direct regional measurement, for example, freezing of individual bank accounts, limiting banks' access to the SWIFT system, limiting access to financial instruments, in particular, cargo insurance and access to capital for foreign trade transactions, etc. [19]. However, an indirect assessment is possible depending on the involvement of the regional economy in the limited processes.

Table 1

Assessment of regional exposure to possible sanctions risks

Threat	Exposure indicator	Data source	Different hazardous aspects / potential negative impacts of sanctions risks
Threat of disruption of regional trade ties	Share of exports to unfriendly countries in the region's total exports in 2019—2021	Customs services of Russia and other countries	Limited access to highly profitable markets of unfriendly countries
			Unpreparedness of transport system for reorientation of trade flows
	Share of imports from unfriendly countries in the region's total imports in 2019—2021	Customs services of Russia and other countries	Breaking of trade chains with major partners
			Restrictions on the import of significant and technologically complex products
	Share of imports in enterprise expenses for raw materials, supplies, semi-finished products, and components in 2019—2021	Federal State Statistics Service of Russia (Rosstat)	Breaking of production chains with major technology partners
			Restrictions on import of critical machines, equipment, and technologies for production development
The threat of foreign economic isolation of the region's largest enterprises	Share of Russian companies from the US and the EU sanctions lists in the revenue of all companies in the region in 2017—2021	SPARK-Interfax	Limited access to financial instruments and technologies of unfriendly countries
			Limited access to highly profitable markets of unfriendly countries for the largest regional enterprises
Threat of foreign companies leaving the region	Share of foreign companies from unfriendly countries in the revenue of all companies in the region in 2018—2020	SPARK-Interfax	Potential exit from the Russian market of all companies from unfriendly countries, followed by the closure of enterprises and increased unemployment.
			Severing of production and other connections between enterprises of unfriendly countries on Russian territory with global networks
	Share of companies that announced their departure from Russia in the revenue of all companies in the region in 2017—2021	SPARK-Interfax [20]	Business closures and rising unemployment
			Loss of managerial, technological, and other competencies due to the departure of the company and the relocation of Russian employees abroad
			Breaking ties between the enterprises of leaving companies in Russia and global manufacturing networks

The indicators were used as an average for 2019—2021 values to reduce their annual variability and due to the ambiguous impact of the coronavirus crisis on the studied characteristics in 2020—2021. The values were taken until 2022, when most of the external restrictions were introduced against Russia, as the methodology entails assessing risks before the onset of an external shock. After the introduction of restrictions, regional and federal authorities began restructuring the economy and introduced several counter-sanctions, in other words, distorted the initial risk assessment. In essence, risks are evaluated here after the fact, when it is already known about the hazardous events and even approximate damage. Predictive assessment of such risks is much more difficult to perform.

First, the potential negative impact of trade restrictions on regional development must be assessed. This assessment can involve analyzing the proportion of imports and exports originating from and to potentially 'unfriendly' countries as a percentage of the total volume of imports and exports within the region. The higher are the values of the indicators, the higher is the exposure of the region's economy to potential trade sanctions since significant efforts are required to find new markets, reorient transport flows, and conclude new agreements. A reorientation of the Russian economy to the eastern markets leads to multiple increases in transport and other costs for businesses to carry out foreign trade operations, especially for western and northwestern regions [21; 22].[1] If restrictions on exports from Russia led to the need for its reorientation, reduced business profits and regional budget revenues, then restrictions on imports to Russia affected the ability to purchase technological equipment, and components, and fulfill production orders. Thus, restrictions on imports led to the stoppage of the activities of numerous automobile factories in the Leningrad, Kaliningrad, Kaluga regions, and St. Petersburg after stocks were exhausted. In addition, orders to produce vessels for fishing companies, including those located abroad, in Norway and South Korea, were disrupted without the return of advance payments.[2]

If a region exports products to a group of countries that have imposed sanctions, then most often it is an active importer from these countries, and the correlation coefficient between these indicators is about 0.59 for Russia (Table 2). This is explained both by the geographical location of such regions near the European market and by the characteristics of global value chains: the import of materials from the EU is accompanied by the subsequent export of part of the finished

[1] Russia is a unique state with the largest number of neighbouring countries, a huge territory stretching from west to east, with access to the World Ocean and a developed transport complex. Therefore, restrictions from Western countries do not mean the end of Russia's foreign trade, but only its reorientation. For many countries, especially those located within continents or among unfriendly neighbours, the opportunities for such a manoeuvre are significantly less possible.

[2] Potaeva, K. 2022, Shipyards do not have time to deliver vessels for fishing companies due to sanctions, Vedomosti, URL: https://www.vedomosti.ru/business/articles/2022/04/20/919073-verfi-sdat-suda (accessed 19.02.2024).

product to the EU, for example in the automotive industry. Metrics have their drawbacks. A significant part of foreign trade is recorded through organizations registered in Moscow, which distorts the regional structure.

Table 2

Coefficients of paired correlations between the indicators

№	Indicators of sanction risks' exposure	2	3	4	5	6	7	8	9
1	Share of exports to unfriendly countries in the region's total exports in 2019—2021, %	0.59	0.06	0.11	−0.22	0.14	0.67	−0.25	−0.23
2	Share of imports from unfriendly countries in the region's total imports in 2019—2021, %	1	0.08	0.08	−0.19	0.18	0.66	−0.24	−0.12
3	Share of imports in enterprise expenses for raw materials, supplies, semi-finished products, and components in 2019—2021, %	—	1	−0.07	0.34	0.12	0.46	−0.3	0.01
4	Share of Russian companies from US and EU sanctions lists in the revenue of all companies in the region in 2017—2021, %	—	—	1	−0.07	−0.04	0.27	−0.06	−0.04
5	Share of foreign companies from unfriendly countries in the revenue of all companies in the region in 2018—2020, %	—	—	—	1	0.09	0.31	−0.19	0.09
6	Share of companies announcing their departure from Russia in the revenue of all companies in the region in 2017—2021, %	—	—	—	—	1	0.5	−0.15	−0.05
7	Index of exposure to sanctions risks by regions of Russia	—	—	—	—	—	1	−0.41	−0.14
8	Index of output of goods and services for basic types of economic activity in 2022	—	—	—	—	—	—	1	0.13
9	Index of output of goods and services for basic types of economic activity in January-September 2023	—	—	—	—	—	—	—	1

The share of imports in enterprise expenses for raw materials, semi-finished products and components (import dependence) was calculated[1] to assess the risks of import restrictions for critical machines, equipment, and technologies.

[1] Rosstat information is used, located in the data set "Costs on production and sales of products (goods, works, services)", which is formed based on statistical form № 1-enter prise, filled out by large and medium-sized businesses [21].

Since most countries are actively involved in global value chains, a break in these chains leads to obvious problems with the supply of components, maintenance of machinery and equipment, sales of intermediate goods, etc. [16]. The higher the import dependence of an economy, the higher its risks of severing potential ties because of trade sanctions, the departure of foreign companies or rising transportation costs. Calculations of industrial import dependence [23; 24] can be applied to other countries. For Russia, there is a weak positive correlation of 0.06 between import dependence and the share of imports from unfriendly countries, as well as between import dependence and the share of exports to them (0.11), since many materials and components were imported from friendly and neutral countries, including the Eurasian economic community (EAEC).

Secondly, it is important to assess the potential impact of direct sanctions restrictions on specific legal entities on regional development.[1] In the Russian case, the calculation involved determining the share of organizations included in the US and EU sanctions lists in the revenue of all organizations in the region. Being included in these lists meant restrictions on access to technology, investment, and foreign trade; it created a threat of foreign economic isolation for the largest enterprises in some regions. The restrictions could lead to a decrease in economic activity and employment. Sanctions against one company inevitably lead to risks along the value chain [25]. Therefore, this influence was stronger if the role of the organizations in the regional economy was higher. However, in the previous period of sanctions (2014—2022) Russian businesses found ways to circumvent restrictions [18], and sanctions did not have a lasting negative impact on their economic performance, although the losses were significant [26]. In the manufacturing industry, 69 % of Russian companies reported the impact of sanctions in 2022, and slightly more than half of them reported the negative nature of this impact [27], that is, there were also companies that either did not feel or assessed the impact as positive. At the same time, long-term consequences for these companies are associated with decreased access to new technologies and increased cost of technological re-equipment, which was observed in Iran [28].

Thirdly, it is necessary to assess the potentially negative impact of foreign companies exiting regional markets. Companies owned by legal entities and/or

[1] A significant drawback of the methodology is the impossibility of considering the place of real activity of the company, since, for example, in Russia, many legal entities are registered in Moscow or offshore jurisdictions (Cyprus), although they operate in other regions of Russia.

individuals from unfriendly countries [17],[1] as well as those who announced their complete departure from Russia after 2022 [20][2] were identified. The exit led to the breakdown of ties, the suspension of enterprise activities, the cessation of investment and access to new technologies, and an increase in the number of unemployed [29], depending on the role of these companies in the regional economy. At the same time, it could create conditions for the development of domestic small and medium-sized businesses, as new market niches opened [30]. The two indicators under consideration weakly correlate with each other (0.09): the first indicator assesses the overall involvement of foreign businesses from unfriendly countries in the region's economy, indicating the maximum exposure to a decrease in ties. The second evaluates possible risks arising from the departure of individual companies. The lack of connection further shows that the companies' reported withdrawal from Russia was not directly related to the potential risk of real exit of all foreign firms.

An integrated index based on the six indicators was compiled (Table 1) to understand the degree of exposure of regional economies to sanctions risks. All indicators were normalized using the linear scaling method (max.-min.) and summed up with equal weights, that is, they are assumed to be equivalent. For verification purposes, the author compared different index construction methods (with different weights and summation methods): the results showed a high degree of correlation. As expected, all values of the initial indicators are positively correlated with the integral index (Table 2), with foreign trade risks having a stronger impact than others.

High exposure does not always lead to increased risks, since the latter is also influenced by vulnerability, that is, the region's capability to withstand risk and adapt [31], which was not considered in this study. For example, the share of unfriendly countries in foreign trade is only an indicator of foreign trade's exposure to sanctions restrictions, but the region's economy may be weakly vulnerable to

[1] The approach has several limitations: data is available for 2020, which was marked by a decline in economic activity during this time, the ownership structure and revenue could change; all companies affiliated with persons or organizations from unfriendly countries were taken into account, but companies with Russian beneficiaries were registered mainly in Cyprus and to a lesser extent in the Netherlands and the UK; not all companies from unfriendly countries left the market, and the citizenship of the owner was not always an indicator of the company's departure from Russia; processes of property re-registration without redistribution of markets were observed; company revenue can be generated not only in the Russian market; the registration of a company may not be related to the place of its activities. To slightly reduce these restrictions, data is provided without considering companies registered in Cyprus, since most of these companies belong to the Russian beneficiaries; accordingly, they could not leave the Russian market. The largest of these companies: PJSC NLMK, PJSC MMK, LLC BKE, JSC Rolf, etc.

[2] For this purpose, we used a list of foreign companies in Russia compiled by the Yale School of Management [20]. A similar study was conducted at the Center for Strategic Research in 2022. Picture of foreign business, 2022, CSR, URL: https://www.csr.ru/ru/research/kartina-inostrannogo-biznesa-uyti-nelzya-ostatsya/ (accessed 19.02.2024).

this risk if it is generally oriented towards the domestic market, like the Kostroma region, the Republic of Khakassia, etc. The share of foreign companies that could potentially leave Russia (and or announced their decision to leave announced it) may be weakly related to the actual closure of enterprises and suspension of production, since the factories cannot actually leave, only their brands and owners changed. Thus, the discussion revolves around the potential impact of sanctions pressure, while regional economies could differ significantly in the observed reaction to such an impact.

At the last stage, all indicators and the integral index were compared with the values of the index of output of goods and services for basic types of economic activity according to available data in 2022 and in January — September 2023 (hereinafter referred to as the output index (Table 2). The latter indicator can serve to indirectly assess the dynamics of the regional economy, since it is calculated based on data on changes in the physical volume of agricultural, industrial production, construction, trade turnover, transportation, and storage.[1] The indicator is used for operational assessment since the calculation of the gross regional product in Russian statistics is carried out and published with a lag of 1.5—2 years. It was expected that each of the indicators under consideration and the integral index would be negatively related to the output index since the described risks in the short term are mainly realized in a decrease of economic activity.

Results

Trade sanctions against Russia, introduced after February 2022, caused a severance in logistics and production ties, a shrinking of sales markets and the purchase of goods. Almost 40 % of companies used foreign goods and services, and the absence of the latter critically affected their business.[2] The regions with the higher share of exports and/or imports to/from unfriendly countries were hit harder [32]. More than 90 % of exports to countries that imposed sanctions were in the Nenets Autonomous Okrug, Kostroma and Murmansk regions (Fig.1), this share was high in regions exporting energy resources: in the Tyumen region, Khanty-Mansiysk Autonomous Okrug, Tatarstan, Komi and Kemerovo region, as well as in regions focused on the export of wood and lumber to the EU: the Republic of Karelia, Arkhangelsk, Vologda regions and the Komi Republic. At the same time, in Russia, the share of companies that exported their products only to unfriendly countries was about 18.7 % in 2020, but more than half were in regions bordering unfriendly countries: Pskov, Kaliningrad, Belgorod, Murmansk regions, Karelia; for imports the similar figure was about 6 %.

[1] Index of output of goods and services for basic types of economic activity by constituent entities of the Russian Federation, 2023, EMISS, URL: https://www.fedstat.ru/indicator/62024# (accessed 19.02.2024).

[2] Results of the monitoring “Business assessment of the current situation of companies and the impact of sanctions”, 2022, Commissioner for the Protection of the Rights of Entrepreneurs in the Altai Territory, URL: https://ombudsmanbiz22.ru/news/1312 (accessed 19.02.2024).

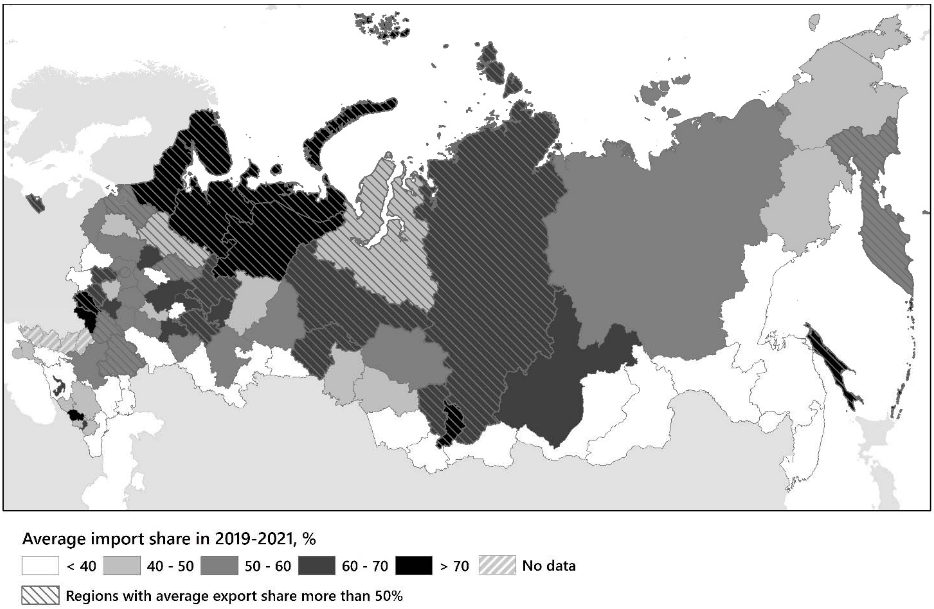

Fig. 1. The role of unfriendly countries in the import and export of Russian regions

Source: calculation is based on the data of the Federal Customs Service of the Russian Federation.

The lowest level of involvement in trade with countries that have imposed sanctions is observed in the southern regions of the Far East which are focused on Chinese markets, and in the territories bordering Kazakhstan. Also, some large, diversified centres, remote from the borders and focused on the domestic market, had less involvement: Perm Territory, Chelyabinsk, Omsk, and Novosibirsk regions.

Enterprises quite quickly began the process of reorienting foreign trade flows. Thus, the share of unfriendly economies in exports from Russia decreased from 58 %[1] to 35 % in 2022, the share of exports to unfriendly countries was about 20 %[2] and in imports is about 25 %[3] in 2023.[4] The reorientation of flows required

[1] Russia redirected almost a quarter of exports to friendly countries, 2023, RBC, URL: https://www.rbc.ru/economics/10/02/2023/63e2411a9a794730042580a5 (accessed 19.02.2024).

[2] Reshetnikov: the share of friendly countries in Russian exports in the second half of 2023 exceeded 80 %, 2024, TASS, URL: https://tass.ru/ekonomika/19751109 (accessed 19.02.2024).

[3] The acting head of the Federal Customs Service named the main importers of Russia, 2023, Izvestia, URL: https://iz.ru/1572043/2023-09-11/vrio-glavy-fts-nazval-osnovnykh-importerov-rossii (accessed 19.02.2024).

[4] At the same time, Russia remains highly dependent on imports in certain high-tech industries (machine tool building, microelectronics, aviation industry, etc.), which reduces the economic security of the most technologically developed regions.

significant investments in infrastructure in the eastern regions and along the borders with neutral countries [11]. The correlation coefficient of the share of imports from unfriendly countries with the output index for basic types of economic activity in 2022 was –0.24 (Table 2), decreased in the second half of 2023 to –0.12 after the reorientation of flows, but the negative correlation with exports remained (–0.24), which may be due to the expansion of restrictions on the export of gas, oil and petroleum products from Russia. Low values of the correlation coefficient itself, that is, the relationship between economic dynamics and exposure to the risks of trade sanctions, may be explained by significant reserves of enterprises that were accumulated in response to the risks of disruption of trade chains, already observed during the pandemic.

Some regions, actively involved in trade with Western countries, purchased equipment from these countries, so the share of foreign materials and components in the imports of manufacturing enterprises was high. This share was higher in regions where foreign automobile manufacturing plants had previously been built.: Kaliningrad, Kaluga, Leningrad, Samara regions, and the Republic of Tatarstan (Fig. 2). Production import dependence is lower in the least developed regions, which are poorly integrated into global chains, as well as in regions of central Russia (Urals and Siberia), remote from global trade flows. Import dependence is negatively related to the output index in 2022 (–0.3), but the correlation coefficient became close to zero in January — September 2023 (0.01) as flows were redirected, and production based on domestic materials was launched.

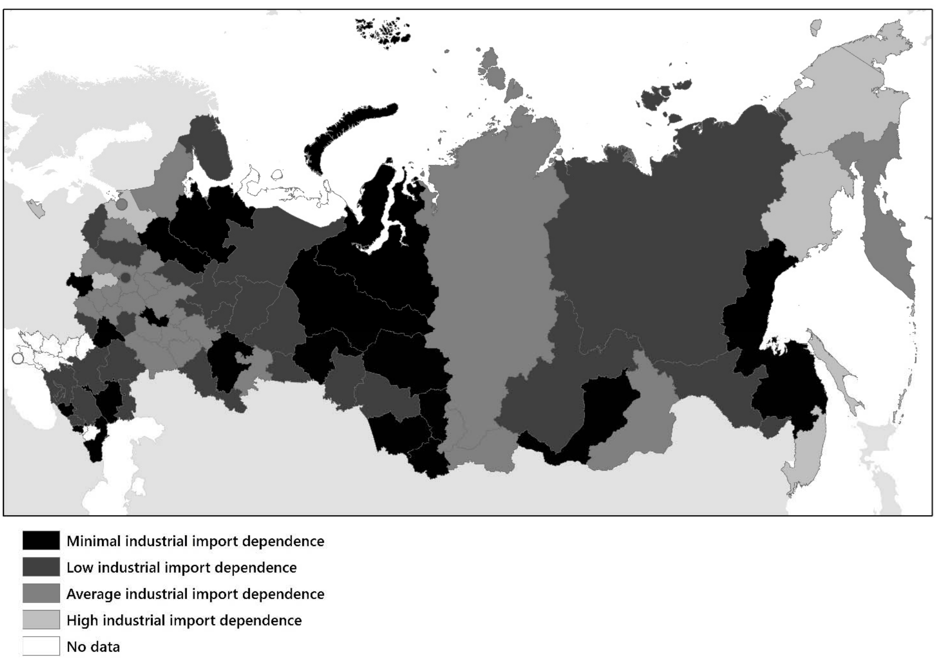

Fig. 2. Industrial import dependence of enterprises in Russian regions in 2019—2021

Source: compiled according to article [23].

The US and EU countries have imposed sanctions restrictions on 567 legal entities (LEs) in Russia,[1] including the largest banks, research organizations, and high-tech enterprises. Companies from the sanctions list are represented in 53 regions and account for approximately 2.3 % of the revenue of all companies in Russia. A high share of these companies in the market was observed in several manufacturing regions (Vologda, Arkhangelsk, Chelyabinsk), as well as in Crimea (Fig. 3).[2]

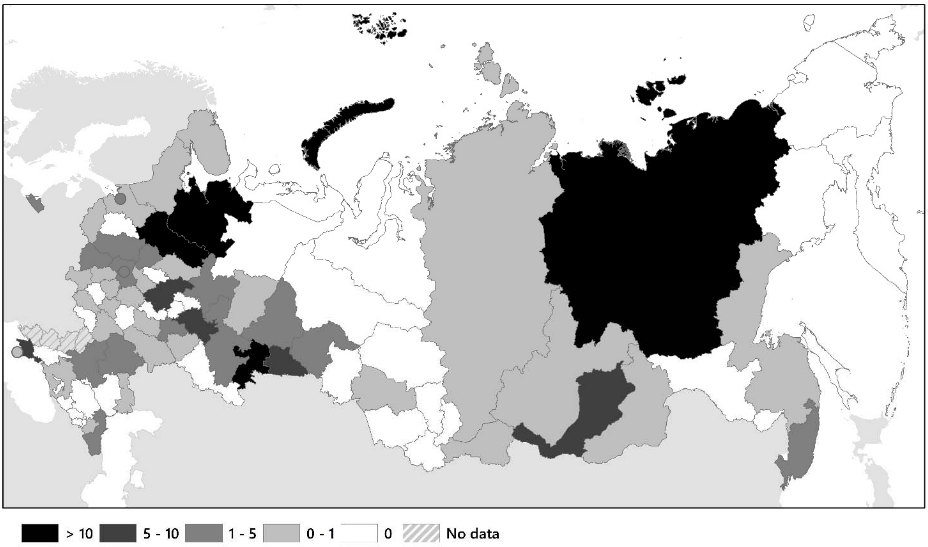

Fig. 3. Estimated share of legal entities included in the EU and US sanctions lists in the total revenue of all companies by region in 2017—2021, %

Source: calculated according to Rosstat and SPARK-Interfax data.

The expected negative impact of sanctions on enterprises was not realized in practice due to their high integration into the domestic value chains, an intensive policy of import substitution, and an increase in government purchases. Some of these enterprises have significantly increased investments in reserves and expansion of funds within the country by reducing foreign assets (risks of withdrawal) and co-financing from the state. This, for example, can be seen in the low correlation with the output index: –0.06 in 2022, insignificant in the second half of 2023.

In 2020, there were 22,906 companies in Russia that were 50 % or more owned by legal entities and/or individuals from unfriendly countries (except Cyprus). Their revenue was approximately 16 trillion roubles, and their share in the revenue of all Russian companies was approximately 10 % [17]. Most of the

[1] Sanctions lists, 2023, SPARK-Interfax, URL: https://spark-interfax.ru/quick-search/sanktsionnye-spiski (accessed 19.02.2024).

[2] The Republic of Crimea and the city of Sevastopol are two regions whose economies and residents have experienced the targeted negative impact of sanctions pressure since 2014, while other regions are indirectly exposed to sanctions risks.

proceeds belonged to companies whose owners are registered in the Netherlands, Germany, Switzerland, and France. About 52 % of the revenue of these companies was generated in wholesale and retail trade, and another 29 % in manufacturing. The share of these companies in the revenue of several service industries was high: hotels and restaurants, finance, information and communication technologies and trade. In the manufacturing industry, this share exceeded 10 %. In trade and the service sector, the share of small and medium-sized businesses is high, the barriers to entry for startups are lower, and therefore the possibility of filling emerging market niches after the departure of foreign companies is higher [30]. In production areas, there is less opportunity for rapid restructuring due to the need for large capital investments, the development of competencies, cooperation, and other factors.

Russian regions are characterized by high heterogeneity in the share of revenue generated by foreign companies from unfriendly countries (Fig. 4). The highest share was observed in a few large industrial centres where foreign companies were represented in manufacturing industries (Moscow, Moscow, Leningrad, Kaluga, Vladimir, Belgorod regions, Komi Republic), as well as in regions with an advantageous border position (Kaliningrad, Leningrad regions, Primorsky Krai). These regions face the greatest risks [29], but in some of them there are also higher opportunities for the development of small and medium-sized domestic enterprises in the service sector [30], for example, in large agglomerations and near them: in Moscow, the Moscow and Nizhny Novgorod regions.

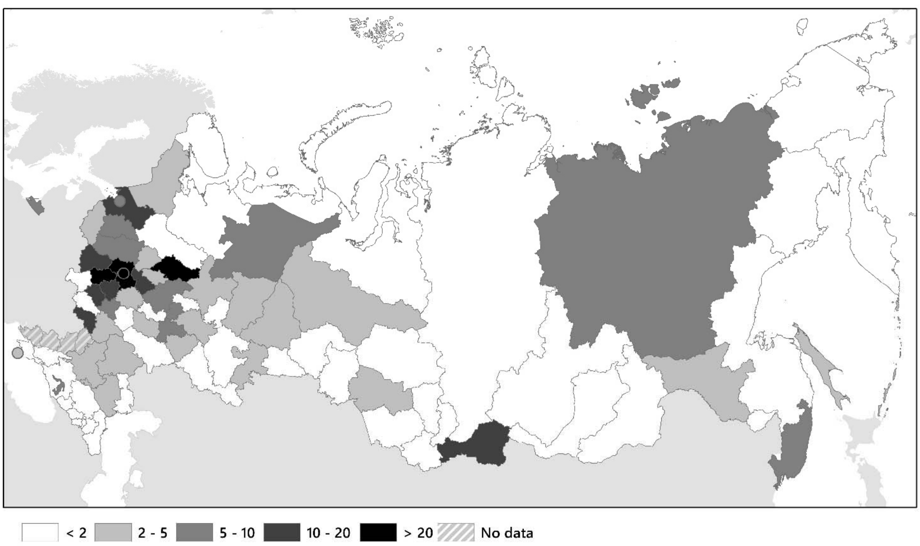

Fig. 4. Estimated share of foreign companies from unfriendly countries in the total revenue of regional organizations in 2018—2021, %

Source: calculated based on SPARK-Interfax data.

The risks are lower in the regions that are less integrated into Western production chains due to their orientation to the east (Khabarovsk Territory, Krasnoyarsk

Territory, Irkutsk Region), due to the significant role of large local businesses (Krasnoyarsk Territory, Tomsk Region, Omsk Region, Bashkortostan), due to an unfavourable business climate, for example, in some southern regions.

As expected, if the share of considered companies in regional markets was high, then the output index was lower in 2022 (correlation coefficient −0.19), but in the first half of 2023 the situation was the opposite (+0.09), which may indicate a reorientation of consumers to local brands after the release of market niches or continuation of enterprises activity in Russia after a change in the ownership structure.[1]

As of mid-2023, 890 companies announced their complete withdrawal from Russia, of which only 462 had previously registered a legal entity in Russia, and therefore had revenue officially recorded by the tax authorities [20]. These companies accounted for approximately 2.1 % of the revenue of all companies in Russia and were represented in 41 regions (46 %). The highest share of these companies in the regional market is noted in the Komi Republic (11.5 % of revenue was provided by only one company, Mondi, which specialized in pulp and paper production) and in the Samara region (10 % of revenue was provided by three companies associated with the auto industry). Also, a significant share of large foreign companies that announced their departure was (in descending order) in the Leningrad region, Moscow region, Moscow, and Sverdlovsk region (Fig. 5).[2]

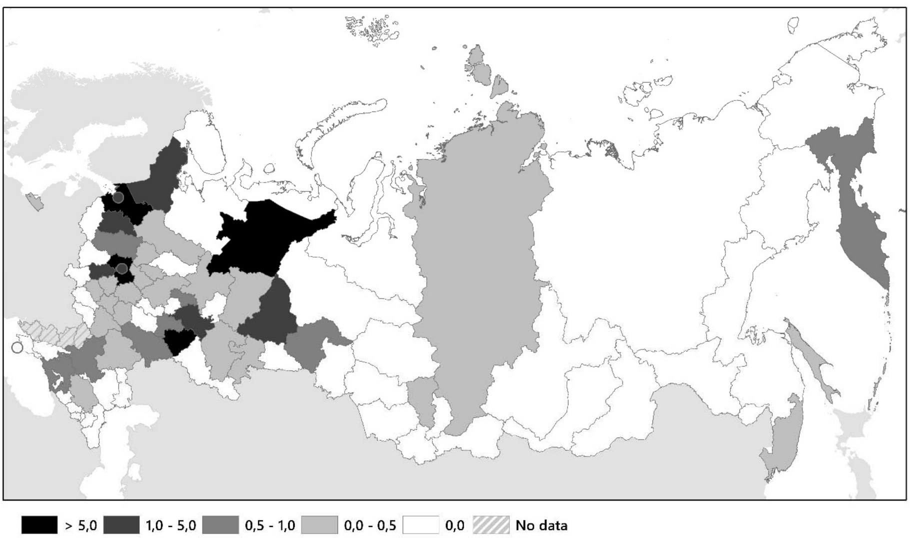

Fig. 5. Estimated share of companies announcing their departure from Russia in total revenue by region on average in 2017—2021, %

Source: compiled according to data from [20].

[1] For example, the McDonald’s company formally announced its departure, but in fact, the entire network of public catering establishments almost fully continued its activities under the local brand “Vkusno i tochka”.

[2] Picture of foreign business, 2022, CSR, URL: https://www.csr.ru/ru/research/kartina-inostrannogo-biznesa-uyti-nelzya-ostatsya/ (accessed 19.02.2024).

Table 3

Foreign companies that announced their exit from the Russian market

Regions	Share of foreign companies that announced their exit from the Russian market in the revenue of all companies in the region in 2017—2021, %	The largest foreign companies in the region that announced their exit from the Russian market
Komi Republic	11,5	Mondi (pulp and paper industry)
Samara Region	10	Reno, GM, Faurecia (automobile industry)
Leningrad region	5,9	Nokian, Ford, ИКЕА, Schneider Electric,
Moscow region	5,1	AirBaltic, Ikea, Lufthansa, Toyota, et al.
Moscow	4,1	Renault, Henkel, Fortum, McDonald's, Adidas, Tetra Pak, Dell
Sverdlovsk region	3,6	Enel, Holcim, Mondi

Source: compiled from data from the article [20].

The output index negatively correlates with the mentioned indicator in 2022 (–0.14) but it is close to zero in 2023 (–0.05). This is due to the insignificant influence of the companies on the economy of most regions (Fig. 5). In addition, most of the enterprises did not cease their activities in Russia, but only announced this, or sold their assets to other owners, or transferred them to local management without a significant period of shutdown.

Finally, the integral index of exposure to sanctions risks was calculated (Fig. 6). The index value was higher for the northwestern regions (Komi Republic, Kaliningrad, Vologda, Leningrad, Arkhangelsk regions, Republic of Karelia), where close trade and cooperation ties were formed with geographically close countries of the European Union, as well as in automobile manufacturing centres previously integrated into global production chains by transnational corporations (Kaluga, Leningrad, Kaliningrad, Samara regions, Republic of Tatarstan, Moscow). All three regions on the Baltic Sea: St. Petersburg, Kaliningrad, and Leningrad regions, as expected, were exposed to the greatest impact of sanctions risks [33]. For the Kaliningrad region, these risks became a significant incentive for a radical transformation of the economy and foreign trade relations [34].

Reduced exposure to risks is typical of many large, diversified regions with a high share of manufacturing industry: Perm, Khabarovsk Territory, Rostov, Tomsk, Novosibirsk, Irkutsk, Omsk, Chelyabinsk, Volgograd, Voronezh, Bryansk, Tula, Ryazan regions, the Republic of Bashkortostan, Udmurtia. The largest manufacturing enterprises operate there.

Most Asian and Far Eastern regions with low and medium exposure to risks have high diversification of trade flows, including orientation to the markets of the Asia-Pacific region: Irkutsk, Amur, Tomsk regions, Khabarovsk, Krasnoyarsk, Transbaikal Territory.

The least impact of risks was observed in regions remote from global markets (Altai Territory, the Republic of Tyva and Altai) and less developed (the Republics of Dagestan, Chechnya, Kalmykia, Altai, and Tyva), and, accordingly, less involved in trade, production and other ties with developed unfriendly countries. The republics of the North Caucasus, due to their proximity to neutral countries, were able to take advantage of the redirection of trade flows, including results of allowing parallel imports[1] [17], and attracted additional domestic tourists due to restrictions on the movement of Russian citizens abroad.

In regions with a high value of exposure, there was a lower index of output in 2022 (correlation coefficient is – 0.41), that is, there was a higher probability that the regional economy did not grow. However, the correlation coefficient dropped to – 0.14 in January — September 2023. The transformation of most regional economies can be confirmed by the fact that the overall Russian economy (GDP) in 2022 decreased by 1.2 % according to Rosstat, but in 2023 it grew by 3.6 %.[2]

Fig. 6. Index of exposure to sanctions risks in Russian regions

[1] Importing goods into the country without the consent of the trademark owner.

[2] Rosstat presents the first GDP estimate for 2023, 2024, Rosstat, URL: https://rosstat.gov.ru/folder/313/document/230009 (accessed 19.02.2024).

Table 4

Sanctions risk exposure index for regions with its maximum and minimum values

Rank	Regions	Index
Regions with the highest exposure to sanctions risks		
1	Komi Republic	0.44
2	Kaluga region	0.41
3	Kaliningrad region	0.41
4	Vologda Region	0.38
5	Leningrad region	0.38
6	Moscow region	0.36
7	Arkhangelsk region	0.35
8	Samara Region	0.35
9	Sakhalin region	0.34
10	Lipetsk region	0.34
Regions with the lowest exposure to sanctions risks		
76	Khabarovsk region	0.12
77	Tomsk region	0.12
78	Altai Republic	0.11
79	Tyva Republic	0.09
80	The Republic of Dagestan	0.08
81	Chechen Republic	0.08
82	Republic of North Ossetia-Alania	0.08
83	Astrakhan region	0.07
84	Altai region	0.06
85	Republic of Kalmykia	0.02

Conclusion and recommendations

The expansion of sanctions and similar risks has become of interest to researchers; one can even talk about the emergence of a new direction of scientific research — 'sanctionomics', which studies the tools and consequences of sanctions policies. In our opinion, it may have some theoretical significance in terms of developing the concept of shock resistance or resilience of economic systems [35; 36]. Moreover, in practical terms, these studies may serve the purpose of strengthening regional economic security [37].

As the analysis shows, sanctions risks have a spatially heterogeneous impact. In regions having more intensive ties with countries that imposed sanctions, the risks of a decline in economic activity were higher due to interruptions in supplies and limited access to markets [12]. However, a reorientation of trade flows is feasible given the availability of financial, transport, entrepreneurial, and other resources, and competencies. Sanctions against legal entities create risks of decreased economic activity in the regions of their registration due to restrictions on access to foreign finance, technologies, and markets. On the other hand, the increase in demand for local products compensates for this impact, including through government procurement. In addition, the owners of many of these enterprises seek to reduce the risks of property expropriation abroad by investing more within the country and core regions (forced reshoring). The departure of foreign companies from the Russian market has led to disruptions in production chains and, in some cases, an outflow of specialists. However, it has also opened up market niches for local businesses. In trade, after parallel imports were allowed, opportunities arose for the emergence and growth of small firms in regions bordering friendly and neutral countries [17]. Domestic tourism and, accordingly, the service sector grew in 2023 due to restrictions for many Russians on crossing borders. However, many risks may not directly manifest themselves in short-term economic dynamics, for example, outflow and shortage of specialists due to relocation or lack of technology and the inability to import necessary equipment.

The exposure of regional economies to sanctions risks assessed in the article correlates with a potential short-term decline in economic growth, but economic dynamics depend on the adaptation capabilities of businesses and residents, and on the competence of the authorities. In regions with diversified economies and foreign trade relations [38], with proactive government policies, the likelihood of negative growth rates is generally lower. These regions can benefit from the results of a counter-sanction policy of import substitution (increased government procurement and demand for domestic analogues) and reorientation of trade, investment, and other flows. For instance, although the Lipetsk region faced significant exposure to sanctions risks in Russia, its economy is relatively diversified. In previous years, the regional authorities pursued a proactive policy to attract investors and develop the manufacturing industry and in the new conditions, increased demand for metalworking and mechanical engineering products created the basis for economic growth. Therefore, although the output of basic products and services in the region decreased in 2022, it grew in January — September 2023.

Whatever the external shocks to the regional economy, a long-term strategy is needed to increase its resilience [36]. Such a strategy could include a wide range of measures: from improving transport accessibility to economic and trade diversification. It is imperative to attract investors from various countries and regions, thereby prohibiting reliance on one or a few closely associated partners. It is possible to stimulate the diversification of foreign trade flows [38] by holding international forums, fairs, and the participation of business delegations in similar events abroad. It is important to establish a wide network of friendly, including personal, ties with neighbouring regions and coastal regions [39]. An effective strategy is to diversify the regional economy through the development of complementary activities (smart specialization) and the completion of value chains within the region [40; 41], strengthening state support for some of the most import-dependent industries through subsidies, investments in science and government procurement [42; 13], stimulating broad entrepreneurial activity that promotes rapid adaptation of consumer markets in the face of shocks [30]. Reducing import dependence will require greater integration of education, science, and the manufacturing sector to develop new products and services as part of a smart specialization strategy [41].

A separate important area is the training and attraction of personnel to the region in conditions of their shortage [42]. It would also be useful to talk about increasing fiscal shock resistance [43]: low and moderate debt burden, accumulation of reserve funds denominated in different currencies, but kept and invested within their own country, introduction of a ban on placing funds in one country (or a potential bloc of countries). At the same time, regional authorities most often solve current problems without proper long-term planning, which predetermines the need to create a development agency with broad powers [39]. Regional authorities should develop a system for monitoring long-term external risks, which should be considered when developing strategic documents [22; 36]. The problem of external restrictions is not reduced to the sum of local risks but requires a more complex, systematic approach to assessing risks throughout a country's entire economy.

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A NEW ROLE OF COOPERATION UNDER ECONOMIC SANCTIONS AS SEEN BY RESIDENTS OF THE KALININGRAD REGION

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The current economic crisis conditions call for a search for new mechanisms to maintain the population's well-being. Within this setting, cooperation may be considered a priority form of entrepreneurial activity, enabling the consolidation of financial resources and reducing business costs. This article aims to assess the potential of consumer cooperation in the Kaliningrad region under anti-Russian sanctions. The authors analyse the features of cooperation development within the territory and investigate the demands and expectations of the local populace. The principal method employed in the study is a survey of residents of the Kaliningrad region (N = 481), with its results strongly indicating that conditions for a renaissance of cooperative economic models have emerged in the Russian exclave. The region's residents tend to express positive attitudes towards cooperation, drawing a link between economically challenging conditions and opportunities for cooperative development. Moreover, amongst respondents with personal or vicarious experience of cooperation, a substantially higher proportion assess cooperative practices positively. Yet, the deficit of interpersonal trust places a serious limitation on the development of cooperation. It is concluded that the economic crisis has shifted the focus of the region's population's expectations from social interests (collaborations with like-minded individuals) to undertakings aimed at increasing material well-being. Therefore, expectations of participating in cooperative activities are primarily associated with the opportunity to start one's own business and increase personal income.

Keywords:
cooperation, cooperative, economic sanctions, Kaliningrad region, consumer market, solidarity, trust

Cooperation

As an economic activity, cooperation offers several advantages. These include increased efficiency of product sales processes, easier access to loans [1] and technologies, greater opportunities for pooling material, technological and organ-

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isational resources, and enhanced prospects for forging rational economic relationships [2]. When specifying the benefits of cooperative forms of management, researchers tend to focus on factors contributing to competitiveness, such as cost reduction through a unified marketing strategy, purchasing raw materials in large batches, joint deliveries and a diversified assortment policy [3].

Analysis of the literature sheds light on the essence of cooperative forms of management by distinguishing them from traditional entrepreneurial structures. The economic goals shared by cooperation participants become the integrating basis for joint activities and effective collaborations [4]. Building on this conclusion, Russian researchers tend to emphasise the need for trust amongst participants in cooperation and fairness in decisions made within a cooperative [6].

Studies with a focus on Spanish cities have demonstrated that cooperative models contribute to more flexible and sustainable regional economic growth [6]. Similar conclusions have been drawn by Russian researchers who have compared statistical data on the development of cooperatives in Russia in the 1990s with the location of modern industrial clusters. The concentration of industrial zones in areas with a high percentage of cooperative enterprises provides implicit evidence of a connection between cooperative development and industrial production growth [7]. These trends acquire special significance amidst bans on foreign product imports and the necessity for import substitution development prompted by the imposition of sanctions [8]. Considering the role cooperation has in increasing the economic capacity of territories, analysing the prospects of such economic models is relevant for Kaliningrad, a territory where pressure from anti-Russian sanctions has proven challenging. Enterprises with collective (popular) forms of ownership may serve as the most effective instrument for achieving the sustainability of the Baltic region territories [9].

The role of cooperation in a territory's development is informed by the very functioning of cooperative economic models, which seek to safeguard the interests and needs of local communities [10]. Cooperative organisations' reputation capital and sustainability are generally ensured by offering services tailored to the local populace's needs [11]. According to Russian scholars, cooperative practices facilitate achieving two complementary goals: securing financial profitability to generate income for cooperative participants and improving the socio-economic living conditions of local populations [12]. Based on theoretical reflections on the traditional role of cooperation, we formulated priorities in analysing the structure of expectations of joining cooperatives, with the economic and social expectations of the populace determining these priorities.

The economic crisis and geopolitical transformations have highlighted the problems of the Kaliningrad economy, whose unique risks are a product of its enclave position and dependence on imported goods and supplies from 'mainland' Russia. Transport costs are a severe limitation upon food accessibility for the population, leading to reduced consumption levels. Additional constraints are the difficulties encountered by regional food industry enterprises, which are currently experiencing the painful repercussions of disrupted cross-border supply chains [13]. Analysis of the economic development risks in the Kaliningrad region indicates problems such as insufficient financial and credit infrastructure and the predominance of low-tech production [14]. When describing the economic situation in the Kaliningrad region, researchers tend to emphasise the high volatility of municipal budgets, their dependence on interbudgetary transfers and subsidies, and the inadequacy of regional tax revenues, which can be overcome by creating institutional conditions for raising the profile of entrepreneurship amongst the local populace [15]. Entrepreneurship development has been cited as the most effective mechanism for modernising the border region's economy and mitigating the destructive impact of anti-Russian sanctions [16]. The Kaliningrad region stands out as a leader in small business development compared to other Russian territories. Notably, in 2021, 90,700 residents of the region were employed in small enterprises, 45,800 in micro-enterprises, and another 40,000 people were self-employed. By the net financial performance of small and micro-enterprises (64,995 million roubles and 45,881 million roubles, respectively), the region ranked second in the North-Western Federal District, following St. Petersburg, Russia's northern capital. The volume of subsidies allocated for the state support of regional small and medium-sized enterprises amounted to almost 500 million roubles in 2020 and 180 million in 2021.[1]

Yet the literature indicates that, despite the substantial support from the authorities, small business development has been stagnant in the region in recent years, with this state of affairs ensuing from the economic situation and international relations hurdles [17].

Under anti-Russian sanctions and the growing sensitivity of the exclave region's consumer market [18], analysis of mechanisms for economic modernisation and ways to overcome dependence on supplies from abroad is taking on added urgency [18]. Therefore, the economic reality of the Kaliningrad region dictates a need to expand the role of cooperation whilst boosting entrepreneurial activity amongst the populace to fill the niches left vacant after the shrinkage in supplies from overseas.

[1] Small and medium-sized enterprises in Russia, 2022, *Rosstat,* URL: https://rosstat.gov.ru/folder/210/document/13223 (accessed 15.09.2023).

Methods

The principal method used in this study was a survey of Russian citizens carried out with our involvement at the Russian University of Cooperation (RUC) in spring 2022.[1] Structurally, the survey blocks were arranged as follows:

— an assessment of the role of the consumer cooperative system in ensuring sustainable development of Russia's economy;

— factors contributing to positive and negative attitudes towards the consumer cooperative system in Russia;

— analysis of actions undertaken and devised by Russian citizens to mitigate the consequences of external sanctions;

— barriers to developing a consumer cooperative system in the new economic conditions.

The study employed multistage zoned sampling. In the first stage, zoning according to federal districts was performed; in the second, the most representative Russian regions were selected. Next, numerical quotas were set based on three criteria: sex, age and primary residence (urban or rural area). The nationwide survey sample covered 19 regions, ensuring the representation of all of Russia's federal districts. The number of respondents amounted to 4,422 individuals.

In preparing the materials for the article, we utilised data obtained from respondents in the Kaliningrad region (N=481). Data from the nationwide sample were used to compare responses from the region's residents with average responses from across Russia. As for the breakdown of respondents from the Kaliningrad region by sex, females comprised 58.5 % and males 41.6 %. In terms of age, individuals from 18 to 29 years old accounted for 42.6 %; from 30 to 44 years, 21.2 %; from 45 to 54 years, 9.4 %; from 55 to 64 years, 11.2 %; from 65 years and older, 15.6 %. As for primary residence, 76.3 % of respondents lived in urban areas and 23.7 % in rural areas.

The study was conducted within the framework of the research project The Role of Consumer Cooperation of the Russian Federation in New Economic Conditions, Including External Sanctions, approved by the Academic Council of RUC. According to the statement of work, the research was organised by employees of RUC regional branches, particularly as regards the selection of respondents in regions. Given the project's financial constraints, the research was organised as follows: a questionnaire was created using Google Forms, with the link disseminated according to the 'snowball' principle. Although we monitored

[1] The authors express their gratitude to the management of the Russian University of Cooperation for organising the research endeavours, especially to the University's rector, Alsu Nabieva, Dr Hab. Prof. Aleksandr Maloletko and Dr Hab. Prof. Olga Kaurova.

daily whether the sample remained representative in terms of the quota targets, there was some deviation from the initially specified quotas, which is a limitation of the study. The results were processed using SPSS software.

Given the scale of the survey and the wide variety of tasks to be covered within the established character limit, this article will analyse respondents' answers to one of the questionnaire sections concerning popular attitudes toward cooperation, personal participation experience and primary expectations of joining a cooperative. The aim of the article was to assess the potential of consumer cooperation in the Kaliningrad region under new economic conditions and amidst anti-Russian sanctions pressure. In line with the research problem statement, this work seeks to describe the features of cooperation development characteristic of the sanctions-affected Kaliningrad region.

Results

As the survey results demonstrate, more than half of respondents from the Kaliningrad region are familiar with the term 'cooperation' (52.4 %). Another third (36.2 %) report a basic familiarity with the term ('yes, I have heard of it, but I cannot give a detailed answer'). Only every tenth respondent (11.4 %) is not acquainted with the concept. Region-specific data closely match responses from the nationwide sample, with variations within 1 %. Responses from the residents of the Kaliningrad region differ from those received across the country as regards attitudes towards consumer cooperatives (Table 1). In particular, 17.7 % of respondents have a negative attitude towards cooperative practices (7.4 percentage points above the nationwide figure). Nevertheless, respondents tend to have an overall positive attitude towards cooperative practices.

Table 1

Distribution of responses to the question:
'What is your attitude towards the practices of creating cooperatives?', %

Response options	Residents of the Kaliningrad region	Nationwide
Neutral	2.7	26.9
Negative	17.7	10.3
Positive	48.2	54.5
No answer	6.4	8.3

The survey identified the deficit of interpersonal trust as a limitation to the development of cooperation as an economic activity. The overwhelming majority of respondents (67.8 %) are apprehensive of the risk of fraud when creating cooperatives. Here, the regional results exceeded the nationwide average by 7.1 percentage points (60.7 % across the country). Moreover, when answering the question ‘If you do not participate in cooperation, then why not?’, residents of the Kaliningrad region express doubts about the economic efficiency of this form of economic activity, with 12.9 % choosing the option ‘it is not possible to earn well here’. Respondents also cite reasons such as a ‘low level of awareness’ (18.1 %) and ‘lack of interest’ (30.4 %).

The survey results also show that the region’s residents are more prone to participate in cooperatives than respondents nationwide. Every third Kaliningrader (31.4 %) answers affirmatively the question: ‘Do you or your acquaintances participate in consumer cooperatives’ (6.8 percentage points above the nationwide average). These results may be a consequence of the rapid development of cooperation in the Kaliningrad region. Despite its relatively short history, the region’s consumer cooperative system comprises as many as 174 retail enterprises, with more than half operating in rural areas, 22 machine shops and 24 catering establishments. The total performance of consumer cooperatives in the Kaliningrad region amounted to 2.2 billion roubles in 2021 and approximately 1.2 billion in the first half of 2022. Governmental support is provided within the framework of the programme “Development of Consumer Cooperation in the Kaliningrad Region until 2025 and with a Prospect Towards 2030”.[1]

The attention the regional authorities pay to cooperation development opens up bright new horizons for greater involvement of the populace in cooperative practices, whilst creating conditions for the stable operation of such associations. Remarkably, there is a correlation between cooperative experience and respondents’ attitudes towards the practices of cooperative creation (Table 2). The findings of this study suggest that amongst respondents with a personal or vicarious cooperation experience (the latter based on accounts from acquaintances), there is a significantly higher proportion of individuals taking a positive attitude towards cooperation (74.2 %, which is 26 percentage points above the national average).

Table 2

Correlation between cooperation experiences and attitudes towards cooperative creation practice, %

Participation experience	Attitude towards cooperative creation practices				*Total*
	Positive	Negative	Neutral	No answer	
Yes	74.2	15.2	9.3	1.3	100
No	38.1	21.3	35.6	5	100
No answer	33.6	14.8	36.7	14.9	100
Average values	48.2	17.7	27.7	6.4	100

[1] Consumer cooperation of the Kaliningrad region celebrated its 75th anniversary, 10.09.2022, *Website of the Government of the Kaliningrad region*, URL: https://gov39.ru/press/316419/ (accessed 30.05.2023).

When considering the prospects of cooperative forms of economic activity, most respondents see cooperation as a catalyst to help them start their own business (57 % amongst respondents in the Kaliningrad region and 55 % on average across Russia). Respondents primarily exhibit economic rationality when formulating their expectations of joining a cooperative (Fig. 1). The top positions in the 'expectations ranking' are held by considerations such as 'starting one's own business' and 'obtaining a new source of income'. To a lesser extent, respondents have expectations associated with 'joining forces with like-minded individuals' or the altruistic motives of 'supporting the domestic market amidst the sanctions' or 'providing consumers with high-quality products'. Yet, four out of ten residents of the Kaliningrad region expect joining a cooperative to offer the benefit of connecting with like-minded individuals.

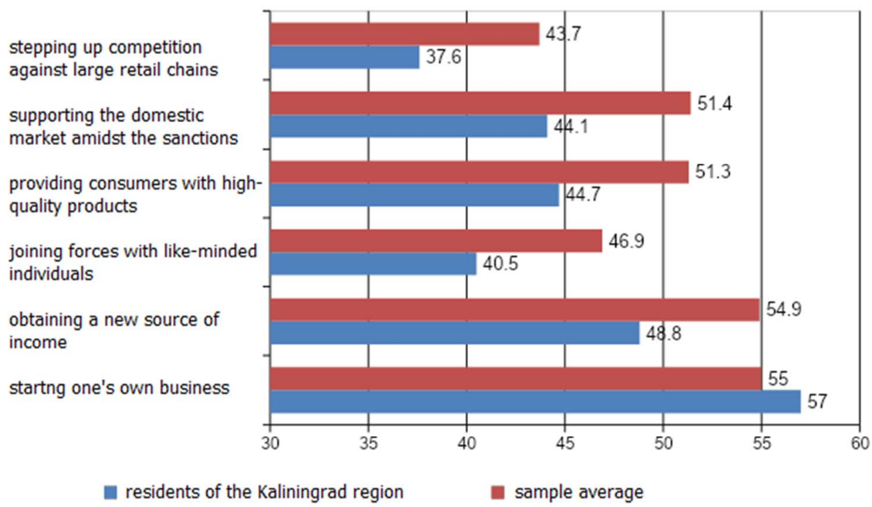

Fig 1. Distribution of responses to the question: 'What do you personally expect from joining a cooperative or establishing one?', %

The differences in responses received from residents of the Kaliningrad region and the national averages may be attributed to several factors. The region's exclave status and heavy dependence on imports lead to economic crises manifesting in distinct ways. In particular, scholars note the region's extremely high sensitivity to fluctuations in exchange rates, price increases, insufficient provision of goods across several categories, reduced consumption volume and shifts to cheaper and lower-quality products. Overall, the regional level of consumption is significantly below the nationwide figures [19]. These negative trends have probably redirected Kaliningraders' focus towards pressing issues of sustenance, which are growing only more prominent amidst current challenges. For example, most of the region's residents do not expect cooperation to involve joining forces with like-minded individuals or setting up competition against large retail chains. Compared to food supply issues, these expectations seem to be less relevant. Additionally, against the backdrop of disrupted transboundary raw material links, the region's exclave position objectively limits the opportunities of economic entities, including cooperative members, as regards food supply to the territory [13].

More than half of the respondents (60.1 %) believe that cooperatives could replace foreign companies that left the Russian market in the wake of the economic sanctions (Fig. 2).

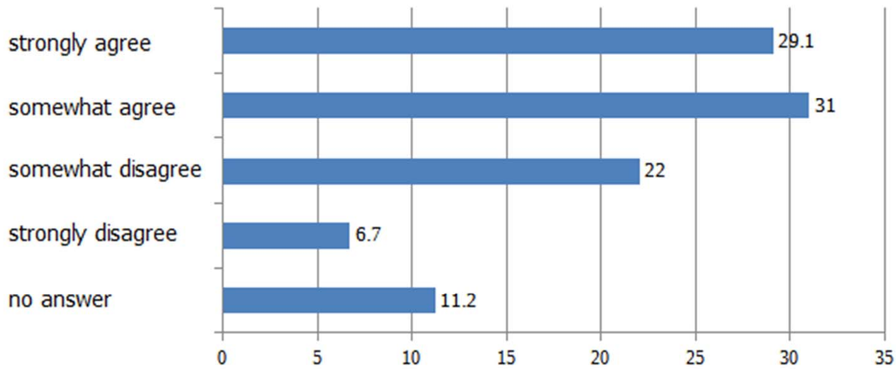

Fig 2. Distribution of responses to the question:
'Do you agree that, under sanctions, consumer cooperatives can take the place of foreign companies that have left the Russian market?', %

The results indicate a clear need amongst Kaliningraders to implement new mechanisms for modernising the economy and to find tools to maintain economic stability during periods of uncertainty.

Most respondents see the current situation as a time of new opportunities for developing consumer cooperatives (Table 3). In this respect, opinions expressed by Kalinigraders do not diverge markedly from the nationwide sample. The only difference is the slightly more optimistic tenor of responses received in the Baltic region (33.5 % chose 'yes', which is 5.3 percentage points higher than the national average). This variation may be attributed to the Kaliningrad region being particularly sensitive to the departure of foreign companies from the Russian market and its residents having a clearer understanding of the now available economic niches where new opportunities for cooperation are likely to open up. Additionally, regional studies have indicated that residents of the Kaliningrad region tend to have greater trust in the authorities amidst geopolitical tensions [20]. Therefore, it can be speculated that Kaliningraders have confidence in government support and, consequently, expect new opportunities for cooperation to emerge.

Table 3

Distribution of responses to the question: 'Do you agree that new opportunities have arisen for the development of consumer cooperatives?'

Response options	Residents of the Kaliningrad region	National total
Strongly agree	33.5	28.2
Somewhat agree	38.0	40.3
Strongly disagree	5.0	5.2
Somewhat disagree	16.2	16.6
No answer	7.3	9.7

New cooperation opportunities opening up in the face of new challenges are mentioned by 71.5 % of residents in the Kaliningrad region (the combined total of 'strongly agree' and 'somewhat agree' responses). The areas prioritised for cooperative development in the region include food production and sales (77.3 %), agriculture (72.3 %), domestic services and repairs (70.1 %), and culture and tourism (68.4 %).

Discussion

Approximately half of the respondents from Kaliningrad hold a positive view towards cooperation. Amidst the current geopolitical and economic crises, residents of the region pin their hopes on cooperation as a means to replace foreign manufacturers who have left the Russian market. The territorial isolation of the Kaliningrad region and its economic sensitivity to external influences [21] impose additional requirements as regards unlocking new drivers for growth and seeking tools to stimulate the entrepreneurial endeavours of the populace. According to scholars, cooperative economic models exhibit greater resilience during times of uncertainty, as they can swiftly adapt to adverse environmental factors, fostering dynamic socio-economic development in their respective regions [22]. In this article, we draw on empirical data to identify both traditional functions of cooperation in times of crisis and specific ones determined by the pressure of anti-Russian sanctions. The traditional functions include integration (joining forces with like-minded individuals), consumer market development (saturating the market with quality goods), support for the entrepreneurial activity of the population and improvement of living standards by creating new sources of additional income. The manifestation of a specific function is the firm conviction of Kaliningraders that cooperation can facilitate the replacement of foreign manufacturers who have exited the Russian market.

Several distinctive features of cooperative development within the study area merit attention. Compared to the nationwide sample, respondents from the Kaliningrad region are more likely to have purely economic expectations when joining a cooperative ('starting one's own business'). Meanwhile, residents of the Kaliningrad region demonstrate a lack of interpersonal trust, expressing heightened concerns about encountering fraudsters (7.1 percentage points above the national average), while maintaining persistent stereotypes about the unprofitability of cooperative economic activities.

Our findings are partially corroborated by other studies, which link cooperative economic models to limitations in achieving significant financial success, generating higher incomes [23] and attracting investments [24]. Evidence obtained at the national level also reflects these trends, with various cooperative cases demonstrating a decrease in the enthusiasm of potential participants, with this change in sentiment associated with the disparity between one's financial investments and cooperative preferences, as well as with the perceived risk of bearing unlimited legal liabilities as cooperative members [25].

Despite the constraints and risks involved, engaging in cooperative activities is likely to be a relatively successful experience for residents of the region. Survey data indicate an increase in the proportion of respondents positively evaluating cooperative practices amongst those who have personally or indirectly (through acquaintances) participated in cooperatives.

As already noted, a deficit of interpersonal trust imposes a limitation on cooperation development. Respondents are also apprehensive of the risks of fraudulent actions by potential partners. As a form of economic activity, cooperation determines the prominent role of joint operations and the high intensity of interactions amongst its participants. In these conditions, trust has a considerable influence on transactions, acting as a guarantor of communication between economic agents [26]. Hence, regional support measures for cooperation should encompass financial and informational-educational components to foster trust and facilitate the dissemination of financial and legal literacy within society.

According to the survey results, residents of the Kaliningrad region note the emergence of new opportunities for cooperative development in the face of new challenges, which correlates with research accounts of positive adaptive strategies forming in response to crises. At the bifurcation point, economic agents can assume new roles or increase their activity to achieve the stability of their status [27–29]. Survey data from the Kaliningrad region indicate that, despite the unprecedented pressure of anti-Russian sanctions and the vulnerability of the exclave economy, residents view the current situation as offering new opportunities for cooperative development.

Despite the prevalence of economic rationality in the structure of respondents' expectations regarding joining a cooperative ('starting one's own business', 'obtaining a new source of income'), social motivation is also present in the responses of Kaliningraders. Notably, every fourth respondent mentioned expectations such as providing customers with quality goods or supporting the domestic market in the face of sanctions. Equally significant for residents of Kaliningrad

(40.5 %) and Russians overall (46.9 %) is connecting with like-minded individuals as a factor in cooperative activities. These results highlight long-standing traditions of mutual support and solidarity within our nation, serving as the bedrock for constructing and advancing cooperative endeavours [30]. Orientation towards shared goals, unity and communal spirit form the basis of traditional Russian values [31; 61], shaping demand for fairness and coordinated actions in economic activities. These socio-cultural notions represent the fundamental principles of cooperation, implying, first and foremost, fair wages, collective ownership, shared leadership and employee participation in profit distribution [32].

As noted above, most respondents are convinced that new opportunities for the development of cooperation are emerging today. On the one hand, this belief may stem from the need to reduce the vulnerability of the exclave economy and eliminate the geo-economic risks posed by the region's geographical position [33]. On the other hand, new opportunities for cooperation development in the face of global challenges are recognised not only by Russian researchers but also by international scholars, who note an increase in the number of economic crisis phenomena, growing social inequality and the inadequacy of existing business models focused on short-term gains [34].

The research conducted made it possible to solve the problem formulated at the beginning of this study: several features of cooperation development specific to the Kaliningrad region were identified. Our contribution to solving the research problem also included evaluating the potential of consumer cooperation in the region given the new challenges. We also described the economic expectations of residents of the exclave regarding involvement in cooperative forms of economic activity, along with their relevant experiences.

Conclusion

The findings indicate the emergence of conditions for a renaissance of cooperative business models in the Kaliningrad region. Firstly, the support of regional authorities ensures the dynamic growth of cooperatives within the territory and the stability of their financial performance. Secondly, empirical data show a predominance of positive assessments of cooperation amongst the region's residents. Thirdly, there is a pattern specific to the Kaliningrad region: personal or vicarious experience in cooperative activities has become a factor responsible for positive attitudes towards cooperation.

Moreover, the results indicate the success of the cooperative business models currently implemented in the Kaliningrad region, whose residents perceive current economic challenges as a driver for cooperation development. In the structure of respondents' expectations of joining a cooperative, economic rationality prevails, along with a desire to start one's own business and generate greater income. Another incentive for Kaliningraders is the desire to provide customers with quality goods and support the domestic market amidst sanctions. For Russians in general and the region's residents, a considerable advantage of cooperative business models is the opportunity to join forces with like-minded individuals. In our view, the 'cooperative expectations' of the populace are well in line with the historically rooted national traditions of mutual assistance and solidarity. Cooperation, which incorporates elements of rational management and principles of fairness, unity and collective efforts, most closely meets the new challenges of the time whilst aligning with traditional Russian values and the national cultural code. Therefore, from our perspective, cooperation can be regarded as a potential alternative form of economic engagement for the populace, effectively occupying the vacant market niches resulting from shrinkage in international commodity supplies.

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MILITARY AND POLITICAL COOPERATION BETWEEN GERMANY AND LITHUANIA IN THE LATE 2010s TO EARLY 2020s

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Since the mid-2010s, Germany has significantly adjusted its approaches to the use of the Bundeswehr, pivoting its strategic focus from regions distant from the Euro-Atlantic community to those within or near it. This has underscored the pressing need to address issues related to securing steadfast allies in Eastern Europe and enhancing cooperation with them. This article aims to explore the current evolution of German-Lithuanian relations in both political and military domains. The approach of Germany to the factor of historical memory is demonstrated, along with its aspiration to position itself as the defender of Lithuanian national sovereignty. Yet, there was a notable lack of strategic focus from Germany towards Lithuania in the early 21st century, contributing to a decline in bilateral relations in 2014 and 2015. Amid the confrontation between the 'Western democracies' and Russia, Germany adopted a strategy of gradually but steadily increasing pressure on the opponent. The perception of this approach by Lithuanian elites has shifted from negative in the mid-2010s to increasingly positive as Germany has become more involved in deterrence of Russia. This article explores the process of the Bundeswehr troops' deployment and buildup up to having constituted the 'core' of a multinational brigade in Lithuania under NATO's mandate. The study focuses on the impact of military cooperation on political collaborations, as illustrated by the case of the B3 + 1 format, which has brought together high-ranking public officials from the three Baltic states and Germany since 2018. It is concluded that Germany has developed a dependence on Lithuania, driven by the increased desire of the former state to maintain the latter as a reliable junior partner.

Keywords:
Germany, Lithuania, Baltic states, historical memory, confrontation, NATO, Forward Presence Force, Bundeswehr, military presence, negotiation formats, interstate dialogue

Introduction

Since the beginning of the 21st century, Germany has consistently pursued the goal of becoming a global power. However, by the early 2020s, this objective had not been achieved. During the decade spanning from 2014 to 2023,

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Germany underwent radical shifts in its foreign policy priorities, especially concerning its military engagement. Germany scaled back its strategic involvement outside the Euro-Atlantic community, particularly in regions of instability such as the Near and Middle East and North Africa. These areas had been focal points for Bundeswehr operations since the 2000s. Instead, Germany significantly increased its military presence within and around the community of 'Western democracies', primarily as a means of deterring Russia. This shift in focus involved heightened Bundeswehr activity in NATO's forward zone of responsibility, with particular emphasis on the Baltic states [1, p. 3—5]. The confrontation with Russia has become the key component of German participation in the deterrence of the most active non-Western powers in general (also China [2, p. 266—272] and Iran).

This shift in emphasis has entailed a reevaluation of tactics rather than a revision of the ultimate goal — the establishment of a global strategic presence. Since its creation in 1949, the Federal Republic of Germany (FRG) has been a part of the community of 'Western democracies'. However, this longstanding affiliation took on new significance in the mid-2010s. Germany sought to compensate for the weakening of its positions outside the Western sphere of interest by bolstering ties with other NATO and EU member states, particularly in the context of deterring adversaries. Brexit and Trumpism in the latter half of the 2010s, along with negative consequences associated with these events [3; 4, p. 146—152], underscored the limitations within the Euro-Atlantic community for the realization of Germany's leadership ambitions. Additionally, the crisis in cooperation with France in the early 2020s [5], and the divergences in dialogue with Italy [6], Poland [7; 8], and Turkey further accentuated these constraints. In such a scenario, it became imperative for Germany to form partnerships with certain small and mid-sized states within the 'Western democracies' group [9]. These states are willing and capable of being reliable supporters of Germany, thereby bolstering its efforts to increase its presence and influence in Europe and beyond. Lithuania emerges as a standout partner for Germany.

The aim of the article is to examine the dynamics, challenges, and interim outcomes of the German-Lithuanian strategic dialogue at the current stage. This entails addressing several key objectives, including exploring the historical background of the relationship, identifying Germany's significant strategic interest in Lithuania in the current context, and analyzing the characteristics of their cooperation in the military sphere and political-diplomatic contacts, particularly within the B3 + 1 format. The article will primarily focus on cooperation from the perspective of Germany, given its considerably larger foreign policy resource base and its aspirations to assume the role of the senior partner in bilateral relations.

Foreign and Russian authors have explored German cooperation with the Baltic states and to a lesser extent directly with Lithuania since the end of the Cold War [10; 11]. However, the majority of research papers typically focused on the early or mid-2010s as the upper chronological frame [12; 13], a period characterized by a decline in dialogue. Consequently, a sharp qualitative and quantitative increase in cooperation in security and defense since the end of the 2010s has not been extensively studied [14; 15]. This increase is often examined tangentially in the context of a general escalation of tensions in the Baltic region [16—19]. In the literature, experts have not devoted sufficient attention to the evolution of Germany's military presence in Lithuania and contacts within the B3 + 1 format, especially in the early 2020s, which were pivotal for the dialogue.

In this study, the author employs several methodological approaches. Firstly, comparative analysis is utilized, particularly in examining Germany's approaches to troop deployment in Lithuania across different stages of the confrontation between the West and Russia. Secondly, content analysis is applied to explore the texts of meeting documents within the B3 + 1 format. Lastly, the theory of armed forces building is utilized to examine armed forces as continually evolving organisms, where any significant change carries both military and political implications. The article provides a detailed analysis of the step-by-step reinforcement of the Bundeswehr's military presence in Lithuania, highlighting changes in its complexity principle alongside the evolution of Lithuanian land forces.

Historical and political contours of the dialogue by the end of the 2010s

The historic background of the relations between Germany and Lithuania is multidimensional. Lithuania has a long-standing experience of national statehood and wielded significant regional power from the mid-14th century to the late 15th century. During this period, Lithuanian foreign policy exhibited two primary tendencies. Firstly, there was an expansion to the east, whereby Lithuania emerged as a key competitor to the Moscow Principality in the pursuit of consolidating the lands of the collapsed Old Russian state. Secondly, there was a concerted effort to combat the Teutonic and Livonian Crusader Knights, who were predominantly German-speaking. The first trend underscored Lithuania's close dependence on the fluctuations in power across Belarusian, Ukrainian (Little Russian), and Russian territories, which formed part of the Lithuanian Principality. Historic memories of wars have influenced contemporary German-Lithuanian relations [20], though to a lesser degree compared to the dialogue between Germany and Poland. This disparity can be attributed to historical factors. From the 16th to the early 20th centuries, the Lithuanian territories, as part of the Polish-Lithuanian Commonwealth and later the Russian Empire, were only marginally involved in military conflicts with Prussia (the German-Prussian state). However, in both the First and Second World Wars, Lithuania's territory (as part of the Russian Empire and later the USSR) became the target of offensive operations by the German army, leading to subsequent occupation. In May 1939, under intense pressure from the Third Reich, the Klaipeda (Memel) region was separated from the official possessions of Kaunas. In contrast, the USSR ensured the return of the Vilna region to Lithuania in the fall of 1939, which had been forcibly incorporated into Poland in 1920. Against this backdrop, the Lithuanian Republic entered the USSR as a union in 1940.

Germany generally acknowledges its historical responsibility as the main aggressor in World War II. However, in practice, official Berlin has shown reduced readiness to fully bear this responsibility, particularly in the context of the deterrence of Russia. Specifically concerning Lithuania, Germany has sought to portray itself as a defender of national statehood, often by critiquing the USSR and Russia. Tactically, Germany initially attempted to present itself as a protector of Lithuanian independence towards the end of 1917—1918. In October 2017, German foreign minister Sigmar Gabriel solemnly handed over from the archives to Lithuanian foreign minister Linas Antanas Linkevičius a letter of February 16, 1918 from the Lithuanian Tariba to the Second Reich with a request to recognize the declaration of independence.[1] Naturally, the German Foreign Ministry did not emphasize the fact that the German Empire *de facto* ignored the document (along with another one dated December 11, 1917) and did not support the invitation of a Hohenzollern representative to the Lithuanian throne. As a result, official Berlin was reserved about the idea of granting Lithuania formal sovereignty, especially considering it was under German control, not to mention actual sovereignty, right up to the November Revolution in Germany in 1918.

Secondly, Germany emphasized its responsibility for the non-aggression pact with the USSR (signed on August 23, 1939), particularly its secret articles that assigned Lithuania to the sphere of interests of the Soviet Union. These articles were perceived by the post-Soviet establishment in Vilnius as a factor leading to the temporary loss of sovereignty. In this regard, the Federal Republic of Germany (FRG) has actively highlighted the fundamental differences from the Nazi regime in terms of its political nature and its attitude toward Lithuania.

At the end of the 1980s, official Bonn closely monitored the situation in the Baltic republics, particularly their declarations of sovereignty in 1988—1989 and their secession from the USSR in March-May 1990. However, the Federal Republic of Germany (FRG) was not prepared to provide diplomatic support to the Baltic states until the German question was resolved according to Bonn's interests. The significance of the 2 + 4 agreement in September 1990, which finalized the reunification of Germany and the withdrawal of Soviet troops, along with the weakening of the influence of the central Soviet authorities after the activities of the State Emergency Committee, created the conditions for Germany's activation. This led to the declaration of the European Communities on August 27, 1991, expressing support for the independence of the Baltic republics and invit-

[1] Ausdruck der Freundschaft: Außenminister Gabriel übergibt bedeutendes Dokument zur Unabhängigkeit Litauens. 05.10.2017, *Auswärtiges Amt,* URL: https://www.auswaertiges-amt.de/de/service/laender/litauen-node/171005-abkommen/300548 (accessed 07.11.2023).

ing their representatives to the next meeting of the foreign ministers of the European Communities.[1] Already August 28, 1991 Germany established diplomatic relations with each of the Baltic countries [10, p. 66—67]. Less than a week after the *de facto* secession of the Baltic states from the USSR (September 6, 1991), German Foreign Minister Hans-Dietrich Genscher visited the countries on September 11—12, 1991 [10, p. 70]. Following the "point of no return" in the separation of the Baltic states from the USSR, Germany began to assume the role of guiding them into the Euro-Atlantic community. Germany presented these actions as a practical response to the non-aggression pact with the USSR signed on August 23, 1939. Consequently, in the 1990s, Germany positioned itself in opposition to the USSR.

Symbolically, on the 45th anniversary of the signing of the non-aggression pact in 1939, on August 23, 1994, the B3 + 1 format (comprising the three Baltic states plus Germany) of foreign ministers' meetings was established. These negotiations were intended to be held annually, signifying Germany's commitment not to overlook the security concerns of Lithuania and the other Baltic republics. The choice of the date, August 23, 1994, holds additional significance. It fell before the completion of the withdrawal of Soviet troops from Latvia, Estonia, and the new territories of Germany (the former German Democratic Republic) by September 1, 1994, and after the completion of the same process in Lithuania by September 1, 1993 [10, p. 71]. Official Bonn closely monitored the Kremlin's (first under USSR President Mikhail Gorbachev, then Russian President Boris Yeltsin) commitments to withdraw troops from the former GDR. Despite facing difficulties [21], Germany contributed to a similar process in the Baltic republics and portrayed these steps as supporting their sovereignty.

In the 1990s, relations with the Baltic states had become rather important for Germany's foreign policy, especially for its efforts to transform the post-socialist and post-Soviet spaces according to the interests of the Western democracies. Already inside the contacts with three Baltic republics, the dialogue with Lithuania had the greatest share. However, in absolute terms, there was another situation in the 2000s — early 2010s. Germany supported the accession of Lithuania and other Baltic republics to NATO and the EU (the countries became their member states in 2004).

Germany used the format B3 + 1 to discuss rather important security questions with the Baltic states. After the enlargement of NATO, these countries asked for guarantees from Germany. Already in 2004, Germany supported the NATO Baltic Air Policing mission,[2] Standing NATO Maritime Group 1 (SNMG 1) and

[1] Erklärung der EG zu den baltischen Staaten, 27. August 1991, Deutsche Aussenpolitik nach der Einheit 1990—1993. Eine Dokumentation herausgeben vom Auswärtigen Amt. 1993, Bonn, *Auswärtiges Amt*, S. 81.

[2] Baltic Air Policing — Allied Air Command. 2023, *NATO*, URL: https://ac.nato.int/missions/air-policing/baltics (accessed 07.11.2023).

Standing NATO Mine Countermeasures Group 1 (SNMCG 1). The latter ones cruised in the Baltic Sea and the Gulf of Finland for part of the calendar year. Germany has sent fighters, corvettes, and minesweepers to three missions on a rotational basis [15].

Germany's military contribution to these groupings rarely exceeded 0.2 thousand military personnel, and at times, it was non-existent. The three missions represented the sole instances of the Bundeswehr participation in Eastern Europe (since 2008, SNMG 2 and SNMCG 2 were also deployed to the southern region). NATO's rotation scheme for member states meant that after participating for 3 to 6 months, countries were free from sending troops until their next turn. However, the different scheduling for each mission meant that Germany sometimes did not allocate military forces to any of the three groupings for one or even several consecutive months. From 2004 to 2009, the Luftwaffe participated in the Baltic Air Policing mission only three times, totalling less than nine months out of a total duration of 69 months in this period.

During the mid-2000s and early 2010s, Germany deployed fewer than 200 troops in the Baltic states or their vicinity, while simultaneously committing approximately 7,000 military personnel to areas of instability in Asia and Africa, primarily in Afghanistan. [22, p. 8—11]. The deployment of each military unit in conflict zones in the Near and Middle East, as well as Africa north of the equator, where specialized infrastructure was scarce and the distance from Germany was significant, posed disproportionately greater challenges compared to operations in Eastern Europe. This stark difference in deployment volumes reflects Germany's priorities, which aimed to ensure presence beyond NATO's area of responsibility rather than at its forefront.

Germany's strategic attention to the Baltic republics can be attributed to several factors. Firstly, by the 1990s and early 2000s, the Baltic states had already undergone significant transformation and integration with the community of Western democracies. This integration, particularly in terms of NATO and EU membership, signaled a point of no return in their transition from post-Socialist (and for Estonia, Latvia, and Lithuania, post-Soviet) spaces to fully integrated Western entities. Germany viewed this development as highly favourable and consequently utilized both military and political tools in the Baltic states and Eastern Europe more broadly. However, this approach stirred discontent among Lithuania and other regional players [10—12], with signs of increased irritation emerging even before 2014.

An illustrative reaction from Germany was the intensification of the Bundeswehr's participation in the NATO Baltic Air Policing mission. Since 2008, this participation has become annual, typically lasting for four months each year and based at the Šiauliai airfield (Table 1). However, while these steps by Germany were tactical in nature and significance, they were unable to address the underlying disconnect in general.

Table 1

The scheme of FRG's participation in the *Baltic Air Policing*

Dates	Duration, months	Number and type of aircraft allocated from the German Air Force	Airbase
30.06.2005—11.10.2005	3.5	4 fighters *F-4F Phantom II*	Šiauliai
30.06.2008—29.09.2008	3	4 fighters *F-4F Phantom II*	Šiauliai
01.09.2009—02.11.2009	2	4 fighters *Eurofighter Typhoon*	Šiauliai
03.11.2009—03.01.2010	2	4 fighters *F-4F Phantom II*	Šiauliai
05.01.2011—27.04.2011	4	6 fighters *F-4F Phantom II*	Šiauliai
04.01.2012—26.04.2012	4	6 fighters *F-4F Phantom II*	Šiauliai
01.09.2014—31.12.2014	4	1 fighter *Eurofighter Typhoon*	Ämari
25.08.2015—06.01.2016	4	4 fighters *Eurofighter Typhoon*	Ämari
31.08.2016—04.01.2017	4	4 fighters *Eurofighter Typhoon*	Ämari
05.01.2017—01.05.2017	4	4 fighters *Eurofighter Typhoon*	Ämari
30.08.2018—02.01.2019	4	4 fighters *Eurofighter Typhoon*	Ämari
15.07.2020—30.08.2020	1.5	1 fighter *Eurofighter Typhoon*	Šiauliai
31.08.2020—29.04.2021	8	6 fighters *Eurofighter Typhoon*	Ämari
01.08.2022—01.05.2023	9	4 fighters *Eurofighter Typhoon*	Ämari

Source: The Bundeswehr. *Bundeswehr,* URL: https://www.bundeswehr.de (accessed 07.11.2023).

The 'crisis of confidence' phenomenon was particularly evident in Germany's relations with Lithuania, as well as Estonia and Latvia, during the initial stages of the confrontation between the Euro-Atlantic community and Russia in 2014—2015. During this period, Germany's contribution to the significantly increased NATO military exercises near the borders of the Russian Federation was minimal. Additionally, until the spring of 2016, Germany opposed the idea of deploying NATO's land forces in Poland and the Baltic states. Furthermore, the Bundeswehr reduced its involvement even in the NATO Baltic Air Policing mission (see Table 1). Notably, in the joint statement issued by the foreign ministers of Germany and Lithuania in April 2015, the main emphasis was placed on cooperation in the fields of culture and education.[1] This indirectly but unequivocally confirmed the deterioration of dialogue in political and military spheres. Consequently, the Baltic states, for the first time, reduced their interest in utilizing the B3 + 1 format.

What were the reasons for this approach of Germany in the mid-2010s? Germany tried to prevent an uncontrolled escalation of tensions with the Russian Federation at the earliest stages of confrontation when new rules of strategic behaviour were just being developed. Lithuania perceives this tactic as a sign of weakness towards the opponent. However, in practice, Germany, as part of the Euro-Atlantic community, has consistently participated in deterring Russia but

[1] Gemeinsame Erklärung des litauischen und des deutschen Außenministers. 16.04.2023, *Auswärtiges Amt,* URL: https://www.auswaertiges-amt.de/de/newsroom/150416-bm-erklaerung-litauen/270916 (accessed 07.11.2023).

prefers a gradual approach to the process. This stance was first articulated by Chancellor Angela Merkel as early as March 2014.[1] The German establishment believes that this approach offers significant advantages, including control over the development of the confrontation, the ability to exert pressure on the opponent gradually and sensibly, and the flexibility to adapt to emerging circumstances. Additionally, the Bundeswehr itself operates with inertia; German military forces require time to shift their focus from the Near and Middle East and Africa to Eastern Europe and to ramp up their presence. Consequently, Germany noticeably lags behind Lithuania and other regional players in this regard.

This strategy of confrontation enjoyed consensus within the German establishment during the tenure of Chancellor Angela Merkel and continued after her, even with the establishment of the government under Olaf Scholz.[2] This approach contributed to the deterioration of dialogue with the Baltic states in the mid-2010s. However, it also held the potential not only to address the crisis of confidence but also to foster significant reconciliation. Over the medium and long term, Germany gradually augmented its contribution to deterring Russia. The renewed buildup of the Bundeswehr possessed greater potential than the expansion of the armed forces of any Eastern European state due to differences in the volume of national resource bases.

Reasons for Lithuania's increased strategic value for Germany

The elites of the Baltic states and Poland aimed to position their countries as potential hosts for a larger ground military force under NATO command, primarily comprising troops from 'old' NATO member states. For these states, the scale, forms, and geographic placement of troop deployment in NATO's forward area of responsibility became crucial criteria for strategic effectiveness. These aspects were particularly significant for Germany, emerging as a prominent power among the Western democracies. Berlin needed to identify the primary partner in Eastern Europe capable of accommodating the growing deployment of the Bundeswehr effectively. Lithuania emerged as the preferred choice for Germany due to several advantages it offered over the Republic of Poland (RP) and the other Baltic republics.

Between 2014 and 2015, there was a notable deterioration in the dialogue between Germany and the four states in the northern part of Eastern Europe. This degradation persisted in German-Polish relations throughout the second half of the 2010s and into the early 2020s [23]. Officially, Warsaw sought to assume the role of senior partner, a stance that was met with criticism from Berlin. This ten-

[1] Rede von Dr. Angela Merkel, Bundeskanzlerin. Zum Treffen der Staatsund Regierungschefs der Europäischen Union zur Lage in der Ukraine am 6. März 2014. 2014, *Deutscher Bundestag*, 18. Wahlperiode. Plenarprotokoll 18/20. 13. März. S. 1518B—1522A.

[2] Regierungserklärung von Bundeskanzler Olaf Scholz. 27.02.2022, *Bundeskanzleramt*, URL: https://www.bundesregierung.de/breg-de/suche/regierungserklaerung-von-bundeskanzler-olaf-scholz-am-27-februar-2022-2008356 (accessed 07.11.2023).

sion was particularly pronounced during the tenure of Poland's "Law and Justice" party, which secured victories in the presidential elections of 2015 and 2020, as well as the Seimas elections of 2015 and 2019 [24]. Throughout Donald Trump's presidency, Poland actively supported efforts to exert pressure on Germany, aiming to undermine its influence in Europe and globally [3; 25, p. 20—21]. While Joe Biden's administration ushered in a noticeable thaw in U.S.-German relations, the White House continued to seek to assert its influence over Germany, albeit through different means. Consequently, Poland maintained its close alliance with Washington, consistently positioning itself as a more favourable partner than Germany for the United States. Emphasizing its status as the largest Western democracy in NATO's forward area of responsibility, Poland underscored its strategic importance to Washington. Against this backdrop, Germany's alignment with Lithuania in its dialogue with Poland assumed significance. This alignment was equally consequential for Vilnius, particularly given the challenges in Lithuanian-Polish relations [26].

Lithuania offers several advantages over the other two Baltic republics for Germany. *Firstly*, Lithuania's larger territory allows for the deployment of NATO troops at a relatively significant distance from the borders of the Russian Federation. This not only reduces the provocative nature of such measures but also provides greater freedom of maneuver in the use of military groupings. This flexibility is particularly important for ensuring a significant advantage over potential adversaries by mobilizing troops from the depths of the country. Modern tactics of the Bundeswehr's usage prioritize this ability to deploy forces effectively from strategic depths. Unlike the previous Cold War, Germany was no longer located on the front line, but in the depth of NATO's zone of responsibility. The Bundeswehr has contributed to the key military groupings of the Alliance, which should promote from the depths of the area of responsibility. They were NATO Response Force (NRF) and Very High Readiness Task Force (VJTF) as the key parts of NRF. NRF and VJTF became the core of the New NATO Force Model (NNFM). NNFM was declared for establishment in July 2022.[1] The first two first categories of NNFM were to consist of 300 thousand troops,[2] with 35 thousand military personnel as the Bundeswehr`s contribution. Olaf Scholz announced this decision after the NATO summit in Vilnius (July 11, 2023),[3] and also the growing contribution to NATO Forward Presence Force.

[1] NATO Response Force. 2023, *NATO*, URL: https://www.nato.int/cps/en/natohq/topics_49755.htm (accessed 07.11.2023).

[2] New NATO Force Model. 08.07.2022, *NATO*, URL: https://www.nato.int/nato_static_fl2014/assets/pdf/2022/6/pdf/220629-infographic-new-nato-force-model.pdf (accessed 07.11.2023).

[3] Pressekonferenz von Bundeskanzler Scholz zum Gipfeltreffen der NATO am 12. Juli 2023 in Wilna. 12.07.2023, *Bundeskanzleramt*, URL: https://www.bundesregierung.de/breg-de/suche/pressekonferenz-von-bundeskanzler-scholz-zum-gipfeltreffen-der-nato-am-12-juli-2023-2202034 (accessed 07.11.2023).

Secondly, strategically deploying the Bundeswehr's forces in Lithuania allows Germany to participate in the deterrence not only of Russia but also of Belarus. Unlike the other two Baltic countries, Lithuania shares a border not with the vast main part of Russia but only with the Kaliningrad region, which is a semi-enclave. This geographical situation theoretically makes it less challenging for Germany to exert pressure on Russia. However, in practice, the situation is the opposite due to the strengthening of Russia's military presence in the Kaliningrad region [27].

Thirdly, the population of Lithuania (2,8 million people) was bigger than that of Latvia (1,9 million) and Estonia (1,3 million). That is why Lithuania has larger armed forces, which have been growing gradually (Table 2).

Table 2

The dynamics of military personnel of the Baltic states and Germany, thousand troops

Country	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Germany	178.8	177.2	177.9	179.8	181.5	183.8	183.9	184.8	188.5	192.2
Latvia	4.6	4.8	5.2	5.5	5.9	6.0	6.4	6.6	7.5	7.6
Lithuania	8.6	11.8	11.8	13.5	14.3	14.9	15.1	15.2	17.2	17.8
Estonia	6.3	6.0	6.1	6.0	6.2	6.3	6.7	6.8	6.9	6.9

Source: Defence Expenditure of NATO Countries (2014—2023), 07.07.2023. 2023, Brussels, *NATO*, p. 12.

In 2014—2023, the Lithuanian armed forces experienced significant growth, more than doubling in size (by 107 %). This expansion was particularly notable in the number of land forces, the primary branch of the armed forces, which saw the establishment of a new brigade named 'Žemaitija' (also known as 'Griffin'), in addition to the already existing 'Iron Wolf brigade. Additionally, the 'Aukštaitija' brigade was reorganized In May 2023, these three brigades came under the control of division headquarters. To provide context for comparison, the Estonian armed forces grew by 10 %, while the Latvian armed forces experienced a growth of up to 65 % (Table 2). The Estonian armed forces saw the addition of a new cropped brigade (in addition to the existing personnel brigade) and the establishment of a division headquarters. However, no new brigades were created in the Latvian armed forces. Consequently, by 2023, the Lithuanian armed forces had a larger personnel count than those of Latvia and Estonia combined. Additionally, the number of brigades and division headquarters in the Lithuanian army equalled the total number in Latvia and Estonia.

This development significantly increased the strategic attractiveness of Lithuania to Germany. Germany announced plans to increase the number of brigades in its army to between 8 and 10 (up from the existing 7.5 brigades) and to add three new divisions to the existing three by the mid-2030s.[1] However, in practice,

[1] Bundeswehr-Pläne: Heer soll drei neue Divisionen bekommen. 19.04.2017, *DBWV*, URL: https://www.dbwv.de/aktuelle-themen/politik-verband/beitrag/news/bundeswehr-plaene-heer-soll-drei-volle-divisionen-bekommen/ (accessed 07.11.2023).

no new brigade (and especially division) had been created by 2024; only separate units were established. This makes Lithuanian armed forces attractive to Germany as a source of experience in creating new military units.

Fourthly, the disparity in economic potentials and military budgets between Lithuania and Latvia, Estonia (Table 3) has given Lithuania an advantage in its ability to purchase foreign weapons and military equipment (W&M), thereby facilitating the modernization of its armed forces through imports.

Table 3

The dynamics of military budgets of the Baltic states, ml dollars (2015)

Country	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latvia	246	282	401	459	618	620	646	649	664	731
Lithuania	357	471	628	759	905	962	996	1005	1285	1324
Estonia	431	463	488	501	520	549	612	581	614	766

Source: Defence Expenditure of NATO Countries (2014—2023), 07.07.2023. 2023, Brussels, *NATO*, p. 8.

The significance of this partnership for Germany cannot be overstated. With its economy traditionally geared towards exporting technological industrial products [28], including military equipment, Germany's interest in expanding its presence in Lithuania presented an opportunity for collaboration. In this context, Lithuania could leverage Germany's interest in the export of weapons and military equipment to support the growth of the Bundeswehr's presence in the region.

Military cooperation in the late 2010s — early 2020s

An axiom for interstate dialogue is the predominance of political aspects over military ones. But in German-Lithuanian relations, both groups of questions had commensurate significance. Military considerations had a noticeable direct and indirect impact on political dynamics. In the context of deterring Russia, Lithuania viewed the presence of the Bundeswehr and its increasing dynamics as key indicators of Germany's acknowledgement of Lithuanian security and defence concerns.

At the Warsaw summit (July 8—9, 2016) NATO member states decided to create land Forward Presence Force in the northern part of Eastern Europe. The military units were effectively permanent in existence and operated on a rotational staffing basis. The US brigade was deployed in Poland and the Baltic states, with each country hosting a multinational tactical battalion group as part of the Forward Presence (FP) initiative, led by a framework nation. A framework nation assumes overall leadership for the multinational grouping and makes the largest contribution to it [29]. In three instances, Anglo-Saxon states acted as framework nations: the USA for the battle group in Poland, the UK for the unit in Estonia, and Canada for the unit in Latvia. For the tactical battalion group in Lithuania, Germany assumed the role as the sole continental European framework nation. As time progresses from the outset of the confrontation with the Russian Federation, Germany has increased its contribution to deterrence efforts, particularly in the forward part of NATO's area of responsibility. This demonstrates Berlin's commitment to fostering comprehensive cooperation and rebuilding trust in its relations with Lithuania and other Baltic states.

Since January 2017, Germany has deployed 500—550 troops near the town of Rukla in Kaunas County, located in the central part of Lithuania, forming the 'core' of a multinational tactical battalion group. From 2017 to 2021, troops from the 10th Armoured Division were sent to Rukla on a rotational basis, with the 37th Motorized Infantry Brigade of the 10th Armoured Division playing a key role. During this period, approximately 7,000 troop rotations occurred, with some soldiers and officers serving two or more terms there.

The choice of Rukla for the deployment of the tactical battalion group of eFP was determined by the fact that it was the location of the "Iron Wolf" brigade. Before the early 2020s, this brigade was the only one and then the most combat-ready brigade of the Lithuanian army. During each rotation, the battle group, with the Bundeswehr playing a key role, began to actively conduct joint exercises with the Iron Wolf brigade. These exercises were part of larger multinational manoeuvres and also involved training with only two units. The goal was to achieve tactical compatibility, which meant effectively uniting two components: the national (Lithuanian) and multinational (NATO) units. The majority of units in the 37th motorized infantry brigade gained experience through these exercises. The COVID-19 pandemic only had a short-term, mainly limited effect on this military cooperation during the spring-autumn of 2020.

In January 2021, Germany announced its decision to transfer the responsibility for completing the ground component, serving as an axial element, of its contribution to the Forward Presence from the 10th Armoured Division to the 1st Armoured Division. At that time, there were three divisions in the Bundeswehr, two of which were primarily intended for use within the NATO area of responsibility: the 1st Armoured Division (with three brigades) and the 10th Armoured Division (originally with 3.5 brigades, reduced to 2.5 brigades since 2023). In comparison with the 10th Armoured Division, the 1st Armoured Division was more combat-ready and became the key platform for the creation of new military units in the Bundeswehr. From the mid-2010s to 2021, the 1st Armoured Division was responsible for the German contribution to the NATO Response Force.[1] The reassignment of the 1st Armoured Division for use in the *eFP* reflects the evolution of priorities for the Bundeswehr. It is now being utilized more actively not only in the depths of the Alliance's zone of responsibility but also in the forward part, especially in Lithuania. The timing of this decision in 2021 coincided with a

[1] Panzerdivision, 2023, *Bundeswehr*, URL: https://www.bundeswehr.de/de/organisation/heer/organisation/1-panzerdivision (accessed 07.11.2023).

'change of milestones' in Germany, as Angela Merkel announced her decision not to run for the post of chancellor in the 2021 elections. This decision reaffirmed the high degree of continuity in German foreign policy. Moreover, it marked a significant step in preparing for a greater contribution to the deterrence of Russia, occurring at least one year before the start of the Special Military Operation (SMO).

Even before it, Germany has strengthened its military presence in Lithuania by 0,2 thousand military personnel and most importantly about 100 armoured and special vehicles.[1] After the beginning of the SMO, Germany expanded the network of contingents in Eastern Europe. In March 2022, the Bundeswehr sent troops to the newly created multinational tactical battalion group of NATO in Slovakia.[2] In July 2023, the possibility of deploying German troops in Romania was announced. However, the most significant focus of the Bundeswehr's deployment remained in Lithuania. On July 7, 2022, Chancellor Olaf Scholz declared plans for the gradual reorganization of the battalion group in the country into a brigade. Unlike the establishment of multinational tactical battalion groups in 2016, Germany was not just one of the initiators in 2022 but the first to declare its intentions before other NATO member states. This underscores Germany's readiness and capability to increase its presence, particularly in Eastern Europe, with special attention to Lithuania.

After the NATO summit in Madrid (June 28—30, 2022), where the new strategic concept and a new NATO Force Model were agreed upon, Olaf Scholz announced the commitment of a division (3 brigades, 15,000 troops), 60 aircraft, and 15 warships as rotational contributions to the Forward Presence. The step-by-step creation of the 'core' of the multinational brigade also signifies Germany's readiness to increase its contribution to SNMG 1, SNMCG 1, and the Baltic Air Policing mission. In the latter half of the 2010s, the Luftwaffe resumed its annual participation in Baltic Air Policing, whereas in the early 2020s, it was conducted once every two years, but with the duration doubled from 4 to 8—9 months (see Table 1). Additionally, the German Navy has been participating in the annual sea exercises BALTOPS.[3]

In September 2022, Germany dispatched its initial supplementary units to Lithuania. Following this, in November 2023, Germany's Defence Minister announced a pivotal decision to establish the foundation of a brigade in Lith-

[1] Alarmierung und Marsch der Enhanced Forward Presence Kräfte abgeschlossen. 18.02.2022, *Bundeswehr*, URL: https://www.bundeswehr.de/de/einsaetze-bundeswehr/anerkannte-missionen/efp-enhanced-forward-presence/alarmierung-marsch-enhanced-forward-presence-kraefte-litauen-5357426 (accessed 07.11.2023).

[2] Truppenbesuch in der Slowakei. 29.04.2022, *Bundeswehr*, URL: https://www.bundeswehr.de/de/einsaetze-bundeswehr/anerkannte-missionen/slowakei-enhanced-vigilance-activities/steinmeier-truppenbesuch-slowakei-5402514 (accessed 07.11.2023).

[3] BALTOPS 23: Fazit und wichtigste Teilübungen. 20.06.2023, *Bundeswehr*, URL: https://www.bundeswehr.de/de/organisation/marine/aktuelles/baltops-23-fazit-5639390 (accessed 07.11.2023).

uania. This establishment excluded the multinational tactical battalion group and instead emphasized a permanent rather than rotational presence. The Bundeswehr intends to deploy not just a majority, but the vast majority of troops for this purpose. Designated and numbered as part of the Bundeswehr (42nd Armoured Brigade), rather than under NATO's designation, this new brigade is set to comprise the armoured (203rd) and motorized infantry (122nd) battalions by the end of 2024. These units, totalling three including the multinational tactical battalion group, constitute half of the brigade. Furthermore, the brigade's headquarters will be established. Upon full establishment, likely by 2026, the 42nd Armoured Brigade will encompass 4,800 troops and 200 civil servants. Germany's explicit detailing of its plans addressed concerns among several representatives of the Lithuanian leadership, ensuring that the brigade would not become a 'Schrödinger's brigade' — an entity with uncertain visibility akin to Schrödinger's cat. Notably, Germany's transition to the brigade level of presence and its permanence immediately constituted two violations of the Russia-NATO Founding Act (1997). Nonetheless, Official Vilnius offered full support for both initiatives.

An illustration of this support was seen in 2017 when Germany's military presence was first established. There was a sharp increase in German exports of weapons and military equipment to Lithuania (contracts were concluded somewhat earlier). The country purchased 21 self-propelled artillery vehicles *Panzerhaubitze* 2000, a batch of armoured personnel carriers, and components for armoured vehicles for a staggering 492.6 million euros. This partly unified the military equipment of the two countries, making it easier to achieve tactical compatibility between the Lithuanian army and the Bundeswehr contingent in the country.

The foundation of the dialogue between Germany and Lithuania primarily lies in their collaboration within NATO, where their cooperation is extensive and multifaceted. However, their engagement within the European Union (EU) is also noteworthy, albeit on a comparatively smaller scale. This cooperation within the EU is exemplified by their joint participation in initiatives such as the Permanent Structured Cooperation (PESCO), which encompasses various endeavours like the Network of Logistic Hubs in Europe and support to Operations, Military Mobility, and the Common Hub for Governmental Imagery (CoHGI).[1] Furthermore, there are concrete instances of collaboration between Germany and Lithuania within the EU, such as Lithuanian instructors contributing to the training of Ukrainian armed forces under the EUMAM EU mission, which is based in Germany and Poland. This exemplifies their joint efforts to deter Russia, particularly in the context of Ukraine. Additionally, both nations have cooperated in

[1] Projects. *2023*, PESCO, URL: https://www.pesco.europa.eu/#projects (accessed 02.11.2023).

supplying weapons and military equipment to Ukraine, utilizing the 'Ramstein' format, thus demonstrating solidarity and support from NATO member states to deter Russia [30, p. 8, 34—35].

Contacts at the highest level: the case of the B3 + 1 format

Chancellor Angela Merkel made official visits to Lithuania in 2008, 2010, 2013, and then again in 2018. The five-year gap between her visits in 2013 and 2018 was not solely due to a decline in dialogue during 2014—2015. Another significant factor was the necessity of progress, indicating a renewed vigour in dialogue and an advancement to a higher level of cooperation. The Council of the Baltic Sea States played a supportive role in this process, with the B3 + 1 format, involving Germany and the three Baltic states, playing a pivotal role.

The decision to resume high-level negotiations was officially endorsed during a meeting of German and Baltic states' foreign ministers in the Lithuanian city of Palanga on May 10, 2018, thereby formalizing the B3 + 1 format.[1] German Foreign Minister Heiko Maas arrived promptly after he visited Moscow, addressing partners' concerns about the warming relations between Germany and Russia.

On September 14, 2018, Angela Merkel held bilateral negotiations in Vilnius with President Dalia Grybauskaite, followed by quadrilateral negotiations at the highest level in the B3 + 1 format. Later, the Chancellor visited German troops stationed in Rukla[2]. four countries, including the Baltic states, supported Germany's push to grant the EU more global influence, which aligns with Germany's leadership aspirations within the EU. The absence of any mention of US President Donald Trump during the press conference suggests that the Baltic states did not endorse the pressure exerted by the Trump administration on Germany regarding this matter.[3] As a consequence, Germany has effectively leveraged the expansion of its military presence in Lithuania and other Baltic countries to foster enhanced political engagement. This has led to a spill-over effect, resulting in the deepening of cooperation beyond the military domain into the realm of politics.

[1] Außenminister Maas reist nach Litauen. 09.05.2018, *Auswärtiges Amt,* URL: https://www.auswaertiges-amt.de/de/newsroom/maas-litauen/2075686 (accessed 02.11.2023).

[2] Statement von Bundeskanzlerin Merkel vor deutschen Soldatinnen und Soldaten der NATO Enhanced Forward Presence Battle Group Litauen in Rukla. 14.09.2018, *Bundeskanzleramt*, URL: https://www.bundesregierung.de/breg-de/service/archiv/statement-von-bundeskanzlerin-merkel-vor-deutschen-soldatinnen-und-soldaten-der-nato-enhanced-forward-presence-battle-group-litauen-1525324 (accessed 02.11.2023).

[3] Pressekonferenz von Bundeskanzlerin Merkel, der litauischen Präsidentin Dalia Grybauskaitė, dem lettischen Ministerpräsidenten Māris Kučinskis und dem estnischen Ministerpräsidenten Jüri Ratas in Vilnius. 14.09.2018, *Bundeskanzleramt*, URL: https://www.bundesregierung.de/breg-de/service/archiv/pressekonferenz-von-bundeskanzlerin-merkel-der-litauischen-praesidentin-dalia-grybauskait%C4%97-dem-lettischen-ministerpraesidenten-m%C4%81ris-ku%C4%8Dinskis-und-dem-estnischen-ministerpraesidenten-jueri-ratas-1525322 (accessed 02.11.2023).

Since its inception in 1994, the B3 + 1 format has operated at a high level, primarily involving foreign ministers. However, since 2018, it has further evolved to include participation at the highest level, with heads of state and government also engaging in discussions.

Germany noticeably strengthened its strategic presence in the Baltic states and clearly outlined the growing share of this vector in its foreign policy. As Germany's dependence on its partners increased, it became more inclined to address their concerns and accommodate their needs. This approach was crucial to avoid prolonged interruptions in negotiations within the B3 + 1 format, which could have resulted in significant reputational costs for Germany. Therefore, it was logical for Berlin to take steps to prevent such scenarios from occurring.

In August 2019, Angela Merkel held negotiations in Berlin with newly elected President Gitanas Nausėda. Chancellor Merkel specifically addressed Lithuanian concerns regarding the construction of a nuclear power plant in Ostrovets, Belarus, which is located in close proximity to Lithuania.[1] However, during the Belarusian events from August to October 2020, Germany's stance was more balanced compared to Lithuania's [14; 19]. This factor, along with the COVID-19 pandemic, played a significant role in the decline of high-level contacts between the two countries at the turn of the decade. Contrary to diplomatic practice, Germany did not publish any specific materials on Gitanas Nausėda's visit to Berlin on September 16, 2021.[2] At the same time, the invitation of the Lithuanian president (prior to Angela Merkel's planned return visit after 2019) illustrates Germany's interest in preventing a prolonged decline in dialogue and the interruption in the use of the B3 + 1 format at the highest level.

The new negotiations were held in Berlin with the participation of Olaf Scholz on February 10, 2022, just two weeks before the start of the Special Military Operation. Germany encouraged the Baltic states to hold the new meeting by increasing German troops in *eFP* and further implementing such measures.[3]

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[1] Pressekonferenz von Bundeskanzlerin Merkel und dem Präsidenten der Republik Litauen, Gitanas Nausėda in Berlin. 14.08.2019, *Bundeskanzleramt*, URL: https://www.bundesregierung.de/breg-de/service/archiv/pressekonferenz-von-bundeskanzlerin-merkel-und-dem-praesidenten-der-republik-litauen-gitanas-naus%C4%97da-1659520 (accessed 02.11.2023).

[2] Staatsbesuch im Bundeskanzleramt: Merkel trifft litauischen Präsidenten Nausėda. 16.09.2021, *Bundeskanzleramt*, URL: https://www.bundesregierung.de/breg-de/service/archiv/alt-inhalte/staatsbesuch-im-bundeskanzleramt-merkel-trifft-litauischen-praesidenten-nausėda-1958778 (accessed 02.11.2023).

[3] Pressestatements von Bundeskanzler Scholz, dem Präsidenten von Litauen Nausėda, der Ministerpräsidentin von Estland Kallas und dem Ministerpräsidenten von Lettland Kariņš am 10. Februar 2022 in Berlin. 10.02.2022, *Bundeskanzleramt*, URL: https://www.bundesregierung.de/breg-de/suche/pressestatements-von-bundeskanzler-scholz-dem-praesidenten-von-litauen-nausėda-der-ministerpraesidentin-von-estland-kallas-und-dem-ministerpraesidenten-von-lettland-kariņš-am-10-februar-2022-in-berlin-2004436 (accessed 02.11.2023).

Berlin's decision to transform the battalion group in Lithuania into a brigade became the key point of negotiations in the B3 + 1 format in Vilnius on June 7, 2022. As in 2018, the Chancellor visited the Bundeswehr's troops.[1] The latest high-level negotiations in the format were concluded in Tallinn on May 26, 2023. Despite the gradual build-up of the German contingent in Lithuania, which was not hastened, Olaf Scholz highlighted broader figures. These encompassed 17 thousand soldiers designated for rotational deployment in NATO's Forward Presence military groups across Eastern Europe, with a particular emphasis on Lithuania. The discussions underscored the importance of reinforcing the strategically significant 'Suwalki corridor', with the Bundeswehr contingent slated for primarily supporting this objective.

Before the NATO summit in Vilnius (July 11—12, 2023), there was no specific high-level meeting between Germany and Lithuania. One reason for this was the prior discussion of key issues during the negotiations on May 26, 2023. Lithuania subtly signalled its dissatisfaction with the slow pace of building up the Bundeswehr's presence in the country. In response, Germany clarified its plans to deploy the permanent 42nd armoured brigade in November 2023.

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Since the latter half of the 2010s, Germany has markedly adjusted its approach to establishing a global strategic presence, although this process remains ongoing. Berlin has increasingly prioritized bolstering the Bundeswehr's footprint in the forward areas of NATO's responsibility, particularly in Lithuania. Concurrently, Lithuania has asserted itself as a pivotal hub in Eastern Europe from a military-strategic standpoint, particularly within the Baltic region. These developments, alongside considerations of each nation's resource capacities and historical memory perceptions among their leadership, have laid the groundwork for substantial bilateral cooperation in security and defence. Official Vilnius has been receptive to positioning Berlin as a senior partner in these dialogues, contingent upon full acknowledgement of Lithuanian interests and concerns, particularly in military affairs. Following the downturn in dialogue during 2014—2015, Germany actively endeavoured to address the crisis, strengthen relations, and prevent similar situations from arising anew.

The Baltic states have urged Germany to announce or implement new measures to increase the Bundeswehr's presence in Lithuania through the "B3 + 1" format at the highest level, as was initiated in 2018 and continued with each subsequent meeting in 2022—2023. The dynamics of these relations highlight a

[1] Pressestatement von Bundeskanzler Scholz zum Rundgang des Camps Adrian Rohn in Litauen am 7. Juni 2022 in Pabradė. 07.06.2022, *Bundeskanzleramt*, URL: https://www.bundesregierung.de/breg-de/suche/pressestatement-von-bundeskanzler-scholz-zum-rundgang-des-camps-adrian-rohn-in-litauen-am-7-juni-2022-2048480 (accessed 02.11.2023).

strong connection between Lithuania and Germany, which limits Germany's opportunities in other areas, particularly in the utilization of the expanding Bundeswehr (Table 2), as well as its potential role in the future normalization of relations between the West and Russia. Overcoming this dependence is challenging for Germany, as its dialogue with Lithuania remains a key element in its relations with the Baltic states as a whole. This is evident in the location of all key meetings in the B3 + 1 format in either Vilnius or Berlin, as well as the absence of land Bundeswehr units in Latvia and Estonia.

The deployment of the 42nd armoured brigade in Lithuania, comprising 4,800 troops, including contingents from allies, is essentially positioned by Germany as a reinforced vanguard of the main forces of the Bundeswehr and a formidable deterrent against both Russia and Belarus. Additionally, this presence should encourage further defense cooperation between Russia and Belarus.

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MODELS FOR COUNTERING THE SEGREGATION OF ETHNORELIGIOUS IMMIGRANT AREAS IN DENMARK AND SWEDEN

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The article explores the immigration and integration strategies of Denmark and Sweden while assessing their efficacy. The two countries, sharing historical, cultural, social and economic similarities, face a common challenge: the formation of ethnoreligious enclaves primarily inhabited by individuals with a Muslim background. Due to the recent European migrant crises, there has been a notable increase in the number of migrants, leading to stricter integration policies in the Scandinavian countries. Yet, governmental approaches to address the segregation of immigrant areas vary between Denmark and Sweden. Denmark has adopted a stringent immigration policy promoting cultural assimilation of immigrants from non-Western countries, whilst Sweden follows a liberal approach advocating cultural and ethnic diversity within society. The evolution of immigration and integration initiatives in Denmark and Sweden has been reconstructed through the analysis of official documents and critical examination of political discourses. It is noted that Swedish authorities are increasingly incorporating Denmark's more radical approaches to address migration issues within their political programmes. Despite the results of Denmark's anti-immigration policies and the reduction in the number of segregated immigrant areas, a myriad of issues persist due to EU immigration policies. The problem of forging a new civic identity rooted in the linguistic, religious and cultural homogeneity of Danish society amidst its multiculturalism remains relevant. Thus, Sweden is formulating its own anti-segregation programme, taking into account both the successes and shortcomings of Danish immigration and integration policies. Another important conclusion is that these nations have started to pay special attention to ethnic and religious criteria when identifying 'parallel societies'.

Keywords:
migrant crisis, segregation, immigrant areas, immigration and integration policy, immigrants with Muslim background, ethnoreligious parallel society, Denmark, Sweden

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Introduction

The Scandinavian ‘welfare states’[1] of Denmark and Sweden have the common problem of the segregation of immigrant areas. Despite this, the immigration and integration policies of the two countries have differed significantly over the past two decades. While Denmark’s immigration policy is the toughest among European countries, Sweden is the most liberal in this regard. This situation can be illustrated by the Migrant Integration Policy Index (MIPEX) of 2020. According to MIPEX, Sweden is in the top three in the world for the effectiveness of immigration policy with 86 points,[2] while Denmark’s position in this system is the lowest among Western European countries with only 49 points.[3] If in Sweden all index indicators are ‘favourable’ — over 80 points, except for the ‘family reunion’ indicator which is 71 points, then in Denmark none of the indicators reaches the highest sector of the Index scale and they remain ‘slightly favourable’ or ‘semi favourable’ — for example, the ‘family reunion’ indicator is only 25 points. At the same time, non-Western migrants[4] are the most limited in their civil rights and the least provided with security — this indicator in Denmark is only 17 points.

The European migration crisis of 2015 became an “exogenous shock” [1] for European national models of immigration control. Faced with the prospect of hosting an unprecedentedly high number of refugees, states sought to reduce their “attractiveness” by tightening entry conditions and reducing social security. At the same time, the situation with the number of immigrants in Denmark has again become the opposite of Sweden. This is illustrated by the difference in asylum rates in both countries due to the increase in migration flows in the autumn of 2015. In Sweden, there were approximately 163,000 asylum claims (mostly from refugees from Syria, Afghanistan, and Iraq), while in Denmark their number

[1] The welfare state is a typical model of the social state of the Scandinavian countries, which is based on the historically established ethnic, linguistic, religious, and cultural “homogeneity” of society.

[2] The Migrant Integration Policy Index. Sweden, 2020, *Migrant Integration Policy Index*, URL: https://www.mipex.eu/sweden (accessed 10.04.2023).

[3] The Migrant Integration Policy Index. Denmark, 2020, *Migrant Integration Policy Index*, URL: https://www.mipex.eu/denmark (accessed 10.04.2023).

[4] According to Statistic Denmark’s definition of Western and non-Western countries, Western countries include EU member states, Andorra, Australia, Canada, Iceland, Liechtenstein, Monaco, New Zealand, Norway, San Marino, Switzerland, Great Britain, the United States, and the Vatican State. Non-Western countries include all other countries: International Migration — Denmark, p. 15, 2022, *Ministry of Immigration and Integration*, URL: https://uim.dk/media/11385/international-migration-denmark-2022.pdf (accessed 10.04.2023).

was only 20,825.[1] Due to the new migration crisis in 2022 provoked by armed actions in Ukraine, European countries accepted about 6 million Ukrainian refugees: 56,165 of them were accepted by Sweden, and 41,155 — by Denmark.[2] As a result, according to the latest published estimates, 25.9 % of the population of Sweden are people with a 'foreign background' (*utländsk bakgrund*) — who were born abroad or whose parents are of foreign origin.[3] At the same time, in Denmark the share of "immigrants and their descendants"[4] of the population is 15.4 %; 9.7 % of which are of "non-Western" origin (the largest diasporas come from Turkey, Syria, Ukraine, and Iraq).[5] The Muslim migration background of a significant part of the population of Denmark and Sweden had a significant impact on the formation of civic identity. At the same time, a number of socio-economic, religious and value-cultural factors hinder the effective integration of residents of ethnic enclaves, which are predominantly represented by immigrants with "Muslim background".

Despite the cultural and historical commonality and the similarity of models of socio-economic development, there is a significant difference in the approaches to the implementation of immigration policies in Denmark and Sweden. Karin Borevi, a professor at Södertörn University, explains this through the different approaches of the ruling political elite to achieving social cohesion [2, p. 364—388]. According to the Danish political system, especially the centre-right party coalition, national unity is based on social homogeneity. On the contrary, according to the Swedish authorities, the state must ensure effective cultural and socio-economic integration of representatives of various ethnic groups into a single society.

[1] Asylum in the EU Member States, 2016, *Eurostat*, URL: https://ec.europa.eu/eurostat/documents/2995521/7921609/3-16032017-BP-EN.pdf/e5fa98bb-5d9d-4297-9168-d07c-67d1c9e1 (accessed 10.04.2023).

[2] Ukraine Refugee Situation, 2023, *The Operational Data Portal*, URL: https://data2.unhcr.org/en/situations/ukraine (accessed 20.06.2023).

[3] Befolkningsstatistik helåret, 2021, *Statistiska centralbyrån,* URL: https://www.scb.se/hitta-statistik/statistik-efter-amne/befolkning/befolkningens-sammansattning/befolkningsstatistik/pong/statistiknyhet/befolkningsstatistik-helaret-20202/ (accessed 10.04.2023).

[4] An immigrant is defined as a person born abroad. A descendant is defined as a person born in Denmark. None of the parents are both born in Denmark and has Danish nationality: International Migration — Denmark, p. 15, 2022, *Ministry of Immigration and Integration*.

[5] Hvor mange og hvem er indvandrere i Danmark? 2023, *Det nationale Integrationsbarometeret*, URL: https://integrationsbarometer.dk/tal-og-analyser/INTEGRATION-STATUS-OG-UDVIKLING (accessed 10.04.2023).

Theory and Method

The theoretical basis of the research is the papers focused on various aspects of immigration and integration policies of Denmark [3; 4] and Sweden [5; 6]. This review allows us to analyze the political models of interaction between the state and "non-Western" immigrants and the processes of segregation of ethnic enclaves in these two countries. A special role in this context belongs to the religious aspect of public attitude towards immigrants with Muslim background [7; 8]. To reveal this aspect, the researchers rely on critical discourse analysis of Danish socio-political discourse about Muslim ghettos [9—11] and broad discussions about discrimination against Muslims in Swedish society [12—14]. In accordance with the theories of N. Fairclough and M. Foucault, these discourses are an effect and a way to interpret social practices that reflect the evolution of immigration policy. As modern researchers note, migration processes of recent decades have largely influenced the ethnic and religious composition of the population of the Scandinavian countries, as well as the Danish [15; 16] and Swedish [17; 20] civic identities. Despite this, there are a small number of comparative studies of the state integration strategies of Denmark and Sweden [21—27]. They mainly analyze the transformation of the immigration policy of the Scandinavian countries against the backdrop of migration crises.

The study is based on government strategies and state programs of Denmark and Sweden that contain various measures and initiatives to counter the segregation of immigrant areas, as well as statistical data on the composition and religious affiliation of the population of these countries.

As a result, this study compares Danish and Swedish models for countering the processes of segregation of immigrant areas. The article pays special attention to ethnic and religious factors in the formation of immigrant enclaves as a threat to national cohesion and territorial integrity of welfare states. The study examines the prospects for the continuity of the radical Danish approach to countering the ghettoization by the Swedish liberal political system based on the cultural diversity of modern society.

Ethnic criteria of Danish ghettos

In 2001—2011, the Danish People's Party (DPP) played a significant role in a Venstre-Conservative coalition government. One of the main areas of the Danish government's activities during this period was the tightening of immigration policy and the regulation of mechanisms for the integration of non-Western immigrants into Danish society. At the same time, the public and political reaction to the September 11, 2001 attacks largely contributed to the escalation of xenophobic rhetoric. Muslim immigrant enclaves began to be opposed by society to 'Danish cultural values' [9, p. 319], such as respect for the laws of a democratic society, equal rights of citizens and responsibility for public welfare.

In 2004, Danish Prime Minister Anders Fogh Rasmussen openly announced the fight against 'immigrant ghettos' as a result of the long-term unsuccessful immigration policy of Denmark [29]. This preceded the publication of the first comprehensive government plan to eliminate ghettos — "The Government's Strategy against Ghettoisation". The strategy included a list of measures to prevent the emergence of ghettos and recommendations for solving a number of social problems in eight immigrant areas.[1] It also characterized a ghetto as an area that isolated from society and prevented the successful integration of immigrants. The Danish government was concerned that "If the majority of the residents are unemployed immigrants, refugees and their descendants, these areas can develop into real ethnic enclaves or parallel societies without significant economic, social, and cultural contacts with society".[2]

To address the segregation of immigrant communities, the strategy involved changing laws in the public housing sector,[3] where most immigrants and their descendants lived. The government's housing initiative to prevent ghettoization was based on the principle of a more balanced composition of residents of disadvantaged areas.[4] However, these long-term measures were not effective in solving current problems. As a result, by 2010 the number of ghettos had increased to 29 areas.[5] Due to the current situation, new housing initiative aimed to reduce the public housing sector in ghettos by demolishing apartment buildings.[6] This approach involved the resettlement of immigrant families in more prosperous areas, as well as the improving the ghettos infrastructure and the increasing their

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[1] Regeringens strategi mod ghettoisering, s. 16, 2004, *Ministeriet for Flygtninge, Indvandrere og Integration*, URL: https://docplayer.dk/270581-Regeringens-strategi-mod-ghettoisering.html (accessed 10.04.2023).

[2] Ibid. S. 12.

[3] Denmark has one of the largest public housing sectors in Europe, accounting for around 22 % of housing managed by housing associations and municipalities: Social rental housing stock, 2020, *The OECD Affordable Housing Database,* URL: https://www.oecd.org/els/family/PH4-2-Social-rental-housing-stock.pdf (accessed 10.04.2023).

[4] Regeringens strategi mod ghettoisering, s. 9, *Ministeriet for Flygtninge, Indvandrere og Integration.*

[5] *Ghettoen* tilbage til samfundet. Et opgør med parallelsamfund i Danmark, s. 5, 2010, *Regeringen*, URL: https://www.regeringen.dk/aktuelt/tidligere-publikationer/ghettoen-tilbage-til-samfundet/ (accessed 10.04.2023).

[6] Ibid. S. 6.

attractiveness to the Danes. Nevertheless, these actions were also not effective against the background of the increasing territorial division of Danish cities and the marginalization of ghetto residents.

At the same time, the Danish government's systematic tightening of immigration policy contributed to positive dynamics in the labour market for non-Western migrants and their descendants and increased their employment rate by 10 %.[1] Another important aspect of the government's strategy against ghettoization was the work with immigrant youth and children in the field of education. The strategy paid special attention to the language adaptation of children from immigrant families who have reached the age of three. Failure to attend public educational institutions by children has become a legal basis for non-payment of family benefits and the imposition of an administrative fine on their parents. Measures to reduce crime among youth involved state guardianship of juvenile offenders or those who have problems with social adaptation.[2] It is important to note that the measures are not just recommendations, but they must be implemented by the police.

New government's strategy 2010 — "The Ghetto Back Into Society. Combating Parallel Societies in Denmark" published for the first time the definition of a ghetto, according to which it is a residential area with 1,000 or more residents and meeting at least two of three criteria:[3]

— the share of immigrants and their descendants from non-Western countries exceeds 50 %;

— the share of people aged 18–64 with no connection to the labour market or education exceeds 40 %;

— the number of persons convicted of criminal offences per 10,000 inhabitants exceeds 270 people.

Denmark became the first European country to use in government documents and statistical reports of migration departments the concepts 'immigrants and their descendants' and 'non-Western countries to analyze changes in this field [26, p. 13]. Denmark introduced ethnic criteria to define a ghetto, after which it became associated with immigrants and their descendants from Muslim coun-

[1] *Ghettoen* tilbage til samfundet. Et opgør med parallelsamfund i Danmark, s. 19, 2010, *Regeringen*, URL: https://www.regeringen.dk/aktuelt/tidligere-publikationer/ghettoen-tilbage-til-samfundet/ (accessed 10.04.2023).

[2] Ibid. S. 24.

[3] Ibid. S. 37.

tries.[1] A decade of active anti-immigrant socio-political discourse contributed to the perception of ghetto residents as depersonalized ‘others’ to Danish culture. The main criteria for defining the ‘other’ were ethnicity and religious affiliation as opposed to ‘Danish identity’ [15, p. 473] — a concept based on a single Danish language, culture and religion. Although religion is not a significant part of life for most modern Danes, with 68 % of them identifying as atheists,[2] it is still an important part of their civic identity: 75 % of Danes are members of the National Evangelical Lutheran Church.[3]

Modern Muslim ‘parallel societies’ in Denmark

Since 2011, a Social Democratic government began to make changes to Denmark’s integration policy, which were recorded in the new strategic plan 2013 — “Vulnerable residential areas — the next steps”.[4] This was preceded by the Kokkedal administration’s refusal to install a Christmas tree and the dilemma of the rights of Muslim and Danish minorities in a democratic society. The Christmas events of 2012 caused a wide public response and demonstrated the rejection of ethno-confessional ghettos in Denmark not only by the Danes but also by those Muslims with immigrant background who have successfully integrated into the cultural and value system of a democratic society [10, p. 63].

The new government did not support a number of the Venstre-Conservative coalition’s initiatives, including the leading role of ethnic criteria in determining a segregated area and the use of the concept of ‘ghetto’ in official political discourse [11, p. 164]. But it still retained anti-immigrant rhetoric. Thus, the definition of a “vulnerable residential area” (*udsatte boligområder*) included two additional criteria: ‘education’ and ‘income’ associated with vocational education for less than 60 % of residents aged 30—59 and the level of taxable income for res-

[1] The largest immigrant diaspora in Denmark is Turkish. The number of immigrants and their descendants with Turkish background was 8.8 % by 2016: International Migration — Denmark, p. 15, 2015, *The Ministry of Immigration, Integration and Housing*, URL: https://integrationsbarometer.dk/tal-og-analyser/filer-tal-og-analyser/arkiv/internationalmigrationdenmark20151.pdf (accessed 10.04.2023).

[2] Most Atheist Countries, 2022, *The Muslim Times*, URL: https://themuslimtimes.info/2022/09/01/most-atheist-countries-2022/ (accessed 10.04.2023).

[3] Religion in Denmark. Religion and Identity, 2022, *Ministry of Foreign Affairs of Denmark*, URL: https://www.denmark.dk/people-and-culture/religion (accessed 10.04.2023).

[4] Udsatte boligområder — de næste skridt : regeringens udspil til en styrket indsats, 2013, *Regeringen*, URL: https://bibliotek.dk/da/moreinfo/netarchive/870970-basis%253A50757811 (accessed 10.04.2023).

idents aged over 15 less than 60 % of the average gross income in the region.[1] In addition, the abolition of the Ministry of Refugees, Immigrants and Integration[2] led to the decentralization of integration policy at the national level [3, p. 102].

In 2015, the European migration crisis and the strengthening of the DPP's position in parliamentary elections allowed it to propose for discussion a new strategic plan to counter ghettoization — "One Denmark without Parallel Societies: No Ghettos in 2030".[3] This plan represented the most radical approach of the Danish authorities to solving the problem of segregation of Muslim minorities. The tightening of immigration and integration policies contributed to a decrease in new flows of refugees and migrants. This allowed the Danish authorities to focus on the integration of non-Western migrants who lived in the ghetto.

These changes in integration policy again affected the definitions of a ghetto and divided disadvantaged areas into three categories: 'vulnerable residential areas', 'ghettos' and 'hard ghettos' (*hårde ghetto*). A 'vulnerable area' had to meet at least two of five criteria: '50 % of residents are immigrants and their descendants from non-Western countries', 'employment', 'crime', 'education', and 'income'.[4] To classify as a 'ghetto,' an area had to satisfy additional conditions, including having over 60 % immigrant residents or exhibiting a high crime rate. Furthermore, if a residential area was labelled as a ghetto for four consecutive years, it was deemed a 'hard ghetto'. This approach underscored ethnicity as a primary determinant for ghetto designation and underscored the shortcomings of Danish integration policies in recent decades.

In 2018, the most significant government measures to eliminate the ghetto were the deprivation of ghetto residents' right to participate in the family reunification programme; the reduction of social benefits in case of moving to a "hard ghetto"; higher fines for offences; increased police presence; commitment of municipalities to reduce the public housing sector to 40 %.[5] Almost all measures were confirmed by law. However, the culmination of the new immigration policy was a reorientation from 'integration' to 'repatriation' of refugees and immigrants who had committed offences [4, s. 173].

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[1] Udsatte boligområder — de næste skridt : regeringens udspil til en styrket indsats, s. 5, 2013, *Regeringen*, URL: https://bibliotek.dk/da/moreinfo/netarchive/870970-basis%253A50757811 (accessed 10.04.2023).

[2] The Ministry for Refugees, Immigrants and Integration (Ministeriet for flygtninge, indvandrere og integration) was created in 2001 and abolished in 2011 by the Social Democratic government.

[3] Ét Danmark uden parallelsamfund — Ingen ghettoer i 2030, 2018, *Regeringen*, URL: https://oim.dk/media/19035/et_danmark_uden_parallelsamfund_pdfa.pdf (accessed 11.04.2023).

[4] Ibid. S. 11.

[5] Ibid. S. 13.

The tough anti-immigrant policy of the Danish authorities caused a negative reaction from the European public.[1] At the same time, the EU's migration policy is also increasingly criticized. According to the Danish independent migration expert Morten Lisborg, the current migration paradigm has proven its failure.[2] In the future, this will be a real threat to internal security and stability in Europe. Lisborg outlined the two main vectors of this trend: 1. European countries pay more attention to rescuing refugees rather than regulating border crossings by migrants; 2. the distribution of quotas for the placement of migrants in EU countries. A large number of important questions remain unanswered. One of the most pressing problems is the deportation of migrants who are denied residence in Europe: countries deport only about 50 % of those whom they decide to deport. Thus, a significant number of migrants are in the EU illegally or awaiting deportation. In addition, the costs of deportation are not justified. According to Lisborg's report, the deportation of a migrant costs approximately 4 thousand euros. However, experts admit that it is impossible to expel everyone who is refused permission to stay. Therefore, some of them believe that these funds could be more usefully invested in improving living conditions in the regions of mass arrival of migrants. But in reality, this approach cannot significantly improve the situation. EU countries spend significant resources on solving migration problems and this becomes a significant burden. For example, Sweden spends an average of 6 thousand euros per year on asylum seekers and refugees, which is comparable to the total budget of the UN High Commissioner for Refugees.[3]

Nevertheless, Danish anti-immigrant policies have led to a positive trend in reducing the number of segregated areas. This is reflected in the "ghetto lists" published annually since 2010. Thus, if in 2018 there were 29 ghettos in Denmark, then in 2019 their number was 28,[4] and in 2020 it decreased to 15.[5] The government explained such significant indicators by such positive factors as the decline in the number of immigrants and the increase in the level of their income and education.

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[1] For example: An Island for 'Unwanted' Migrants Is Denmark's Latest Aggressive Anti-Immigrant Policy, 2018, *TIME*, URL: https://time.com/5504331/denmark-migrants-lindholm-island/ (accessed 11.04.2023).

[2] EU migration policy is a disaster, 2023, *InoSMI*, URL: https://inosmi.ru/20170403/239022762.html (accessed 16.12.2023).

[3] Ibid.

[4] Liste over ghettoområder pr. 1. december 2019, 2019, *Regeringen*, URL: https://www.regeringen.dk/media/7698/ghettolisten-2019-007.pdf (accessed 10.04.2023).

[5] Liste over ghettoområder pr. 1. december 2020, 2020, *Regeringen*, URL: https://im.dk/Media/637589266252595089/haarde-ghettoomraader-2020ny_final-a.pdf (accessed 10.04.2023).

Although the DPP was defeated in the 2019 parliamentary elections, the continuity of its tough policy towards immigrants [28, p. 44] allowed the government coalition to maintain positive dynamics in countering ethno-confessional enclaves. According to the lists of ‘parallel societies” (the “ghetto list” until 2021), the number of these areas has decreased to 12 in 2021 and to 10 in 2022.[1] In 2021, the new government initiative “Mixed residential areas — the next step in the fight against parallel societies” published a project for ‘mixed cities’ (*blundede byer*)[2] that involved cohabitation of the residents, despite their economic, social and ethnic differences.

In December 2022, “The political basis for Denmark’s government” outlined the course of the Danish authorities towards “a strict, responsible and consistent immigration policy, where there is control over the number of refugees and immigrants who come to Denmark. Denmark must have control over the influx into our country, so that we continue to have the capacity to ensure proper integration and not weaken the cohesion in Denmark”.[3] This reflects the continuity of the initiative to eliminate ethno-confessional “parallel societies” by 2030, which are still positioned as a threat to Danish society. The document pays special attention to the fact that “Denmark is a Christian country, and the Danish Evangelical Lutheran Church has a special status as a national church. The government will maintain this special status”.[4] Thus, despite freedom of religion in a democratic society, the Danish government emphasizes the importance of national religion for the formation of the civic identity of the Danes. This approach to the consolidation of Danish society is a significant obstacle to the integration of Muslim immigrants for whom religion plays a central role in their identity.

Ethnic and socio-economic segregation of vulnerable areas in Sweden

Danish anti-immigration policies have attracted close attention from the world community. Actions regarding immigrants and refugees not only aroused criticism but also became valuable experience for solving the problem of segre-

[1] Liste over parallelsamfund pr. 1. december 2022. URL: https://im.dk/Media/638054017996341610/Parallelsamfundslisten%202022.pdf (accessed 11.04.2023).

[2] Blandede boligområder — næste skridt i kampen mod parallelsamfund, s. 8, 2021, *Regeringen*, URL: https://im.dk/Media/8/4/Pjece_Blandede%20boligomr%C3%A5der.pdf (accessed 11.04.2023).

[3] Ansvar for Danmark. Det politiske grundlag for Danmarks regering, s. 44, 2022, *Regeringen*, URL: https://www.stm.dk/statsministeriet/publikationer/regeringsgrundlag-2022/ (accessed 11.04.2023).

[4] Ibid. S. 51.

gation of ethno-religious enclaves. The Swedish government did not share the Danish approach but also looked for ways to counter the segregation of 'parallel societies'.

In the mid-1999s, Sweden for the first time officially declared ethnic segregation of immigrant areas as a socio-economic and demographic problem. During the period 1995—1999, the government programme "Blommanpengarna" worked to reduce the segregation of ethnic enclaves in 8 municipalities of Stockholm by involving unemployed immigrants in the labour market.[1] In addition, this programme included measures to counter ethnic discrimination and social integration of women from immigrant families with "Muslim background". By that time, the globalization of Islam had already led to the emergence of a "neo-ethnic" phenomenon, according to which immigrants from countries with a predominantly Muslim culture were perceived by Western society as Muslims not by religious affiliation, but rather as an ethnic group [13, p. 117].

In 1999—2004, the "Storstadssatsningen" programme outlined further government initiatives in which government structures signed cooperation agreements with 7 municipalities including 24 areas.[2] Socio-political discourse predominantly labelled such areas as "immigrant," "vulnerable," or "outsider" [18, p. 15—38]. The new programme became the basis for further government measures taken from 2008 to 2014. These were aimed at improving the institutional structures of segregated areas in spheres of employment, education and security. The main government initiatives to counter segregation have focused on working with municipalities to reduce the social and economic vulnerability of these areas. The number of vulnerable areas increased to 38 by 2010,[3] and their definition began to meet clearly defined criteria:

— the employment rate among residents is below 52 %;

— long-term social security above 4.8 %;

— less than 70 % of residents have secondary education.

The list of criteria for defining a segregated area stated by the Swedish authorities corresponds to the Danish ghetto indicators published in 2010—2013. However, the Swedish version does not have a criterion of 'crime'. In addition, there is a trend whereby the ethno-religious factor disappears in Swedish government

[1] Vad hände med "Blommanpengarna"?, s. 9, 2000, *Integrationsverkets*, URL: https://mkcentrum.se/wp-content/uploads/2019/05/blommanslut.pdf (accessed 11.04.2023).

[2] Regeringens långsiktiga strategi för att minska och motverka segregation, s. 12, 2018, *Regeringen*, URL: https://docplayer.se/106979329-Regeringens-langsiktiga-strategi-for-att-minska-och-motverka-segregation.html (accessed 11.04.2023).

[3] Ibid. S. 12.

documents on countering segregation, while in Denmark ethnicity becomes a key indicator of a ‘vulnerable area’. Thus, the changes in Swedish official rhetoric towards immigrant enclaves led to the designation of segregation not as ethnic, but as socio-economic. However, the lack of specified criteria in government documents is compensated for by data provided by the police departments.

Since 2015, the National Operational Department of the Swedish police has officially published reports for the Swedish government that contain statistics and recommendations for reducing social risks and offences in segregated areas. According to the official definition, the “vulnerable area” (*utsatt område*) is “a geographically separated area with a low social and economic status, where the criminals have an impact on the local population”.[1] The main criteria for determining areas with a low degree of social and economic security include:

— parallel social structures;

— extremism (systematic violations of freedom of religion or strong fundamentalist influence limited freedom and human rights);

— residents who periodically leave the territory of Sweden to participate in hostilities in conflict zones [30];

— developed criminal structure.

The Swedish police reports reflected the gradation of the degree of vulnerability of areas by analogy with the division into three categories of immigrant areas in Denmark due to tightening immigration policy after 2015. If a segregated area complies with some criteria, it is a ‘risk zone’ (*riskområde*), while the complete correspondence of theme is characteristic of an ‘especially vulnerable area’ (*särskilt utsatt område*). A sense of insecurity among residents of “parallel societies” determines their unwillingness to take part in the judicial system of Sweden to avoid acts of violence against witnesses and informants. At the same time, the police often do not have physical access to these areas and the ability to implement their own tasks.

Swedish integration policy influenced by the Danish model of countering the ghettoization

Due to the migration crisis of 2015, Sweden gradually began to reorient on the Danish model of countering the segregation of immigrant areas. In Sweden, a wide public discussion about the definition of “Swedish identity” revealed a

[1] Lägesbild över utsatta områden. Regeringsuppdrag 2021, s. 7, 2021, *Polismyndigheten*, URL: https://polisen.se/siteassets/dokument/ovriga_rapporter/lagesbild-over-utsatta-omraden-2021.pdf/download (accessed 07.04.2023).

confessional affiliation as one of its criteria. As in Denmark, in Sweden there is a significant number of atheists — about 78 % of the population.[1] Nevertheless, 53 % of the Swedes consider themselves as followers of the Evangelical Lutheran national church in Sweden and consider religion as a cultural tradition.[2] At the same time, over $\frac{4}{5}$ immigrants have "Muslim background" and are considered as the least adaptable to integration into Swedish society [6, p. 44]. The growth in the number of Muslim diasporas in Swedish society has led to trends of nationalism, manifestations of ethnic discrimination and xenophobia [5, p. 119]. The situation is largely complicated by the "heterogeneity" and the decentralization of Swedish Muslims caused by linguistic, cultural, theological and political disagreements within the multinational immigrant communities.

The cooperation of the Swedish Muslim organizations prepared a report for the Committee for the Elimination of Racial Discrimination of the UN, which stated the inability of the Swedish government to solve the problem of Islamophobia in Swedish society and protect the rights of Swedish Muslims [12, p. 8]. In particular, the report openly declared "Islamophobic" [12, p. 2] the right-wing nationalist party "Sweden Democrats", which entered the Riksdag in 2010 and aimed at tightening immigration policy. The political situation in the country has largely contributed to a stereotype about the threat to Swedish democratic values from immigrants with Muslim background, whose number is about 14 % of the religious population of Sweden [19, p. 101].

The increase in the number of immigrants influenced changes in integration policy. This was reflected in the new strategic document for 2018 — "The government's long-term strategy to reduce and counteract segregation" based on the "Long-term reform programme to reduce segregation for 2017—2025".[3] This programme was proposed by the government, headed by Prime Minister Stefan Löfven and represented by the coalition of the Social Democratic Party and the Green Party. These reforms were aimed at the socio-economic rehabilitation of vulnerable areas and the elimination of their segregation.

[1] Most Atheist Countries, 2022, *The Muslim Times*, URL: https://themuslimtimes.info/2022/09/01/most-atheist-countries-2022/ (accessed 10.04.2023).

[2] Religion in Sweden, 2021, *Svenska institutet*, URL: https://sweden.se/life/society/religion-in-sweden (accessed 10.04.2023).

[3] Långsiktigt reformprogramme för minskad segregation år 2017—2025, 2016, *Regeringen*, URL: https://www.regeringen.se/contentassets/94760eec95e04a45b0a1e462368b0095/langsiktigt-reformprogram-for-minskad-segregation-ar-2017-2025.pdf (accessed 10.04.2023).

The new strategy has used the concept 'an area with socio-economic problems' (*områden med socioekonomiska utmaningar*)[1] to refer to vulnerable areas". According to current data of the Swedish police, the number of such areas in Sweden is gradually increasing: from 53 in 2015 to 61 in 2021 with approximately 550,000 residents.[2] The lack of changes in the ethnic composition of vulnerable areas and the strengthening of socio-economic segregation largely determined the change in government rhetoric. At the same time, the strategy notes the strengthening of the link between socio-economic and ethnic segregation, as the concentration of low-income people in vulnerable areas coincides with the concentration of people of non-European origin.[3] By analogy with the situation in Denmark, the unbalanced composition of residents in disadvantaged areas and increasing economic inequality are the main reasons for segregation in Sweden.

The strategy identifies five main criteria for strengthening segregation. First of all, this is the problem of housing shortage and the failure of the "Eget boende" (EBO) policy — the independent resettlement of immigrants and refugees, due to the migration crisis of 2015. At the beginning of 2019, Löfven formed a second government coalition of the Social Democrats and the Greens, involving the Liberals and Center Party. It introduced a project to reform the housing market and allowed the municipalities to limit EBO in areas with socio-economic problems.[4] According to the second criterion, educational reforms have led to school segregation caused by an increased concentration of children and youth from families with foreign background in free schools. Whereas the Danish experience shows that the number of students from disadvantaged areas should not exceed 30 %.[5] At the same time, the level of education directly affects the third criterion — employment. The socio-economic segregation is related to the labour market. The unemployment and lack of education among large numbers of immigrants leads to the fourth criterion based on low levels of democratic participation in civil society. Such democratic exclusion of residents of vulner-

[1] Regeringens långsiktiga strategi för att minska och motverka segregation, s. 11, 2018, *Regeringen*.

[2] Lägesbild över utsatta områden. Regeringsuppdrag, 2021, s. 14—18.

[3] Regeringens långsiktiga strategi för att minska och motverka segregation, s. 15.

[4] Sakpolitisk överenskommelse mellan Socialdemokraterna, Centerpartiet, Liberalerna och Miljöpartiet de gröna, par. 43, 2019, *Socialdemokraterna*, URL: https://www.socialdemokraterna.se/download/18.1f5c787116e356cdd25a4c/1573213453963/Januariavtalet.pdf (accessed 10.04.2023).

[5] Ét Danmark uden parallelsamfund — Ingen ghettoer i 2030. København: Økonomi-og Indenrigsministeriet. S. 8.

able areas[1] undermines their trust in social and political institutions. This is one of the factors for the formation and successful functioning of parallel social and legal structures in vulnerable areas. Thus, the fifth criterion — crime, is a combination of previous unfavourable factors. The developed criminal structures and networks of their cooperation contribute to the strengthening of Islamist radicalization [31, s. 40], which primarily affects immigrants in the first and second generations.

Currently, Sweden has a tendency to borrow the experience of Denmark in countering the segregation of ethno-religious areas. In 2021, the Liberal Party led by Nyamko Sabuni, the former Minister of Integration, announced the need to reform Swedish immigration and integration legislation and, similar to the Danish government strategy of 2018, proposed a plan "Förortslyftet"[2] to eliminate 'parallel societies' by 2030. One of the key aspects of solving the problem is overcoming ethnic, gender, and religious discrimination.[3] This is widespread in various social spheres of Swedish society and significantly hinders the effective integration of non-Western immigrants.

Conclusion

The historically determined similarity in the social and economic development of Denmark and Sweden led these two countries to the problem of 'parallel societies' segregated on ethno-confessional grounds. However, the approaches of the Danish and Swedish governments to solving this problem are largely opposite. Denmark has an anti-immigration policy aimed at the cultural assimilation of immigrants to 'Danish standards' of a single language, religion and culture; the reduction in the influx of new migrants; and the repatriation of those who have shown their inability to adapt to Danish democratic society. Sweden favours a policy of cultural diversity aimed at preserving the ethnic identities and cultural traditions of citizens with foreign background who number about a quarter of the population. However, the ethnic and religious aspects gradually became similar for these two countries in a cultural context and united into a single ethno-confessional factor. This formed in the public consciousness the image of a non-Western immigrant opposed to society.

[1] Regeringens långsiktiga strategi för att minska och motverka segregation. S. 36.

[2] En plan för att Sverige inte ska ha några utsatta områden år 2030, 2021, *Förortslyftet*, URL: https://www.liberalerna.se/wp-content/uploads/forortslyftet-hela.pdf (accessed 10.04.2023).

[3] Ibid. S. 41.

Since 2004, Denmark has systematically tightened its immigration policy in several stages. Despite the controversy and widespread criticism of these measures by the European community, this approach has proven effective in reducing the number of disadvantaged areas. At the same time, significant restrictions on immigrants have negative consequences, such as the escalation of anti-Muslim discourse and the marginalization of ghetto residents who are predominantly immigrants with Muslim background. On the other hand, liberal Sweden has also failed to avoid cultural segregation and the stereotyping of vulnerable areas as Muslim enclaves that are opposed to Western values and undermined the foundations of a safe and free democratic society.

In Sweden, segregated areas with socio-economic problems are high on the political agenda. But if in Denmark ghettos are determined primarily by the ethnic composition of their residents, then in Sweden this criterion is excluded from the reasons for the socio-economic disadvantage of vulnerable areas. Nevertheless, ethnic and religious factors are openly or implicitly present in the integration models of both countries. In particular, the religious aspect is important for the formation of civic identity in Denmark and Sweden.

By borrowing from the experience of Danish immigration and integration policies, Sweden has the opportunity to analyze the positive and negative results of the Danish approach and apply to its own model the most appropriate schemes for combating segregation in the Swedish context.

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EVANGELICAL LUTHERAN CHURCH OF DENMARK: SOCIO-ECONOMIC AND TERRITORIAL-ORGANIZATIONAL ASPECTS

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The study exemplifies the use of an institutional-territorial approach for a comprehensive description of a national denominational landscape. The article aims to provide such an account by analysing relevant official data and performing statistical processing using computational tools. The focus is on the Evangelical Lutheran Church of Denmark and its administrative-territorial structures. The study places emphasis on the financial aspect, one seldom discussed in academic discourse. The denominational landscape of Denmark is a multicomponent system, with the National Lutheran Church holding a distinctive legal status as a dominant entity. Its historical and social significance, along with the ability to preserve functions that mirror those of the state, allow the Church of Denmark to maintain its civilisational and culture-building role for the populace, especially the indigenous one. However, Denmark is not exempt from the secular trends prevalent in the Nordic countries. One notable tendency is the decline in adherents of the Evangelical Lutheran Church observed over recent decades. This decline is most evident in the capital region, where the proportion of migrants in the population is higher and daily life is more vibrant than in other areas. Territorial variations in religiously motivated behaviour are evident, with the highest percentages observed in the country's peripheral regions (despite the overall figures showing a negative trend). These areas also boast the most significant proportion of registered members of the Evangelical Lutheran Church. Exploring non-Christian religions in Denmark presents a promising avenue for future research.

Keywords:
religion in Denmark, denominational space, religious organization, Evangelical Lutheran Church

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Introduction

The study of the denominational space of countries and regions is important due to the significant influence that religious institutions have on cultural, socio-economic, and political processes. Traditional Christian denominations continue to predominate in Europe, despite the secular trends, observed especially among the indigenous population. Religious organizations not only own and manage religious and cultural infrastructure in residential areas, but they are also characterized by the active implementation of social responsibility [1; 2]. Moreover, there are examples of countries and regions where the church partially duplicates government responsibilities and functions.

At the same time, there has been a decline in the number of adherents of traditional Christian denominations in Europe, along with a decrease in the activity of religious behaviour. Transformational shifts are occurring in the religious structure of the population at different levels as well, which can be attributed to changes in the ethnic composition due to the implementation of policies promoting multiculturalism.

The functioning of religious institutions and denominational space, as well as various processes within it, can be studied by providing a comprehensive, objective overview at both the national and regional levels. An analysis of representative data provided by official religious and non-religious organizations is necessary.

In practice, studying the experience of European countries and borrowing it is of great interest for involving the capabilities and resources of religious organizations in the development of Russian regions that have similar social, demographic, and religious characteristics.

Denmark is an example of a Northern European country, where the denominational space is dominated by the Evangelical-Lutheran Church (National Church), but is also characterized by a variety of other structural components. The religious organization has state status in the Kingdom and is endowed with a number of powers and responsibilities, affecting the socio-economic development of the country and its regions.

The purpose of this study is to identify the socio-economic features and characteristics of the territorial and organizational structure of the Church of Denmark. There are several slightly different definitions of the term '*denominational space*' in scientific circulation. One of the attempts to synthesize the main approaches was made by V. S. Dementiev in 2021 [9]. The results of the mentioned study are used in this article. Therefore, the denominational space can be understood as "the system of several interconnected elements, namely the religious population, religious and cultural infrastructure, and associated attitudes and practices. This concept is connected with different aspects of population geography and reflects the unique characteristics of the territory, including its physical features and spatial relations at different levels” [9, p. 118].

Materials and methods

Data necessary for further analysis was provided by the national statistical authority of Denmark (Statistics Denmark), the Ministry for Ecclesiastical Affairs of Denmark, the Church of Denmark, and its structures on the official websites.

The collected data was processed using a combination of cartographic methods, analysis and synthesis methods, including content analysis, as well as quantitative methods typically used in regional studies, such as concentration index.

These methods were employed within the framework of a territorial-institutional approach to studying denominational space, which involved selecting various units of the church administrative division as the basis for chronological research. An alternative option could be the religious landscape as a whole. However, given the strict structure of the Church of Denmark, which consists of hierarchically subordinate elements, the mentioned approach appeared suitable.

The extent of previous research on the subject and the review of sources

Scholarly interest in issues related to the denominational space and its characteristics is high, as demonstrated by a number of publications both internationally and in Russia. Notable researchers in this field include Gorokhov, Dmitriev, Zakharov, Agafoshin [4; 5], Manakov [6; 7], Myazin [8], Dementiev [9], Gravchikova [10], and others. The latest trends in the transformation of the denominational space are reflected in the works of Lunkin and Filatov [11] and others, as well as in the research of foreign scholars. These scientists emphasize the importance of religion and its role in promoting sustainable development goals [12], forming social capital within countries and regions [13; 14], and contributing to specific economic sectors [15; 16], including religious tourism [17; 18].

There has been an active academic discussion regarding the transformation of European denominational space due to migration processes [19—21].

Such significant attention to the issue is caused by the civilization-building role of religion and the implementation of social responsibility by religious organizations, which has been repeatedly highlighted by researchers [22—24].

The denominational space of Denmark has been a subject of research conducted by Eidemiller [25], Stepanova [26], Talalaeva [27], and others. The authors have either focused on specific regions of the country [28] or particular aspects of religious life [29]. The articles of foreign scholars, such as Christensen [30], Haugen [31], Reeh [32], and Jensen and Geertz [33], should be mentioned as well.

However, works devoted to the general overview of the Church of Denmark based on relevant data could not be found in academic literature.

Results

The Church of Denmark, also known as the National Church or Evangelical-Lutheran Church of Denmark (ELCD), has been the dominant religious organization in Denmark since its official establishment in 1536. Since 1849, it has had state status, which imposes certain obligations and provides certain privileges. It is subordinate to the monarch and the Folketing (Danish parliament) and cannot participate in government policy decisions. The relationship between the religious organization and the state is mediated by the Ministry for Ecclesiastical Affairs, which has control functions over the activities of the Church and was separated from the Ministry of Culture in 1916.

The Church of Denmark encompasses the entire territory of the country except for Greenland and the Faroe Islands, where there are independent Evangelical-Lutheran religious organizations.

The church administrative division is hierarchical. The Church is divided into 10 dioceses. Each diocese is governed by a bishop and a diocesan council, with the bishop of the capital diocese being referred to as primus inter pares (first among equals), which does not confer special privileges. Dioceses are divided into deaneries. At the beginning of 2023, there were a total of 102 deaneries in the country. The lowest level of territorial division is represented by parishes. There are 2,159 of them in total, each governed by a parish priest and a parish council. To improve the efficiency of social activities, parishes can unite and form pastorates.

The parishes not only work in religious and liturgical areas, but they also provide an alternative form of civil registration for members of the Church. Additionally, they offer opportunities for participation in various cultural, educational, and social events, which are often open to everybody. Therefore, the distribution of diocesan units (deaneries and parishes) across the country must be even.

It can be assessed by using the concentration index calculated as follows:

$$\text{Index} = \frac{1}{2}\sum_{i=1}^{n} |O_i : O - S_i : S| ,$$

where O_i represents the quantitative measure of a particular characteristic (the number of deaneries and parishes) within territorial unit *i* (diocese *i*), O stands for the total number of deaneries and parishes across all dioceses, S_i represents the area of each territorial unit *i* (diocese *i*), and S stands for the total area of all dioceses combined.

The resulting value is close to the lowest bound of the tolerance range, indicating a highly even distribution of deaneries and parishes throughout mainland Denmark (Table 1). It means that the services provided by the parishes, whether delegated by the state or initiated by the religious organization itself, are easily accessible to the population of the country.

Table 1

Concentration index of deaneries and parishes of the Church of Denmark, 2023

Diocese	Area, km^2	Number of deaneries	Index	Number of parishes	Index
Viborg	6,474.8	11	0.043	271	0.025
Copenhagen	771.7	9	0.070	94	0.026
Lolland– Falster	1,787.3	4	0.002	94	0.002
Aalborg	6,754.8	14	0.020	296	0.020
Aarhus	5,366.7	14	0.012	336	0.031
Ribe	6,478.4	8	0.072	200	0.058
Roskilde	5,439.1	12	0.009	313	0.018
Funen	3,481.2	10	0.017	234	0.027
Haderslev	4,601.6	7	0.038	173	0.027
Helsingør	1,791.4	13	0.086	147	0.026
Total	42,947.0	102	0.185	2,158	0.130

Source: compiled by the authors based on: Land use accounts, *Danmarks Statistik*, URL: https://www.dst.dk/en/Statistik/emner/miljoe-og-energi/areal/arealopgoerelser (accessed 01.10.2023) ; Organisation, *Folkekirken.dk*, URL: https://www.folkekirken.dk/om-folkekirken/organisation (accessed 01.10.2023).

The high demand for church-organized events is confirmed by both the number of adherents and the degree to which religious behaviour is exhibited. Despite secular trends, voluntary membership and church tax, almost 4.3 million people (72.1 % of the country's population) are members of the Church as of the beginning of 2023.

Territorial disproportions should be noted. The leaders in terms of the share of adherents are the peripheral dioceses of Viborg (83.1 %), Ribe (82.1 %), and Aalborg (81.9 %). The diocese of Copenhagen stands out with a 55.5 % share, which is due to the capital factor and its association with secular values and a more dynamic pace of life. The concentration of migrants and younger residents in a big capital city contributes to this difference as well.

The changes in the share of adherents over the last 15 years are presented in Table 2.

Table 2

Share of members of the Church of Denmark by dioceses, %

Diocese	2007	2022	Change, %
Viborg	90.5	83.1	–8.18
Copenhagen	67.1	55.5	–17.29
Lolland-Falster	86.1	79.7	–7.43
Aalborg	89.1	81.9	–8.08
Aarhus	84.6	76.0	–10.17
Ribe	90.2	82.1	–8.98
Roskilde	84.8	76.8	–9.43
Funen	85.8	78.1	–8.97
Haderslev	87.3	78.3	–10.31
Helsingør	76.6	65.4	–14.62
Average	82.6	73.2	–11.38

Source: compiled by the authors based on: Folkekirkens medlemstal, *FUV*, URL: https://www.fkuv.dk/folkekirken-i-tal/medlemstal (accessed 01.10.2023).

Over the last 15 years, the Church of Denmark has lost more than 11 % of its adherents due to natural causes and voluntary withdrawal, which is a common trend in European countries.

Interesting results are obtained from examining the ethnic background of adherents. The formal membership in the Church of Denmark continues to be significant among the indigenous population of the country. However, its attractiveness to migrants from non-Western countries and their descendants was unexpected (Table 3), since there are no Lutheran traditions present in most countries of their origin. The relative popularity of membership among migrants from Western countries and their descendants can be attributed to their ethnic background. As of the beginning of 2022, 5.1 % of migrants in Denmark identified as Germans, 2.4 % as Norwegians, 2.3 % as Swedes, 1.2 % as Icelanders, and 0.6 % as Finns.[1]

Table 3

Ethnic background of adherents of the Church of Denmark, %

Category	2008	2022
Indigenous population	89.0	84.3
Migrants from Western countries	32.3	13.6
Descendants of the migrants from Western countries	39.1	20.6
Migrants from non-Western countries	3.3	3.1
Descendants of the migrants from non-Western countries	2.2	3.2

Source: compiled by the authors based on: Population 1. January by deanery, ancestry and member of the National Church, *Danmarks Statistik*, URL: https://www.statbank.dk/statbank5a/SelectTable/Omrade0.asp?SubjectCode=1&ShowNews=OFF&PLanguage=1 (accessed 01.10.2023).

[1] Population 1. January by sex, age, ancestry, country of origin and citizenship, *Danmarks Statistik*, URL: https://www.statbank.dk/statbank5a/SelectTable/Omrade0.asp?SubjectCode=1&ShowNews=OFF&PLanguage=1 (accessed 01.10.2023).

All members of the Church of Denmark who have tax capacity are responsible for its maintenance through the payment of church tax. The rate of it is set by the municipalities and varies between 0.4 % and 1.3 % with an average of 0.97 % for dioceses (Table 4, Fig. 1).

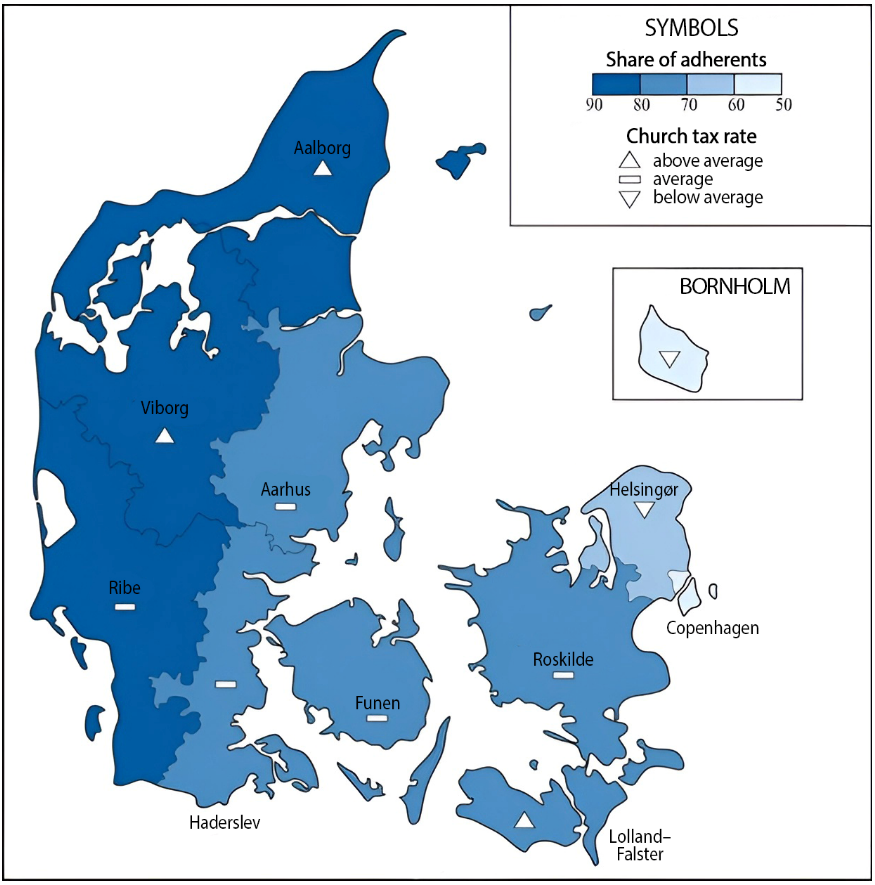

Fig. 1. Share of members of the Church of Denmark and church tax rate by dioceses, 2022, %

Source: compiled by the authors based on: Kirkeskat, *By-, Land- og Kirkeministeriet*, URL: https://www.km.dk/folkekirken/oekonomi/kirkeskat (accessed 01.10.2023).

Table 4

Church tax rate by dioceses, 2022, %

Diocese	Average	Maximum	Minimum
Viborg	1.07	1.27	0.93
Copenhagen	0.69	0.93	0.50
Lolland–Falster	1.20	1.23	1.16
Aalborg	1.16	1.30	0.98
Aarhus	0.96	1.22	0.81
Ribe	1.00	1.16	0.81

The end of Table 4

Diocese	Average	Maximum	Minimum
Roskilde	0.97	1.10	0.73
Funen	0.99	1.14	0.68
Haderslev	0.93	0.98	0.88
Helsingør	0.72	0.96	0.40
Average	0.97	1.30	0.40

Source: compiled by the authors based on: Kirkeskat, *By-, Land- og Kirkeministeriet*, URL: https://www.km.dk/folkekirken/oekonomi/kirkeskat (accessed 01.10.2023).

The church tax rate appears to have no significant impact on membership in or withdrawal from the Church of Denmark. On the contrary, dioceses with the largest share of adherents tend to have higher average tax rates. Additionally, these dioceses typically have a relatively smaller population, meaning that the financial burden on an individual level is even greater.

The taxes collected are distributed by the Ministry for Ecclesiastical Affairs, which is also responsible for overseeing the consolidated budget of the Church.

Reports on the economic activities of the Church are available to the public and provide an overview of its financial operations. Income from various sources is grouped into local budget, General Fund, and state grants (subsidies).

The structure of revenues and expenditures of the consolidated local budget in 2019, based on the most recent publicly available information, is presented in Tables 5 and 6.

Table 5

Incomes of the local budget of the Church of Denmark, 2019, million DKK

Source of income	2011	2019
Church tax	5.348	5.850
Religious services	721	685
Subsidies	30	5
Other income	298	346
Total	6.328	6.858

Source: compiled by the authors based on: Den lokale økonomi, *By-, Land- og Kirkeministeriet*, URL: https://www.km.dk/folkekirken/oekonomi/lokaloekonomi (accessed 01.10.2023).

Table 6

Expenditures of the local budget of the Church of Denmark, 2019, million DKK

Type of expenditure	2011	2019
Salaries, including	3.233	3.342
personnel responsible for the operation of cemeteries	1.224	1.142

The end of Table 6

Type of expenditure	2011	2019
Other operating expenses, including	2.235	2.231
related to the operation of cemeteries	506	527
Capital expenses, including	1.122	1.156
related to the operation of cemeteries	172	146
Total	6.590	6.729

Source: compiled by the authors based on: Den lokale økonomi, *By-, Land- og Kirkeministeriet*, URL: https://www.km.dk/folkekirken/oekonomi/lokaloekonomi (accessed 01.10.2023).

The local budget balance of payments resulted in DKK 129 million in 2019, with income and expenditure totalling DKK 6,858 and 6,729 million, respectively. The primary source of income for the Church was church tax, accounting for 85.3 % of total revenue, with ritual and religious services contributing only 10 %. The reason for this disproportion is the free performance of religious services (rituals and sacraments) for the members of the Church in the parishes they are assigned to.

The General Fund operates as a common treasury, collecting funds predominantly through the church tax. In 2019, income amounted to DKK 802 million. Expenditures, mainly on salaries for clergy and other staff members, totalled DKK 1,196 million.

As a part of the total income in 2019, government subsidies received by the Church amounted to DKK 843 million (9.5 %). They were primarily used for the payment of clergy salaries and pension benefits.

In addition, the Church Development Fund has been operating since 2007, from which approximately DKK 2 million is allocated annually for the needs of the Church. From the moment of its creation, the Fund has provided financial support for 205 socially important initiatives of the Church. In 2022, the focus areas included encouraging the transition of church structures to resource-saving technologies, as well as assistance provided to young people affected by COVID-19. In its support, the Fund takes into account the Church's partnership with local communities, geographic reach, innovativeness, and high levels of volunteerism.

The Church of Denmark has several tax benefits. It is exempt from corporate and property taxes. Voluntary monetary donations made by adherents are also tax-deductible.

Church funds are largely spent on social responsibility, including the maintenance and management of cemeteries. This responsibility is delegated by the government, and the Church is fully responsible for it. However, it does not pay taxes for these territories and, on a reimbursable basis, can provide burial services and sites for non-members of the Church.

Another shared responsibility between the Church and government agencies is civil registration. Since 2002, it has been carried out through the use of a unified national electronic system. The Church has the right to perform weddings, and approximately one third of all weddings in Denmark are legalized by the Church.

However, religious behaviour manifests most actively at funerals. Although there has been a slight increase in the popularity of funerals and burials led by non-religious organizations outside church cemeteries, the Church still accounts for more than 80 % of such ceremonies (Table 7).

Table 7

Church weddings and funerals in the Church of Denmark, 2006 and 2019

Sacrament	2006	2019
Church weddings, share of all weddings	41.3	32.5
Funerals, including	53.224	53.549
church funerals outside of the Church of Denmark	820	861
secular funerals	4.801	8.547

Source: compiled by the authors based on: Folkekirken i tal, *Folkekirken.dk*, URL: https://www.folkekirken.dk/om-folkekirken/folkekirken-i-tal (accessed 01.10.2023).

Baptism and confirmation ceremonies remain popular. Approximately half of all newborns were baptized and more than half of the 14-15 year olds were confirmed in 2020. The remote dioceses lead in terms of religious activity of adherents, with the diocese of Viborg having the largest share of baptized infants (69.9 %) and confirmed adolescents (81.5 %). The diocese of Aalborg is characterized by the largest share of people who were baptized and confirmed at the same time, whether as teenagers or adults (27.8 %). In the capital diocese, where the ethnic background of the population is most diverse, the shares are the lowest and amount to 31.9, 40.5, and 11.3 %, respectively.

Due to state status, the Church has the right to assist foreign clergy in obtaining a temporary residency permit in Denmark and certify their activities.

The Church is actively engaged in education. It operates three music schools in Vestervig, Løgumkloster, and Roskilde, as well as branches in several other cities, providing a variety of courses related to playing musical instruments, conducting, and singing. Special attention is paid to inclusive education.

Since 2014, the Centre for Pastoral Education and Research has been operating in Copenhagen, Aarhus, and Løgumkloster. Its work includes training for pastors and mandatory additional training for students pursuing theological specializations and applying for ordination. In addition, it conducts research into the relationship between the Church and society and organizes scientific, practical, and educational events.

The Church of Denmark also actively helps those in need by quickly responding to difficult socio-political situations. However, due to the volume of the article, we are unable to discuss this aspect further.

Outside mainland Denmark, Lutheranism is represented through the Evangelical-Lutheran Churches of Greenland and the Faroe Islands. They are doctrinally linked to the Church of Denmark but operate independently.

Christianity was first introduced to Greenland at the turn of the 1st and 2nd millennia, but it was not well-received among the local population. The institutionalization of Lutheranism began in 1905, following the incorporation of Greenland into the now-abolished diocese of Zealand. In 1923, it fell under the jurisdiction of the diocese of Copenhagen. The episcopal see of Greenland was re-established only in 1980. In 1993, the diocese gained autonomy and equal status and rights with the other dioceses in Denmark.

Since then, political and religious leaders of Greenland started working to further expand and strengthen independence, the main reason for which was the isolation of the Eskimos and Greenlandic Danes, their unique cultural identity and heritage due to historical circumstances and geographical location. The separation of the Church of Greenland from the Church of Denmark coincided with the region gaining autonomous status within the Kingdom of Denmark in 2009. The religious organization became financially and legally subordinate to the Inatsisartut (Parliament of Greenland). It is divided into 3 deaneries and 17 parishes, with a cathedral located in the capital city of Nuuk.

Unlike the Church of Denmark, the Church of Greenland does not publicly record the number of its adherents. The religious composition of the island's population can only be roughly estimated by experts. According to the World Religion Database[1], as of 2020, approximately 96 % of Greenland residents are Christians. Two-thirds of these identified as Protestants.

The Evangelical-Lutheran Church of the Faroe Islands is autonomous as well. From the end of the 10th—beginning of the 11th centuries until 1538, the archipelago was a Catholic diocese. After the Reformation, it existed for some time as an independent Lutheran diocese and was then incorporated into the diocese of Zealand of the ELCD.

Since its independence in 2007, the Church of the Faroe Islands is the smallest state church in the world. It consists of 16 parishes and has a cathedral in the capital city of Tórshavn (Fig. 2).

[1] National profiles, *World Religion Database*, URL: https://www.thearda.com/world-religion/national-profiles?u=94c (accessed 01.10.2023).

Fig. 2. Church administrative division of the Church of the Faroe Islands[1]

[1] Prestagjøld í Føroyum, Fólkakirkjan, URL: https://www.folkakirkjan.fo/um-folkakirkjuna/prestagjoeld-i-foeroyum (accessed 01.10.2023).

The number of churches, adherents, and personnel is officially recorded by the national statistical authority of the Faroe Islands. According to it, the Church is losing its members (the share of adherents is 78 % of the archipelago's population). At the same time, the number of priests and objects of religious and cultural infrastructure has increased. The data available in the public domain are not as comprehensive and detailed as that provided by the Church of Denmark, but it is still possible to calculate the concentration index for parishes and churches. The resulting values (0.144 and 0.132, respectively) confirm a highly even distribution throughout the region, which is particularly important because of the geographical location of the archipelago and the lack of reliable transportation links between the islands. However, the distribution of the population itself must also be taken into account. Assuming that there is no territorial differentiation in the share of adherents, there are 1,355 of them per church in the region of Streymoy. At the same time, the number is 8 times less than that in sparsely populated Sandoy.

Lutheranism, represented by several religious organizations with a special status, undoubtedly dominates the denominational space of Denmark and plays a significant role in the development of the country.

Conclusion

The Evangelical-Lutheran Church of Denmark and its island autonomous divisions dominate the denominational space of the country. All of them have state status within the respective regions of the Kingdom and are granted rights, privileges, and responsibilities, including the responsibility for maintaining and operating cemeteries and keeping statistical and vital records. The main privilege is the ability to receive funding through the church tax. In addition, the Churches carry out a variety of voluntary and socially important activities and functions.

The civilizational, historical and cultural importance of the leading Christian denomination (Lutheranism) in terms of the number of adherents and other indicators, as well as the widespread distribution of religious infrastructure, allow religious institutions to position themselves as influential and significant. They have the authority, resources, capabilities, and powers to participate in the development of society, and do so successfully.

It should also be noted that, in contrast to the Church of Denmark, which has been active in social and economic areas, the Churches of Greenland and the Faroe Islands, are trying to replicate this experience and adapt it to regional and ethnonational specifics and needs, rather have political influence and power at the moment.

Further research prospects on this topic are related to other components of the denominational space of Denmark, represented by non-traditional religions in the country.

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UNIVERSITY PERFORMANCE AND REGIONAL DEVELOPMENT: THE CASE OF RUSSIA'S NORTH-WEST

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The role of universities in regional socio-economic systems is pivotal. However, despite the overall trend of GRP growth, regions of Russia's Northwestern Federal District underperform on education-related measures. These include the share of education in GRP, the percentage of individuals employed in the education sector and the number of universities and students. These trends pose a substantial challenge to regional development, especially in the context of the fourth industrial revolution and the rise of the knowledge economy. The lack of attention to the education sector may stem from the gross underestimation of its contribution to regional development. By implementing their 'third mission', universities exert influence on the economy, politics and socially responsible industries in their home region. A better understanding of the role of universities in regional development requires a comprehensive evaluation of their performance. This study aims to evaluate the performance of regional universities and examine its impact on regional socio-economic indicators. The paper proposes a methodology for evaluating the performance of regional universities and presents the results of its application in the regions of Russia's Northwestern Federal District. The universities of the Arkhangelsk region and St Petersburg demonstrated the highest performance levels, whilst those of the Leningrad region were the lowest. Correlation analysis showed a significant connection between universities' performance levels and the key socio-economic indicators of regional development. Universities' performance levels vary significantly across Russia's Northwestern regions. The findings may interest researchers studying regional development issues and administrators of universities prioritising the implementation of the third mission. Additionally, the results can inform decisions regarding the advancement of higher education at the regional level within the Northwestern Federal District.

Keywords:
region, regional economy, regional development, Northwestern Federal District, higher education, universities' performance

Introduction

The Northwestern Federal District (NWFD) is considered one of the 'locomotives' of Russia's economic development. Given their geographical location, the Baltic and Arctic parts of the district are an area of active international co-

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operation, a transport and logistics hub, and a centre for developing high-tech industries. Therefore, the district holds a special place in the spatial organization of higher education [1] determining the choice of its regions for the study.

Table 1 shows the change in the education's contribution to the GRP in the NWFD regions. Based on the data, its proportion fluctuated between 2.2 % and 4.4 % in 2015, whereas in 2021, it varied between 1.9 % and 3.9 %. Eight regions experienced a decrease in the economic contribution of education.

Table 1

Education as a share of GRP in NWFD regions, %

Region	2015	2016	2017	2018	2019	2020	2021	Net change
Arkhangelsk region	3.4	3.9	3.7	3.7	3.9	4.0	3.9	0.5
Vologda region	2.2	2.0	2.2	2.2	2.2	2.7	1.9	–0.3
St Petersburg	4.3	3.3	3.6	3.7	3.7	3.8	2.4	–1.9
Kaliningrad region	3.4	2.9	2.9	2.9	3.0	2.9	2.7	–0.7
Leningrad region	2.4	1.9	2.1	2.1	2.1	2.2	2.1	–0.3
Murmansk region	3.2	2.9	3.1	3.2	3.1	2.5	2.1	–1.1
Novgorod region	2.9	2.9	2.8	3.2	3.1	3.0	2.5	–0.4
Pskov region	4.4	3.5	3.6	3.9	3.8	3.8	3.8	–0.6
Republic of Karelia	3.6	3.6	3.7	3.9	4.0	3.9	3.2	–0.4
Komi Republic	2.6	3.1	3.0	3.0	3.0	3.6	2.7	0.1

Compiled based on Rosstat data[1].

Since 2015, the major providers of the GRP growth observed in the NWFD have been manufacturing (Vologda, Murmansk, Leningrad, Novgorod regions), mining (the Republic of Karelia), wholesale and retail trade (St. Petersburg)[2]. There is no doubt that human capital is a principal contributor to economic growth, while its formation and development depend on the performance of higher education institutions. Thus, assessing their performance is a non-trivial task for regional development.

Full human capital realization is a prerequisite for the knowledge economy. The commonly used measures of a region's human capital include the share of employees with higher education, the average years of education of the labour force, the number of students per 1,000 population, etc. The estimations of the human capital's contribution to regional development vary from 10 % [2] to 26 % [3], which validates the importance of higher education underpinning the need to factor it in when making managerial decisions on regional development.

[1] Regions of Russia. Socio-economic indicators, *Rosstat*, URL: https://rosstat.gov.ru/folder/210/document/13204 (accessed 01.09.2023).

[2] Gross regional product in basic prices (OKVED 2), 2023, *EMISS*, URL: https://fedstat.ru/indicator/61497 (accessed 01.09.2023).

Recently, there has been a wide-ranged discussion around the university ceasing to be exclusively a regional educational and research centre. Universities are increasingly tasked with socio-economic initiatives aimed at transforming society [4]. The Third Mission is related to preparing students for participating in civil society, influencing economic, social and political life, combining training and community services, acquiring knowledge through economic practice, networking, and gaining invaluable life experience [5]. Thus, universities actively influence the economy, politics, and social sphere in their regions. They are becoming both important centres for managing social processes and, at the same time, an invaluable social resource [6].

By providing initial and advanced training for intellectual resources and maintaining their professionalism, universities directly affect the level and quality of regional development [7—9]. Education brings various economic benefits to individuals, such as increased personal income. Employers also benefit by utilizing the professional knowledge and skills of their employees to generate profits. Additionally, society as a whole enjoys positive externalities from the application of the intellectual wealth of its human capital in both productive and non-productive sectors [10].

Since universities fulfil socially significant functions, this study applies a functional approach that allows conducting an in-depth analysis to understand their behaviour and influence on socio-economic systems. Allied studies widely use this approach to analyse higher education systems in general [9; 11] and assess the factors affecting regional development [12—14].

The paper reveals the scope of the functional approach, characterizes the main functions of universities, presents the author's methodology for assessing their performance in regions, describes the study findings, and presents the results of the correlation analysis of regional universities' performance of their functions in conjunction with major socio-economic indicators of regional well-being. The final part of the article presents the main conclusions.

Functional approach to regional university assessment

The functional approach asserts that an object's essence and characteristics are defined by the execution of its primary functions. Each function plays a crucial role in determining the overall performance of the object.

Researchers apply the functional approach to studying higher education systems. For example, Firsova and Chernyshova [11] analyse educational, research, innovation and partnership functions to assess the efficiency of regional higher education systems using mathematical methods. However, due to the complexity of the calculations and the interpretation of the results, this approach has not been widely used. Ogurtsova and Chelnokova [9] identify three main functions of the university: educational, scientific, and social. They assess each function by changes in one, two, or three indicators. They note that "evaluating the functional dynamics, structure, and extent of implementation of primary functions within a regional higher education system offers valuable insights into their equilibrium and correlation with the development of the regional economic system." [9, p. 171]. However, the results of the correlation analysis do not quantitatively confirm the conclusions drawn, and the paper does not present a comprehensive assessment of a higher education system's performance. Thus, there is a need for a new comprehensive model for assessing the performance of universities in Russian regions.

As indicated by the literature review, the functions of universities identified by various authors vary both in terms of their classification and terminology. Therefore, it is necessary, first of all, to specify these functions. Education and research have always been fundamental for higher education institutions. They are enshrined in the missions of most Russian and international universities [15]. The educational function involves a university's international integration. Thus, it is important to assess it through the lens of international cooperation (student and faculty mobility programmes) promoting the exchange of knowledge and best practices, and expanding educational and research opportunities.

Recently, there has been a significant discussion surrounding the concept of the Third Mission in academia. This discussion has been prompted by a paradigm shift towards the University 3.0 model, which includes 'serving the regional community' as an additional function alongside the conventional roles of universities [16—18].

Researchers increasingly believe that the university is becoming an active participant in regional socio-economic life. Therefore, the socio-cultural function of the university is of particular importance. In addition, given the developing concept of lifelong education, a noteworthy feature of higher education is the broader participation of different age groups. Researchers distinguish the function of retraining and advanced training of employees (e. g., [19; 20]). Since the development of a university depends on its priorities set by the administration (research university, entrepreneurial university, etc.) and on the timeliness and quality of management decisions, the management function requires additional consideration. In addition, the ESG agenda, actively developing today as a logical practice-oriented direction of the global sustainable development concept, largely focuses on the management function. Thus, there are five main functions (educational, research, retraining and advanced training of workforce, socio-cultural and managerial) comprehensively characterizing the university's performance.

To respond to the current global challenges, regions strive to attract and effectively use various resources, including human and intellectual ones. The implementation of the Third Mission makes universities a great driving force in their regions, which requires high-quality performance of all functions and a balance between them.

Methodology for assessing universities' performance in a region

As previously mentioned, the proposed methodology is rooted in a functional approach and has several stages. The first one is the selection of indicators to assess the universities' performance in a region. Table 2 presents those chosen to measure the performance of each of the five functions taking into account the criteria of meaningfulness (the selected indicators should characterize the functions of a higher education system), accessibility (availability of initial data in open statistical databases), continuity (availability of initial data for the studied period).

Table 2

Universities' performance indicators for sustainable development of the region

Function	Indicators
Educational	k1 — number of students enrolled in bachelor's, specialist's, and master's programmes per 1,000 population k2 — teaching staff per 100 students k3 — share of candidates and doctor of sciences in academic staff k4 — number of international students enrolled in bachelor's, specialist's, and master's programmes, per 100 students k5 — number of double degree programmes per 1,000 students k6 — number of leading foreign professors and lecturers per 1,000 students k7 — share of full-time students enrolled in bachelor's, specialist's, and master's programmes having studied abroad for at least a semester (trimester) in the total number of students
Research	k8 — number of PhD students per 1,000 students k9 — number of doctoral students per 1,000 students k10 — number of researchers per 100 academic staff k11 — number of license agreements per 1,000 academic staff k12 — number of publications co-authored with overseas organisations per 1,000 academic staff k13 — number of publications per 100 academic staff k14 — R&D as a proportion of revenue
Retraining and advanced training	k15 — number of students in vocational education training (VET) per 1,000 students k16 — number of sponsoring companies (with agreements signed) per 1,000 students k17 — number of internship providers (with agreements signed) per 1,000 students
Socio-cultural	k18 — number of personal computers per 1 student k19 — number of printed publications per 1 student
Managerial	k20 — income from all sources per 1 student k21 — number of staff per 100 students k22 — space per student k23 — average Unified State Exam score for state-funded students k24 — average Unified State Exam score for tuition-paying students

It is worth noting that the selection of indicators for the socio-cultural function, which is associated with the cultivation of high moral qualities and values in students, posed a particularly challenging task. In a broad sense, the purpose of higher education is to create conditions for the development of experts understanding new phenomena and processes of social life, possessing a system of values, cultural and ethical principles, norms of behaviour, being ready for socially responsible professional activity and continuous education in the dynamically changing world [21, p. 7]. Values and principles can only be established through large-scale surveys, so there are no direct indicators available in open databases by region, which imposes a certain limitation on the research. However, given the significance of the socio-cultural function, it was not excluded from the analysis. In the proposed methodology, this function is assessed through indirect indicators of the conditions for its implementation: availability of cultural and intellectual values to students and faculty in the university as access to printed and electronic publications.

We propose utilizing 24 individual indicators that describe the five functions of the higher education system, allowing for a comprehensive assessment of universities' performance within their respective regions.

This study relies on the data of the monitoring of higher education institutions[1] and the monitoring of university admissions.[2] The monitoring of higher education institutions presents the data by individual universities, which requires their aggregation by region (for absolute indicators) or calculation based on the weighted average (for relative indicators).

The values of the indices were normalized using the following formula:

$$K_{ij} = \frac{k_{ij} - k_{min}}{k_{max} - k_{min}},$$

where K_{ij} *is* the normalized value of the *i-th* indicator for the *j-th* region; k_{ij} *is* the value of the *i-th* indicator for the *j-th* region; k_{min} and k_{max} are the minimum and maximum values of the *i-th* indicator for all the regions under consideration, respectively.

Following normalization, the values of the indicators range from 0 (representing the worst) to 1 (representing the best). This form allows for a comparison of each studied parameter's result to the best outcome among the regions.

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[1] Information and analytical materials based on monitoring of higher education institutions, 2021, *Main Information and Computing Center*, URL: https://monitoring.miccedu.ru/?m=vpo&year=2021 (accessed 10.07.2023).

[2] Monitoring of university admissions, 2022, *National Research University Higher School of Economics*, URL: https://ege.hse.ru (accessed 10.07.2023).

The second stage is the calculation of group indices for each function (using the arithmetic mean of the normalized values of all the indicators characterizing it) and the integral index (using the geometric mean of the five group indices). It provides a comprehensive performance assessment for the totality of universities' functions. The values of group (for individual functions) and integral (for all the functions) indices also range from 0 to 1.

In devising the methodology for calculating the normalized values of indicators, group, and integral indices, the authors drew upon existing practices, particularly those outlined in references [12; 22—24]. This consideration instils confidence in the reliability and applicability of the approach for assessing universities' performance.

Table 3 presents the criteria boundaries used to qualitatively interpret the quantitative values of group and integral indices. The authors draw on the practice of calculating specialized indices, including sustainable development ranking compilation.[1]

Table 3

Criteria boundaries of group and integral indices

Criteria Boundaries	0.00—0.24	0.25—0.49	0.5—0.74	0.75—1.00
Name	C	B	A	A +
Level	Low	Insufficient	High	Leading

A low value of an index indicates the need for strong and comprehensive actions to improve the universities' performance in the region. An insufficient level indicates the need for comprehensive actions to improve individual functions or unbalanced indicators. A high level shows the importance of further promotion of the regional universities' performance and achieving a balance in the functions' performance. A leading level is the highest possible level of performance. It indicates the need to use various methods and tools to maintain it and disseminate it to other regions.

The proposed methodological tools allow us to assess the performance of each of the functions, to comprehensively assess the aggregate level of universities' performance in a region, to conduct a comparative cross-functional and interregional analysis, and to identify and assess the relation between group and integral indices.

[1] RSPP's sustainable development indices. Moscow, 2021, *Russian Union of Industrialists and Entrepreneurs*, URL: http://media.rspp.ru/document/1/4/7/47655a38f9c-7740514c3eab59958cee1.pdf (accessed 05.05.2022); ESG-ranking of the subjects of the Russian Federation, 2021, *RAEX Rating Review*, URL: https://raex-rr.com/esg/ESG_rating_regions (accessed 05.05.2022).

Research Results

The proposed methodological tools were tested on the NWFD regions. The sample included ten of the eleven of them: the Nenets Autonomous District was excluded from the analysis due to the lack of most of the required data.

The first stage of the study involved the creation of a database on the universities' performance indicators (Table 2). The data cover seven years from 2015 to 2021.[1]

The analysis shows a decrease in the number of students per 1,000 population in eight of the regions. The exceptions are St. Petersburg and the Pskov region (Fig. 1). Gorokhov and Savenkova [25], as well as Erokhina and Gagarina [7], also noticed this negative trend. In general, it indicates a decline in the accessibility of higher education in the NWFD regions.

In nine regions, the number of teaching staff per 100 students also shows a downward trend. The exception is the Leningrad region, where it grew from 3.55 to 4.14.

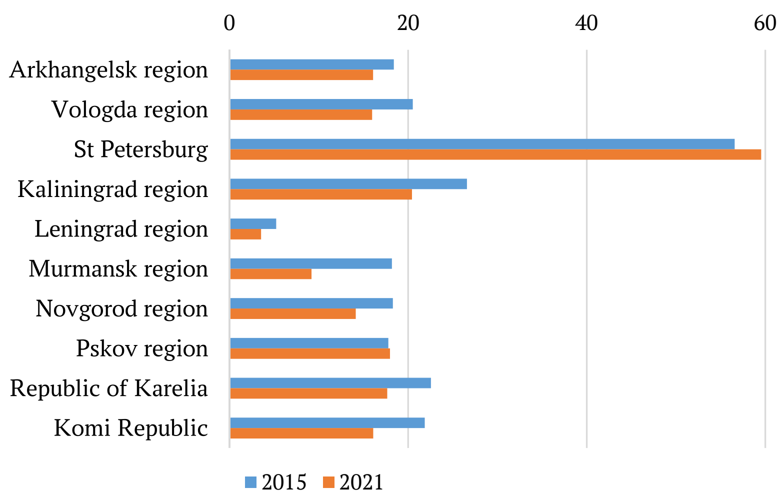

Fig. 1. Changes in the number of students per 1,000 population

The share of academic staff with a degree in St. Petersburg remained relatively stable throughout the analyzed period (exceeding 73 %). Seven NWFD regions saw an increase in the indicator. It fell only in the Leningrad and Novgorod regions having a sufficiently high initial level (higher than in St. Petersburg) (Fig. 2).

The share of overseas students rose in the universities of eight of the regions. The exceptions are the Leningrad and Pskov regions, where it reduced (from 7.02

[1] The study does not cover earlier and later periods due to the lack of data.

to 6.93 % and from 9.11 to 8.68 %, respectively). At the same time, the share of students studying at least a semester (trimester) abroad decreased everywhere except for the Vologda and Novgorod regions, where it grew from 0 % to 0.02 % and from 0.13 % to 0.38 %, respectively.

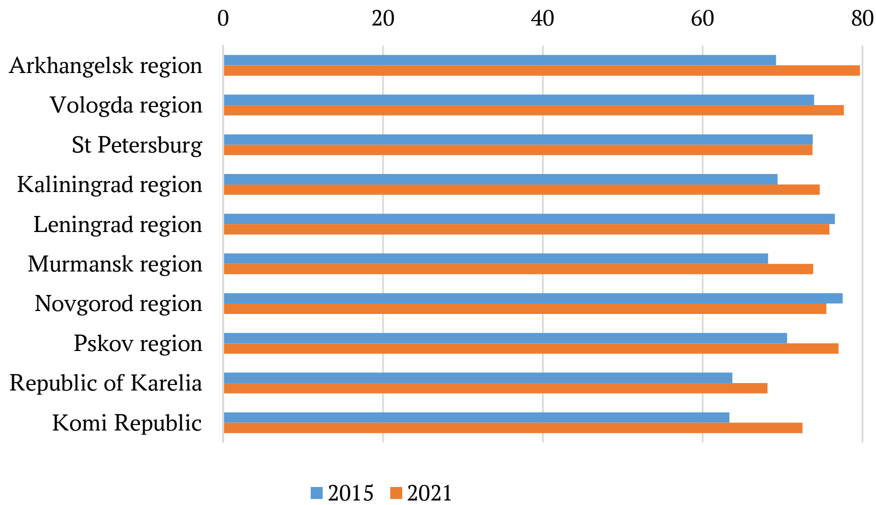

Fig. 2. Changes in the share of academic staff with an academic degree

The number of overseas professors per 1,000 students increased in five NWFD regions (Fig. 3). However, in 2021, it dropped everywhere compared to 2020, possibly influenced by international policy factors, with four of the NWFD regions reaching a zero level.

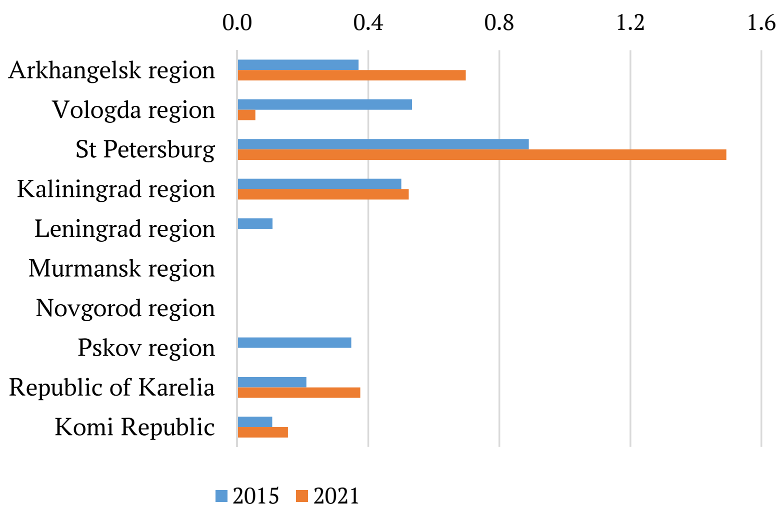

Fig. 3. Changes in the number of foreign professors per 1,000 students

The number of PhD students per 1,000 students grew in the Arkhangelsk, Kaliningrad, Murmansk and Pskov regions, while in the others it fell. In 2021, it ranged from 3.25 in the Leningrad Region to 45.71 in St. Petersburg.

In 2021, the number of doctoral students per 1,000 students dropped to a critical level: to zero in seven out of ten regions with a maximum of 0.28 (St. Petersburg). The negative trend in the number of PhD and doctoral students undermines the future scientific potential of the NWFD regions.

The share of R&D in university revenues rose in four regions (the Arkhangelsk, Kaliningrad, Murmansk and Pskov regions) and decreased in all the others (Fig. 4).

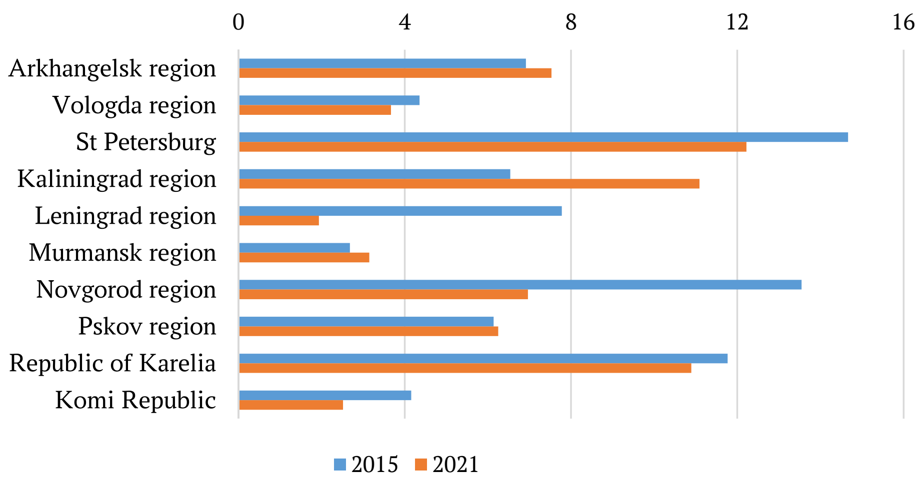

Fig. 4. Changes in the share of R&D in university revenues

The number of publications per 100 academic staff declined only in the Arkhangelsk region (Fig. 5). The number of articles co-authored with overseas organizations per 1,000 academic staff grew in all the NWFD regions (Fig. 6). According to experts, a powerful impetus for increasing publication activity was the introduction of effective contracts [26].

In nine out of ten NWFD regions, the number of students enrolled in vocational education training per 1,000 students increased. The exception was the Republic of Karelia, where it fell from 282.58 in 2015 to 219.64 in 2021.

In seven regions, the number of sponsoring companies per 1,000 students grew (Fig. 7). Close cooperation between universities and employers benefits the region's economy, providing enterprises with much-needed young personnel and graduates with a promising place of employment. Studies indicate that graduates employed within their degree field experience higher earnings and greater job satisfaction [27].

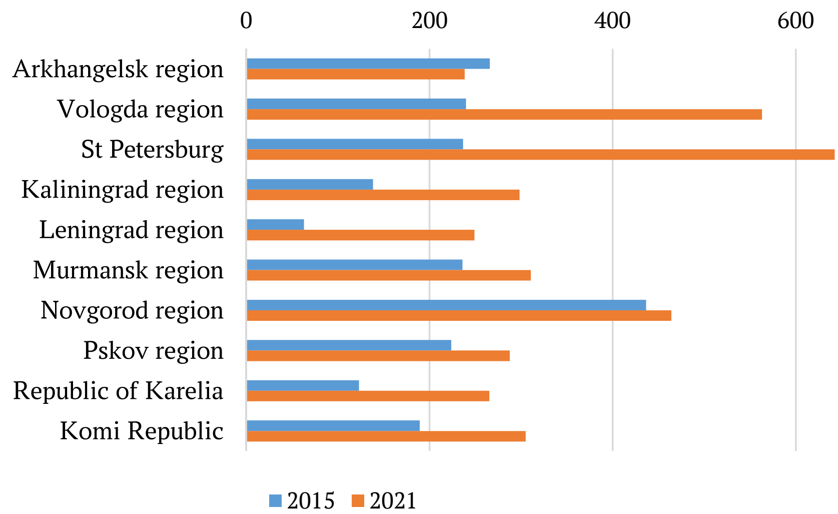

Fig. 5. Changes in the number of publications per 100 academic staff

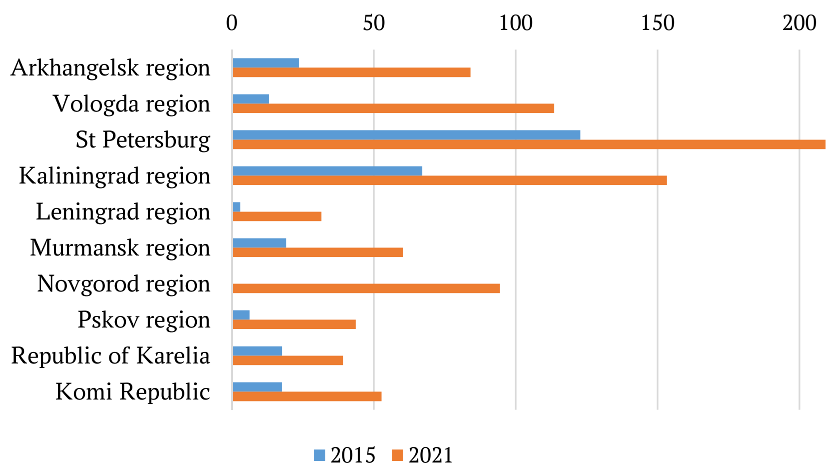

Fig. 6. Changes in the number of articles co-authored with foreign organizations per 1,000 academic staff

Income from all sources per student rose across the regions. In eight of them, space per student increased (except for St. Petersburg and the Pskov region, where it fell from 18.14 ^{2} to 17.43m^2 and from 18.26m^2 to 17.94m^2, respectively).

The average Unified State Exam score of state-funded students increased in all the NWFD regions except for the Pskov region, where it dropped from 64.1 to 63.3. The Vologda region had the minimum level throughout the studied period, ranging from 59.0 in 2015 to 62.7 in 2021. The average Unified State Exam score for tuition-paying students increased in eight regions out of ten. The exceptions are the Vologda region and the Komi Republic, where it fell from 62.9 to 62.7 and from 58.8 to 58.3, respectively.

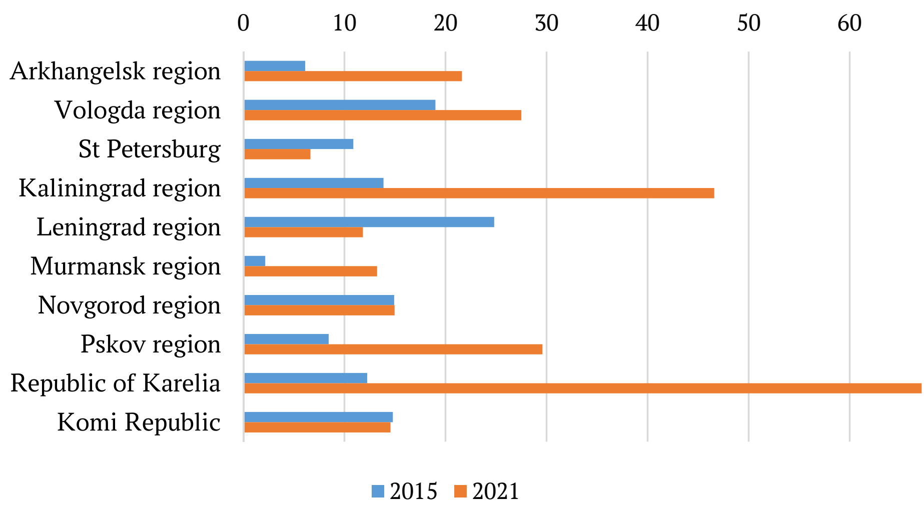

Fig. 7. Changes in the number of sponsoring companies per 1,000 students

In the studied period, the number of computers per student grew in nine regions, except for the Vologda region, where it increased until 2019 and then declined in 2021 to 0.25, which is the minimum (with a maximum of 0.42 in the Murmansk region). Increased use of electronic resources led to a reduction in printed educational publications per student in eight regions out of ten. The exceptions are the Republic of Komi and the Murmansk region, where their numbers grew to 258.76 and 226.22, respectively. These are the maximum values among the regions (with a minimum value of 110.25 in the Kaliningrad region).

A vicious practice of teaching work intensification and widespread ‘optimization’ were accompanied by a fall in the total number of staff of educational institutions per 100 students in nine regions (Fig. 8). This trend contradicts the stated goals of improving the quality of education and providing an individual educational trajectory.

The analysis of the changes in individual indicators included in the universities’ performance assessment shows positive trends in most regions (in particular, increasing publication activity, the number of students in vocational education training, revenue per student, the average Unified State Exam score, etc.) determining universities’ positive impact on regional development. However, there are some negative trends (decreasing number of students, teaching staff, and the total number of staff, etc.), which can be extremely detrimental for the future intellectual and scientific potential of the NWFD regions.

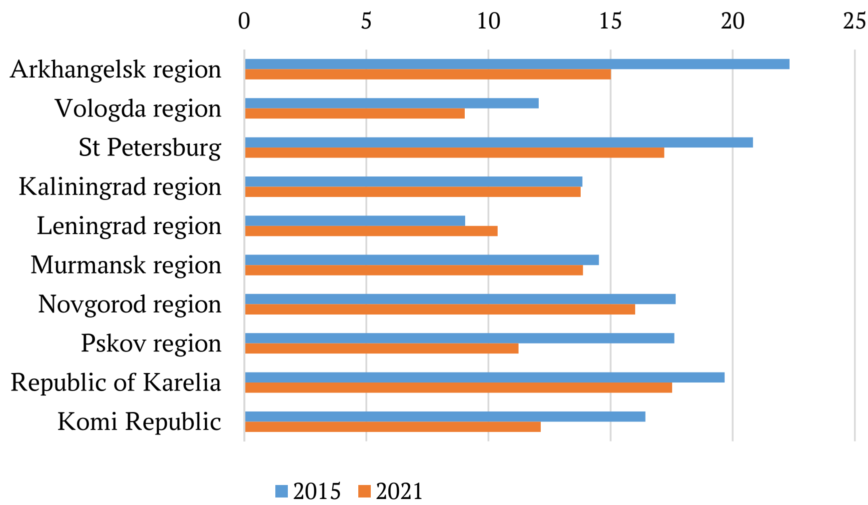

Fig. 8. Changes in the number of staff per 100 students

Group indices characterize the performance of each of the universities' functions. Table 4 shows the values of group indices at the beginning and end of the studied period, as well as changes in them.

Table 4

Dynamics of group indices of universities' performance in the NWFD regions

Region		Arkhangelsk region	Vologda region	St. Petersburg	Kaliningrad region	Leningrad region	Murmansk region	Novgorod region	Pskov region	Republic of Karelia	Komi Republic
Educational function	2015	0.47 B	0.29 B	0.74 A	0.33 B	0.27 B	0.15 C	0.35 B	0.42 B	0.40 B	0.16 C
	2021	0.67 A	0.17 C	**0.86 A+**	0.37 B	0.21 C	0.13 C	0.51 A	0.30 B	0.38 B	0.15 C
	Net change	0.2	−0.12	0.12	0.04	−0.06	−0.02	0.16	−0.12	−0.02	−0.01
Research function	2015	0.37 B	0.15 C	**0.76 A+**	0.44 B	0.07 C	0.20 C	0.57 A	0.17 C	0.45 B	0.16 C
	2021	0.37 B	0.43 B	**0.86 A+**	0.50 A	0.02 C	0.20 C	0.33 B	0.15 C	0.29 B	0.08 C
	Net change	0.00	0.28	0.10	0.06	−0.05	0.00	−0.24	−0.02	−0.16	−0.08

The end of Table 4

Region		Arkhangelsk region	Vologda region	St. Petersburg	Kaliningrad region	Leningrad region	Murmansk region	Novgorod region	Pskov region	Republic of Karelia	Komi Republic
Retraining and advanced training function	2015	0.40 B	0.63 A	0.39 B	0.69 A	0.52 A	0.14 C	0.27 B	0.13 C	0.28 B	0.47 B
	2021	0.48 B	0.47 B	0.20 C	0.73 A	0.33 B	0.26 B	0.21 C	0.31 B	0.52 A	0.39 B
	Net change	0.08	−0.16	−0.19	0.04	−0.19	0.12	−0.06	0.18	0.24	−0.08
Socio-cultural function	2015	**0.99 A+**	**0.77 A+**	0.61 A	0.34 B	0.14 C	0.32 B	0.31 B	0.70 A	**0.92 A+**	0.43 B
	2021	0.72 A	0.23 C	0.36 B	0.25 B	0.10 C	**0.89 A+**	0.42 B	0.52 A	0.46 B	0.70 A
	Net change	−0.27	−0.54	−0.25	−0.09	−0.04	0.57	0.11	−0.18	−0.46	0.27
Management function	2015	0.60 A	0.30 B	**0.95 A+**	0.41 B	0.45 B	0.21 C	0.38 B	0.39 B	0.49 B	0.48 B
	2021	0.48 B	0.11 C	**0.82 A+**	0.50 A	0.49 B	0.41 B	0.45 B	0.20 C	0.48 B	0.38 B
	Net change	−0.12	−0.19	−0.13	0.09	0.04	0.20	0.07	−0.19	−0.01	−0.10

Note: * the low (C) group indices are highlighted; the leading (A+) group indices are in bold.

Source: calculated based on data of the Monitoring of higher education institutions[1] and the Monitoring of university admissions.[2]

Table 4 shows that in 2021 only St. Petersburg universities had the leading (A+) level of educational function performance. A possible explanation is the fact that this region leads in three of the seven indicators for assessing this function (the number of students per 1,000 inhabitants, the number of double degree programmes per 1,000 students, the number of foreign professors per 1,000 students), and it has high values in the remaining four indicators.

[1] Information and analytical materials based on monitoring of higher education institutions, 2021, *Main Information and Computing Centre*, URL: https://monitoring.miccedu.ru/?m=vpo&year=2021 (accessed 10.07.2023).

[2] Monitoring of universities admissions, 2022, *National Research University Higher School of Economics*, URL: https://ege.hse.ru (accessed 10.07.2023).

Over the studied period, the Arkhangelsk region improved its position from B to A due to the increase in the share of academic staff with the degree of candidate and doctor of sciences, the share of overseas students and the high share of students who studied abroad for at least a semester (trimester).

The improvement of the position of the Novgorod region to level A was due to the increase in the share of overseas students and the number of double degree programmes per 1,000 students, as well as the share of academic staff with the degree of candidate and doctor of sciences.

The group index of the educational function includes international student exchange indicators. Yaskova attributes the high values in these regions to long-term international cooperation and partnerships with Nordic and Baltic educational institutions due to their geographical position [1].

Over the studied period, the Komi Republic and the Murmansk region saw a low (C) level of educational function performance. In these regions, there are no double degree programmes, the share of overseas students is low, and the number of foreign professors per 1,000 students leaves much to be desired. In the Leningrad region, the group index of the educational function fell from level B to C due to a decline in the number of students per 1,000 population, the number of foreign professors per 1,000 students and the share of academic staff with a degree. The Vologda region saw a similar decrease to level C due to a significant reduction in the number of students per 1,000 population, teaching staff per 100 students, and foreign professors per 1,000 students. It is hard to disagree with the opinion that negative trends in personnel training weaken a region's economy and erode its competitive advantages [7].

St. Petersburg maintained the leading (A+) level in research function performance among the NWFD regions over the studied period. In 2021, the Kaliningrad region reached the lower boundary of level A. This is due to an increase in the number of graduate students per 1,000 students, the number of publications per 100 academic staff, and the share of R&D in revenues. The Vologda region showed the most considerable increase in the value of the research function group index due to an increase in the number of researchers per 100 academic staff, publication activity and the number of license agreements per 1,000 academic staff.

The Novgorod region saw the most significant decline due to a decrease in the number of candidate and doctoral students per 1,000 students, researchers per 100 academic staff, and licensing agreements per 1,000 academic staff. The Komi Republic, the Leningrad and Pskov regions, saw a low (C) level of research function performance. Other studies (for example, [25]) also note negative trends in these regions' scientific and innovative spheres, such as a decrease in the number of researchers with academic degrees, organizations training postgraduate students, etc.

The Kaliningrad region saw a high level (A) of retraining and advanced training function performance. The index values grew in the Arkhangelsk, Murmansk and Pskov regions, as well as in the Republic of Karelia, where, in 2021, it reached level A. The Vologda, Novgorod, and Leningrad regions, the Komi Republic, and St. Petersburg, the leader in two previous functions, demonstrated a decrease in the index values.

In 2021, the group index of socio-cultural function was at the leading (A+) level in the Murmansk region and a high (A) level in the Arkhangelsk and Pskov regions and the Komi Republic due to the high values of all indicators used for assessing this function. At the same time, the Vologda Region and the Republic of Karelia saw a fall in the index (by two positions) due to a decrease in all indicators used for its assessment. The Leningrad regions had a low (C) level of the group index throughout the studied period.

St. Petersburg maintained the leading (A+) level in the management function performance over the studied period. This region showed higher values of four indicators, except for the space per student. In the Murmansk region, the index showed a maximum increase of 0.2 due to the growth in income and space per student and a less significant (compared to the others) decrease in staff per 100 students. In the Kaliningrad region, the group index grew from level B to A, mainly due to the increase in the average Unified State Exam score for state-funded and tuition-paying students. According to Yaskova, a factor making this region attractive to students, besides its geographical, historical and cultural features, is its cross-border cooperation with European states [1].

The Vologda and Pskov regions experienced the most dramatic decrease in this index associated with the decline in the number of university staff per 100 students, a slower growth of the average unified state exam score for state-funded students, and the income from all sources per 1 student.

The analysis of group indices of the five functions of universities by region identified cross-functional imbalance in all the NWFD regions. In 2021, the maximum difference between the group indices of individual functions (0.76) was in the Murmansk region. The differences were extremely dramatic in St. Petersburg and the Komi Republic as well, 0.66 and 0.62, respectively.

Comparison of the group indices by region also shows a high level of heterogeneity, as evidenced by descriptive statistics (Table 5).

Table 5

Descriptive statistics on the group indices of the functions of higher educational institutions of the NWFD regions

Descriptive statistics	Function				
	Educational	Research	Retraining and advanced training	Socio-cultural	Managerial
Average	0.371	0.333	0.334	0.499	0.441
Median	0.348	0.334	0.324	0.494	0.426
Min	0.113	0.013	0.010	0.011	0.056
Max	0.860	0.859	0.821	0.994	0.950
Std Dev.	0.192	0.210	0.191	0.242	0.192
Variation	0.517	0.631	0.575	0.485	0.435
Asymmetry	0.821	0.684	0.478	0.023	0.697
Excess	−0.136	0.0537	−0.188	−0.750	0.827

The high coefficient of variation of the group indices indicates their considerable difference across the regions. Positive asymmetry suggests that values less than the average are more common. That is a consequence of the previously mentioned effect of St. Petersburg's monocentrism. Its indicators raise the average value significantly. while the values for the other regions become lower.

The analysis of paired correlations between group indices of individual functions of the universities in the NWFD regions (Table 6) shows that the group indices of educational and research functions have a strong statistically significant relation. In addition, each is positively and statistically significantly related to the group index of the management function.

Table 6

Paired variable correlations

Group Index	GIEF	GIRF	GIRATTF	GISCF	GIMF
Group Index of Educational Function (GIEF)	1.000	0.777*	0.001	0.039	0.734*
Group Index of Research Function (GIRF)	0.777*	1.000	0.058	0.086	0.669*
Group Index of Retraining and Advanced Training Function (GIRATTF)	0.001	0.058	1.000	0.081	0.00
Group Index of Socio-Cultural Function (GISCF)	0.039	0.086	0.081	1.000	0.025
Group Index of Management Function (GIMF)	0.734*	0.669*	0.00	0.025	1.000

Note: * The correlation is significant at 0.01 (two-tailed).

Analysis of the changes in integral indices of the universities' performance (Table 7) shows that a high (A) level was observed in two regions: the Arkhangelsk region and St. Petersburg. While in the former region, the indicator was relatively stable over the studied period, in the second, despite its leadership in three of the five analyzed functions, it fell markedly.

Table 7

Integral indices of the universities' performance in the NWFD

Region	2015	2016	2017	2018	2019	2020	2021	Net change
Arkhangelsk region	0.53 A	0.53 A	0.48 B	0.52 A	0.50 A	0.55 A	0.53 A	0.00
Vologda region	0.36 B	0.36 B	0.32 B	0.33 B	0.30 B	0.20 C	0.24 C	–0.12
St Petersburg	0.66 A	0.59 A	0.62 A	0.52 A	0.50 A	0.50 A	0.54 A	–0.12
Kaliningrad region	0.42 B	0.37 B	0.36 B	0.49 B	0.46 B	0.43 B	0.44 B	0.02
Leningrad region	0.23 C	0.14 C	0.17 C	0.12 C	0.06 C	0.14 C	0.15 C	–0.08
Murmansk region	0.19 C	0.26 B	0.35 B	0.33 B	0.39 B	0.37 B	0.30 B	0.11
Novgorod region	0.36 B	0.29 B	0.39 B	0.36 B	0.27 B	0.33 B	0.37 B	0.01
Pskov region	0.30 B	0.15 C	0.16 C	0.19 C	0.26 B	0.27 B	0.27 B	–0.03
Republic of Karelia	0.47 B	0.44 B	0.40 B	0.42 B	0.44 B	0.42 B	0.42 B	–0.05
Komi Republic	0.30 B	0.29 B	0.23 C	0.21 C	0.22 C	0.25 B	0.26 B	–0.04

Note: * the low (C) integral indices are highlighted.

In the Republic of Karelia (showing negative dynamics), the Kaliningrad and Novgorod regions (showing positive dynamics), the level of universities' performance was insufficient. In the Murmansk region, it rose from C to B. Universities of the Pskov region and the Komi Republic were in transition between these two levels. In the Vologda region, it reduced from B level to C.

In the Leningrad region, the level was low and worsening. The identified changes are consistent with the results of other studies attributing them to the phenomenon of "capital-centrism", which suggests that the universities of St. Petersburg are more attractive for students, research and teaching staff than the universities of the Leningrad region [28].

To characterize the impact of the universities' performance on regional development there was a correlation analysis of universities' performance and the main socio-economic indicators of regional development conducted. The sources of data for these indicators were Rosstat[1], EMISS[2] and the Quality of life ranking of the Russian regions, regularly published by the Ria Rating agency[3]. The values of the indicators were normalized using the following formula (see p. 122). Then, paired correlations for the group indices and the normalized values of the socioeconomic indicators were calculated. Table 8 provides the values of the correlation coefficients.

Table 8

The results of the correlation analysis of regional development indicators and group indices of universities' functions

Indicator	Group Index				
	GIEF	GIRF	GIRATTF	GISCF	GIMF
Share of innovative goods. works. and services in total goods, works, and services	**0.51**	**0.37**	−0.01	0.25	0.46
Innovation activity level, the share of organizations carrying out innovation activities in the total number of organizations surveyed in the reporting year	**0.38**	**0.50**	−0.40	−0.10	**0.49**
Employment rate, %	0.19	**0.41**	−0.03	−0.23	**0.60**
Number of highly productive jobs per 1,000 people employed	**0.35**	**0.36**	−0.09	0.13	**0.51**
Ratio of average per capita income and subsistence minimum	**0.50**	**0.53**	−0.07	−0.22	**0.70**
Quality of life (ranking)	0.22	0.29	0.10	−0.53	**0.50**

Note: * significant positive correlations ($p = 0.05$) are in bold, significant negative correlations ($p = 0.05$) are highlighted.

The correlation analysis shows a positive and statistically significant relation between four socio-economic indicators with the educational function's group index, and five indicators with the research function's performance. Previous studies have also identified the latter relation. For instance, Noskov concludes that universities' research affects regions' innovative development and is a significant factor in their economic growth [29].

A negative correlation between the socio-cultural function and the quality of life may signal issues in the function's performance, suggesting that it is not achieving the anticipated impact on regional development. As already mentioned, in seven of the ten NWFD regions, the group index of socio-cultural function de-

[1] Regions of Russia. Socio-economic indicators, *Rosstat*, URL: https://rosstat.gov.ru/folder/210/document/13204 (accessed 01.07.2023).

[2] Official statistical indicators, *EMISS*, URL: https://fedstat.ru/ (accessed 28.08.2023).

[3] Russian regions ranking by the quality of life — 2021, 2022, *RIA Novosti,* URL: https://ria.ru/20220214/kachestvo_zhizni-1772505597.html (accessed 01.07.2023).

creased over the studied period. It is possibly due to its assessment being based on indirect indicators. Therefore, it is essential to conduct additional research on the socio-cultural function of the university and ways to assess its performance and impact on regional development. The possible explanation for the negative correlation between the innovative activity of companies and the group index of the retraining and advanced training function is that innovative companies might be less open to students to guard their trade secrets. It is also possible that the impact of this function has a delayed effect. When employees improve their skills and undergo retraining, their companies cannot fully use their innovative potential.

A positive statistically significant correlation between the performance of the management function and the major regional socio-economic indicators suggests that the synchronization of the regional development policy and regional universities through establishing common goals and development paths yields the best results for sustainable development of the NWFD regions.

Thus, universities' performance has a considerable influence on the socio-economic development of their regions. The proposed methodology for assessing the universities' performance can help to identify additional opportunities for regional socio-economic development or problem areas impeding it. For example, the NWFD regions should direct their attention to a significant imbalance between the performance of their universities' main functions since the overall result of higher education's influence on the regions is limited by the "weakest link in the system", which is a deterrent to achieving the best results.

Conclusion

Regional development is currently a focal point of attention. While natural conditions such as favourable geographical location, raw materials, and agro-climatic resources play a significant role in determining the productivity of a regional economy, the realisation of this potential hinges on policy efficiency, particularly in harnessing human capital [2]. Human capital is emerging as the primary resource in the knowledge economy, and its development is greatly influenced by higher education.

This study assesses the level of universities' performance in the regions of the Northwestern Federal District. The need for such an assessment is due to the importance of higher education for regional socio-economic development. The authors share the opinion that measuring the efficiency of the regional universities' performance and finding suitable tools for managing them is essential nowadays [30].

The methodology proposed in the article allows, using open statistical data, to comprehensively assess universities' performance, to track the changes in individual indicators, group and integral indices, to detect bottlenecks in the performance of regional universities' functions, to conduct cross-functional and interregional comparisons and to develop recommendations for improving universities' performance for regional development.

The results of adopting the method to study the NWFD regions show that they differ markedly in their universities' performance. The correlation analysis indicates a statistically significant relation between the performance of individual functions and the major socio-economic indicators of regional development. An imbalance in the functions' performance observed in all the regions limits the possibilities for higher education to influence regional development. The results can be taken into account by regional and federal authorities, as well as the heads of universities when developing measures to improve the universities' performance to ensure their favourable impact on the socio-economic development of the NWFD regions.

The theoretical and methodological significance of the work lies in summarizing the results of previous empirical studies, identifying the main functions of universities, and developing a methodology for assessing universities' performance in the context of regional socio-economic development. A further research avenue is the assessment of the impact of universities' performance on sustainable regional development. The results can provide the basis for developing recommendations for optimizing universities' performance to promote sustainable regional development.

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GEOPOLITICS

GEOPOLITICAL REGIONALISATION OF THE BALTIC AREA: THE ESSENCE AND HISTORICAL DYNAMICS

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The article discusses a theoretical framework for investigating regionalisation and geopolitical regionalisation, employing the activity-geospatial approach. The main theoretical foci of this study are system-forming, or region-building, socio-geo-adaptation and geopolitical relations. The article examines various types of transboundary and transnational geopolitical regionalisation as manifestos of geopolitical relations. These types are categorised based on scale, functional area, historical and geographical characteristics, quality, legal status and geospatial features, placing particular emphasis on the Baltic region. An essential aspect of studying a region involves identifying and defining its spatial boundaries. Since determining the exact limits of the Baltic region remains problematic, this article examines various approaches to address this issue, highlighting their strengths and weaknesses, particularly in the context of geopolitical analysis. The concluding part of the article explores several centuries of the evolution of the Baltic Sea region, divided into historical geopolitical stages. It is highlighted that the geopolitical essence of the Baltic region was changing radically over time. Particular attention is paid to the current state of the Baltic regional geopolitical entity, which is classified as a conflict-ridden or confrontational geopolitical region in the 'Eurasian arc of instability' interpreted as a geopolitical macroregion.

Keywords:
political geography, geopolitics, geopolitical region, geopolitical epochs, Baltic region, regional boundaries

Introduction

Geographical and social science — for example, regional and political studies — habitually use the terms 'region' and 'regionalisation', each with slightly different interpretations within these domains of knowledge. They became interdisciplinary, evolving to refer to a special type of social territorial processes

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and their results. At the same time, discipline-specific definitions and derivative terminology developed, often diverging significantly from previously established terms. Yet we believe that human geography has sufficient methodological and theoretical capacities to develop a single framework for analysing the process of regionalisation of society and its result — regions.

The Baltic region has garnered scholarly attention in Russia and beyond for over three decades since the territory integrates a variety of functional and historical layers encompassing geoecological, ethnocultural, social, geoeconomic, geostrategic and geopolitical aspects. Particularly, the literature delves into much-debated issues such as the definition and spatial delineation of the region. It also explores the primary features of the area's historical geopolitical development and its current status. This study investigates geopolitical regionalisation in the Baltic region, seeking to identify the geo-spatial characteristics of this process from the standpoint of an activity-geospatial approach. Therefore, the objectives are to craft an interpretation of this approach suitable for regionalisation, to devise a typology of transboundary regions in view of the peculiarities of the Baltic space, and to define the Baltic region by delineating its borders, pinpointing the historical periods of its evolution, and describing its geopolitical development.

Geopolitical regionalisation of society: the theoretical aspect

Political geography studies encompass a wide range of topics and methodologies, reflecting the complex and multifaceted nature of political geography and geopolitics. Within Russian political geography, various theoretical approaches have emerged, aiming to provide theoretical frameworks for interpreting extensive empirical data.

The most influential of these concepts is the territorial-political organisation of society [1, p. 289—290], which represents a continued evolution of the more general concept of territorial organisation of society. From this perspective, the subject of political geography is the territorial-political organisation of society and its product — territorial-political systems existing both de jure and de facto, with 'political-geographical sites' as their basic units. This widely utilised concept is also the most operational as it links the theoretical subject to the observable geo-space (territory), which is interpreted through a mosaic of interconnected political geographical sites (a 'site' is visible, tangible and explorable).

There are alternative viewpoints as well. For example, below we will draw on the concept of geopolitical self-organisation of society rooted in the activity-centred geo-spatial approach, which weds ideas about society as a self-organising system [2] to the concept of geo-space. Geo-space is a system of natural, anthropogenic and humanitarian subspaces linked by relations of mutual adaptation (socio-geo-adaptational relations), which are established through interaction at the levels of information, energy and matter. Geo-space, being an essential dimension, necessary condition and principal environment for social activities and natural processes, imparts geo-space features to these activities and processes through geo-adaptational relations [3, p. 56—65].

Geo-space self-organisation of society and an aggregate of localised domestic and international historical conditions and factors launch a process of mutual adaptation between society and geo-space. As a result, specific systems of socio-geo-adaptational relations emerge that manifest themselves in the regional self-organisation of society, known as regionalisation. Regionalisation comprises region-building geo-adaptational relations between various actors: states, administrative units, international organisations, corporations, etc. These relations collectively shape regions as socio-geographical systems within geo-space.

Political geography explores a particular case of geo-adaptational relations, namely geopolitical relations, which develop between geo-spatial conditions and the political activity of society or individual political agents. Such relations can be viewed as basic units of research by both political geography and geopolitics, the latter serving as a comprehensive interdisciplinary area of knowledge and administration [2; 3, p. 47]. A geographical and political dimension is immanent in each such relation. This approach has a distinct advantage in terms of generalizing phenomena, as it enables the identification of the most abstract theoretical foundation. The notion of a political-geographical site can be understood as a complex of geopolitical relations, similar to how a geographical site is shaped by geographical relations. The entirety of geopolitical relations comprises geopolitical space. Therefore, stable localised relations of this kind can serve as the system foundation for geopolitical regions of various types.

As for the theoretical aspects, it is worth stressing the ambiguity of the scientific usage and cognitive role of the notions of ‘geopolitical regionalisation’ and ‘geopolitical region’ in geopolitics and human geography. Human geographers from St Petersburg, Russia, have recently proposed to adopt the activity-geospatial geo-spatial approach to solve this problem [4; 5]. They have identified ten of the most widely used types of ties that contribute to region-building, i. e. natural, economic, cultural, political, and other properties that Russian and international scholars employ to delineate geopolitical regions. Many of them are interpretations of Saul Cohen’s ideas as seen within different schemes of the world’s geopolitical zoning proposed by the researcher. The lack of a general geopolitics-informed theoretical framework for geopolitical regions has produced numerous interpretations of the phenomenon and various schemes of geopolitical regions (see, for example, [6—12]).

Drawing on the activity-geospatial geo-spatial approach to political geography, which is viewed as a science of geopolitical self-organisation of society, we adopt the theoretical definition of geopolitical region as a multiple-scale regional geopolitical system or a regional community of political actors involved in region-building geopolitical (geo-adaptational) relations that differ in form,[1]

[1] These forms include geopolitical problems, interests, goals and actions.

functional types and geo-spatial scale. This approach is highly conducive to the development of typologies of general regionalisation processes, geopolitical regionalisation processes and geopolitical regions. Helping identify different types of region-building relations, regionalisation processes and regions, functional differences in the activities of actors and geo-space properties for the basis of the social regionalisation typology. Of special interest are transboundary regions and, therefore, transboundary geo-adaptational and geopolitical relations [5]. The Baltic region, which is the focus of this study, instantiates a 'testing ground' of such typology, which will be considered below.

Two types of regions are distinguished based on the status of political actors and borders: supranational and national regions. The latter rarely have a geopolitical dimension. However, a large transboundary region may serve as a site for the development of small national subregions of socioeconomic or geocultural nature. Prominent examples are the depressed border districts, which illustrate the edge effect. Many similar studies have been conducted in Northwestern Russia — a territory often subsumed under the Baltic region.

Several levels of regionalisation are distinguished according to the geo-spatial scope of regionalisation. There are two applicable ranking methods: one based on the physical (metric) size of a territory (which identifies macro-, meso-, and micro-regions), and the other based on political features. At the supranational level, macro-regions may be socio-geographical or civilizational, or they may be bound together by a common sanctions policy. At the national level, examples include federal and economic districts, as observed in Russia and the US. Examples of meso-regions include subregions within Europe and Asia, territorial units of countries, and regions within Russia. Euroregions, Russia's advanced development territories and countries' lower-level territorial units, such as counties and communes, represent micro-regions. In political terms, transboundary regions are categorised into transnational regions, transboundary regions proper and cross-border regions. The term 'transnational regions' refers to areas spanning two or three countries either entirely or partially, irrespective of their size, with the Baltic region serving as a notable example. Transboundary regions proper encompass portions of neighbouring countries, whilst cross-border regions emerge from local-level collaborations, as seen in initiatives like the local border traffic regime that once facilitated transit between Poland and the Kaliningrad region [5; 13].

Based on their functions, i. e. types of activities performed by public agents, regions are categorised as follows:

1. Monofunctional (sectoral) regions. These include economical-geospatial or geoeconomic regions represented by regional international organisations (OECD, EAEU, VASAB [Vision and Strategies Around the Baltic Sea], etc.), socio-geospatial regions formed by the ILO, UNESCO, the Council of Europe, the Baltic University research and academic project, etc.; political-geo-spatial or geopolitical consolidated by NATO, the CST and bilateral treaties; geoecological

regions formed by organisations such as HELCOM, which deal primarily with marine environment issues; religious-geo-spatial: civilisations, cultural-historical regions, etc.

2. Multifunctional (complex) regions shaped by the EU, the CIS, the CBSS and other associations

According to the legal status and governance regime, regions are categorised into de jure regions defined by regional international organisations (EU) and de facto regions (historical-geographical, civilizational, physiographical, factual, economic, etc.). The relationship between these concepts is more nuanced: a legal framework may exist for a structure that has never been implemented or has been put on hold; the opposite scenario is also possible. Moreover, a historical-cultural region can be defined legally but still lacks a governing body (see [5, p. 67, 71]).

Region-building relations allow dividing regions into two opposing categories:

1) regions of cooperation or integration — the EU, the EAEU, the Baltic region until 2014;

2) regions of conflict. These are transboundary grey zones characterised by sanctions, confrontation and peacemaking efforts, such as transboundary Kurdistan. This classification is, however, open to debate, as not all authors are willing to acknowledge the systematic nature and regional character of conflict-afflicted territories. Yet, conflictual relationships often lie at the core of a system, albeit in a negative sense [3, p. 108; 14]. Nevertheless, cooperative subregions of smaller scale may continue to exist within a conflict-ridden region, for example, through unions of allies within opposing political blocs. In this case, the region becomes polarised, as is happening with the Baltic region today. This situation should not be interpreted as a blending of the two categories, as they function at distinct structural levels within complex regions.

Based on historical-geographical features and trends, regions are classified into:

1. regions of integration proactively unite previously disjointed territories (the EAEU, Mercosur, Euroregions and the CIS before 2014). A particular case is integration for opposing common competitors. One can also speak of post-integration regionalisation, where a different, even more cohesive structure forms within the region (cf. the concept of 'two-speed Europe').

2. regions of disintegration, which either emerge from the collapse of a political system, as seen in the case of Britain's Commonwealth of Nations, or experience a process of decline, often marked by a series of military conflicts.

3. post-conflict regions forming usually after wars, often forced. For example, the European Union emerged on post-war ruins as a region of integration.

Regions can be classified as follows according to types of regionalisation and geospatial characteristics:

1. As for the geospatial structure, it is more sensible not to identify individual types but to employ several polarised scales on which a region can be placed

[5, p. 71]. Such scales are formed by two opposite types or notions. However, in real-world scenarios, regions rarely have characteristics placing them at one of the poles. The 'monocentric — bipolar — polycentric' gradation is an example of such a scale. Throughout its history, the Baltic region has moved several times along this scale in different directions. Another scale of interest in this case is 'symmetric — asymmetric'. In terms of economic development and transport communication, the region is asymmetric, with Germany as an indisputable leader. From the geopolitical perspective, it is crucial to evaluate the region's position on the 'corridor/sector — belt/zone' scale, particularly, in order to describe the geographical origins of transport corridors and energy projects or assess the degree of neighbourhood between countries and their parts. In the Baltic region, one can distinguish several zones of remoteness from the sea (see below for more details). The 'core — periphery' scale is probably the most popular with scholars of socio-geographical phenomena, particularly, regionalisation. For instance, models have been proposed for 'periphery — periphery', 'core — core' and 'core — periphery' interfaces. Finally, there is the 'continuous/areal regions — dispersed/network region' scales, which allows one to distinguish continuous economic zones and gravitation zones; transboundary network online communities and party structures. Overall, ongoing transboundary regionalisation creates new forms of regional spatial development, such as corridors, cores and growth triangles [13].

2. According to the material geo-spatial features, regions are classified into territorial, sub-territorial, land-water, land-air, land-space and integrated geo-spatial. Unlike most transboundary regions that are land-based, the Baltic region is one of the few that has formed around a body of water.

The Baltic region: points of discussion

The Baltic region began to emerge as a distinct territorial entity around the eponymous sea as early as the Middle Ages by virtue of favourable physiographical conditions: the sea itself, the ramified network of its catchment area, a single climate zone and flat shorelines, particularly in the south. From the physiographical perspective, the Circum-Baltic space provides a fertile substrate for the development of various forms of public life and self-organisation. This space existed before human settlement and the formation of local social entities. The term 'Circum-Baltic' was first proposed by Gleb Lebedev to describe the cultural-historical and civilizational context of the medieval period [15, p. 122].

Some Russian Scandinavists postulate the emergence of a 'Baltic (maritime) civilization' by the 8th century [see 15, p. 122, 129], although this assertion is debatable considering modern perspectives on local civilizations. If this conclusion is somewhat applicable to the maritime communities and cities along the coast during the Middle Ages, such as the 14th-century Hanseatic League of Cities, the territorial factor no longer dominates civilizational relations in the contemporary world. Baltic regional unity and identity, which undoubtedly endure, are subordinate to more comprehensive and significant phenomena. The Baltic Sea coast is home to at least two local civilizations, as described in Samuel Huntington's model, with national and supranational (EU) identities dominating. Moreover, the Baltic and contemporary Western civilizations belong to different hierarchical levels. Therefore, the modern Baltic regional community is an inter-civilizational territorial phenomenon or a sub-civilization. Perhaps the historians and cultural scholars behind the Circum-Baltic concept overlooked the theoretical geographical aspect. Therefore, it might be advisable to focus the discussion on the formation of a geocultural, geoeconomic and geopolitical region, rather than on the emergence of a civilization. From the perspective of social geography, a region is not just a limited space but rather a cohesive or homogeneous entity, which can be transboundary [5] and even transcivilizational. Moreover, a geopolitical region can be united by either cooperative or conflictual relations, as abundantly evidenced throughout the history of the Baltic area.

Since the Baltic region emerged as a subject of academic study in the early 1990s, there has been significant debate surrounding the definition of its geographical boundaries. As one might expect, various perspectives have been proposed based on different approaches. The more the research problem leans towards a physiographical or geoecological approach, the clearer picture of the region's borders is obtained by utilising physiographical criteria. The coastline of the Baltic Sea provides an indisputable reference point for a regional classification, as it is the primary factor shaping the region. However, there is still a point of contention as to where the waters, and consequently the sea coast, end in the area of the Danish Straits. 'From the perspective of the BSR composition, it is expedient to draw its boundary between the Kattegat and the Skagerrak,' and '[s] ometimes the Baltic Sea even includes the Skagerrak' [16, p. 4, 5]. From a geopolitical standpoint, it is logical to include the Skagerrak in the region. The strait, along with the adjacent waterways, forms a unified geopolitical entity with the Baltic Sea, restricting access to it. The significance of the Baltic and Black Sea straits as gates to the respective water bodies was noted by Halford Mackinder in his strategic heartland model. He particularly stressed the role of the straits in the geopolitical zoning of Europe. According to the 1992 Helsinki Convention on the Baltic Sea, its jurisdictional area is limited by the parallel at 57° 44.43' N (Article 1).

It is also worth noting the recurring proposals to consider the boundaries Baltic Sea's catchment area as the borders of the region [15—17]. Whilst the catchment area offers an objective criterion similar to the coastline, its significance in region-building is limited due to its primarily geoecological role. Additionally, catchment areas may encompass uninhabited territories, further diminishing their relevance. In terms of geopolitics and the region's public life, the Baltic Sea's catchment area has only begun to gain significance in the last decades, and even then, in primarily the context of international efforts for coordinating environmental protection. However, the catchment area criterion has proven to be convenient for regional programmes and projects. Thus, the catchment area, albeit not a region-building factor in itself, becomes one due to its secondary, administrative and public nature.

Saint Petersburg, the Pskov, Kaliningrad and Novgorod regions, parts of Karelia and small parts of the Arkhangelsk, Murmansk and Tver regions meet this criterion. The region includes the entire territories of Lithuania, Latvia and Estonia, almost all of Poland, large parts of Sweden and Finland, over half of Denmark and almost half of Belarus, north-east Germany, small sections of Norway, Ukraine, the Czech Republic, and Slovakia (see the map scheme in [16, p. 10]). The Baltic University programme placed the Baltic region in approximately the same limits. Launched amid the euphoria of 1991 by Uppsala University, Sweden, this programme involved at one point universities from 14 countries [17, p. 17]. Today, the number of participating nations has reduced to ten. The catchment area of any sea is, however, heterogeneous, with the largest rivers playing the key geopolitical role. Lev Mechnikov (1888) went as far as associating the emergence of the earliest civilizations with the major historical rivers flowing through the Middle East, South Asia and East Asia [18].

It appears that the majority of authors deliberating on the region's borders tend to overlook the fact that it was not the catchment area itself that has played a paramount geopolitical and geoeconomic role since ancient times, but rather its geopolitical component — the network of navigable rivers and, later, canals. The extent of inland waterways is smaller and sparser than the catchment area, with the majority of it situated in the southern part of the region.[1] For example, the catchment area includes part of Northern Norway, where no navigable route leads from the Baltic Sea. The network of navigable waterways has, of course, changed over time: some rivers that were fully navigable in ancient times may now only accommodate smaller boats, whilst others are plied by ships with significantly greater carrying capacity than those of centuries past. A significant portion of Finland falls within the catchment area. Yet, the country's navigable inland waterways are linked to the sea only through the now-closed Saimaa Canal constructed in the mid-19th century. Although modern land transport can easily compensate for the lack of fully flowing river routes, it is not tied to the maritime region as such. Considering Baltic land transport networks would not differ much from analysing the transport connectivity in, for example, the Central European region.

Several navigable canals connect the Baltic Sea with the River Elbe, which flows through territories near the Baltic Sea coast and carries the region's river traffic. However, according to the catchment basin principle, the Elbe is not part

[1] Where to navigate? The network of inland waterways in Europe and its parameters. 1996, *UNECE*, URL: https://unece.org/where-navigate-network-inland-waterways-europe-and-its-parameters (accessed 01.05.2023).

of the Baltic region. While this factor held significant importance during the Middle Ages due to the absence of canals, today, the Elbe and Oder rivers connect the Baltic region to the industrially developed regions of Germany.

During the Middle Ages, maritime and river routes served as crucial and irreplaceable means of communication over long distances. But as eras changed, so did the role of modes of transport. Maritime and river transport, particularly in coastal shipping, have diminished in significance since the advent of railways, motor vehicles and air transport. Recent studies into the transport connectivity of the Baltic region tend to focus on land and air transport, often within the framework of programmes like VASAB.[1] It is not surprising that projects for ring roads and railways have emerged. In the EU, approximately 40 % of freight is still transported by sea. What has remained virtually unchanged since the Middle Ages is the status of the Baltic Sea as a water basin open to international navigation; a similar status for the Danish straits was confirmed by an international treaty in 1857.

Therefore, the principal function of the Baltic Sea as the core of the Baltic region is the possibility to link any coastal state or city with any other coastal state or city without crossing third territories. It is worth noting that Pyotr Semyonov-Tyan-Shansky distinguished among spatial forms of geopolitical systems a circular or Mediterranean one [19]. In the Baltic, attempts to implement this form were made by Denmark, Sweden and, later, the EU. This structure not only offers economic advantages but also fosters the psychological perception of the Baltic space as a social entity ('we are connected by the sea'). Therefore, the zone directly accessible by maritime and river communications constitutes the systemic core of the Baltic region.

Since this zone has a complex spatial form shaped by road networks, rivers and ports, 50 or 200-km wide coastal strips are often considered as such to simplify calculations [16, p. 12]. The entire zone surrounding the sea can be seen as one dimension of the Baltic region. This approach should not be classified as physiographical, as some authors suggest: one side of this zone is comprised of the coast, and the choice of 50 km as its width is conventional and based on the intensity of economic activities.

As we move away from the physiographical framework, delineating the boundaries of the Baltic region becomes increasingly complex. Historical, economic, cultural, sociological and political features of territories, or spaces, become factors at play. Then, legal criteria, although indirectly related to these features, are taken into account. Finally, the geopolitical approach integrates all these factors, viewing them through the lens of geopolitical interests and projects.

A straightforward approach would entail defining the Baltic region as encompassing countries and territories bordering the sea and reliant on it for their

[1] Accessibility of the Baltic Sea Region: Past and future dynamics, 2018, *VASAB*, URL: https://vasab.org/wp-content/uploads/2019/07/VASAB_Accessibilty_Report_2018.pdf (accessed 01.05.2023).

economic activities [17, p. 16]. Here, no matter what factors are considered, the political map takes precedence: the region's components are either entire countries or their administrative units. Whilst this approach is undoubtedly effective for governance and administration purposes, it is primarily conceptual in nature. Additionally, the inclusion or exclusion of certain parts of countries, or entire countries themselves, is not always indisputable. For instance, when evaluating the effectiveness of traditional geopolitical approaches in interpreting contemporary Baltic issues, Kjell Engelbrekt includes in the region nine coastal states (excluding Norway), yet he does not offer a specific justification for this selection. A similar 'coastal' composition of the region can be seen in other international publications, but with Norway included.

A broader approach includes in the region countries and regions that do not directly border the Baltic Sea but are involved in international cooperation within Baltic development programmes, such as VASAB and Interreg. These two approaches result in the narrow and broad interpretations of the Baltic region, respectively. Here, the legal criteria are dominant: technically, the region's countries can invite any neighbouring state to participate in Baltic programmes, thus classifying it as part of the Baltic region. A paradoxical situation may arise: a country that directly borders the Baltic Sea could withdraw from cooperation programmes and consequently no longer be considered part of the coastal region.

A 'selective' approach to understanding the composition of the Baltic region is seen in the EU's Baltic Sea Strategy, where only EU members are categorised as states of the region, with Norway and Iceland viewed as desirable partners.[1]

Finally, in the broadest sense, the Baltic region can be expanded to constitute a Baltic regional geopolitical system, which includes not only the Baltic region in various interpretations but also geopolitical relations and external actors with significant geopolitical interests in the area [3, p. 84, 85]. These external factors include non-regional parts of the region's major countries, for example, Russia and Germany. In this case, inclusion criteria become even more blurred, with a feasible one being participation as observers in regional international organisations, such as the Council of the Baltic Sea States. In the Council, 11 countries have or had this status: Belarus (until 2022), the UK, Hungary, Spain, Italy, Netherlands, Romania, Slovakia, United States, Ukraine, and France, which has applied for full membership and Iceland as a full member.

From a geopolitical standpoint, all the above delineation options do not exclude one another. Each of them merely suggests a focus on a particular type of geopolitical relation, highlighting it within the complex multidimensional struc-

[1] EU Strategy for the Baltic Sea Region, URL: https://www.eusbsr.eu/ (accessed 10.09.2023).

ture of geopolitical space. Summarising these approaches, it is more appropriate to speak of the Baltic region having several geopolitical contours as zoning principles, rather than distinct demarcation variants (see Figure).

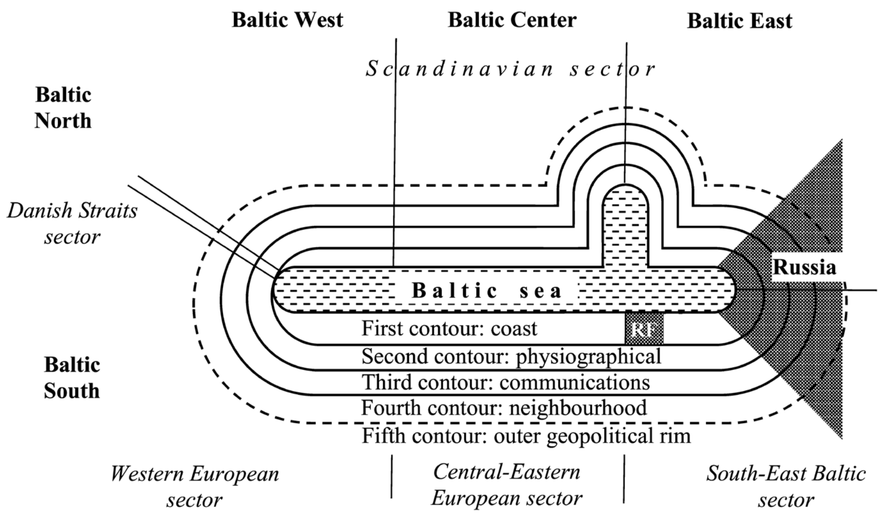

Fig. An idealised model of the Baltic region

I. Marine or coastal contour. It includes 50- and 200-kilometer coastal zones, parts of countries or entire smaller countries bordering the sea, as well as territorial waters and exclusive economic zones.

II. Physiographical contour. It includes, by definition, the sea itself and its catchment area. Other parameters may be utilised as well: the effect of the sea on the local climate of the features of the terrain.

III. Communications contour. It primarily encompasses inland waterways and a network of sea and river ports. It can also include rivers belonging to the basin of neighbouring seas but servicing the coastal contour and connected to the Baltic Sea by navigable canals. The busiest maritime routes should not be ignored either, nor should be other forms of contemporary transport communication: roads, railways and air routes, provided they have a regional character. Hence the interest in ring roads and routes along the coastlines. When examining this contour, it is essential to pay attention to the area of real economic influence of the coastal factor (cf. the delineation of a strip of constant width for contour I).

IV. Neighbourhood contour. It comprises territories of countries that do not directly border the sea but are either adjacent to coastal states or have territories included in contours II and III.

V. Geopolitical contour (regional geopolitical system complete with region-building geopolitical relations). It outlines a vast region encompassing all the above contours and relations with extra-regional players pursuing interests in the area.

Historical dynamics of the Baltic regional geopolitical system

It seems more reasonable to discuss the timeline of the geopolitical regionalisation from the perspective of historical dynamics within the global geopolitical system, of which the Baltic region is an integral component. This discussion should be based on a clear understanding of the historical types of geopolitical relations (geopolitical processes and their outcomes) throughout the system's development. To assess the contemporary situation, it is particularly important to understand the specifics of these geopolitical relations during the capitalist and modern periods (Modern and Contemporary periods in historical terms). Here, special attention must be paid to differences in types and correlations of geopolitical processes, the role of actors involved and the resultant regional geopolitical structure.

During the Westphalian era (1648—1815), following the Thirty Years' War and the Peace of Westphalia, religious and ethnic-driven geopolitical processes shaped the geopolitical trend towards state sovereignty. Four geopolitical subregions of a core-periphery type emerged, with the geopolitical poles in Sweden, Poland, Prussia and Russia (the Moscow State and the Russian Empire). Although the Westphalian era, like others, had its own internal structure, we will only mention general European geopolitical periods pertaining to the relevant international relations systems. For the Baltic region, several stages can be distinguished within these periods, which differ from the stages of geopolitical development observed in other regions of Europe. Among these stages are the stage of Russia's heightened involvement in the Baltic geopolitical system (early 18th century) and the final transitional phase of geopolitical instability — the era of the Napoleonic Wars.

The Vienna era (1815—1914), which followed the Napoleonic Wars and the decisions of the Congress of Vienna, saw the gradual emergence of two geopolitical subregions with Prussia (from 1871 — Germany) and Russia as their respective poles. This process took place under the influence of imperial-state geopolitical and ethnic-riven geopolitical factors.

In the Versailles era of the 1920s—1930s, which began after the First World War and the introduction of the Versailles system of peace treaties, a bipolar Baltic regional structure emerged, with two principal geopolitical subregions — the Western (capitalist) and Eastern (socialist) ones. Germany constituted the geopolitical pole of the former, and the USSR of the latter.

The Potsdam era (1945-early 1990s), a product of World War II and the decisions of the Potsdam Conference, launched foundational geopolitical processes manifested in the confrontation between the capitalist and socialist systems. They shaped a bipolar structure with two opposing core-periphery geopolitical subregions of a generative type: the West Baltic (capitalist) and the East Baltic (socialist). West Germany, supported by Western allies, and the USSR became the integrative geopolitical poles in the Baltic space. The Baltic region underwent a military-political and geo-economic division, with territories aligning with

NATO/Warsaw Pact or EU/Comecon. During this period, the Baltic region had a paramount geoeconomic role for the USSR: the share of the region's countries in the bilateral trade of the Union amounted to 29 %. Although Poland and East Germany accounted for most of this percentage, West Germany and Finland were also notable trade partners [17, p. 19].

The Belovezha era (from the late 1980s / early 1990s to the present) is characterised by a geopolitical trend towards fragmentation of the Baltic region into geopolitical regional communities of different scales and different types — national, supranational, ethnic and other. Initially, foundational geopolitical and ethno-geopolitical processes manifested themselves in the collapse of the socialist system and its structures in Europe, the dissolution of the USSR and the formation in the Baltic space of ethnocentric post-socialist states undergoing a process of 'Westernization' occurring at different speeds across the area. This process involved reforms rooted in Western political, economic, and humanitarian technologies. For the first time, despite the ongoing divergence in geopolitical stances among states within pre-existing subregions, there was active development in economic, social, and humanitarian integration. This gave rise to new regional communities of various sizes known as cross-border cooperation regions (Euroregions and regions formed by the Interreg programme, the Council of the Baltic Sea States, the Helsinki Commission, VASAB and other initiatives). Over the past fifteen years, these processes brought to life Europe's most successful 'region of cooperation'. The Baltic case has been actively studied and promoted as a model for cross-border cooperation in other border regions (see [21; 24—29]). Nonetheless, the relative importance of the region for Russia gradually decreased amid the expansion of the country's trade geography. By 2014, the contribution of the Baltic region to Russia's total bilateral trade had decreased to 18.5 %, with 8.9 % attributed to West Germany [17, p. 19]. From Russia's perspective, a 'Russia — Germany' trans-Baltic geo-economic corridor formed in the region, the culmination of the process being the 2012 launch of the Nord Stream gas pipeline. At the same time, the region received fewer and fewer mentions in each new edition of Russia's Foreign Policy Concept.

From the standpoint of the stability of geopolitical relations rooted in the geoeconomic reality and ensuring the success of the region, one can postulate the emergence of a new de facto regional cooperative geopolitical community in Europe — the Baltic geopolitical region. The region's stable geopolitical relations of cooperation remained conspicuous in the vast space of the 'Eurasian arc of instability', which runs through several conflict regions in the post-Soviet space [14].

However, NATO's enlargement, which has been a source of conflict since the late 1990s, the geopolitical fracture of Ukraine in 2014, marked by Crimea's integration into Russia, and, since 2002, the special military operation has had negative geopolitical and geo-economic repercussions on the Baltic region and collective Europe as a whole. Initially, in 2014—2021, these adverse effects manifested themselves in restrictions and curtailments of mutually beneficial cross-border interactions, which resulted from the 'sanctions geopolitics' pursued by Western countries and the countermeasures taken by Russia and Belarus. In 2022, the collaborations came to an end, accompanied by the dissolution of previously established forms of cooperation that had fostered regional unity. In addition, new 'collective' instruments for dividing the Baltic region emerged, informed by an anti-Russian and anti-Belarusian sentiment. As a result, Russia had to announce its withdrawal from the CBSS, as the members of the organisations were no longer considered equal.[1] These instruments include the Crimea Platform, the institution of 'unfriendly states', the Baltic expansion of NATO in 2023, the Ramstein Group, which brings together over 50 states providing military aid to the Kiev regime, among others.

The destruction of both Nord Stream pipelines with Germany's tacit approval can also be placed in the above category. The collective West has erected a new iron curtain, thicker and less permeable than the one during the Versailles and Potsdam eras. The political significance of the Baltic region for Russia has sharply declined, bolstered by the country's rapid 'turn to the East'. Russia's newly adopted Foreign Policy Concept of 2023 does not mention the Baltic region, with greater more attention given to Latin America and Africa.

The natural consequence of the disintegrative processes occurring within the previously flourishing Baltic region of cooperation and fuelled by global geopolitical shifts is the emergence of a new regional geopolitical entity. This new formation is rooted in confrontational geopolitical relations between two opposing geopolitical and geo-economic development paradigms: the Baltic Euro-Atlantic model represented by the Baltic States, which are EU and NATO members, and Ukraine, with the primary political coordinator, the US, being a non-regional actor, on the one hand, and the Baltic Eurasian model represented by Baltic Russia and Belarus — members of the CIS, the Union State, the CSTO and the EAEU, on the other [30].

What place does this new changing Baltic regional geopolitical entity hold in the Eurasian geopolitical reality amidst the collapse of previously dominant ethnic, national and integrative geopolitical processes and systems, and the establishment of a multipolar global geopolitical system with a focus on civilizational geopolitical processes?

Let us try to answer this question by creating a hierarchy of contemporary conflicting geopolitical regional entities in Eurasia. If we consider the Eurasian arc of instability, which stretches from the Atlantic to the Pacific Ocean and may include the perimeter of the post-Soviet space, depending on the interpretation, as a multi-focal geopolitical macro-region of conflicting geopolitical relations, then we can identify two major de factor geopolitical subsystems within it. These civilizational geopolitical regions are the Euro-Atlantic area (the space of NATO,

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[1] Rossiya reshila viyti iz Soveta gosudarstv Baltiyskogo morya [Russia decides to withdraw from the Council of States of the Baltic Sea], 17 May 2022. *TASS*, URL: https://tass.ru/politika/14647127 (accessed 11.05.2023).

EU, and other Euro-structures of the Western civilization) and the Eurasian area (Russia and fellow member states of integration associations representing the ‘non-Western’ civilizations of the post-Soviet space. Within these spaces, there are numerous conflicting geopolitical regions linked by various types of conflict relations between two or more state actors forming alliances and other structures [14]. From this perspective, the Baltic States and some neighbouring countries located at the Baltic interface between the Euro-Atlantic and Eurasian regions, such as Belarus and Ukraine, can be considered as a de facto confrontational Baltic geopolitical region of a bipolar type with a complex, mosaic geopolitical structure of conflict relations. These ‘fault lines’ run between states, countries and international organisations. The identified avenues of geopolitical development followed by countries of the Baltic region make it possible to distinguish two subregions in the area: the Baltic-Euro-Atlantic subregion and the Baltic-Eurasian subregion, which are linked by confrontational geopolitical relations.

Conclusions

This study examined several interconnected issues crucial to understanding the substantive and geographical characteristics of the Baltic region. To achieve this, an activity-geospatial geo-spatial approach was utilised in exploring geopolitical processes and systems from the perspective of political geography and geopolitics. Further, a typology of transboundary and transnational regions was proposed and applied to the study of the Baltic region. At the current stage, the most relevant typology is the one with a focus on the quality of regional relationships or their complementarity (regions of cooperation or conflict).

The Circum-Baltic space was examined in the context of Baltic region delineation. It was concluded that from a geopolitical standpoint, different delimitation variants do not contradict each other, representing different facets of a single regional geopolitical system. Therefore, the four ‘geopolitical contours’, defined using different methodological principles, should be considered collectively.

The specifics of geopolitical regionalisation within the Baltic regional geopolitical system were examined across historical periods to elucidate the dynamics of the global geopolitical system. Five geopolitical periods and geopolitical processes of the last two decades were explored to this end. The historical transformation of geopolitical processes, systems and structures in the Baltic region was investigated: from an ethnic and religious-driven geopolitical entity of the Westphalian era, through the imperial-geopolitical phenomenon of the Vienna period to the foundational geopolitical structure of the Versailles and Potsdam eras. It was concluded that the region had a stable bipolar structure from the 18th to 20th centuries, as two centripetal-peripheral geopolitical subregions formed with Prussia (Germany) and Russia (USSR) at its poles.

During the Belovezha era, the dominance of foundational and ethnic-driven geopolitical processes manifested in the collapse of the socialist system and its structures, the dissolution of the USSR, the formation of ethnocentric post-socialist states and their westernization launched integration for the first time in the history of the region. This way, a *de facto* regional cooperative geopolitical unity — the Baltic geopolitical region — a region with stable geopolitical relations of cooperation. However, after 2014, the escalation of confrontational civilizational geopolitical processes between the countries of the region caused a new iron to fall. The modern bipolar geopolitical entity — the de facto confrontational Baltic geopolitical region, whose members follow different avenues of geopolitical avenues — divided the region into two geopolitical subregions: the Baltic-Euro-Atlantic and Baltic-Eurasian areas.

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