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THE EVOLUTION OF US POLITICAL PRIORITIES IN THE BALTIC SEA REGION IN THE 2010s

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The fundamental geopolitical changes in the Baltic Sea region after the end of the Cold War caused the United States to revise its priorities in that part of the world. The process became especially apparent in the second decade of the 21st century when the Ukraine crisis brought to light the consequences of NATO and EU enlargement to the former Warsaw Treaty allies and the Baltic States. This article shows how the US, motivated by the need to 'contain' Russia, was developing its overall approaches to ensuring its political leadership in the Baltic region. It demonstrates how Washington is planning to reduce the vulnerability of certain nations of the region to Russia's military and non-military influence and what steps the US and its NATO allies have taken in this direction. It is argued that, although the Western military buildup in the Baltic Sea region and the US attempts to neutralise Russian 'hybrid' instruments are unable to increase substantially the defence capabilities of NATO allies in the Baltic, the security dynamics in the region are likely to turn it into an arena for a struggle between Russia and the West. Russia will benefit from seeing the Baltic region nations not as tools in the Russian-US confrontation, but as partners in regional cooperation aware of their own interests.

Keywords:

Region, security, NATO, war presence, military training, rotation, infrastructure, energy security, hybrid warfare

Introduction

The Baltic Sea region has always been of particular importance for Russia from a civilizational, geopolitical and socio-economic viewpoint. Even in the period of bipolar confrontation between the Soviet Union / the Warsaw Pact and NATO, this region was an example of the opposing sides adhering to certain 'rules of the game' despite mutual rivalry, thus avoiding uncontrolled tension as well as any attempts to revise the borders between the existing spheres of influ-

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ence. Non-aligned status of Sweden and Finland, alongside the specific position of the latter due to its special relations with the Soviet Union, contributed to this situation. NATO presence in the region was rather limited, especially since Norway and Denmark did not allow the deployment of military bases and nuclear weapons on their continental areas.

The situation changed fundamentally due to *perestroika* in the Soviet Union, followed by the collapse of the socialist bloc and the USSR itself, and Moscow's former allies' accession to the European Union and NATO. The Russian Federation, with its positions in the Baltic Sea Region drastically weakened in comparison with those of the former Soviet Union, found itself in disadvantaged condition while trying to curb the expansion of those institutions.

The United States, due partially to its own ambitions, but in a greater extent motivated by the needs of its new NATO allies with their constant sense of inevitable 'Russian revenge', received the chance to become a major actor in the Baltic region.

The second decade of the 21st century, and especially the period after the Ukraine crisis in 2013—2014, is of particular importance from a research point of view, since it was when a new confrontation reality between the Russian Federation and the United States / NATO started to develop. The Baltic Sea region is an integral part of this confrontation. After the coup d'état in Kiev in February 2014, reunification of Crimea with Russia, and hostilities breaking out in the Donbass, for which the West blamed Moscow, Washington and NATO moved on to a new stage of a confrontational model of behavior in this area.

Yet, despite the bipartisan support of this line in the United States, the specific methods of its implementation were subject to various changes. The advent of Donald Trump's administration with its 'America First' slogan could not but affect the credibility of Washington among its major allies, including the Baltic Sea region.

This article is aimed at tracing the basic political and military priorities of the United States in the Baltic Sea region: how they were shaped and how they changed; in what ways Washington reacted to the changes in the security situation in the region and in Europe in the 2010s; how those varying objectives of the United States reflected in decisions taken within NATO; how the US uses non-military mechanisms (primarily in the energy sphere) in the Baltic Sea region to contain Russian influence in Europe. I use both the comparative historical method (tracing the evolution of the US approach to the Baltic Sea region over the second decade of this century and comparing Barack Obama's and Donald Trump's attitudes), and the analysis of individual issues shaping Washington's policies in this area.

The article takes into account that the Russian and world studies on the problems of the Baltic Sea geopolitics lack consensus on where the borders of this region lie, that the physical and geographical view of the concept of 'region' may differ significantly from the socio-economic and security one [1]. At the

same time, I agree with the opinion that a strict definition of the ‘region’ and concrete interpretation of its geographical boundaries largely pre-determine foreign policies of a given country [2, p. 14]. Relying on this approach, I adhere to a broad understanding of the Baltic Sea region, which includes the Russian Federation, Germany, Poland, the Baltic countries (Estonia, Latvia, Lithuania), the Nordic countries (Denmark, Norway, Sweden, Finland). This concept took shape after the Council of the Baltic Sea States (CBSS) was established in 1992, which, alongside the above-mentioned 10 states, includes Iceland (since 1995) [3, p. 1152–1153].

What is behind the US interest in the Baltic Sea region

The breakup of the Eastern bloc, and especially the accession of Poland, Estonia, Latvia and Lithuania to the European Union and NATO at the turn of the 20th and 21st centuries, actually made the Baltic Sea an ‘internal sea’ for these political, economic and security institutions. Prior to the Ukraine events in 2014, the rivalry between Russia and the West in the region did not go beyond a relatively peaceful framework, but after the reunification of Crimea and the outbreak of the conflict in the South-East of Ukraine, geopolitical confrontation, along with the growth of military tension, began to return to this part of Europe. Yet, I agree with Lukas Milevski from Leiden University, who claims that geopolitics ‘had never gone away’ before the events of February/March of 2014, ‘it had only been ignored’ — at least as far as planning for Baltic defense by NATO was concerned [4, p. 61–62].

The fact that the inclusion of the Baltic states in NATO in 2004 was primarily a political act not accompanied by the development of detailed defense plans for these states until the middle of the next decade (except in the event of a direct ‘Russian attack’) demonstrates the lack of strategic interest of the United States in this region before the Ukraine crisis necessitated adjustments to American foreign policy planning. According to the Finnish scholar Jan Hanska, it was highly infrequent that American leaders would mention Baltic states in their speeches of the ‘pre-Ukrainian’ period with the exception of Poland, such mentioning being the main indicator of Washington’s interest in the Baltic Sea region [5, p. 21]. However, the sharp rise in the Russian-Western confrontation after the Ukraine crisis has led to a noticeable change in the criteria for American participation in the affairs of the Baltic Sea region, and made the mission of ‘containing’ Russia top priority again.

The steps taken by Washington and its allies to protect Poland and the Baltic states from the alleged ‘Russian aggression’, and Russia’s measures to strengthen its defense capability in the Baltic Sea region with NATO approaching its borders constitute just one example of growing tensions between Moscow and the West. This is the reason for some experts in various countries to draw parallels with the Cold War era [6; 7; 8]. Not all scholars think it relevant to carry over

the term ‘Cold War’ to the contemporary period. For example, Lukas Milevski believes that this analogy is based just on the fact that NATO has mostly the same adversary, and that is the only similarity with the Cold War era. Now there is no need for the West to impose a new containment upon Russia counting on its collapse and the defeat of its own ideological project, since this project is practically non-existent. Moreover, the West, according to Milevski, has an interest in encouraging Russian interventionism beyond its borders, as in Syria. “Russian activity in Ukraine is clearly distasteful but has proven bearable to the West. But Russian activity in the Baltic states should be unacceptable as it would be tantamount to rolling back the borders of the West...” [4, p. 70—73].

Konstantin Khudoley (Saint Petersburg State University) argues that we now have “a struggle between two capitalisms — state-driven authoritarian capitalism and its liberal democratic counterpart. It is a confrontation between institutions rather than between socio-political systems or civilizations.” He thus suggests that we speak not about the cold, but about the ‘cool’ war in the Baltic Sea region [9, p. 5].

It seems that ideological and value-driven arguments used by Washington in the current confrontation with Russia serve primarily as a cover for its efforts to preserve the geopolitical order that was established in Europe after the collapse of bipolarity, and that is increasingly justified in Western political and academic circles by the concept of Rules-Based International Order. Advocates of the ‘neo-containment’ of Russia keep blaming it for violating those arbitrarily interpreted ‘rules’. Many of them (including, in particular, the former Supreme Allied Commander Europe (NATO), General Philip M. Breedlove and the former deputy Secretary General of NATO Alexander Vershbow) argue that the Baltic Sea region has become the central arena for the West in counteracting this ‘Russian revisionism’ which took shape under President Vladimir Putin [10, p. 1]. It is rather the ‘containment’ paradigm towards Moscow — where the latter is capable of weakening the Western positions — than some long-term strategy, that currently determines Washington’s line in its relations with Russia in the Baltic Sea region.

The increasing interest of the US foreign policy community (in particular, American legislators) in the Baltic Sea region in the period after the start of the Ukrainian crisis is evidenced by the fact that in July 2019, the US Commission on Security and Cooperation in Europe (CSCE) held its first ‘field hearing’ outside the United States on the territory of that region, in Gdansk.

In this regard, Washington makes the most of the pro-American, rather than pro-EU, aspirations of the Eastern European and Baltic political elites, since it is the United States that they see as the main guarantor of their Western anchor. According to Vadim Volovoy and Irina Batorshina, “the interest of the political circles of Lithuania, Latvia and Estonia in the US leadership on the European continent is motivated not only by coinciding interests in the Baltic Sea region, but also by the obvious lack of solidarity and enthusiasm of the Western European countries in sending their troops to protect the Baltic states” [11, p. 35].

The Baltic Sea region, and Central and Eastern Europe as a whole, is used by the United States as a tool for ‘educating’ other NATO allies who are not always eager to be involved in a confrontation with Moscow, as well as to contribute sufficient money for defense needs and to sacrifice mutually beneficial economic projects with Russia. The above-mentioned scholars believe that “all the US/NATO military-political ‘maneuvers’ in the Baltics and Poland are just a geopolitical game, aimed at strategic confrontation between Russia and Europe <...> America does not need a coherent European Union (especially as a federal entity), which would be able to develop a partnership with the Eurasian Economic Union. Therefore, the Europeans must be convinced that the Russian threat is real.” [11, p. 33–34]

It is the former Warsaw Pact members and the Baltic states that exhibit the greatest zeal in meeting the military spending standard of 2% of GDP. By 2020, this benchmark, approved by NATO at the Wales Summit in 2014, was achieved by all former participants of the ‘Soviet bloc’ in the region. Latvia reached it for the first time in 2019. At the same time, Norway (1.8%) and especially Denmark (1.32%) are still lagging behind the established standard.¹

Concurrently, the larger part of the American expert community studying the Eastern European region considers the Baltic republics to be especially vulnerable in the face of a hypothetical ‘Russian aggression’ and actually undefendable by the North Atlantic alliance. This vulnerability manifests itself in the following main directions:

- disadvantageous geographical position — the region almost entirely borders on land with the Russian Federation and Belarus, which makes it easier for Moscow to ‘occupy’ their territories, if necessary, in a short period of time;
- meager armed forces of the Baltic states (all three countries, taken together, have slightly more than 20,000 troops);
- critical dependence on the supply of Russian oil and gas, despite certain and not unsuccessful efforts to reduce this dependence;
- a high proportion — especially in Latvia and Estonia — of the Russian-speaking population, which for the most part does not share the nationalist agenda imposed by the dominant ideology and is subject to the information influence of Russia.

Long-term nature of these factors notwithstanding, the specific methods of implementing Washington’s political objectives in the region depend on the perception of the threat that dominates in the United States at one time or another, as well as on the ways various groupings of the US ruling class prioritize those objectives. During the Obama presidency, the US behavior in response to the ‘Russian aggression’ after the Ukraine crisis of 2014 was largely reactive in its character. It was aimed at confirming the US readiness to support the Baltics by deploying additional military contingents in Estonia, Latvia and Lithuania

¹ Chart: NATO Defense Expenditure. Statista. 2019. Dec. 3. URL: <https://www.statista.com/chart/14636/defense-expenditures-of-nato-countries/> (accessed 01.07.2020).

on a rotational basis and intensification of NATO military exercises there. In early September 2014, Barack Obama visited Estonia. At a meeting with the presidents of the Baltic *troika* Toomas Hendrik Ilves, Andris Bērziņš, and Dalia Grybauskaitė, he reaffirmed American obligations to protect the security of these states in accordance with Article 5 of the Washington Treaty.² These attitudes predetermined the decisions of the NATO summit in Newport (Wales, UK) in September 2014. At the same time, the summit confirmed that the United States and its key NATO allies did not want to cross a certain threshold in confrontation with Russia, in particular, in meeting the Baltic and Polish desires to have the NATO military presence on their territories on a permanent rather than rotational basis.

After Donald Trump took office in 2017, the new administration's views on security alliances began to change markedly, which reflected the new president's desire to challenge multilateral transnational institutions and, in general, to discredit the principles of global governance [12, p. 131–133]. This often gave rise to incorrect interpretations of the 45th President's views as isolationist, especially since at first Trump spoke about the 'obsolescence' of NATO, and even admitted withdrawal of the Article 5 obligations for those NATO allies who did not comply with the 2% GDP benchmark of military expenditures [13, p. 133]. In the National Security Strategy of the United States approved by Donald Trump in December 2017, much more emphasis than in similar earlier documents is placed on encouraging allies and partners among 'frontline states' on the eastern flank of NATO to "better defend themselves".³

The US withdrawal from the Intermediate-Range Nuclear Forces (INF) Treaty in 2019, as well as its pulling out of the Open Skies Treaty (OST), which President Trump announced in May 2020, also contributed to a serious erosion of American leadership in shaping Western political priorities on the NATO eastern flank. The main pretext for US withdrawing from OST was directly related to the Baltic Sea region and came down to Russia's restrictions on inspection flights over the Kaliningrad region.

At the same time, Donald Trump, as his speech at a meeting with the Presidents of Latvia, Lithuania and Estonia Raimonds Vējonis, Dalia Grybauskaitė, and Kersti Kaljulaid in Washington in early April 2018 shows, tried to detach the US priorities in the region from the Ukraine crisis, although he still complied with NATO's decisions taken as a response to this crisis. He emphasized the importance of the support granted by those countries to the United States in the fight against ISIS, mentioned that the Baltic countries constitute an important

² *Remarks by President Obama and Leaders of Baltic States in Multilateral Meeting // The White House. President Barack Obama. 2014. September 03. URL: <https://obamawhitehouse.archives.gov/the-press-office/2014/09/03/remarks-president-obama-and-leaders-baltic-states-multilateral-meeting> (accessed 09.06.2020).*

³ *National Security Strategy of the United States of America. December 2017. The White House, Washington, DC, 2017. P. 48.*

market for American goods,⁴ pointed out their cooperation on energy security, collaborating in diversifying energy sources, supplies, and routes throughout the Baltic region, including expanding exports of U.S. liquefied natural gas (LNG).⁵ Energy security, understood as a chance to promote the interests of American energy companies, has become the most conspicuous of the new accents made by the Trump administration on the eastern flank of NATO.

Furthermore, under the 45th President — although the problem itself was not ignored under his predecessor — the United States enhanced its efforts in countering Russian ‘hybrid threats’, primarily in the digital and informational spheres, as well as in holding back ‘Russian interference’ in domestic policies of NATO countries and especially in the Baltic states as the most vulnerable.

Alongside that, Donald Trump prioritizes counteracting the growing power and expansion of China, in particular its Belt and Road Initiative, in which the Baltic countries are assigned an important transit role. For instance, A. Wess Mitchell, Assistant Secretary of State for European and Eurasian Affairs, points out that the Eastern European region has become a major target of Russian and Chinese attacks, each of them having instruments to establish control over that region. For Russia, these instruments are the military aspect, propaganda, energy tactics with the use of corruption ties; while China relies on trade and investment offensive, and ‘debt-book diplomacy’.⁶

Since the beginning of the Trump presidency, a hypothetical war confrontation with China has been weighed out as a possible variant not only in the Pacific, but also in more remote regions. The Baltic Sea region, Northern Europe and, more broadly, the North Atlantic are no exception here, as in its Silk Road strategy China openly proclaims its intention to become one of the Arctic powers. After *Maritime Cooperation*, the first Russian-Chinese naval drills in the Baltic Sea in July 2017, the US military and political establishment has received tangible evidence that even here, Moscow and Beijing are capable of

⁴ Yet, the total trade turnover between the United States and the Baltic states is not large, although it has grown during the Trump presidency, making up about \$ 1.3 billion with Estonia, more than \$ 1.2 billion with Latvia, and nearly \$ 2 billion with Lithuania (data for 2018). Source: *Estonia, Latvia, and Lithuania: Background and U.S. — Baltic Relations* // Congressional Research Service. 2020. Jan. 02. URL: <https://fas.org/sgp/crs/row/R46139.pdf> (accessed 24.06.2020). The situation is similar with trade between the United States and Poland — about \$ 13.5 billion in 2018 — about 10 times less than the trade turnover between Poland and Germany (*Poland exports, imports and trade balance by Country and Region*. 2018. World Integrated Trade Solution). URL: <https://wits.worldbank.org/CountryProfile/en/Country/POL/Year/LTST/TradeFlow/EXPIMP> (accessed 24.06.2020).

⁵ *Remarks* by President Trump and Heads of the Baltic States in Joint Press Conference. 2018. April 3. URL: <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-heads-baltic-states-joint-press-conference/> (accessed 23.06.2020).

⁶ *Remarks*. A. Wess Mitchell, Assistant Secretary, Bureau of European and Eurasian Affairs. Atlantic Council. Washington DC. 2018. October 18. URL: <https://www.state.gov/p/eur/rls/rm/2018/286787.htm> (accessed 29.03.2020).

joining forces to counterbalance the American power, and that the challenges for American leadership in Europe can no longer be considered just within European framework.⁷

Military Aspect

The ‘Russian threat’ as the main challenge. Before the Ukraine crisis, Washington’s policy concerning its military presence in Europe, including the eastern flank of NATO, was largely determined by the assumption that the main threats to US national security came from outside Europe. Prior to these events, as Vladimir Batyuk argues, the military policy of the US administration towards NATO allies under President Barack Obama remained, in principle, the same as under George W. Bush: “to reduce as much as possible the number of American troops in Europe, which are capable of taking part in military operations in the land theater (ground forces, marines, tactical aviation), replacing them with units deployed in the United States and arriving in Europe on a rotational basis — for the duration of exercises and other events [14, p. 142 — 143]”.

In this context, some countries of the Baltic Sea region have been assigned a significant role in deploying the American ABM systems in Europe. As part of Phase 3 of the European Phased Adaptive Approach (EPAA) to the deployment of European missile defense systems, which was announced by President Barack Obama in 2009 and officially intended to neutralize the Iranian and North Korean missile threat, Washington planned to deploy 48 SM-3 interceptor missiles in 2018 in Redzikowo, northern Poland, in the framework of the Aegis Ashore project. However, commissioning of this facility was delayed twice. In February 2020, its postponement to 2022 was again announced. Additionally, in September 2012, General Stanislaw Kozieł, secretary of the National Security Council of Poland, spoke for building a national Polish missile defense system, this time openly targeted against Russia. As Valery Konyshev, Alexandr Sergunin and Sergey Subbotin note, “it is in Poland and the Baltic countries, where the most radical and anti-Russian sentiments regarding the deployment of missile defense systems have developed”. However, as these scholars remind, these countries’ appeals to re-target the European missile defense system against Russia were not well received at the NATO Wales summit: Germany, in particular, opposed this idea, believing that a step like this would be an unnecessary provocation vis-a-vis Moscow [15, p. 53].

After the Ukraine crisis started, numerous expert publications appeared in the United States and in the West as a whole, where a ‘Russian aggression’ against the Baltic states was discussed as a highly probable scenario (although there were also

⁷ US to monitor Russian-Chinese naval drills in Baltic Sea. Stars and Stripes. 2017. July 20. URL: <https://www.stripes.com/news/us-to-monitor-russian-chinese-naval-drills-in-baltic-sea-1.478931> (accessed 24.07.2020).

a few experts who admitted that such an attack was unlikely⁸). As a rule, the authors of such publications believe that NATO will be able to defend these states for a very short time, if such defense would be at all possible. A report edited by LTG (Ret.) Ben Hodges, former commander of United States Army Europe, argues that Russia is “bolstering and modernizing forces in its Western Military District and is transitioning the Kaliningrad exclave from an Anti-Access/Area Denial (A2/AD) threat to a potential launching platform to support a limited ground invasion or attack against a NATO Ally”. Alongside this, Russia, according to the authors of this report, “continues aggressive air and maritime domain behavior against Allies and Partners and has threatened Denmark and Sweden with nuclear attack, rehearsing such a scenario... on more than one occasion” [16, p. 4].

NATO was greatly worried about the Russian-Belarusian military exercise ZAPAD 2017 with the participation of more than 100,000 troops, as well as about the above-mentioned Russian-Chinese exercise Maritime Cooperation.

An expert from the Jamestown Foundation argues that “failure to defend in place for the first 30 days means a quick collapse before NATO can realistically intervene, the [Russian] occupation of the Baltic States, and the probable splintering of the Alliance” [17, p. 22].

It has also become a commonplace among Western analysts to ascribe to Russia an intention to take control of the Suwalki Gap — a section of the Polish-Lithuanian border, through which it would be possible to establish communication between Belarus and the Kaliningrad region of the Russian Federation.

Many American experts (especially those with Polish or Baltic background) tend to speak about hypothetical military implications of the Nord Stream 2 pipeline project, which could allegedly be used by Russia as a pretext to significantly expand its military activity in the region [18].

To address those challenges, which became especially acute after the events around Ukraine, the United States launched the Atlantic Resolve Operation in April 2014 funded in the framework of the European Reassurance Initiative. In 2017, the latter was transformed into the European Deterrence Initiative, envisaging periodic deployment of additional armored and airborne units in Poland and the Baltic countries. In the Trump years, its funding boost was especially significant — up to \$6.5 billion in 2019 from \$985 million in 2015. After that, however, the administration’s requests for its implementation slightly decreased.⁹

⁸ One of these experts believes, in particular, that Moscow will not take such actions as long as there are no attempts on the part of NATO to block Russian access to the Kaliningrad exclave, and that the Russian-speaking residents of the Baltic countries, unlike Russians in Crimea and Eastern Ukraine, cannot be used by Russia as a launching pad for a ‘hybrid’ invasion, since most of them remain loyal to their states. *Person R*. 6 reasons not to worry about Russia invading the Baltics. The Washington Post. 2015. Nov. 12. URL: <https://www.washingtonpost.com/news/monkey-cage/wp/2015/11/12/6-reasons-not-to-worry-about-russia-invading-the-baltics/> (accessed 29.07.2020).

⁹ *The European Deterrence Initiative: A Budgetary Overview*. Congressional Research Service. 2020. June 16. URL: <https://fas.org/sgp/crs/natsec/IF10946.pdf> (accessed 26.06.2020).

Under the Foreign Military Sales program, Washington has also supplied the Baltic states with various defense articles and services worth more than \$ 500 million, and via the Direct Commercial Sales process, they have received nearly \$ 350 million worth of defense articles from the United States since FY 2015. Besides, in the framework of Foreign Military Financing (FMF), the United States has made a \$ 250 million contribution to these three countries to develop their defensive capabilities, such as electronic and hybrid warfare, border security, maritime and air domain awareness, increasing the Baltic states' interoperability with NATO armed forces.¹⁰

Baltic Sea region on NATO agenda. Washington assigns the leading role in the implementation of its political priorities in the Baltic Sea region to the North Atlantic Alliance, especially, as was mentioned above, due to the need to develop detailed defense plans for the Baltic states within NATO, which became acute in the wake of the Ukraine crisis. Following the outbreak of that crisis, the function of the NATO Baltic air-policing mission was expanded. The NATO summit in Wales in September 2014 decided to establish a Very High Readiness Joint Task Force (VJTF), which was followed by the Warsaw summit decision in July 2016 to deploy four battalion-sized battlegroups on a rotational basis in Estonia, Latvia, Lithuania and Poland, as part of the Enhanced Forward Presence posture. These battlegroups are led by the United States, United Kingdom, Canada, and Germany. The headquarters for the multinational division was also established in Poland [19].

In July 2018, at its summit in Brussels, the North Atlantic Alliance approved the 'Four Thirties' initiative, which assumes that, from 2020, the Alliance will have 30 mechanized battalions, 30 air squadrons and 30 combat vessels ready within 30 days or less. These forces must, if necessary, reinforce multinational battalions in Poland, Lithuania, Latvia and Estonia.¹¹

Since January 2017, armored brigade combat teams of the United States — each for a period of nine months and numbering about 4,500 troops — have also been transferred to Poland, supplemented by a combat helicopter brigade. In June 2019, the presidents of the United States and Poland, Donald Trump and Andrzej Duda, agreed that the American rotational military presence in that country would be increased by an additional 1,000 troops. It is also planned to deploy a squadron of American MQ-9 Reaper drones in Poland.

Not in the least, these steps are viewed by Washington as compensation for its unwillingness to deploy US troops on the Polish territory, as well as in the Baltic countries, on a permanent basis. However, a number of experts in the United

¹⁰ U.S. Security Cooperation With the Baltic States. U.S. Department of State. Bureau of Political-Military Affairs. 2020. June 11. URL: <https://www.state.gov/u-s-security-cooperation-with-the-baltic-states/> (accessed 19.06.2020).

¹¹ *Brussels Summit Declaration*. Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Brussels 11–12 July 2018. North Atlantic Treaty Organization. URL: https://www.nato.int/cps/en/natohq/official_texts_156624.htm#14 (accessed 27.06.2020).

States support the desire of Washington's new NATO allies in the region to provide more robust American military presence on their territories [20]. General Ben Hodges, former commander of United States Army Europe, in particular, believes it necessary to deploy American units in Latvia, Lithuania and Estonia, whose tasks would include logistics, intelligence, communications, as well as air and missile defense.¹²

Apart from this, Poland is viewed by Washington as one of the most promising markets for American arms in Eastern Europe. At the end of January 2020, a \$ 4.6 billion deal was signed between Poland and the United States for the purchase of 32 F-35A Lightning II fighter jets. It provided not only for the purchase of aircraft, but also for simulators, training of Polish pilots, and logistics package for the Polish side. This was the second major deal for the supply of American fighters to Poland after the purchase of 48 F-16 aircraft in the 2000s. One should also mention the 2018 US-Polish deal for the supply of Patriot missile systems to Warsaw.

The decisions taken by NATO after 2014 to increase its military presence in the Baltic region indicate that in this issue the United States does not experience significant problems even with those allies in 'old Europe' (in particular, Germany and France) who are not eager to sacrifice the benefits of their ties with Russia. Donald Trump's arrival in the White House, which brought a considerable conflict potential to the US-European relations, did not fundamentally violate the intra-Western consensus on the need to rebuff the 'Russian expansion'. Turkey's bid to block the adoption of the defense plan for the Baltic states and Poland was the only stumbling block in reaching agreement on the Baltic issue by the Alliance at the London NATO summit at the end of 2019. President Recep Tayyip Erdoğan demanded that the allies agree to recognize the YPG Kurdish armed groups in Northern Syria as terrorist, in exchange for Ankara's approval of this plan. It became evident that for a key US ally in NATO, its own geopolitical environment is far more important than the problems of the remote Baltic Sea region, and that Russia, as Rachel Ellehuus from the Washington based Center for Strategic and International Studies (CSIS) warned, was quick to play on the resulting fissures between Ankara and NATO [21]. Nevertheless, in late June 2020, Turkey withdrew its objections to the adoption of the defense plan for Poland and the Baltic countries.¹³

The 2014 events have become a pretext for NATO to significantly increase the number and scale of its military exercises in the Baltic Sea region. Thus, the Swedish Defense Research Agency (FOI) notes that in the period from 2014 to 2019, the number of exercises conducted by NATO in the Baltic and neighbor-

¹² Judson J. Do the Baltics need more US military support to deter Russia? Defense News. 2019. July 16. URL: <https://www.defensenews.com/land/2019/07/15/do-the-baltics-need-more-us-military-support-to-deter-russia/> (accessed 26.07.2020).

¹³ NATO puts defence plan for Poland, Baltics into action, officials say. Reuters. 2020. July 2. URL: <https://www.reuters.com/article/us-nato-baltics-turkey/nato-puts-defence-plan-for-poland-baltics-into-action-officials-say-idUSKBN24320B> (accessed 27.07.2020).

ing regions in cooperation with partner states, grew from 155 to 310 [22, p. 22], the largest of them being *Joint Warrior, Anaconda, Cold Response, Saber Strike, Baltops*, and *Trident Juncture*.

Yet, COVID-19 forced NATO, as well as countries that are building up military cooperation with it, to reduce the scale and number of their exercises, and this directly affected the Baltic Sea region (similar measures were taken by Russia). Since the pandemic affected a multinational battalion deployed in Lithuania, the major NATO military exercise Defender-Europe-20 in the region was postponed and held in a modified form in June. The Aurora-2020 exercise scheduled for May — June 2020 in Sweden, to which the United States was supposed to send the largest foreign contingent, was canceled. Such global scale emergencies can have a direct impact not only on the combat readiness of NATO forces, but on the credibility of the alliance as a whole [23].

After the start of the Ukraine crisis in 2014, the Baltic Sea region has been prone to a large number of dangerous military incidents between Russia and NATO. Noteworthy in this context are the incidents of June 2017 and August 2019, when NATO fighters tried to approach the plane of Russian Minister of Defense Sergey Shoigu. Some experts holding alarmist views, in particular Loren B. Thompson from the Lexington Institute, even believe that it is from the Baltic Sea region that a war with the use of non-strategic nuclear weapons is most likely to start. The formal reason for this may be the necessity to defend Estonia, Latvia and Lithuania, or a threat to the Kaliningrad region. The likelihood of such a war, according to the expert, is conditioned primarily by the proximity of the Baltic states to the centers of Russian political and military power, Washington's commitment to provide security guarantees to all NATO allies, and at the same time, the limited resource available to NATO to protect these states with the help of conventional forces [24].

There are some scholars specializing in the Baltic and other Eastern European regions, who admit (as Ulrich Kühn from the Carnegie Endowment, for example, does) that an overreaction to the threat of a 'Russian aggression' against the Baltic states is as dangerous as under-reaction, and that the main danger for the region lies in the escalation of the Russian-NATO military confrontation there. Still, such experts obviously constitute a minority in the US (and, more broadly, Western) academic community [25, p. 23–31].

The United States and NATO are also preoccupied with infrastructural isolation of the Baltic states from the rest of NATO territory, with the lack or poor technical condition of main highways and railways that could be used for transferring troops and military cargo from Western Europe to this region. This isolation is caused primarily by the impossibility of using the existing railway infrastructure — with its Soviet-legacy 1520 mm gauge and its East-West orientation — to implement the strategy of the Western alliance [26]. The EU-funded *Rail Baltica* project with a standard European gauge of 1435 mm, although economically controversial and unlikely to provide the cargo and passenger flow necessary for any return on investment in the foreseeable future, may make sense

from a logistical point of view, promoting NATO strategy not only in the Baltic Sea region, but in Central and Eastern Europe as a whole. Olevs Nickers from the Jamestown Foundation argues that *Rail Baltica*, thanks to its compatibility with the European track, will help NATO to move large volumes of military cargo from Germany and Poland to the Baltic states without interruption, saving time and limiting the numbers of personnel and transport equipment involved in the logistics, and therefore, having the potential to become crucial to the Baltic States' defense [27].

While the need to repulse 'Russian aggression' after the events of 2014 was to a certain extent helpful in rallying the NATO member states under American leadership, there still remain doubts concerning the US readiness to defend its allies regardless of their geographic location, size, share in world GDP, or contribution to the NATO military efforts. Although the Ukraine crisis has contributed to the growth of military confrontation in the Baltic region and increased the dangers associated with its escalation and the lack of generally accepted rules of the game between the opposing sides, a complete return to the Cold War model is unlikely. This means that in Washington's strategic plans, defense of peripheral states on the eastern flank of NATO bordering Russia, including a recourse to Article 5 of the Washington Treaty, will inevitably have lower priority compared to the protection of the 'older' allies in Western Europe. After all, even the measures planned by NATO to increase its military presence in the region do not give the North Atlantic Alliance any real opportunities to compensate for the sharp reduction in the number of troops and weapons that occurred in Europe after the Cold War. I thus agree with Graham Allison from the Harvard Kennedy School, when he draws parallels between a hypothetical US war aid to Taiwan if it declares independence following the suppression of the protests in Hong Kong by the Chinese authorities, and an equally hypothetical possibility of NATO's helping Latvia, if Russia annexes a swath of its territory in retaliation for a Latvian government's crackdown on insurgent ethnic Russian workers at the Riga shipyards to argue that, in either case, an immediate military response from the United States or NATO (including Article 5 measures) is neither possible nor appropriate. To quote Allison, it means that "the time has come for an alliance-focused version of the stress tests for banks used after the 2008 financial crisis" [28, p. 38].

United States, Russia, and 'hybrid warfare' in the Baltic Sea region. In the period following the Ukraine crisis, the Baltic region was chosen by Washington as one of the main testing grounds to develop the strategy of countering the 'hybrid wars' allegedly waged by Russia against the West, and tested during the 'annexation' of Crimea. The RAND Corporation [29–31] shows a particular interest in studying this issue. The term "hybrid wars" itself has neither a generally accepted definition nor clear-cut criteria. Yet, in the period under discussion, the interpretation of this term by Western experts mainly boiled down to active combination of military and non-military methods by the rivaling parties in their confrontation, the use of tools related to winning political influence, superiority

in the information and economic domains, interference in electoral and other domestic political processes of rival states, especially by applying cyber technologies and hacker attacks.

The fact that certain countries in the Baltic Sea region, primarily Estonia, Latvia and Lithuania, are viewed by American proponents of ‘containing’ Russia as a major target of the Russian ‘hybrid’ warfare, is determined by the continuing energy dependence of these countries on Moscow, their transport and infrastructure ties to the post-Soviet space, as well as by high proportion of ethnic Russians in the former two Baltic states. The situation when many Russian speakers are still deprived of citizenship — although certain steps are being taken to liberalize legislation in this area, and the number of non-citizens is decreasing for objective reasons — creates a basis for Russian influence, which the authors of US strategic concepts view as destructive. In this regard, even the most radical opponents of Russia in the US expert community admit that only by greater recognition of the Russian language, increased funding for Russian-language education, and citizenship rights for Soviet-era migrants, the Estonian and Latvian governments will be able to diminish Moscow’s influence, even if this contradicts the nationalist narratives surrounding the creation of those states [30, p. 31 — 33].

Since 2014, countering ‘hybrid’ threats has become one of the main issues at NATO summits. At the Warsaw summit in 2016 and the Brussels summit in 2018, it was mentioned in the final documents in the context of possible application of Article 5 of the Washington Treaty, although without specifying the source the threat. At the Brussels summit, the Alliance agreed to set up counter-hybrid support teams, which would provide tailored targeted assistance to Allies upon their request.¹⁴

The NATO Cooperative Cyber Defense Centre of Excellence, established in Tallinn back in 2008, plays a significant role in developing the Alliance’s strategy for countering ‘hybrid’ threats. Representatives of 25 countries, including non-NATO members Austria, Finland and Sweden, take part in its work.

Finland and Sweden in US and NATO military planning. The Russia-West confrontation is eroding the non-aligned status of Finland and Sweden, who are increasingly involved in joint military activity with NATO (including their participation in military exercises, in particular *Aurora*, *Baltops* and *Cold Response*), although officially, joining NATO is still not on their agenda. At the NATO Summit in Wales in 2014, the two countries signed memorandums with NATO to join the Alliance’s Host Nation Support program, which makes it possible to invite NATO forces in crisis situations and to hold joint exercises.

In the expert community, both in these countries and in the United States, discussions on more active American military presence in the Baltic Sea region,

¹⁴ *Brussels Summit Declaration*. Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Brussels 11 — 12 July 2018. North Atlantic Treaty Organization. URL: https://www.nato.int/cps/en/natohq/official_texts_156624.htm (accessed 21.06.2020).

as well as considerations of more tangible support to Washington by Helsinki and Stockholm, up to their possible accession to NATO, have already gone beyond the purely academic framework [17; 32–34]. An analyst from the Jamestown Foundation argues, in particular, that probable use of Swedish airspace, airfields and territorial waters by NATO would likely change the Russian position, complicate Russian planning, and alter the balance of forces in the region. “Accordingly, NATO should encourage Sweden and Finland to join the Alliance as full-fledged members in the event of Russian aggression” [17, p. 27].

Despite the growing incentives to strengthen security cooperation with the United States and NATO, Finland and Sweden still face serious obstacles to joining the North Atlantic Alliance. Finland, who has not given up the tradition of ‘privileged relations’ with Moscow even after joining the anti-Russian sanctions imposed after the Ukraine crisis, considers it counterproductive to let those relations deteriorate, which, no doubt, will happen if Helsinki joins NATO without any provocation from the Russian side. Furthermore, as Konstantin Khudoley and Dmitry Lanko point out, there are fears in Finland that if the country joins NATO, it will be dragged into a war in remote regions for defending alien interests [35, p. 17]. Sweden has similar concerns. In addition, it seems that Sweden, with its well-developed defense industry, is much less dependent on imports from the American military-industrial complex than Finland and does not want to increase this dependence, which will become inevitable if the country joins NATO. At the same time, in pressuring Russia on the Ukrainian issue or on the issue of the Russian military presence in the Baltic Sea and Northern Europe, in maintaining sanctions against Moscow, Stockholm can become an effective ally of Washington, making up for Britain’s withdrawal from the European Union in terms of influencing EU foreign policy [36, p. 383].

Baltic Sea Region and US Energy Security Interests

In the early years of the 21st century, the Baltic Sea and adjacent countries became for Washington one of the major arenas in countering Russian ‘energy weapons’. American experts who analyzed the issue of neutralizing the Russian influence in this area note, on the one hand, challenges of the regional scale (specifically, critical dependence of most countries in the region on Russian oil and gas supplies), and, on the other hand, threats that allegedly exist only in Estonia, Latvia and Lithuania as the former Soviet republics and are primarily associated with the electric power industry and related infrastructure. I am talking about their Soviet-legacy electricity grids synchronized with those of Russia and Belarus, the Baltic *troika*’s desire to abandon this synchronization by withdrawing from the BRELL electricity ring (the agreement on this ring was signed in 2001) and reconnecting their power grids to the European Union networks [37, p. 123–125].

Ever since the George W. Bush administration, Washington has been firm in its efforts to weaken Russia’s energy influence in Europe, presenting its allies

dependence on Russian oil and gas as a major threat to national security. One of the threats of this kind for Washington is Russian-German cooperation in constructing the Nord Stream and Nord Stream 2 gas pipelines on the bottom of the Baltic Sea, bypassing the territories of Poland and the Baltic countries. The United States makes the most of the hostile approach of these states towards these projects. Since the middle of the second decade of the 21st century, arranging US liquefied natural gas (LNG) supplies — simultaneously with supplies from Norway, Qatar, and other alternative sources — has been the main instrument for Washington in promoting its concept of energy security in the Baltic and other regions of the CEE. The first steps in this direction were taken by the Obama administration, yet it is only with Donald Trump that the policy of replacing as much of the Russian gas as possible with American LNG — including the markets of the Baltic Sea region — has been implemented consistently, pursuing the main goal of disrupting any energy alliance between Russia and the European Union.

To promote American energy resources at the Baltic and other East European markets, the Three Seas Initiative is used. First supported by Washington during Barack Obama presidency, this project, also known as the Baltic, Adriatic, Black Sea (BABS) Initiative, comprising 12 states of Central and South-Eastern Europe and going back to the Polish inter-war intermarium concept, was launched in 2015 by Polish President Andrzej Duda and Croatian President Kolinda Grabar-Kitarović. In July 2017, President Donald Trump attended the Three Seas Initiative summit in Warsaw and delivered a keynote on re-orienting the region's oil and gas market from Russian supplies to alternative sources, including LNG from the United States. He spoke of the need to build new energy infrastructure in the region, provide greater access to energy markets, and remove barriers to energy trade.¹⁵

At the Munich Security Conference in February 2020, Michael Pompeo, the US Secretary of State, announced a new US aid package up to \$1 billion for Central and Eastern European countries of the Three Seas Initiative.¹⁶

The promotion of American interests in the energy sector of the Baltic Sea region has a strong link to the issue of combating the 'hybrid' threats. In early October 2019, during his tour of the Baltic States, the US Secretary of Energy Rick Perry participated in the conference of Partnerships for Transatlantic Energy Cooperation (P-TEC) in Vilnius and, with his colleagues from Lithuania, Latvia and Estonia, signed a declaration of guarantees, providing for protecting the energy infrastructure of these three countries from cyber attacks.¹⁷

¹⁵ Read Donald Trump's Remarks at the Three Seas Initiative Summit in Poland. Time. 2017. July 6. URL: <http://time.com/4846780/read-donald-trump-speech-warsaw-poland-transcript/> (accessed 10.06.2020).

¹⁶ *The West is Winning*. Speech Michael R. Pompeo, Secretary of State. Munich, Germany. Munich Security Conference. 2020. February 15. URL: <https://www.state.gov/the-west-is-winning/> (accessed 06.06.2020).

¹⁷ *Secretary of Energy Rick Perry's Keynote Address at the 2nd P-TEC Meeting*. U.S. Embassy in Lithuania. 2019. October 7. URL: <https://lt.usembassy.gov/secretary-of-energy-rick-perrys-keynote-address-at-the-2nd-partnership-for-transatlantic-energy-cooperation-p-tec/> (accessed 27.05.2020).

In the Trump era, the Nord Stream 2 project, has become the main target of attack by the United States, as a part of shaping the US energy strategy in Europe, since projects like this not only make Germany (as well as other countries, to which Russian gas can be transported by pipelines) dependent on Gazprom, but also contribute to the ambiguity of political outlook of the European elite. The US sanctions against Nord Stream 2 have become part of the overall sanctions policy against Russia and are incorporated in various legislative acts, starting with The Countering America's Adversaries Through Sanctions Act (CAATSA) signed by President Donald Trump in August 2017, as well as into the defense budget legislation. However, these measures affect not only Russia, but those European companies, which participate in the project. Actually, some key EU regulations, in particular the Third Energy Package, adopted in 2009 and requiring companies operating in the energy sector to separate energy supply and generation from the operation of transmission networks, play into the hands of Washington in its desire to complicate (if not completely disrupt) the implementation of Nord Stream 2. The same applies to the amendments to the EU Gas Directive approved in 2019, which extend the norms of the Third Energy Package to pipelines going to and from third countries.

Poland has virtually become the main agent in the strategy of promoting the American LNG in the Baltic Sea region. It does not intend to renew the long-term gas supply contract with Gazprom after 2022, and expects to replace the major part of gas from that source with supplies from alternative sources. Apart from purchases from Qatar and planned supplies of Norwegian gas through the Baltic Pipe gas pipeline, which is under construction, in 2018–2019, the Polish state-run PGNiG signed several contracts with US companies (*Cheniere, Ventures Global LNG, Sempra Energy*) for the purchase of LNG. As a result, from 2023 Warsaw is planning to receive nearly 10 billion cubic meters of American LNG annually (this is about half of the current gas consumption in the country), and expects to become a distribution hub for gas supplies to other countries of Eastern Europe.

Lithuania is another ally of Washington in countering the Russian 'energy weapons'. In 2012, the NATO summit in Chicago decided to transform the Lithuanian Energy Security Center to the accredited NATO Energy Security Center of Excellence (ENSEC COE). In August 2017, the first cargo of US liquefied natural gas was delivered to the port of Klaipeda, where Lithuania had equipped an LNG terminal in 2014. Agnia Grigas, a Lithuanian American expert on energy geopolitics, then expressed confidence that "the United States is now a powerful global gas supplier and that American companies are willing to compete even in Gazprom's most traditional markets" [38]. Latvia and Estonia are also supportive of projects for LNG terminals and gas pipelines on their territories, viewing these as hubs for transporting LNG to other countries which seek to reduce their dependence on Russian gas and oil (in particular, to Belarus).

The main obstacle to expanding LNG supplies to the Baltic region from the United States is its high cost, especially in terms of delivery.¹⁸ Since 2019, the Klaipėda LNG floating storage and regasification unit (FSRU) terminal has also been used to receive, in addition to Norwegian and American, liquefied natural gas from Russia's Novatek company, shipped from the LNG plant in the Baltic Sea port of Vysotsk. The report of the Lithuanian State Security Department issued in February 2020, voices concern about such trends, claiming that "Novatek is able to offer low LNG prices only because of preferential conditions for LNG exports granted by the Russian government," and adding that this is allegedly "a part in Russia's long-term game to restore its dominant position in the regional gas market."¹⁹

An 'energy shield' promised by the Trump administration to European countries does not provide any guarantees of stable supplies on more favorable terms than Russia is ready to offer. Nevertheless, these American promises allow the most anti-Russian governments of the Baltic Sea region to press for new concessions in bargaining with Gazprom, jeopardize the long-term contracts strategy of the latter, and create additional obstacles to Russian pipeline projects that do not suit them, primarily for Nord Stream 2.

Conclusion

My analysis of key trends in the US policy towards the Baltic Sea region at a time when tensions between Russia and the West have escalated significantly, suggests the following conclusion. On the one hand, it is not the region the American strategic interest depends on. On the other hand, for Washington, the Baltic Sea region plays an important instrumental role as a testing ground for counterbalancing Russia's 'unacceptable' behavior and hindering any rapprochement between Russia and the European Union.

Indeed, the United States, as well as its key allies, opt for building up their military capabilities in the Baltic Sea region to counter the 'Russian threat'. Furthermore, the former Soviet Baltic republics are viewed by Washington as an important foothold in confronting Russia in the field of 'hybrid warfare'. In the period of Donald Trump's presidency, those objectives have become nearly the only compelling reason for aligning Washington's allies under American leadership, even those whose relations with the United States have noticeably chilled in that period (in the Baltic Sea region, this is primarily Germany).

¹⁸ By the end of May 2020, the LNG imported from the US accounted for 5.47% of the total amount of imported LNG at the Klaipėda LNG terminal — since the start of the terminal's operations. Lithuanian LNG terminal proving to be a player in the global market. LNG Industry. 2020. May 26. URL: <https://www.lngindustry.com/liquid-natural-gas/26052020/lithuanian-lng-terminal-proving-to-be-a-player-in-the-global-market/> (accessed 04.07.2020).

¹⁹ *Russian gas imports via Klaipėda named as risk to Lithuania's energy independence*. The Baltic Times. 04.02.2020. URL: https://www.baltictimes.com/russian_gas_imports_via_klaipeda_named_as_risk_to_lithuania_s_energy_independence/ (accessed 04.07.2020).

However, the political trends that have dominated after 2014 are incapable of changing the main thing — the uncertainty about the US commitments to the allies in the region, including a possible application of Article 5 of the Washington Treaty for their defense. The advent of Donald Trump with his commercial and selfish attitude towards relations with allies, his withdrawal from key arms control treaties, trade wars with the most important US partners, have exacerbated this uncertainty.

Unlike the Barack Obama administration, which for the sake of defending the countries of Eastern Europe from ‘Russian aggression’ was ready to overlook the issue of the allies’ inadequate contribution to NATO defense, Donald Trump made it into a deal breaker. As a result of this — and due to the war that his administration unleashed on the Nord Stream 2 — the political cohesion of the Baltic Sea region countries around the United States has started to erode. In particular, the traditional German-Polish contradictions have aggravated, where Warsaw is confirming even more clearly that it finds itself at the forefront of the pro-American movement. This manifested brightly in June 2020, when President Trump announced his intention to withdraw 9,500 American troops from Germany due to Berlin’s failure to meet the 2 per cent NATO benchmark of defense spending, and its continuing adherence to Nord Stream 2, while Poland expressed its readiness to host these forces.

For Russia, the situation in the Baltic Sea region after the start of the Ukraine crisis has been fraught with even greater risk of drawing into an arms race and even a military clash with NATO, albeit unintentional. At the same time, this tension is forcing the leaders of at least some states in the region, even those who are not at all positive about Russia, to look for ways of restoring contacts with Moscow, given the danger that these states may become an arena of military operations, even with a use of nuclear weapons. An evidence of this, in particular, is the visit of the President of Estonia Kersti Kaljulaid to Moscow in April 2019, quite an unusual move given the current security situation.

Apart from trying to avoid an uncontrolled growth of tensions with Russia, in their contacts with Moscow the Baltic states pursue the goal of reconquering positions in the Russian market, encouraging Moscow to enhance transport cooperation, and hoping to stop the reorientation of Russian transit flows to its own Baltic Sea ports.

There are also signs of reviving the dialogue between Russia and those Nordic states that have so far tried to stay aside from such a dialogue, and have been rather active in anti-Russian information campaigns. In this respect, it is noteworthy that Prime Ministers of Sweden and Norway, Stefan Löfven and Erna Solberg, attended the ‘Arctic: Territory of Dialogue’ 5th International Arctic Forum in St. Petersburg in April 2019.

In 2020, Moscow proposed resume regular meetings of the heads of countries comprising the Council of the Baltic Sea States (CBSS). It was put forward by the

Russian Foreign Minister, Sergey Lavrov, at the online CBSS ministerial meeting held in mid-May (because of the COVID-19 restrictions, the meeting had to be conducted via the Internet).²⁰

At the same time, it seems that a real breakthrough in reforming the system of international relations in the Baltic Sea region — as well as in the entire contact zone between Russia and the Western alliance — will be possible only when the countries of the region perceive themselves as subjects with their own interests, and not just tools in the rivalry between Moscow and Washington; when they recognize that counting on further ‘geopolitical contraction’ of Russia and guaranteed American protection bears no prospects for building their own strategic priorities.

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²⁰ Foreign Minister Sergey Lavrov's remarks at the ministerial meeting of the Council of the Baltic Sea States, May 19, 2020 // The Ministry of Foreign Affairs of the Russian Federation. URL: https://special.mid.ru/en/web/guest/sovets-gosudarstv-baltijskogo-mora-sgbm/-/asset_publisher/0vP3hQoCPRg5/content/id/4137846 (accessed 25.09.2020).

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THE TRANSFORMATION OF THE BALTIC COUNTRIES' POLITICAL ELITES: GENERAL AND SPECIFIC FEATURES

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This research focuses on the features and transformations of power groups and their role in the political life of the societies of the Baltic countries. This article aims to analyse structural and functional changes in the composition of the Baltic political elites after these countries gained independence in the 1990s. The main objective of this research is to reveal the general and the specific in the transformations of Latvian, Lithuanian, and Estonian elites. Changes in the structure of power groups are considered on a sub-regional scale in view of the current Russian-Baltic political interaction. The common and distinctive features in the transformations of Latvian, Lithuanian, and Estonian elites are identified. Quantitative methods of analysis are used to detect trends in the selection of channels and mechanisms of elite recruitment. The study of power groups concentrated on both large-scale socio-political transformations and individual practices. A comprehensive examination of elite transformation in small states such as the Baltics requires the consideration of both domestic and foreign policy aspects. The thesis is put forward that despite some differences between the Baltic States their political elites have undergone very similar transformations since the 1990s. At the time, Baltic elites asserted continuity with pre-war Latvia, Lithuania, and Estonia and detachment from the Soviet past. The 1990s elite struggle for power led to sharp ethnic, linguistic and political divides in Baltic societies. These rifts limit competition between power groups and reduce the ability of political systems to renew themselves. Having reached the 'back to the West' goal, Baltic elites replaced it with the idea of 'Russian threat'. Bridging internal divides, which may weaken the power of the elites, was postponed as a result.

Keywords:

elites, power groups, Baltic States, Latvia, Lithuania, Estonia, transformation, Russia

The relevance of research

With domestic policy depending more and more on the foreign policy, political elites face many challenges: a crisis of their legitimacy, the weakening of vertical power, increasing complexity of control mechanisms and the weakening role of the government institutions [10]. In this sense, the case of the Baltic countries appears particularly interesting.

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Latvia, Lithuania and Estonia are the only former Soviet republics whose power groups managed to successfully shift (by deep and numerous transformations) from the Eastern to the Western political and economic model and became participants of the main Euro-Atlantic integration processes. Their “return to the West” (the slogan “Back to Europe” was used during the tumultuous 1990s) was accompanied by a rise in nationalist sentiments, the demise of the Soviet power institutions, growing social fragmentation amid difficult reforms, creating a new system of state control, embarking on a policy of neutrality and weakening ties with Russia, etc.

Defining the term Political Elite

When defining the term “political elite”, the author builds on the structural-functional approach developed by Best (Germany) and Higley (USA) [4], and Gaman-Golutvina (Russia) [11].

Higley interprets the term *elites* as individuals and small groups of people, who due to their strategic positions in big organizations, can be regarded leaders in the field they represent; they are capable of constant and significant influence on the achievement of political results. Higley writes that the “elite” includes those who do not have a formal membership in the ruling minority but can nonetheless influence the adopted decisions and are part of the “counter-elite” [7]. This approach excessively broadens the scope of the term *elite*, making it vague and hard to define. I agree with Higley’s idea that the term “elite” refers to those who hold strategically key commanding positions. However, adding the “counter-elite” (public activists, dissidents, etc.) seems to be unproductive. In this regard, I find Best and Higley’s idea of a “small inner circle” of the elite more useful. By a small inner circle, they meant members of groups that control various government functions and other power segments [5, p.7]. Yet, this idea leads to another extreme: excessive narrowing of the elite group down to a few dozen individuals or even single individuals.

Gaman-Golutvina points out that the political elite can be defined as the internally consolidated social group that comprises the minority of society; it is the group that prepares and makes the most important strategic decisions and holds the necessary resource potential for this. The researcher notes that the multitude of power groups and their fractions, in reality, does not contradict the idea of the internal integration of the elite [19].

This definition of political elites needs revision; it should take into account the criterion of direct access of the elite to state authorities and its ability to influence decision-making. Small groups of people who occupy important positions should be attributed to the political elite insofar as the possession of these positions provides them with not only the necessary resources, but also an opportunity to systematically and significantly exert influence on state authorities and,

in general, on the state. This approach to defining the political elite can be called the state-centric, emphasizing the inextricable link between power groups and the state.

Thus, political elites can be defined as groups of people who exercise control with formal and informal practices over the adoption and implementation of key political decisions by the system of state power institutions. Various socio-political groups who do not have any significant influence on the system of state power institutions are not part of the elite category. Yet, this does not diminish their ability to exert influence indirectly.

Positional approach in the study of elites

I used the *positional approach* to gather scientifically valuable information on the mechanisms, channels and trends in the establishment of power groups. This approach establishes a correlation between a person's degree of influence on political processes and their position within the power hierarchy. A classic example of such an approach is *The Power Elite* by Wright Mills: while examining political, economic and military power structures, the American researcher concluded that there is only one tightly connected elite [22]. However, political science has been developing its conceptual system and other approaches have been proposed: the *reputational approach* (Hunter) and the *decisional approach* (Dahl). Nonetheless, it is the positional approach that remains an informative method of analysis primarily focusing on the structural and functional changes of political elites. To deeper analyse the received data, a biographical component has been added. This allows researchers to track and reflect on the professional experience of a power group members, to pinpoint their career crossovers, and to define the borders of certain power fractions (which are merged for some specific reasons) etc.

This analysis is aimed at measuring the main parameters of the structural changes in power groups, giving the chance to quantitatively characterize the dynamic positions of certain members of the political elite, using a wider empiric material¹. The positional approach was used to study the transformation of elitogenesis in countries of Eastern Europe during the start of the post-Soviet transformations [34] as well as decades after [8].

To perform the quantitative analysis of political elites, I have used the data from open sources pertaining to the career paths of 886 political figures in Latvia, Lithuania and Estonia, out of them: 252 from Lithuania, 271 from Estonia and 363 from Latvia. The latter case represented the biggest number of parliamentary electoral cycles — nine compared to seven in Lithuania and eight in

¹ "The characteristics of the recruitment pool and political careers may be an important indication of the structure of social and political power, which lies in the foundation of elite recruiting, especially the specifics of socio-political system within which the elite is formed and functions." [6, p. 25].

Estonia). Approximately 53% of those analysed were members of parliament, 40% — government officials, 7% — presidents, their advisors and aides. I used special filters (for instance, “no less than one year as minister”, or “no less than two terms as an MP”). It allowed me to exclude non-relevant political figures from the groups analysed.

Elite recruitment in a new environment

The increasing complexity of social structures in the Baltic states resulted in a change in the composition of their political elites. This was a blow to the former Soviet bureaucrats and administrators, the so-called *nomenklatura*. The rivalry intensified between the former Soviet administration system staff. In the new environment, they were competing not just with their former colleagues, but also with new challengers from the intelligentsia, business and foreign emigrant communities. This combination of representatives of these four groups defined the structural dynamics of political elites. From election to election, the composition of elites changed, power coalitions formed and dissolved, parties and movements appeared and disappeared, political crises sparked up, new leaders would replace the old ones.

Evidence of these deep shifts in the system of elite recruitment can be seen in the change of the age of the power group members. In 1981, the average age of the members of the Central Committee of the Communist Party of the USSR was 67. In 1986, it gradually dropped to 61 and to 56 in 1991. In the 1990s, the age composition of the Baltic countries' power groups was substantially different. The average age of Estonia's political elite was 43 years old, and in those of Latvia and Lithuania — 46 years old. The share of 22–44-year-olds holding administrative positions in the bureaucratic system were: 52% in Estonia, 50% in Lithuania, and 37% in Latvia. The average age of MPs during the first general elections was 50.8 years in Lithuania, 45.3 in Latvia and 43.3 in Estonia [18].

During ten years after gaining independence, several groups developed within the Baltics elite: the so-called ‘the moral politicians’, former *nomenklatura*, and repatriates coming from overseas emigrant communities and business. This configuration, combining elements of the old and the new age power groups, reflected the contradictory nature of the early post-Soviet period, characterized by the devolution of the former elite recruitment channels and mechanisms and their slow reformatting in the new political environment. This transformation of the power groups in the Baltic countries was gradually gaining momentum and was facilitated by a variety of factors [29].

Latvia, Lithuania and Estonia showed similar structural patterns in the dynamics of their political elites. A strong inflow of creative intelligentsia during the first years after gaining independence (in the Baltics, the number of ‘moral politicians’ was 55% in the first half of the 1990s²) was soon replaced by the resurgence of former *nomenklatura*.

² Here and after, the author's estimates unless stated otherwise.

Matonyte claims that the Baltic countries did not just inherit the “distortions” of the Soviet social system. They inherited communists *in persona* [20]. In many cases, the “first secretaries of communist committees” were replaced by “instructors” — young and ambitious individuals who started their career within the Soviet power hierarchy in the late Soviet period. In the new political environment, they found an opportunity to improve their standing by emphasizing the values of an independent national state.³ Wide recruitment to political elites in the Soviet period showed that even after massive political shake-ups, power groups cannot be built from scratch. Up to the early 2000s, up to 40% of political elites in Latvia, Lithuania and Estonia were members of the old political regime.⁴

Businessmen and repatriates from the overseas Latvian, Lithuanian and Estonian communities (mainly from the USA, Canada, Germany and Sweden) were a new source of elite recruitment. Since the early 2000s, representatives of the commercial sector have held no less than 30% (in some cases over 40%) of power positions in the Baltic countries. These overseas community repatriates were few in number: 2.8% in Latvia, 4% in Lithuania, and 1.7% in Estonia. However, even few in number, they managed to gain the highest political positions and became the main support link of elite recruitment by being ‘beacons’ of a complete break up with the Soviet system and of a strategic course for Euro-Atlantic integration.

Although having similar trends in the transformation of political elites, each Baltic country showed unique traits. For instance, Estonia’s specificity is the substantial “cleansing” of the former *nomenklatura* from the ranks of the power groups: currently, only around 5% of the former *nomenklatura* remains in their previous positions (half of the percentage in Lithuania and Latvia). Lithuania has a notably higher number of repatriates from the USA (mainly during Adamkus’s presidency in 1998—2003 and 2004—2009). They worked in the presidential administration, foreign relations, defense and security. Latvia’s unique feature is the biggest share of business in power groups: in the early 2010s, entrepreneurs held up to 60% of all posts in the government and up to 30% of seats in the parliament.

Nomenklatura leaves, business stays

The four-part structure of the elites was a product of the challenging first years of independence. At the time of this study, only business representatives retained

³ According to Antanaitis, former *nomenklatura* members comprised up to 50% of Lithuania’s ruling elite during the first years of independence [2, p. 92].

⁴ This also had a foreign policy effect. In 2004—2014, the position of the European commissioners from the Baltics was most frequently held (and retained for two terms) by representatives of power groups who began their professional career in the Communist Party: for example, in Lithuania — Grybauskaitė, in Latvia — Piebalgs, and in Estonia — Ansip and Kallas. Bielinis characterized Grybauskaitė as “a eurobureaucrat from the Soviet *nomenklatura* school” [3]. Ansip was called “a smart boy with a bad attitude”. During the Soviet times he diligently ran errands for the party, and in the new era, he became a shrewd political heavyweight who called for people to ignore the demands of president Ilves [25].

their positions and other factions were slowly ‘dissolving’. People from the commercial circles, having a strong focus on the weakening of other elite fractions, helped establish the informal practices of inter-elite interaction — secret political protocols and backdoor shady deals. The democratic institutes of Latvia, Lithuania and Estonia are considerably dependent on the non-transparent actions of the power groups and the influence of business elites.

Each of the Baltic countries have their specifics: Estonia has *seemukapitalism* (nepotism capitalism) [17], Lithuania has the *statesmen clan* [12], Latvia has presidential “elections” by the oligarchs in the Riga Zoo [24]. Following formal political rules in the system of legal unpredictability of personal agreements remains a significant challenge for the Baltic countries’ elites. It plays into the weakening of public trust towards power groups and increasing crisis trends in the legitimacy of political institutes as a whole.

Active recruitment of business into the Baltic countries’ elites also had another noteworthy effect — prolonged political longevity of the former nomenkulatura representatives. Striving to remain in power in the new environment, they frequently formed blocs with “the captains of industry” and, commonly enough, former officials became millionaires after the privatization campaign or after acting as middlemen during exchanges. Consider, for instance, Lubys, a powerful Lithuanian political player (former prime minister and an influential businessman) or Šķēle, who was prime minister of Latvia twice. He smartly used privatization to become a successful business owner. According to Mezhevich, in Estonia the “politics-business relationship” was shifting to the “Northern, or Scandinavian, model”. The researcher notes that “extremes like selling rubles to Chechnya or shipping weapons on the *Estonia* ferry have elicited rather harsh criticism from the USA and Europe. It was after those events that there was a revision of the signs of the political elite and business merging; a PR-project was launched to promote the ruling elite to the category of traditional national values” [23, p. 176].

At the time of this study, the former nomenkulatura, who held leading posts including those of prime ministers and presidents, party leaders (mainly social democrats and centrists) are losing their political weight. In the Baltic countries, where the communist ideology and the Soviet way of life were declared illegal, members of this elite segment have been preoccupied with their own political survival. Their main skill is political trend-chasing; they are ready for any compromise, unexpected coalitions and various political deals. Trying to avoid mistakes, they carefully approach key issues of foreign policy and security, concentrating more on neutral subjects, for instance, trade, economic and social policies. This allowed them to take pragmatic stands that are easy on the voters. At the same time, these politicians have gradually turned into followers and not leaders, muffling their influence and losing their immunity from the pressure of their po-

litical opponents⁵. In addition, such a survival strategy contrasted with those of ‘moral politicians’ and overseas repatriates, who had ambitions of becoming the architects of the Baltic states’ new political regimes.

The main positions to slide into for the political elites of post-Soviet Latvia, Lithuania and Estonia were social-democratic and centrist. In the new political environment, members of the Communist Party of the Soviet Union managed to retain their positions not just as MPs and ministers, but also were elected presidents: in Latvia — presidents Ulmanis. However, the range of their political abilities was significantly limited. In essence, they had to act within some borders, the “red lines” established by the “moral politicians” and overseas repatriates.

The creative intelligentsia and repatriates, who mainly stood on nationalistic positions,⁶ aimed at strengthening the Euro-Atlantic integration as the unquestionable priority of Latvia, Lithuania and Estonia in terms of foreign policy and security. It was during the period of the “moral politicians” massive presence that the new tent pole political order was established; it was based on the principle of continuity — the succession of post-Soviet and pre-Soviet statehoods. The crux of this new idea was the concept of the Baltic countries’ “interrupted” statehood after they joined the Soviet Union in 1940. Representatives of overseas communities (mainly from the USA, where they had diplomatic missions “in exile”) insisted that the succession from the pre-war times be legally established.⁷ To achieve this, the elites of Latvia, Lithuania and Estonia had to fully or partially restore the pre-Soviet laws, including constitutional ones, specific political parties and other important institutions with restitution of property. The Soviet period was officially designated “occupation”, a historic and cultural “trauma” which bore negative consequences in politics, economy and social and humanitarian fields [1; 19].

Creating Structural Limitations

From that moment, the elite recruitment system was defined by “red lines”, i.e. structural limitations that played a key role in the new political order of the Baltic States. Thirty years after the declarations of independence by Latvia, Lithuania and Estonia, a new generation of political elites took the political front stage.

⁵ After 2014, a new point of contention is their stance on Crimea: thus, Savisaar, who supported Russia’s annexation of the Crimea, transformed from the once leader of Estonia’s *Popular Front* into “an agent of the Kremlin (see more [15]).

⁶ As noted by Tjevdoj-Burmuli, the establishment of an ethnocratic regime was aided by the characteristics of the new Baltic elites: “Locking the Russian-speaking part of the elite out of power was augmented by the arrival of a small but influential repatriate part of the Latvian and Estonian elite; they had no previous experience communicating with the Russian-speaking population and they transplanted their negative feelings towards the USSR as a whole onto them” [32, p. 136].

⁷ In 1940—1991, Latvian, Lithuanian and Estonian missions were quite active in the USA: the Latvian and Lithuanian missions were based in Washington D.C. and the Estonian — in New York. Similar missions still remain in London and the Vatican. During the Soviet period, representatives of Lithuanian, Latvian and Estonian missions were listed as diplomats by the US State Department [21, p.177, 178].

More and more members of the elites never used to be members of the Communist parties and never worked in the Soviet administrations. They were born after the demise of the Soviet Union. However, despite the elapsed time, the same methods of inter-political consolidation are employed: earlier political elites built on distancing from the Soviet Union, now they speculate about “the Russian threat.” Having no Soviet experience, they are political successors of those who based their establishment as an elite on resisting the Soviet project.⁸ With the leaders of the right populist and the Eurosceptic movement (as much as it is possible in the Baltics) gaining more popularity lately, even their brash rhetoric never challenges the ideological foundations of the new *status quo* political order.

Continuity of pre-Soviet statehood. Euro-Atlantic integration, NATO-centric system of security and the “Russian threat” were never challenged by the former nomenklatura or the pragmatic representatives of the business community. Assisted by “moral politicians” and the repatriates,⁹ a new institutional framework was built — the pillars of a new political order, where it will be decided what should be allowed for the next generations of elites by forming the structural core of Latvia, Lithuania and Estonia’s political space.

The question of history became a significant factor. The power group’s history policy aimed at showing the Baltic countries as victims of “two totalitarianisms” — Nazi and Soviet “occupation” is frequently used as an instrument of foreign policy, especially in relations with Russia.¹⁰ The power group’s active ex-

⁸ Kaja Kallas, daughter of the former Soviet figure, Estonian prime minister and then the European Commission vice-president Siim Kallas, became the leader of the Estonian *Reform Party* in 2018, which was created by her father. Gabrielius Landsbergis, a grandson of the *Sąjūdis* leader Landsbergis, got his MEP mandate from his grandfather and then led the party, which his grandfather created — *Homeland Union — Lithuanian Christian Democrats*. These are the only examples, but they are enough to see that the modern Baltic countries’ elites follow the classic Mosca formula: the ruling elites try to maintain their power by passing it on as inheritance.

⁹ The most famous presidential examples include: Latvia — Viķe-Freiberga, Lithuan — Adamkus, Estonia — Ilves. However, there are many more examples among presidential candidates: Latvia — Meierovics (a son of the pre-Soviet MFA) and Paegle (the curator of the Occupation Museum), in Lithuania — Lozoraitis (son of the Lithuanian MFA) and Bobelis (a man from Florida who did not want to give up his US citizenship), in Estonia — Taagepera (famous political scientist). Among ministers: in Latvia — Ritenis, Pavlovskis, Muižnieks; in Lithuania — Dudėnas, presidential advisors Kondratas, Mieželis, Šmulkštys, Kazickas; in Estonia — Rebas, Manitski, etc. The critical mass of repatriates, or “exiles” as they called themselves, was rather low (2.8% in Latvia, 4% in Lithuania, 1.7% in Estonia). However small in number, they gained the highest political posts and were the support link of elite recruitment, personifying the breakup with the Soviet period and a strategic course on accelerated Euro-Atlantic integration.

¹⁰ The accession of east European countries to the EU (mainly the Baltics and Poland) changed the approach to the common European history policy, aiding (via the promotion of securitization ideas) the drift from a narrative of common guilt to a narrative of a common threat, equating Nazism and communism, forming the argumentative base to issue demands for contributions to Russia. The Baltics play a significant role in this change. See more in *Historic Memory as Another Field for Political Tasks*. Editorial Discussion // *Russia in Global Politics*. 2020. Vol. 18, № 18. p. 59—80 («Историческая память — еще одно пространство, где решаются политические задачи». Дискуссия в редакции // *Россия в глобальной политике*. 2020. Т. 18, № 18. С. 59—80.)

ploitation of the “legacy of the past” has considerable effects on domestic policy, allowing the elites to not only strengthen their positions, but also find an easy excuse for literally any negative aspect of Latvia, Lithuania or Estonia’s daily life.¹¹

All the “red lines,” augmented with securitization, are carefully protected by the state, even with force if necessary. The personal dimension of political struggle has been losing relevance in the Baltics since they gained independence. The personality of politicians themselves (even having higher posts) is becoming less important: their actions, as well as the actions of power groups in general, are determined by the brutally narrow constraints of these conditions.

The Russia factor: external and internal Effects

After joining the Euro-Atlantic institutes, political elites of the Baltic countries lost their initial ideological drive that consolidated them domestically. It was ‘mission accomplished’ for the Return to Europe plan¹² and the local communities fully felt all of the pros and cons of being part of the EU and NATO. The ersatz “big idea” was the conflict approach to Russia. The elites of Latvia, Lithuania and Estonia did not turn their states into a “bridge” between the East and West. Instead, they became countries of “one issue” — they are “experts” in “containing” Russia. They viewed the EU *Eastern Partnership* policy as part this of “containment.” The Baltic countries’ power elites earnest attempts to be beacons of democratization in the post-Soviet space and at the same time gatekeepers on the Western border have allowed the Latvian, Lithuania and Estonian elites to pretend to be exporters of Western values in the West’s foreign policy subordination system.

Lithuania’s power groups are the most active in this field.¹³ During the domination of the “moral politicians” within the Lithuanian political elite, they adopted the constitutional act “On the Non-Alignment of the Republic of Lithuania with Post-Soviet Eastern Alliances” (part of the 1992 Constitution). According to this document, the republic will “develop mutually advantageous relations with

¹¹ “History and memory are becoming not just an instrument of political struggle; they form the agenda and beacons of political development.” [26, p. 73].

¹² This issue was fairly quickly resolved with inter-elite, and later a wide societal, consensus. They managed to overcome the ideological strife of the first years of independence without major complications. From the recollection of one of the authors of the *Latvian Popular Front’s* political program and Latvian defense minister T. Jundzis (1991–1993, 1997–1998) “... there were two contrasting movements the western with EU and NATO as priorities; the eastern with good relations with Russia as priorities. Even though these movements are not mutually exclusive in theory, in reality, they are absolutely incompatible.” [14, p. 27].

¹³ Emphasizing the role of repatriates from the Lithuanian community in USA, who have significantly influenced the establishment of such an approach to Lithuania’s foreign policy aspirations. An important part was played by president V. Adamkus. The idea of “promoting democracy to the East” was common in his life in America, he viewed this as some kind of “civilizational mission” backed by the legacy of the Grand Duchy of Lithuania, which became the crux of the country’s foreign policy [13, p. 284; 16, p. 111].

each state that was formerly a part of the USSR, but never join, in any form, any new political, military, economic, or other unions or commonwealths of states formed on the basis of the former USSR.”¹⁴

In turn, thanks to the “Russian issue” there is still the so-called Baltic unity, at least as an ideological construct shared by the three states’ elites. The paths of post-Soviet transformations have made competitors of Latvia, Lithuania and Estonia many times and in many fields, be it in economic, financial or infrastructural issues — like the construction of the *Rail Baltic* railway, trade or the unsuccessful project of a joint nuclear power plant. However, the idea of containing Russia, brandished by the power groups of the Baltic countries, still keeps them all together, allowing us to view Latvia, Lithuania and Estonia as both parts of the Euro-Atlantic and post-Soviet spaces.

Fifteen years ago, the idea of turning the Baltic states into a “bridge” between Europe and Russia¹⁵ was still discussed. However, this idea has been sidelined [28]. It must be noted that the decline of Russian transit through the Baltic ports is a result, but not the cause of this approach.¹⁶ The concept of a “transit bridge” was *de facto* denied by the political elites of the Baltic countries’.¹⁷

The idea of a confrontation with Moscow as the former [Soviet] Union Centre, which decided the Baltics’ political life for many decades, has not disappeared despite the passage of time, new Western allies, the once active trade and transit ties with Russia or the shift towards the EU and NATO. Forcing a “Return to Europe”, the Baltic countries’ elites did not just aim to get the formal membership in Western integration institutes, but also finalize their breakup with Russia as the non-West, thus proving their status as “Europe”. This old confrontation persists, gradually transforming into a confrontational foreign policy towards Russia,

¹⁴ *Constitution of the Republic of Lithuania* (Adopted by citizens of the Republic of Lithuania in the Referendum of 25 October 1992). URL: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.21892> (accessed 9.09.2020).

¹⁵ President V. Adamkus in his inaugural speech in 2004 spoke of Lithuania’s mission to be a regional gravity center that would “unite the East and West” (*Inaugural address to the nation by H. E. MR. Valdas Adamkus, President of the Republic of Lithuania. 12.07.2004.* URL: <http://archyvas.lrp.lt/en/news.full/5116> (accessed 14.05.2018)). In turn, the Latvian MFA Birkavs voice the concept of the Baltic states as the “Amber Gates” of business activities with Russia and USA working in the region. (*Birkavs V. Concluding remarks at the conference «Security and Prosperity in the Baltic Region». Riga. 1997. 17 November / Ministry of Foreign Affairs of the Republic of Latvia.* URL: <https://www.mfa.gov.lv/en/news/latest-news/speeches-and-interviews/4158-concluding-remarks-by-the-minister-of-foreign-affairs-dr-valdis-birkavs-at-the-conference-security-and-prosperity-in-the-baltic-region-riga-latvia-november-17-1997> (accessed: 14.05.2018).

¹⁶ *Mezhevich N.M. Cena sozhzhennyh mostov.* URL: <https://www.kurier.lt/cena-sozhzhennyh-mostov> (accessed: 14.01.2020)

¹⁷ *Rinkevics E.: Baltic states no longer a bridge between east and west, says Latvia // The Guardian. 18.03.2019.* URL: <https://www.theguardian.com/world/2019/mar/18/baltic-states-no-longer-a-bridge-between-east-and-west-says-latvia> (accessed 14.05.2019); *New president Egils Levits: “Latvia is not a bridge from Russia to the West, it is the West.” // BBC News, Riga. 30.05.2019.* URL: <https://www.bbc.com/russian/features-48451005> (accessed: 14.01.2020).

which has already become an intrinsic part of the Baltic countries' domestic policies.¹⁸ For the Latvian, Lithuania and Estonian elites, who successfully completed the Euro-Atlantic integration, Russia turned from an irritant that reminded them of past "trauma" into a "source of danger" that they use to strengthen their own agency on domestic and foreign stages [30].

Renouncing their neutrality in the early 1990s, resistance to any meaningful economic initiatives from Russia in the region (*Nord Stream*) and attempts to sabotage its standing in post-Soviet space (*Eastern Partnership*), claims to a special opinion in the Russia-EU dialogue, buildup of NATO forces and resources on their territory — all of this is their mainline behaviour pattern. There is pressure on the "disloyal" political rivals (the *Labour Party* in Lithuania, *Harmony* party in Latvia and the *Estonian Centre Party*), along with administrative and propagandist pressure towards the local non-titular groups. The legally established wish of the elites to erase 50 years of Soviet experience has preserved the main divides in the Baltic countries: language, ethnic and the problem of mass "non-citizenship."¹⁹ According to R.H. Simonyan's estimates, the Baltic countries use the crisis in Ukraine to "discredit the ethnic minorities, mainly the Russians, in order to settle political scores with opponents, who they can now public accuse of having ties with Russia to much greater impact and having it serve as an excuse to strengthen secret services." [27, c. 63].

Conclusion

The transformation of power groups in Latvia, Lithuania and Estonia has almost completed. The structural constraints described above, initiated by the power groups of the early post-reform years, had an impact on subsequent generations of elites. Despite the procedures for the democratic turnover of power groups, supporters and heirs of the political forces that came to power at the dawn of independence continue to maintain leading and dominant positions. Using the concept of a "Russian threat", there were systemic efforts to create a mechanism of the elites' reproduction, thus ensuring loyalty to the main ideological tenets and strengthening political control. At the same time, these attitudes narrow the arsenal of means of political reaction available to the elites in connection with external and internal changes. Interpreting various "incoming signals" mainly through the prism of threat reduces the elite's potential to find an adequate response to the existing challenges.

¹⁸ As noted by V. Vorochnikov, "It's hard to find states among the former Soviet Republics that would be so deliberate and unrelenting, sometimes hurting their own economic wellbeing in the process, over the span of many years aiming to consciously cut ties with their past and so persistently reorientating themselves to the West. Those are the three Baltics' states." [33, c. 134].

¹⁹ Tarasov, while examining the Latvian example, suggested that the ethnic policy was aimed at forming a new identity for Russians in Latvia — "EuroRussians" or "Latvians" [based on the Nation of Latvia, rather than the Latvian ethnicity — translator's note] in the long term, and this had nothing to do with the formation of a united civic nation [31].

Crisis trends in the legitimacy of the power groups, right and populist projects, the Eurosceptic ideas, artificial fearmongering of the security situation in the Baltic countries — these are signs of the gradual weakening of this system's ability to form and reproduce political elites. This complicates any possibility of switching from the antagonistic position in the Russia-Baltics political dialogue to relations based on mutual interest and respect.

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SOCIAL AND ECONOMIC STUDIES

ON THE ECONOMIC SECURITY OF RUSSIA'S KALININGRAD EXCLAVE

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An exclave position makes the economic security problems of the Kaliningrad region more complex as compared with other Russian territories. Deteriorating relations between Russia and the West compound the situation. This has been especially so since 2014 when economic sanctions were imposed against Russia, and the country retaliated. Global geopolitical instability adds to the conundrum. This study aims to assess the economic security of the Kaliningrad region. Its objectives include defining the concept of regional economic security and measuring its level in the Russian Baltic exclave. Possible ways to improve the economic security of the region are considered as well. Official statistics on the dynamics of industrial production and GRP and 28 other socio-economic indicators are used to assess the level of economic security. The region performs well on nine indicators and much worse on 19. Proposals for economic restructuring aimed at more intensive exploitation of regional natural and labour resources are examined along with the region's prospects as part of the Great Eurasia (Bolshaya Eurasia) project and as an 'international development corridor'.

Keywords:

economic security, Kaliningrad region, exclave position, geopolitical factors, economic development

Introduction. The notion of regional economic security

Shortly before the dissolution of the USSR, the Soviet literature borrowed the notion of economic security, which had been used abroad since the 1930s. As soon as the 1990s, the concept was widely employed in research and management.

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At the national level, a major contribution to the development of the research theory, methodology, and practice was made by Leonid Abalkin, Andrey Illarionov, Sergey Glazyev, Vyacheslav Senchagov, and Vitaly Tambovtsev, whereas their colleagues studied economic security at a regional level [1; 2].

There have been many definitions of regional security, but most of them are quite close to that formulated in 1995 in the Federal Law on the State Regulation of Foreign Trade. The law defines economic security as ‘the state of the economy that makes it possible to maintaining a sufficient level of social, political and defence development and of the Russian Federation as well as to increase it; the invulnerability of the country’s economic interests to possible external and internal threats and impacts and their independence therefrom’.²⁰

A 1996 presidential executive order approved the first National Strategy for the Economic Security of the Russian Federation (Basic Provisions).²¹

In 2017, two decades of socio-economic and political changes in the country and the world prompted the adoption of a new document — the Economic Security Strategy of the Russian Federation 2030. It defines economic security as the ‘protection of the national economy from external and internal threats as well as ensuring the country’s economic sovereignty, the uniformity of its economic space, and conditions for achieving the strategic national priorities of the Russian Federation’.²² The challenges and threats to the country’s economic security are identified in the document, along with the aim and objectives of the national policy. It also lists forty indicators of economic security.

Economic security is studied in many universities. Some of them use the term in the names of institutes, faculties, and departments. The Ministry of Education of the Russian Federation has approved standards for 38.05.01 Economic Security five-year university programme.²³

It is important to distinguish between national security of a country, region, municipality, industry, and organisation since there is national, regional, municipal, sectoral, and local economic security. This article deals with regional economic security.

²⁰ Federal law No 157-FZ of October 13, 1995. URL: https://www.wto.org/english/thewto_e/acc_e/rus_e/WTACCRUS48_LEG_68.pdf (accessed: 26.09.2020).

²¹ *On the National Strategy for the Economic Security of the Russian Federation (Basic Provisions)*: Presidential Executive Order of April 29, 1996 No. 608. URL: http://www.consultant.ru/document/cons_doc_LAW_92725/ (accessed: 22.02.2020).

²² *On the Strategy for the Economic Security of the Russian Federation 2030*: Presidential Executive Order of May 13, 2017, No. 208. URL: <https://www.garant.ru/products/ipo/prime/doc/71572608/> (accessed: 22.02.2020).

²³ *On the approval of federal state higher education standards for 38.05.01 Economic Security five-year programme*: order of the Ministry of Education and Science of Russia of January 16, 2017, No. 20. URL: http://www.consultant.ru/document/cons_doc_LAW_212678/e2e2b-88d94c5e2378119590efc50ee180a7db526/ (accessed: 22.02.2020).

It aims to assess the level of economic security in the Kaliningrad region. To this end, regional economic security is defined and the level of economic security in Russia's Baltic is measured. Possible ways to increase the region's economic security are considered.

Usually, to quantify regional economic security, a set of measures is selected and compared with threshold values, which are established using logical reasoning and data from different regions. This study does the same, but the baseline for comparison is national averages. GRP dynamics and changes in manufacturing output are also compared with the national average to demonstrate the resistance of the region's economy to external effects.

Why assess the economic security of the Kaliningrad region?

Common sense suggests that an exclave region should be less economically secure than the inland regions of the country because of weak transport links to the 'metropole'. In reality, however, the Kaliningrad region enjoys the benefits of its coastal position. These include cheap carriage of goods by sea to Europe and much more remote, the potential to develop fishery, and proximity to economically developed European countries — prospective trade partners.

Immediately after the dissolution of the USSR, Russian researchers did not investigate the economic security of Kaliningrad or any other Russian region. Russia's territories were expected to integrate gradually into a common European space, which was unthinkable at the time without the country. Russian Baltic territories engaged with international organisations in the region. Russia joined the Council of the Baltic Sea States, which was established in 1992, and participated in its cooperation programmes. In 2002, the NATO-Russia Council was created to handle security and political issues.

At first, the region's special economic regime (the Yantar free economic zone) was seen as a shortcut to market relations, business development, and presence in the global market rather than a way to overcome the difficulties of exclave position. In the second half of the 1990s, in-depth studies into the economic situation revealed the fragility of the regional economy and its strong dependence on external factors [4]. Little by little, the free-zone mechanism came to be perceived as compensation for the additional costs incurred by resident businesses because of remoteness from the 'metropole'. In the 1990s and early 2000s, most publications by Russian authors placed high expectations on cooperation between Russia and the EU: the concepts of 'pilot region' and 'cooperation region' were often mentioned (see 5 for more details). Moreover, the strategy for the

social and economic development of the Kaliningrad region adopted in 2003 was called the Strategy for Social and Economic Development of the Kaliningrad Region as a Cooperation Region 2010.

In the 1990s and the early 2000s, several international projects focusing on the Kaliningrad region and its development through Russia-EU cooperation were implemented. Foreign authors published books and articles giving a positive assessment of opportunities for Russian-European economic cooperation [6–13]. Other publications paid greater attention to possible difficulties in the relations [14–19].

Relations between Russia and Western countries were deteriorating. The accession of Poland and the Baltics to NATO and the EU led to geopolitical and geoeconomic instability, which threatened Russia's national security and the economic security of its exclave region.

Since the mid-2000s, the tenor of most publications by Western authors has changed. Although works seeking to promote economic cooperation are still being published (some of them in collaboration between Russian and international authors [20–22]), most Kaliningrad-related materials focus on the national security of EU and NATO countries in the context of political relations with Russia [23–27]. Russian researchers continue to develop ideas that may be instrumental in strengthening international cooperation in the Baltic. Yet the eastward expansion of the EU and NATO is switching primary attention to the region's internal resources for development [28–31].

Emerging geopolitical and geoeconomic threats and the increasing NATO presence at national borders induced Russia to open a ferry link to the Kaliningrad region as well as to build an independent energy system. Particularly, four small thermal power plants were constructed to ensure uninterrupted energy supply in the region (see [3, 29]).

The year 2014, when relations between Russia and the West worsened and anti-Russian sanctions were imposed stalling much of cooperation, brought to the fore economic security issues. Although financial and institutional government support for the region is sufficient to ensure its successful development, exclave position makes it less economically secure in comparison to inland territories.

The importance of research into the socio-economic position and development prospects of the Kaliningrad is underlined by the fact that the Russian Foundation for Basic Research has supported projects focusing on the problem. These are *The Coastal Factory in the Competitive Opportunities of the Russian Exclave Region: Implementation Mechanisms and Strategies amid Geopolitical and Geoeconomic Turbulence (2018–2019)* and *A Theoretical*

Framework for the Concept and Strategy for the Development of the Kaliningrad Region as a Priority Geostrategic Territory of the Russian Federation (2020—2021).

The studies have identified measures necessary for the sustainable development of the region during geopolitical turbulence.

A team of researchers from Kaliningrad, St Petersburg, Rostov-on-Don, Smolensk, and Simferopol are conducting a study supported by the grant Ensuring Economic Security of Russian Western Borderland Regions amid Geopolitical Turbulence (2018—2010) from the Russian Science Foundation. The monograph *Problems of Economic Security of Russian Western Borderland Regions* [3] and other publications of the project findings explore major aspects of the problem. This article draws on the theoretical and methodological results of the mentioned studies.

An assessment of the economic security of the Kaliningrad region

In 2002, Tatyana Shulkina defended her doctoral thesis in economics entitled *Managing the processes of ensuring the economic security of the Kaliningrad region*. Most of the problems she identified remain relevant to date. The region's economic potential has increased significantly and many (primarily geopolitical) factors for the development of the regional economy have changed since then. Souring Russia-EU relations and the West's sanctions against Russia lent new urgency to assessing the situation in the Russian Baltic exclave.

In our opinion, the main feature of the region's economic security is unsteady economic development. Thus, the dynamics of GRP and key regional industries should be compared with the national average. The level of economic security is below the national average when the range of fluctuations in economic development is above the average across the country, especially if growth rates in the periods of rapid development are above the national average and recessions during crises are deeper than that. Even in times of dramatic growth, unsteady year-on-year rates mean that the regional economy is not sufficiently resistant to external effects. This points to the presence of threats to economic security.

Development rates in the Kaliningrad region are indeed more erratic than those observed across the country. This is especially noticeable when assessing the development dynamics of the region's leading industry — manufacturing (Fig. 1). The volatility of GRP dynamics is less pronounced (Fig. 2). This is the effect of a more stable situation in social services. The above data analysis suggests that, as expected, the level of economic security of the Kaliningrad region is below the national average. Examining individual indicators will aid in evaluating the most serious threats to regional economic security.

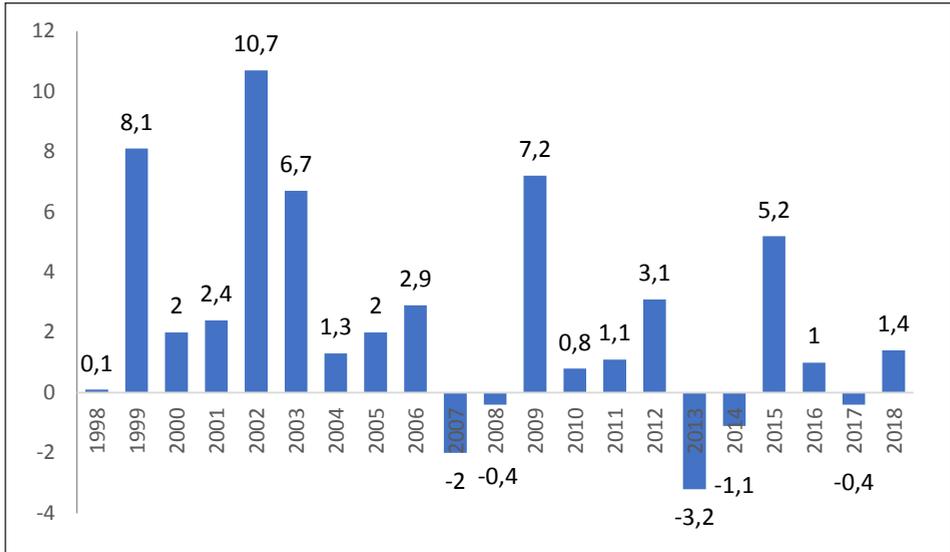


Fig.1. Difference between the regional and national rates of growth in the output of manufacturing companies, percentage points

Source. Prepared based on *Manufacturing*. EMISS (United Interdepartmental System of Information and Statistics). URL: https://gks.ru/enterprise_industrial?print=1# (accessed 20.02.2020); *Production index (OKVED2)*. EMISS United Interdepartmental System of Information and Statistics). URL: https://gks.ru/enterprise_industrial?print=1# (accessed 20.02.2020).

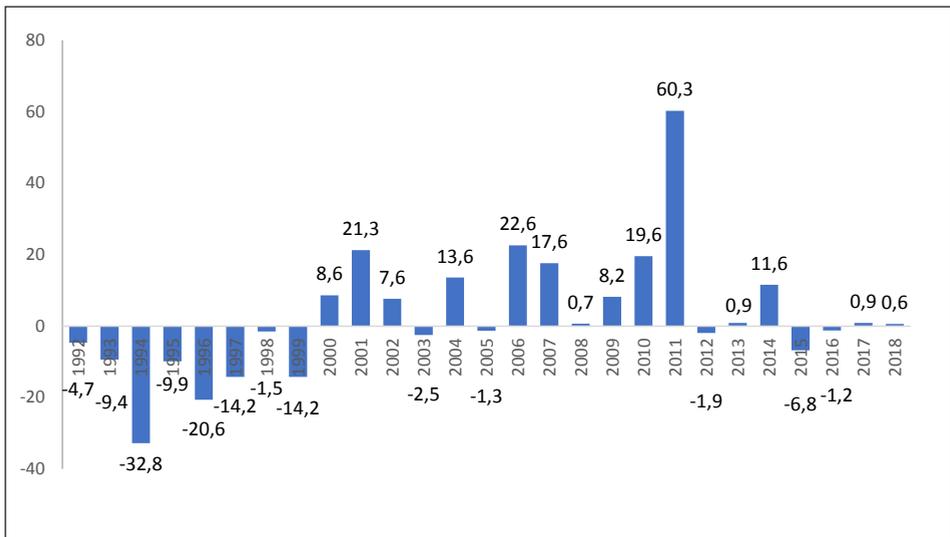


Fig. 2. Difference between the rate of GRP volume growth in the Kaliningrad region and the national average, percentage points, 1998–2018

Source. Prepared based on *GRP volume indices in 1998–2018*. URL: <https://mrd.gks.ru/folder/27963> (accessed 20.02.2020).

The collective monograph mentioned above carries out a comparison of the economic security of Russia's western borderland regions using several socio-economic indicators [3].

Ksenia Voloshenko compiled a list of 20 general, 15 special, and 37 specific indicators for assessing the economic security of a border region [3, pp. 93–107]. The list draws on previous analysis and the author's own findings. I will use this list below. Table 1 demonstrates the 20 general indicators, which apply to any Russian region, as well as GRP dynamics (line 2), which seem at least as important as the other 20 measures.

Table 1

General indicators of the economic security of the Kaliningrad region

Indicator	Threshold value	Actual value		KR as compared to RF
		RF	KR*	
1. Annual GRP per capita to the national average, %, 2018	At least 100	100	80	-
2. Physical volume Index of GRP in % to the average for the regions of the Russian Federation	At least 100	102.8	103.3	+
3. Consumer price index, December 2018 to the December 2017 baseline, %	No more than 106	104.3	104.8	-
4. Capital investment to GRP, %	At least 25	20.7	28.3	+
5. Consumption of fixed capital (as of the end of 2018 for all companies, %)	No more than 60	50.9	31.6	+
6. Cereal yield (processed weight) per capita, kg, 2014–2018 average	At least 7.5	790	440	-
7. Percentage of innovative good and services in the total volume of goods shipped and services provided, %, 2018	At least the national average	6.5%	0.3%	-
8. Technological innovation spending to R&D expenditure, %, 2018	At least 200	143	57	-
9. Volume of shipped innovative goods to technological innovation spending, %, 2018	At least 200	307	253	-
10. Consolidate budget deficit, % of GRP, 2018	No more than 3	Surplus 2.7	Surplus 0.5	-
11. Percentage of loss-making companies, %, 2018	Not above the national average	33.1	41.6	-
12. Annual average population change, 2019, % of the 2018 baseline	At least 100	99.96	100.8	+
13. R/P 10% (the ratio of the average income of the richest 10% to the poorest 10%), 2018	No more than 8	15.6	10.5	+

The end of Table 1

Indicator	Threshold value	Actual value		KR as compared to RF
		RF	KR*	
15. Monetary income per capita to the minimum cost of living (as of the fourth quarter), -fold	At least 3.5	3.2	2.5	-
16. The average amount of pension to the average gross payroll of organisation employees, %, 2018	At least 40	29.8	40.1	+
17. Unemployment rate following the ILO definition, %, 2018	No more than 4	4.8	4.7	+
18. Life expectancy at birth, years	At least 80	73.3	73.6	+
19. Total fertility rate, 2018	At least 2.2	1.58	1.51	-
20. Housing per resident, m ² , as of the end of 2018	At least 25	25.8	28.2	+
21. Crimes per 100,000 population, 2019	No more than 5000	1379	1480	-

Comment: *KR is the Kaliningrad region; + is a positive estimate; — is a negative estimate. Positive values are given in semi-bold. Voloshenko gives the list of indicators (except line 2) and associated threshold values in section 5.3 of the monograph *Problems of Economic Security of Russian Western Borderland Regions* (Kaliningrad: Immanuel Kant Baltic Federal University Press, 2019).

Source. Prepared by the authors based on data from *Gross regional product per capita*. EMISS (United Interdepartmental System of Information and Statistics. URL: <https://fedstat.ru/indicator/42928> (accessed 03.07.2020); *Kaliningrad region in digits*. 2019. Vol. 1. Kaliningrad: Kaliningradstat, 2019; *Legal statistics portal*. URL: crimestat.ru/regions_chart_total (accessed 03.07.2020); *Dynamics of the average amount of pensions awarded*. URL: https://www.gks.ru/free_doc/new_site/population/urov/doc3-1-1.htm (accessed: 03.07.2020); *Russian regions. Socio-economic indicators*. 2019: statistics. Moscow : Rosstat, 2019.

I also employ the threshold values quoted by Voloshenko for assessing the level of economic security. Since threshold values are conditional on many factors, including the researcher's opinion, I propose to use a comparison with the national average. This will make it possible to assess selected aspects of economic security in juxtaposition with other Russian regions.

Table 1 contains two groups of indicators. The first one shows the state of the economy (1–11); the second (12–21), regional social and demographic features, which are determined by the level, structure and rate of economic development. Although the list may vary slightly depending on the researcher's opinion, it seems that it has everything to assess the economic security of a region.

The performance of the Kaliningrad region on 10 out of 21 indicators is within the threshold values. On nine indicators, the region does better than the national average. In seven cases, both results are positive, in eight, both are negative. Thus, different results are obtained for six indicators. Although the region's GRP per capita is 20% below the national average, its growth rate is higher, plants and equipment are less depreciated, and the investment/GRP ratio is higher as well. The key problems are the extremely low innovations rate of the regional economy and the high share of loss-making enterprises. The crime rate is above the national average. Incomes are below the average across the country, whereas the housing per capita value is above that. The regional unemployment rate is low.

Apart from the general indicators, an assessment of the economic security of the Kaliningrad region should take into account its border and exclave situation. It is described by specific and special indicators (see Table 2). The former add to general indicators, and the latter give additional information.

Most measures shown in Table 2, except the potato and meat output, indicate that the region's level of economic security is insufficient. Low international investment is a result of poor relations with neighbouring countries. Regional needs for the agricultural products that can be easily produced locally are not met. Fiscal transfers are substantial because of the modest revenues of the regional budget. All transport links to mainland Russia, except maritime ones, involve travel across at least one foreign state. Bilateral trade with Poland and Lithuania, which has been declining since 2010, is insignificant. The region's manufacturing companies depend heavily on the imports of raw materials, components, and equipment. None of the three is delivered from other Russian regions in sufficient volumes. Exports are low — half of the regional produce is shipped to the 'metropole'.

Table 2

**Specific (1 – 3) and special (4 – 7) indicators of the economic security
of the Kaliningrad region**

Measure	Value
1. Ratio of international investment in the economy of the Kaliningrad region per capita to the national average, %, 2017	31
2. Percentage of fiscal transfer in the consolidated regional budget, %, 2019	57.7
3. Production of key foodstuffs to the regional needs, %, 2017	Potatoes, meat 100; vegetables 58; milk 76; eggs 85; cereals*
4. Transport links to other Russian regions not involving travel across other countries	only maritime
5. Exports and imports to/from the neighbouring countries to the total regional exports and imports, %, 2017	Exports 7.9; imports 1.7
6. Ration of exports and imports per capita to the national average, %, 2017	Exports 53; imports 473
7. Goods purchased/sold from/to other Russian regions, % of shipped regionally-produced goods and of services provided by the regional manufacturing industry, %, 2015	Sold 49.3; purchased 9.5

Comment: *the output was 56% of the national average in 2014–2018. Durum wheat, which is used in making bread, is not grown in the region.

Source. *EMISS.* URL: <https://www.fedstat.ru/> (accessed 02.03.2020); *Statistics.* URL: <https://kaliningrad.gks.ru/statistic> (accessed 02.03.2020); *Budgeting process.* Ministry of Finance of the Kaliningrad region. URL: <https://minfin39.ru/budget/analytiks/> *In 2018 the region will produce enough vegetables and fruit to meet 60% of its needs.* URL: <https://kgd.ru/news/society/item/65871-k-2018-godu-region-budet-obe-spechivat-sebya-ovoshhami-i-fruktami-menshe-chem-na-60> (accessed 03.03.2020).

Conclusion

Greatly affected by the crisis of the 1990s and rapidly developing in the conditions of the Yantar free zone and the succeeding special economic zones, the economy of the Kaliningrad region grew deeply dependent on the institutional environment, foreign politics, and the situation in the world market. Although the level of regional economic security decreased as a result, the regional economy developed more rapidly in the region than in most Russian territories. Moreover, it achieved a relatively high level when external conditions were stable.

Nevertheless, during crises, regional output was falling more dramatically than in inland Russian territories. The coronavirus-caused decrease in manufacturing was sharper in Kaliningrad than in most of its counterparts. The heaviest blow was dealt to companies engaged in partial import substitution — they use imported raw materials and components.²⁴ Imports dropped significantly, by 23.5%, in the first five months of 2020 as compared to the same period of 2019.²⁵ The output of the region's largest holding company, the car manufacturer Avtor, declined by 37%.²⁶

Given the dependence of the regional economy on external conditions, it is difficult to devise an effective and easily implemented strategy for the social and economic development of the territory, especially one that does not require substantial investment or fundamental economic restructuring.

An unfinished but still not abandoned attempt to give the region a new structure of production was the beginning of the Baltic Nuclear Power Plant construction in 2010. A cluster of energy-intensive companies may once form around it. The construction was suspended in 2014.

The region's low level of economic security manifested itself in the regional economy's response to deteriorating Russia-EU relations. Even before the anti-Russian sanctions, Kaliningrad's bilateral trade with its former partners — Germany, Poland, and Lithuania — began to decline. After spring 2014, the reduction was particularly remarkable. Still, there is a global economic project, Greater Eurasia, that seeks to restore these trade connections to advance economic cooperation between China, Russia, Europe, and Central

²⁴ Only 14 Russian regions fell more sharply in January–May 2019 than Kaliningrad (Production index. EMISS). URL: <https://fedstat.ru/indicator/57806> (accessed 15.07.2020).

²⁵ International trade of the Kaliningrad region. Kaliningrad regional customs. URL: <http://koblt.customs.gov.ru/statistic/2020-god> (accessed 06.07.2020).

²⁶ Reduction in Avtor's production output revealed. Kaliningrad. July 3, 2020. URL: <https://kaliningrad.rbc.ru/kaliningrad/03/07/2020/5eff244d9a79472d5fb594a3> (accessed 15.07.2020).

and Western Asian countries. In this case, the Kaliningrad region may finally benefit from its geographical position and become an important link in the East-West relationship (possibly in cooperation with neighbouring Polish and Lithuanian regions). Kaliningrad will have the opportunity to become an international development corridor, which the St Petersburg–Leningrad region spatial system has largely done. The region is already performing some functions of an international development corridor.

It is possible to increase the economic security of the region by unlocking its internal resources and creating regional and interregional clusters. There are noteworthy projects focusing on clean agriculture, medical tourism and recreation, clustering in the amber and construction industries (the latter, probably, in collaboration with St Petersburg), establishing an air hub and developing concomitant industries, creating an IT cluster, and promoting the Technopolis GS innovation cluster. The Baltic Valley innovation and technology park is to be created. It is to specialise in health protection, rehabilitation technology, food and industrial biotechnology, personalised nutrition, engineering, and industrial design.²⁷ If implemented, these projects will reduce external threats and contribute to the economic security of the region.

Expanding the Kaliningrad port complex was discussed at some point. Particularly, there was a proposal to turn it into an outer port of St Petersburg. This would pose the problem of increased transit through foreign countries. In my opinion, there is also a need to create several more large enterprises, such as Avtotor and Sodruzhstvo-Soya, that will import raw materials and components from Latin America, Asia or Africa and ship its produce to Russia (as Avtotor) or export it (as Sodruzhstvo-Soya). Each of the projects is associated with certain threats to economic security, for example, that of possible cessation of deliveries from partner states.

NATO's eastward expansion is bringing to the fore the security and defence function of the Kaliningrad region as a geostrategic national territory. The defence component of the regional economy is growing. This makes the economy more stable and increases the region's economic security.

In the 1990s-early 2000s, experts and researchers discussed a possible Russia-EU agreement on supporting the livelihood of the Kaliningrad region. Unfortunately, this idea never came to fruition. I believe that it should be revived. Concluding such an agreement or its mere presence of the agenda may contribute at least to the transport security of the region.

The economic security of the Kaliningrad region requires solving many problems, and that is being done gradually. This article outlines some of the ways to

²⁷ *Alikhanov* tells what Baltic Valley technology park is to do. URL: <https://kaliningrad.rbc.ru/kaliningrad/05/03/2020/5e60b3679a794722aa004b80> (accessed 07.03.2020).

deal with these problems, which demand further investigation. Despite current issues, the regional economy is developing. There are reasons to hope that federal support and internal resources will help it overcome the adverse effects of the West's sanctions and the COVID-19 pandemic.

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ETHNO-CONFESSIONAL IMMIGRANT GHETTOS AS A NATIONAL SECURITY PROBLEM IN DENMARK'S SOCIAL AND POLITICAL DISCOURSE

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The ghettoisation of immigrant areas in Denmark is a lengthy and objective process of the emergence of ethno-religious 'parallel societies' in the state. Cultural and religious principles that are often at odds with the democratic values of Danish society guide the actions of ghetto residents. Danish social and political discourse pictures this ideological difference between the host society and Muslim immigrant minorities as a potential threat to Denmark's national security caused by a combination of political, social, and economic factors. The ensuing social disunity and violation of the country's territorial integrity take the problem to a regional and international level. Through analysing public speeches of Danish social and political actors, this article reconstructs key stages in the development of parallel societies in Denmark. Another focus is official government strategies to prevent isolated immigrant areas from turning into ghettos: the Government's Strategy against Ghettoisation (2004), Return of the Ghetto to Society: Confronting Parallel Societies in Denmark (2010), and One Denmark without Parallel Societies: No Ghettos in 2030 (2018). The escalation of the social conflict calls for the Danish authorities to take decisive action against the enclavisation of segregated immigrant communities. This study employs discourse analysis to evaluate the efficiency and identify the shortcomings of government action to integrate ethno-confessional minorities into society. Particular attention is paid to analysing public reaction to the criteria for identifying ghettos as well as to annual publications of official ghetto lists.

Keywords:

parallel society, ethno-religious immigrant ghetto, Muslim communities, Denmark's immigration policy, Denmark's national security

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Introduction

“Parallel” society in Denmark is an objective social, economic, and political phenomenon. Over the course of several decades, this has influenced the development of government social strategies as well as the formation of foreign and domestic policy of the state. In the modern Danish social and political context, “parallel” society is synonymous with “immigrant ghetto”. The ghetto residents are predominantly represented by first- and second-generation immigrants of non-Western origin who practice Islam. Such segregated ghettos as a factor of social tension are the subject of numerous political debates, while the Danish government presents them as a potential threat to national security and international stability in the European region. The long-term ineffectiveness of the state integration policy has led to the disruption of the unity of Danish society and the emergence of an ideological confrontation between the democratic majority society and the isolated communities of immigrants with their own legal norms, cultural and religious values. The escalation of this conflict between the government authorities, the political opposition, Danish society, and the ghetto residents determines the relevance of the study of the problem of ethno-confessional immigrant ghettos in the context of Danish social and political discourse.

The theoretical basis of the article is the researches devoted to various social and political aspects of the integration of non-Western immigrants in Western European countries [1-4]. Particular attention is paid to studies that analyze the influence of cultural and ethnic factor on political and public reaction to the problem of integration of immigrants and refugees into Danish society [5-10], and to papers that reveal the importance of the religion for the national identity of Muslims in Denmark [11-14]. Thus, the article aims to disclose the following issues: the reconstruction of key stages in the development of ghetto problems in Denmark; the analysis of ghetto as a potential threat to national security in the speeches of Danish social and political actors; the overview of government acts aimed at countering the ghettoization; the assessment of public response to the ambiguity of approaches to the compilation of the official ghetto-lists. This study assesses the effectiveness of the actions of the Danish authorities to prevent threats to the social well-being of Danish society, national unity, and the state security from the side of ethno-confessional immigrant ghettos.

The history of the emergence of ghetto as a social and political phenomenon in Denmark

The concept of “ghetto” first introduced into Danish social discourse in the XVIIth century. This was due to the official permission of Christian IV of Denmark to found a Jewish settlement in 1634 on the territory of Gluckstadt as a part of Danish lands. The lower level of anti-Semitism against the backdrop of the Danish reformation movement allowed Jews to gradually obtain permission to organize their communities in large cities such as Fredericia, Aarhus, and Copenhagen. Nevertheless, in 1692 the Danish authorities rejected a proposal by the Copenhagen police chief to create a Jewish ghetto out of Jewish residential areas [15]. But the right to live beyond native city was granted to Jews only in 1809; while civil rights they received in 1814 [16, s. 111]. Despite the absence of officially recognized ghettos in Denmark until the 20th century, the compact residence areas of the Jewish were considered mainly within the framework of this concept.

In the early 1900s, the concept of ghetto took on a distinctly negative social connotation due to the massive migration of the Russian Jewish population. This situation was provoked by a series of Jewish pogroms in the Russian Empire after the death of Alexander II in 1881. As a result, about 3 thousand newly arrived Jews were never accepted by their fellow believers with already established Danish roots. They settled in the suburbs of Copenhagen, predominantly in the slums of Borgergaard and Adelgade [17]. Danish society had been extensively discussed the situation. An example is a note in the daily newspaper “Dagbladet” dated May 3, 1918: “And now they [the Jews] form their own sad city, a randomly populated ghetto like a little dark bird nests high above. On the 3-4-5 floors above each other they live as close as rooks. And like this black bird, during the day they roam in large flocks beyond the City” [Cit. on: 17, p. 81]. Even those Russian Jews who had settled in the prosperous districts of Copenhagen quickly became associated with the newly formed ghettos residents. Ghettos were covered by the media with similar negative traits: poverty, low standard of living, uncomfortable living conditions, increased epidemic and fire hazard [17, s. 82]. Residents of such Jewish areas remained committed to their own cultural and religious traditions. Yiddish was the primary language of communication in contrast to Danish, which was not required in their daily life. Subsequently, the local press began to publish in Yiddish [18, s. 102]. The Jewish ghettos were culturally and ethnically isolated from the majority society. This was fraught with the destabilization of public order and a potential cause of social disadvantage within ghetto. There was also a specific

threat of the spread of the communist and socialist convictions by refugees from Russia. However, only mass labor migration to Denmark from third world countries in the 1960s-1970s provoked a broad social and political discourse on the problem of the ghettoization of immigrant communities in Danish society.

From the middle of the 1960s, the concept of ghetto in Denmark has undergone significant changes due to the new social and political context. This situation was aggravated with the appearance in Danish social and political discourse of numerous debates about the problem of importing a large number of labor migrants. Despite the obvious need of the economies of Western and Northern Europe for labor resources, the process of accepting large numbers of foreign workers on Denmark was fraught with many difficulties. The most important problems were the cultural adaptation of migrants in the Western democratic society and the limited housing stock for the settlement of *gastarbejdere*. In this regard, the chairman of the Danish Confederation of Trade Unions Frands Petersen pictured the position of the Danish authorities in his published statement about the inadmissibility of housing priority to immigrant workers: “the best solution would be [for migrants] to stay in a camp” [Cit. on: 19, p. 403]. Thus, the concept of “ghetto” in the Danish discourse of the 1960s mainly denoted the compact residential area of labor migrants.

Based on this approach to ghetto problems, cultural sociologist Peter Duellund examined this phenomenon from the position of a “parallel” society in the context of Danish social and political discourse. In 1968, Duellund published his article “Parallel society as a new political strategy” [20]. In this paper, the Danish cultural sociologist refutes the popular idea of an alternative society as a powerful argument in the fight against the prevailing social and political guidelines in society. Duellund doubts the possibility of the emergence of “parallel” society in modern conditions: “It is utopian to believe that the parallel society can free itself from society by creating its own institutions” [21, s. 56]. According to Duellund, the isolation within society of a large group of people with their own system of cultural and religious attitudes, social norms, and methods of legal regulation, leads to the emergence of ghetto [21, s. 55]. Thus, the idea of “parallel” society had gradually transformed, and by the end of the 1970s it lost its significance as a social movement ideologically opposed to the majority society.

Transformation of the immigrant ghetto into ethno-confessional “parallel” society in modern Denmark

Since the early 1990s, ghetto has once again been considered in the social and political context as a disadvantaged residential area. The majority of the ghetto residents were immigrants from Asian and African countries: refugees, labor migrants with temporally or permanent residency, and their relatives who came under the family reunification programs. Most of them remained committed to the cultural values and legal norms of Islam. At the same time, the crisis of the multiculturalism policy in Western Europe contributed to the escalation of social unrest. Subsequently, the concept of a “parallel society” in Denmark turned into a counter-discourse for the ideas of multiculturalism as the basis of cohesive society [16, s. 234-235]. The published in 1996 article “For Turkish youth in Germany, Islam plays an important role” by Wilhelm Heitmeyer illustratively described these events [22]. In this paper, the German sociologist presented the segregation of Turkish Muslim communities as “difficult to understand “parallel society” beyond the majority society” [22, S. 6]. According to Heitmeyer, the Turkish young people are particularly at risk due to the increasing influence of fundamentalist groups on isolated Muslim communities. Such religious and political groups in the form of “parallel” society appear because of external social processes, and as a result of adherence of immigrants to their cultural, and religious values. This is fraught with a potential threat not only to the national security of the state, but also to the international community.

The modern social and political interpretation of the concept of “parallel society” goes back to the speech of the former member of the European Parliament from the Danish People’s Party Mogens Camre. On September 10, 1998, Camre gave an accusatory speech on the DR1 TV channel towards the Social Democrats’ immigration policy. He pointed to the factual inability of Denmark to successfully integrate the ever-growing number of immigrants from the third world. Camre noted that they have no interest in Danish cultural values and are focused on the isolated Muslim ghettos within the state borders [Cit. on: 16, p. 78-79]. Subsequently, Camre identified as the main reason for the emergence of a Muslim parallel society the reluctance of immigrants to integrate into democratic Danish society and their intention to “enforce rules from the backward Muslim countries and counteract the integration as official policy” [23]. His position united the concepts of “ghetto” and “ethno-confessional parallel society” within the framework of Danish social and political discourse. This value and ideological political concept formed the

basis of an argumentative strategy against the key aspects of official Danish immigration policy. Danish researcher Anna M. Freiesleben described this approach as “dystopian political discourse” [16, s. 100]. In this context, “parallel society is a term for the segregated immigrant societies, mainly Muslim and with non-Western backgrounds, that are perceived as a threat to national and cultural unity” [16, p. 94]. Thus, the concept of “parallel society” identified the problem of segregation of Muslim ghettos as a potential threat to social cohesion, territorial integrity, and other aspects of national security.

The modern ethno-confessional ghetto in Denmark: the key stages of the development of social and political discourse

The key stages in the development of social and political discourse on the problems of Muslim ghettos are going to be centered on the events in 2004, 2010, 2012, and 2018. Particular attention is paid to analyzing the New Year’s speech by the head of the Danish government Anders Fogh Rasmussen (2004), and a series of public speeches by the Danish Prime Minister Lars Løkke Rasmussen (2010-2018). This made it possible to identify the dynamics of the development of the problem of ethno-confessional ghetto in Denmark.

In 2004, during the New Year’s speech, A.F. Rasmussen recognized the existence of “immigrant ghettos” as an example of a negative aspect of social reality: “Many years of failed foreign policy have led to the emergence of immigrant ghettos, where men are unemployed, women are isolated, and families speak only the language of their homeland” [24]. According to Rasmussen, children are the most vulnerable part of the ghetto residents insofar as they do not have sufficient knowledge of the Danish culture and language; children disdain Danish society and democratic values and they disdain Danish society. Rasmussen introduced into official circulation the concepts of “immigrant ghetto” (*indvandrerghetto*) and “ghettoization” (*ghettoisering*) as a political and ideological concept. In this way, ghetto discourse has given the necessary legitimacy for the Danish authorities to develop and implement decisive action towards resolving social unrest. Rasmussen’s New Year’s speech was followed by the publication of “The Government’s Strategy against Ghettoization”¹. This paper considers ghettoization as a serious obstacle to the integration into democratic Danish society of migrants, ref-

¹ *Regeringens strategi mod ghettoisering* (2004). URL: https://www.stm.dk/index/mainstart.asp/multimedia/Regeringens_strategi_mod_ghettoisering.pdf (accessed 21.02.2020).

ugees and their descendants with their own cultural and religious values. At the same time, it is important to note that the category of refugees since 1991 officially falls under the concept of immigrants according to the position of Statistics Denmark: “An immigrant is defined as a person born abroad whose parents are both (or one of them if there is no available information on the other parent) foreign citizens or were both born abroad. If there is no available information on either of the parents and the person was born abroad, the person is also defined as an immigrant”². The segregation of communities of non-Western immigrants is the problem of physical and psychological isolation of ghetto from society, when such communities turn into “actual ethnic enclaves or parallel societies without significant economic, social, and cultural contact with society”³. Thus, the state strategy to counter the ghettoization was aimed at solving large-scale social problems in isolated immigrant areas. As a result, this became a formidable obstacle to the practical solution of specific aspects of the problem.

Political debate on ghetto problems renewed in 2010 with the speech by the Prime Minister Lars Løkke Rasmussen at the opening of the autumn parliamentary session. By this time, the developed in 2004-2008 recommendations⁴ for preventing social threats from disadvantaged residential areas revealed their practical ineffectiveness.

During his speech, Rasmussen notes the particular importance of democratic values in the structure of Danish society: “In Denmark, we have for generations built a safe, rich, and free society. Increased prosperity and material progress are of great importance here. But the most important thing is our values” [25]. Fundamental Danish values are summed up in the concept of “entrenched democracy”. However, Rasmussen points out the presence of “holes” (huller) in “the Danish map” that contradict this concept. According to Rasmussen, these holes are “areas that are not Danish in their values” [25]. Rasmussen called for decisive measures to resolve the ghetto problems: “It makes no sense to invest more money in painting the facades. We want to tear down the walls. We must bring ghetto back to the society” [25]. It is important to note that a similar position was shared by the Chancellor of Germany Angela Merkel, the President of France Nicolas Sarkozy, and the Prime Minister of the United Kingdom David Cameron [26]. To follow up on Rasmussen’s

² *Documentation of statistics for Immigrants and Descendants*. Danmarks Statistik. URL: <https://www.dst.dk/en/Statistik/dokumentation/documentationofstatistics/immigimmig-and-descendants/statistical-presentation> (accessed 22.06.2020).

³ *Regeringens strategi mod ghettoisering* (2004). P. 12.

⁴ *Fra udsat boligområde til hel bydel*. Sammenfatning, November 2008. URL: <http://docplayer.dk/205175-Fra-udsat-boligomraade-til-hel-bydel-sammenfatning-november-2008.html> (accessed 13.03.2020).

speech, the Danish government developed and published another strategic plan called “Return of the Ghetto to Society. Confronting Parallel Society in Denmark”⁵. In 2010, there were 29 such disadvantaged residential areas in confrontation with Danish society. These areas met the main criteria for defining ghetto: the majority of the residents are non-Western immigrants or their descendants, the high level of crime and unemployment⁶. The title of this strategic paper indicates the impossibility of further ignoring by the Danish authorities the problem of the existence of “parallel” society as an objective threat to the security and well-being of Danish society. Based on Germany’s experience with the segregated Muslim Turkish communities, the Danish government has made social and legal work with children and young people the priority area for bringing ghetto back to the Danish society⁷.

Nevertheless, Rasmussen’s plan to “bring ghetto back to society” faced a serious obstacle – ideological opposition “friends and foes” as the basis for the relationship between parallel and majority societies. The dystopian social and political discourse in Denmark is largely based on the widespread idea of an impersonal “ethnic and religious other” ghetto resident who intends to undermine the foundations of Danish society with his adherence to cultural and religious values that are contrary to the democratic way of life. According to this idea, such resistance of “Danish culture” is a deliberate choice of this “other”. But initially such self-isolation was provoked by the economic and social disadvantage of migrants living in their isolated communities. In addition, the voluntary segregation of migrants from Muslim countries paved the way for the development and widespread dissemination in Danish discourse of numerous “conspiracy theories” of “parallel” societies [16, p. 244]. These ideas became an instrument of ideological influence on public sentiment. Such “conspiracies” imply centralized control from the Arab states over the creation and covert activities of parallel Muslim societies that undermine the Danish and European security. One of the “conspiracy” scenarios is the concept of the “state-in-state”. This implies a social group that has separated itself from the state, and adheres to its own legal and political principles in opposition to the majority society [27, p. 7]. The analytical review of the discourse on “parallel” society in the Scandinavian countries also revealed an analogy between “disadvantaged residential areas” and “failed states” as social groups that “isolate themselves and firmly oppose to society, the state

⁵ *Ghettoen tilbage til samfundet. et opgør med parallelsamfund i Danmark*. København: Socialministeriet (2010). URL: https://www.stm.dk/multimedia/Ghettoen_tilbage_til_samfundet.pdf (accessed 22.06.2020).

⁶ Ibid. P. 5.

⁷ Ibid. P. 6.

and judicial authorities. This is expressed, for example, by using violence against the police when the police cross the border of the group's 'territory'" [28, s. 21]. Nevertheless, according to the official position of the Danish government, "parallel" society is only a "risk area", which is still under the general control of the state authorities and the police.

Another aspect of the issue of integrating Muslim ghetto into Danish society is the problem of violation of a social minority's rights in the democratic state. The respect for the rights of minorities is one of the fundamental principles of democracy, but in Denmark the attitude towards minorities has a mixed picture. The events of the end of 2012 showed a significant difference in attitudes towards the "Danish" minority in comparison with an isolated immigrant community with its own legal norms, cultural and religious values. In Kokkedal, the Danes are in minority while the main part of the city population is residents of Arab and Turkish origin in the first and second generations. The widely reported conflict in November 2012 occurred due to the refusal of the city administration from the traditional installation of a Christmas tree in the central city square in order to save the city budget. This situation was complicated by the fact that the members of the commission who voted for the abolition of the installation of the Christian symbol of Christmas were predominantly Muslims. The Danish media pictured the situation as a deliberate provocation and maintained social tension for a long time. This is illustrated by the newspapers headlines and informational Internet resources: "Muslims cancel Christmas"⁸; "Muslim residents blow away Christmas tree tradition"⁹; "Muslims cancel Christmas tree in Kokkedal"¹⁰, "Muslims deny non-Muslims Christmas tree"¹¹, "Muslims kill Christmas"¹², etc. Many of these articles emphasized that the Muslim majority in the city council refused to spend DKK 5,000-7,000 after the Eid al-Adha with a budget of DKK 60,000. This fact has

⁸ *Muslimere aflyser julehygge i boligforening* // DR.dk Nyheder. 07.11.2012. URL: <http://www.dr.dk/Nyheder/Indland/2012/11/07/042932.htm> (accessed 15.01.2020).

⁹ *Juletræstradition afblæst af muslimske beboere* // Berlingske Tidende. 07.11.2012. URL: <http://www.b.dk/nationalt/juletraestradiation-afblaest-af-muslimske-beboere> (accessed 16.01.2020).

¹⁰ *Muslimere aflyser juletræ i Kokkedal* // Lokalavisen.dk. 07.11.2012. URL: <http://hoersholm.lokalavisen.dk/muslimere-aflyser-juletrae-i-kokkedal-/20121107/artikler/711089913/> (accessed 16.01.2020).

¹¹ *Ballade i boligforening: Muslimere nægter ikke-muslimere juletræ* // BT. 07.11.2012. URL: <http://www.bt.dk/danmark/ballade-i-boligforening-muslimere-naegter-ikke-muslimere-juletrae> (accessed 17.01.2020).

¹² *Tom Behnke i det røde felt: Muslimere slår julen ihjel* // BT. 07.11.2012. URL: <http://www.bt.dk/danmark/tom-behnke-i-det-roede-felt-muslimere-slaar-julen-ihjel> (accessed 17.01.2020).

significantly aggravated the cultural and religious confrontation. The conflict resulted in the dissolution of the city administration and the return of the Christmas tree to the city square as a symbol of Danish culture.

Many public and political actors confirmed the conflict nature of the situation with their speeches. For example, the parliamentary deputy of Liberal Alliance and the founder of the social movement “The Democratic Muslims in Denmark” Nasser Khader called the Christmas incident in Kokkedal “a classic example of how parallel societies can threaten the Danish, democratic values” [29]. Khader’s statements indicate a negative attitude towards the problem of segregated Muslim ghettos in Denmark not only from the “Danish” population of the country, but also from those Muslims with immigrant roots who have successfully integrated into Danish society. This in practice proves the possibility to accept the cultural and democratic values of Western society while preserving one’s religious beliefs. In addition, Khader clearly stated that “there is a fundamental difference between a minority in one’s own country and in a foreign one. It is assumed that one must adapt to local customs while staying in a foreign country” [29]. At the same time, the parliamentary deputy from the Danish People’s Party Marie Krarup insisted on the need for the Danes to adhere to their own social norms without concessions in favor of the identity of ethno-religious minorities: “We have to get used to standing firm on our own principles and kindly let Muslims understand how these principles work in Denmark. Now you have to adapt to them if you want to live in our country” [30].

It is worth noting that such ambiguous assessment of the priority of the minorities’ rights depending on their nationality is a significant obstacle to the successful integration of “parallel” societies into Danish society. In this situation, the Kokkedal Christmas tree is not only a Christian symbol discriminated against by Islamic values, but a cultural and national symbol of the struggle for Western norms and values. While the social and political conflict around the Christmas tree is the cultural and national struggle for an integration scenario acceptable for Danish culture. In the context of cultural discourse on the issue of Muslim ghettos, the concepts of “Islam” and “Muslim” are elements of the special culture that contradicts “Danish” culture. This is the basis of collective way of thinking and a guide to action of the opposing parties. The key aspect of the integration problem within the framework of cultural discourse is the inability of immigrants to adapt and reconcile their own values with “Danish” values. This leads to the cultural incompatibility of the ghetto residents with Danish society [5]. Consequently, the Kokkedal Christmas tree indicates a cultural confrontation based on the ideological opposition of “our” and “others” values rather than a religious struggle in Danish society.

The next stage in the actualization of ghetto issues in Danish socio-political discourse was in 2018. L.L. Rasmussen in his New Year's speech again touched upon the concept of ideological and cultural social confrontation "friends and foes": "There are parallel societies throughout the state. Many people with the same problems came together. This creates a negative spiral. The counterculture. In which one avoids to responsibility, shies away from use the opportunities available to Denmark and remains outside [society]" [31]. In addition, Rasmussen stated the need to decisively confront the problems associated with the emergence of Muslim ghettos on the Denmark map: "we must drop the illusion that parallel societies and ghettos will disappear if we just give them time" [31]. However, the strategic paper followed this speech "One Denmark without Parallel Societies: No Ghettos in 2030"¹³ emphasizes that decisive government measures are intended for residential areas in which the problem of ghettoization is most urgent: «We do not want to restrict the majority to take action against the few. In this way, we can act more rigidly and consistently against parallel societies»¹⁴. For this, the government structures began to focus primarily on four main activities: 1) to eliminate or transform the disadvantaged residential areas into areas with more comfortable living conditions; 2) to tighten control over residents of such areas; 3) to improve safety in ghetto by strengthening the presence of the police and increasing punishment for offenses; 4) to improve the quality of life of children and youth. As part of the decisive struggle against the "parallel" society in Denmark, the Rasmussen's government presented the official ghetto list included a new special category – "severe ghettos" (*hårde ghettoer*).

Criteria for determining ethno-confessional ghettos

The concept of "severe ghetto" denotes disadvantaged residential areas that have been on the ghetto list for over four years. According to the annually published data, the 2019 ghetto list contained 28 disadvantaged residential areas with 15 "severe ghettos"¹⁵. The main criterion for determining ghetto is a residential area with at least 1000 residents, where the proportion of immigrants and their descendants with non-western origin exceeds 50%. In this case, the

¹³ *Ét Danmark uden parallelsamfund – Ingen ghettoer i 2030*. København: Økonomi-og Indenrigsministeriet. 2018. URL: <https://www.regeringen.dk/nyheder/2018/ghettoudspil/> (accessed 23.06.2020).

¹⁴ Ibid. P. 7.

¹⁵ *Liste over ghettoområder pr. 1. december 2019*. P. 2. URL: <https://www.trm.dk/publikationer/2019/liste-over-ghettoomraader-pr-1-december-2019/> (accessed 23.06.2020).

residential area must meet at least two of the following four conditions: 1) the proportion of residents aged 18-64 who are not connected to the labor market or education exceeds 40%; 2) the proportion of residents convicted of offenses under the Danish Penal Code is at least three times the national average; 3) the proportion of residents who only have a basic education exceeds 60%; 4) the average gross income of taxpayers aged 15-64 is less than 55% of the average gross income for this region¹⁶. Depending on compliance with these conditions, residential areas may be included in the ghetto list or excluded from it. Compared to 2018, in 2019, two residential areas entered and three residential areas left the ghetto list. However, the number of “severe ghettos” that have been on the ghetto list for over 5 years is increasing every year.

These criteria have become one of the most pressing issues in Danish social and political discourse. They are regularly criticized by the government opposition and the ghetto residents. Among political opposition, the parties the Red-Green Alliance and the Alternative most consistently express their negative attitude towards the ghetto criteria [32, p. 47]. The opposition representatives emphasize the arbitrary nature of the ghetto criteria – in some situations, only a couple of dozen residents influence the inclusion of a residential area in the ghetto list.

The analysis of the ghetto criteria reveals that the practice of artificially creating such special residential areas devalues and averages out the personal qualities of their residents. For example, the Danish artist and public activist Aisha Amin as a resident of the “severe ghetto” Gellerup shared her experience of pressure of the social and political system on the individual: “Your skin colour and name suddenly imply whether or not you are improving or degrading your neighbourhood. You become a percentage rather than a human being” [33, p. 6]. This personal experience shows that the ghetto residents for the state are negative numbers that form tables of criteria for the lists of ethno-confessional “parallel” societies. In addition, Amin expresses doubts about the appropriateness of one of the key ghetto criteria: “The majority of us may have non-western backgrounds, but we are Danish citizens. What is a statistic like this supposed to prove? That having a non-western background is shameful?” [33, p. 8]. The rejection by many ghetto residents of the criteria for including areas on this list led to a number of public protests. The most pressing protests in recent years include the appeal of the residents of Tingbjerg (Copenhagen’s “severe ghetto”) to the Minister of Transport, Building and Housing Kaare Dybvad. The residents of this ghetto urged the ministry to stop

¹⁶ *Liste over ghettoområder* pr. 1. december 2019. P. 2. URL: <https://www.trm.dk/publikationer/2019/liste-over-ghettoomraader-pr-1-december-2019/> (accessed 23.06.2020).

publishing official ghetto lists¹⁷. This appeal was signed by more than 6,000 Danes who believe that the residents of the so-called ghettos are not “a virus in Danish society”, but are equal citizens. But such government acts against the “parallel” society make ghetto residents undesirable in a country that has already become their home. Nevertheless, the Danish authorities avoid open discussions with the protesters and adhere to their own tough political strategy aimed at preserving the integrity of Danish society and eliminating the ethno-confessional ghetto.

Conclusions

The concept of ghetto as the ethno-confessional parallel society in Danish social discourse appeared in the second half of the XVIIth century with the official permission of the government authorities to create Jewish communities in the cities of the Kingdom of Denmark. Until the XXth century, the problem of ghetto as a source of social tension did not receive wide public discussion despite the negative attitude of Danish society towards the isolated residential areas of ethno-religious immigrant minorities. The analysis of the social and political discourse on ghetto as a potential threat to national security reveals the actualization of the problem in the middle of the 1960s and the growing interest in this issue since the early 2000s. The escalation of social tension in the 1970s was a consequence of the ineffectiveness of the state integration policy in relation to labor migrants from the third world. The high number of immigrants led to a range of social and housing problems that were worsened over the next decades. These circumstances contributed to the emergence of isolated Muslim enclaves as “parallel” societies. The residents of such areas have adhered to fundamentally different legal norms, cultural and religious values. This is the key factor in the emergence of a threat to public security and the state territorial integrity from the ghetto as “parallel” society.

The crisis of the multiculturalism policy in Western and Central Europe has become a powerful impetus in the development of social and political discourse regarding ethno-religious ghettos. The emergence of “parallel” societies was an indicator of the ineffectiveness of official Danish immigration policy. The segregated Muslim communities represented by immigrants and their descendants have become the main arguments in political debate. The political opposition widely exploited ghetto problems as an ideological and political strategy in op-

¹⁷ *Opråb* til regeringen. Unge i Tingbjerg samler underskrifter mod ghettolisten // Arbejderren, 27.11.2019. URL: <https://arbejderren.dk/indland/unge-i-tingbjerg-samler-underskrifter-mod-ghettolisten> (accessed 27.03.2020).

posing the official authorities. Thus, Muslim ghettos have come to be associated with a direct threat to the national unity of Denmark, the state territorial integrity, and international stability in the European region.

The analysis of the public speech by the head of the Danish government in 2004 showed that the need for official recognition of the ghettoization problem was due to the ineffectiveness of housing legislation and immigration policy regarding the integration of non-Western immigrants into Danish society. However, the initial package of measures was insufficient to counter the threats to Danish democratic values as the foundation of society. This contributed to the deep development of the concept of social confrontation based on mutual rejection of the “ethnic and religious other” and Danish society. This conflict has been exacerbated by the inequality of minority rights in a democratic society in depending on the nationality of their representatives. The government’s strategy of decisive action to bring ethno-confessional ghetto back to Danish society led in 2010 to the publication of the ghetto list based on ambiguous criteria. For example, the classification of ghettos as residential areas of immigrants with non-Western origin caused a wide public outcry from the political opposition and the residents of these areas. Despite the efforts of the state structures aimed at social and legal work with children and young people, this category of the ghetto residents participates in the largest number of social protests appealing for the elimination of the ghetto lists as a factor that hinders their personal development and successful socialization in Danish society. Nevertheless, the Danish government is firmly committed to its strategies of liquidating segregated ethno-confessional “parallel” societies in the state. These processes are accompanied by a gradual tightening of control and countermeasures against “severe ghettos”.

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MULTIDIMENSIONAL POVERTY IN THE BALTIC STATES IN THE EU CONTEXT: THEORETICAL AND PRACTICAL ASPECTS

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There are several approaches to assessing poverty, namely, the absolute, relative, and subjective ones. They are widely used in studying income dynamics and differentiation at a national level. Yet a new research approach to the study and assessment of 'multidimensional' poverty is gaining popularity in developed states. Central to it is the notion of 'risk of poverty and/or social exclusion' (AROPE). This approach measures both income level and such non-monetary component as access to social services. Despite the versatility and severity of multidimensional poverty in some European countries, this phenomenon has not been sufficiently explored in socio-economic studies carried out in the Baltic countries of the EU – Latvia, Lithuania, and Estonia. This article aims to identify the characteristics of multidimensional poverty in the Baltic countries and the EU. Its objective is to examine the spread of multidimensional poverty in the Baltic countries and compare it to the situation on a European scale. The work uses Eurostat data. Various indicators suggest that the risk of multidimensional poverty in the Baltic States is above the EU average.

Keywords:

multidimensional poverty, poverty measurement indicators, poverty risk assessment, material deprivation, Latvia, Lithuania, Estonia

Introduction

For quite a long time, when analysing social stratification, the researchers of the Baltic states paid much attention to the formation of the middle class, while the poor population groups were considered as its possible reserve, which according to certain criteria did not reach the role of a reliable stabiliser in conditions of complex transformations of society [1, pp. 83–92; 2, pp. 7–27]. Meanwhile, the share of poor groups turned out to be quite large, and after the global financial crisis of 2008 accounts, for example, in Latvia, it was over 90%. The largest gap between candidates for the middle class and poor groups took place according to

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the indicator of the monetary income, as well as according to such parameters of assessment as education level, self-identification with the middle class, aggregate resources and capital [1, p. 83–92]. Comparative studies of Latvia and other countries convincingly demonstrate that without solving the problems of poverty it is impossible to develop the social economics as an important prerequisite for the national security of modern society [3, p. 211–231]. All this makes researchers conduct a more thorough and more in-depth study of numerous groups of the poor population (youth, the unemployed, retirees, other socially vulnerable groups), to offer new concepts within the framework of the issues of overcoming extreme inequality and reducing poverty. When looking for solutions to these problems, it seems promising to use the concept of multidimensional poverty, which is receiving increasing attention in the foreign scientific literature. When determining the level of poverty based on this concept, the aspects of the human life that cannot be assessed using absolute and relative value indicators are also taken into account: health, education, living conditions, personal security, enforcement of rights and opportunities for living in society, etc. An initiative group of scientists from the University of Oxford (UK) having researched and measured poverty and the level of human capital development (including the quality of the labour force) in different countries has developed a Multidimensional Poverty Index (MPI), which is now widely used by international research organisations in their statistical reviews and reports.

The topicality of the issue and the main theoretical and methodological approaches

The concept of multidimensional poverty as a manifestation of various aspects of material (income, employment) and non-material (health, education, security) basic needs of people was first introduced in August 1976 within the framework of the International Conference on Employment, organised by the International Labour Organisation [4, p. 1–224]. In addition to the material needs that determine the ability of simple physical survival, education and health services were added as necessary constituents for successful social activity of people, the development of their human capital. At the same time, it was acknowledged that when determining the level of poverty of the population, apart from expenses on food, expenses on education, leisure and healthcare should also be considered. The British sociologist P. Townsend criticised the described concept. The main conclusion of the scientist was the formulation of the concept of poverty as a relative deprivation: people are rich or poor depending on what share of society's resources is available to them [5, p. 85–101]. According to this concept, to determine the poverty level one should use the indicators for the threshold of relative monetary poverty, which is less than 60% of the median income of the population of the surveyed country. Commenting on the works of P. Townsend, A. Sen writes that, from the standpoint of the absolutist approach, the necessity

to meet the needs for necessities is not the same as their constancy over time. The relativist approach, on the other hand, considers deprivation from the point of view of a person as a member of the household who is unable to achieve what others in this society achieve. However, the very necessity to meet the needs of people is absolute; the only thing is that in different societies, in accordance with their opportunities, these needs are satisfied via a different set of goods. Therefore, according to A. Sen, in any case, the poverty line will be a function of some variables, and there is no a priori reason why these variables cannot change over time [6, p. 153–169].

G. Betty and the associates believe that an important contribution to the study of multidimensional poverty is the definition of rules for aggregating fuzzy sets, suitable for studying poverty and deprivation [7, p. 68–86].

According to M. Ravallion, in practice, poverty is conceptualised and measured within objective indicators of the income level or consumption of households when the corresponding aspect of poverty is determined based on either economic factors (the cost of the minimum food basket plus the expenditures on basic hygiene and physiological needs), or social norms that prevail in a given society at the moment. One of the main reasons for researchers being dissatisfied with the indicator of the level of objective poverty is that this indicator ignores various signs of material deprivation, social exclusion (support) of households. Therefore, the aim of efforts to monitor the measurement of poverty should be to develop a reliable set of several indices which cover poverty indicators that are most appropriate for specific social conditions [8, p. 235–248].

L. Bellani substantiated the idea that individuals originating from different social groups may have different perceptions of the relative importance of certain indicators measuring multidimensional poverty. Therefore, when assessing the Multidimensional Poverty Index, it is essential to take the position of different social groups in society into account. The main idea of the author of the proposed index is that people compare themselves with other people of the same reference group. The more importance they attach to the weakness of their positions in the general set of non-monetary objects of deprivation in their reference group, the higher their sense of risk of poverty is. Such differentiation of indicators has a certain impact on the measurement of multidimensional poverty in each country and social groups within it [9, p. 495–515].

In 2016, I. Antošová conducted a comparative analysis of indicators of the levels of multidimensional poverty in households of Germany, Poland, Slovakia and the Czech Republic. In identifying households subject to the risk of extreme poverty, she proposed using cluster analysis based on the construction of an index that combines three poverty indicators (income poverty, severe material deprivation, low labour force participation), reflecting trends in measuring the level of multidimensional poverty in the surveyed EU countries [10, p. 4–15].

N. Rogge measures and compares regional indicators of social inclusion in Europe using a free index built on the basis of generally accepted sub-indicators

of the main indicators of Europe 2020. As concerns the factors that determine poverty and social exclusion, the results showed that a low level of education and a high percentage of single-parent households are negatively associated with regional social inclusion [11, p. 325–344].

M. Ledić investigated the level of income and material deprivation in children in Croatia [12, p. 5–57]. G. Grili, A. D’Agostino, A. Potsi paid their attention to the same problem and focused on two specific factors of measuring material deprivation in children, namely, their social participation and safety [13, p. 5–57].

M. Ciani, F. Gagliardi, S. Riccarelli applied a fuzzy set approach to measuring the level of multidimensional poverty over eight years: from 2007 to 2015. They focused on the financial aspects of poverty and its impact on citizens in the Mediterranean region of the EU [14, p. 143].

S. Alkire and J. Foster made a significant contribution to the development of conceptual problems and methods for measuring multidimensional poverty. The principle they developed for measuring multidimensional poverty was called the Alkire-Foster (AF) method. This method allows determining the parameters according to which the population is classified as poor, and also aggregating the information to reflect poverty in society (by indicators, geographic regions, ethnic and other characteristics of social groups). The set of signs of material and social deprivation built according to this method makes it possible to identify the interconnection between the types of deprivation and can be used in the development of social policy priorities [15, p. 476–1487; 16, p. 287–299; 17, p. 983–1006; 18, p. 83–97; 19, p. 25–64; 20, p. 121]. The researchers mentioned above have made significant contributions to various aspects of justifying and applying indicators of multidimensional poverty.

As the review of the studies carried out on the considered topic shows, currently, well-known European scientists distinguish two main approaches to the theoretical and methodological foundations of measuring the level of poverty of the population. The first approach is a one-dimensional analysis based on monetary indicators of income and expenditure of the population. Such an analysis is characterised by the following aspects of measuring poverty: absolute (per capita income is below the official subsistence minimum) and relative (less than 60% of the median per capita income). The second approach is a multidimensional analysis of the risk of poverty based on monetary and social indicators of the well-being of the population as a whole or differentiated according to various criteria (monetary indicators of income and expenditure per capita, the presence of severe material deprivations, the extent of exclusion from the labour market, social exclusion from state benefits)¹.

¹ *Measuring Material Deprivation in the EU. Indicators for the Whole Population and Child-Specific Indicators* // Eurostat. Luxembourg, 2012. URL: <https://ec.europa.eu/eurostat/documents/3888793/5853037/KS-RA-12-018-EN.PDF> (accessed 12.01.2020).

Research and measurement of multidimensional poverty consider the aspects of human life that cannot be measured using monetary indicators: health, education, living conditions, personal safety, enforcement of rights and opportunities, social support, etc. A person may have an average income and simultaneously experience a lack of drinking water, have no access to high-quality healthcare services and education, decent work, live in a region with a high crime rate and/or unfavourable from the environmental point of view. In this case, one experiences deprivation — deprivation of access to certain resources and opportunities [21, p. 3—24; 22, p. 17—19].

The use of indicators of multi-criteria poverty in official statistics is a relatively new practice. Previously, poverty was usually described by the official statistical bodies of various states, international organisations and individual researchers in the context of income inequality, that is, through value indicators as a monitoring of the socio-economic situation of the population, individuals, social, age-sex groups or households. Currently, the academic environment has developed an awareness that in modern economically developed societies, the concept of poverty cannot be limited only to indicators of the income level of the entities mentioned above. Within the framework of a multidimensional approach to determining the level of poverty, not only the lack of financial resources of an individual is taken into account, but also limitations in terms of access to education and healthcare, as well as difficulties associated with housing conditions, food, health and other survival needs [23, p. 305—325].

Eurostat measurement of multidimensional poverty based on the “At Risk of Poverty or Social Exclusion Index” (AROPE)

Measurement of the level of multidimensional poverty is carried out using the database “European Union Statistics on Income and Living Conditions. EU — SILC”².

Determining relevant indicators:

1. The “At Risk of Poverty and/or Social Exclusion Index” (AROPE) is a complex indicator for acknowledging people who fall under at least one of the following three criteria of multidimensional poverty as poor: those with a disposable income below the poverty risk threshold; those experiencing severe material deprivation; those living in households with extremely low labour force participation. The method of constructing the APORE index and its mathematical formula are described in more detail in [24, p. 130—133]. The AROPE index values range from 0 to 100%. The higher the index value, the higher the risk of poverty and/or social exclusion in the country, and vice versa.

² *European union statistics on income and living conditions (EU-SILC) // Eurostat. URL: <https://ec.europa.eu/eurostat/web/microdata/european-union-statistics-on-income-and-living-conditions> (accessed 12.01.2020).*

2. *Severe material deprivations (as part of the AROPE index)* show what the share of various entities of society having at least four of the following nine characteristics (components) of deprivation is. This applies to a person, a representative of a social, age-sex group, a household member who cannot afford the following: 1) to pay unexpected financial expenses; 2) a week's holiday away from home; 3) to pay overdue arrears (mortgage or rent, utility bills or instalment purchases); 4) meals with the inclusion of meat, chicken, fish every other day; 5) the ability to heat the home at a proper level (even if desired); 6) a washing machine; 7) a colour TV; 8) a telephone; 9) a car. At the level of the European statistical system, since 2016, it has been decided to change and exclude some characteristics of material deprivation, such as the absence of a washing machine, a colour TV and a telephone, since they are outdated and have lost their topicality. However, there has been a proposal to add new entries, such as 1) replacement of dilapidated furniture; 2) replacement of old clothes with new ones; 3) two pairs of well-fitting shoes; 4) spending a small amount of money every week on oneself; 5) regular participation in recreation and leisure activities; 6) connection to an Internet resource for personal use at home; 7) getting together with friends/family at the table at least once a month. In the article, the statistics of indicators for 2017–2018 are given according to the new set of deprivations.

3. *Indicator of the risk of income poverty (as part of the AROPE index)* — the share of the population (as a whole or differentiated by social, age-sex groups, households) whose equivalent disposable income is below the poverty risk threshold set at 60% of the national median equivalent disposable income.

4. *The value of work intensity (exclusion from employment) (as part of the AROPE index)* refers to the number of months during which representatives of the social, age-sex groups, household members, who are of working age, worked in the reporting year in proportion to the total number of months during which they could theoretically have worked in the reporting year. Individuals are classified according to work intensity categories from WI = 0 (unemployed household) to WI = 1 (total work intensity). It is considered that a person lives in a *household with a low work intensity* if $WI \leq 0.2$ ³ [25, p. 1–30; 26, p. 1–43].

The benefit of the AROPE index is its cross-country comparability, which is ensured by the use of uniform survey approaches. At the same time, some authors note that differences in survey methodologies in different EU countries impose some restrictions on the aggregation of criterion data, though in general do not lead to a dramatic deterioration of statistical properties of the aggregate sample for the EU [24, p. 133; 27; 28, p. 26–27].

³ *Material deprivation as part of the multidimensional poverty indicator: current situation and future challenges.* United Nations Economic Commission for Europe, Conference of European Statisticians. Expert Meeting on Measuring Poverty and Inequality (Budva, Montenegro 26–27 September 2017). URL: https://www.unece.org/fileadmin/DAM/stats/documents/ece/ces/ge.15/2017/Expert-meeting-Montenegro-2017/Informations/PPT_s/Latvia_presentation_rus.pdf (accessed 10.01.2020).

Multidimensional Poverty Index.

The level of relative income poverty and social exclusion in the Baltic states in the EU context

In 2018, 110.0 million people, or 21.8% of the EU population, were at risk of poverty and social exclusion, according to Eurostat data (Fig. 1). This figure means that about one in five people in the EU experienced at least one of the following three forms of poverty: income poverty, severe material deprivation, or very low labour force participation. Over the past 15 years, there were two periods with the changes in the risk of poverty and social exclusion in the EU, — 2009 and 2012. In 2009, the number of the population at risk of poverty began to grow due to the socio-economic consequences of the economic crisis; in 2012, this upward trend changed to the opposite. By 2018, the number of people at risk of poverty had fallen below the level of 2008, which was the base year for the implementation of the EU strategy “Europe 2020” aimed at reducing the number of people at risk of poverty by 20 million [29, p. 29—61; 30, p. 141—150]. Nevertheless, with a gap of 16 million people between the plan and the result, this goal remains to be achieved.

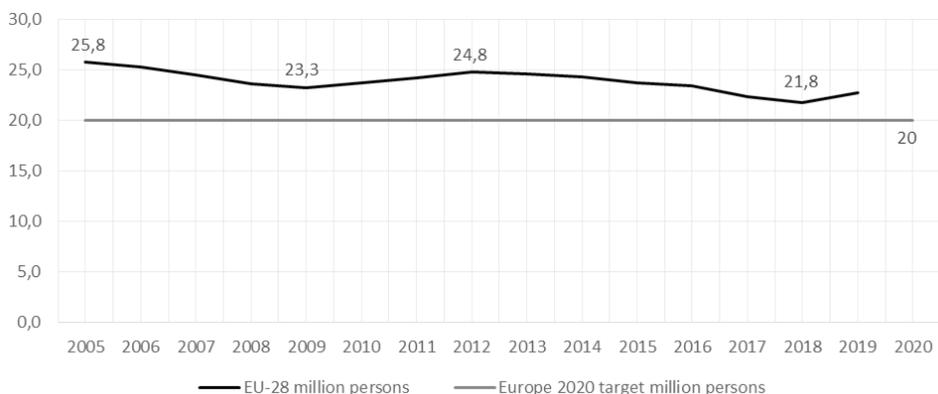


Fig. 1. Indicator of the share of the population at risk of poverty and social exclusion in the EU countries, from 2005 to 2018,%

Compiled from: *People at risk of poverty or social exclusion* // Eurostat.

URL: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=t2020_50&lang=en (accessed 10.01.2020).

In the EU Baltic states (Latvia, Lithuania and Estonia) in 2018 the population of Lithuania and Latvia were most subject to the risk of poverty and social exclusion — with 794 thousand people (29.6%) and 543 thousand people (28.4%) respectively. In Estonia, the situation is slightly better — 318 thousand people or 24.4%.

The Multidimensional Poverty Index AROPE, which reflects trends in poverty measurement among the population of the Baltic states, varied dramatically in 2005, ranging from 25.8% in Estonia to 45.3% in Latvia. Since 2005, there has been a general downward trend in the number of the population at risk of poverty in these countries and the EU (Fig. 2). On average, 21.8% of the EU population were at risk of poverty and social exclusion in 2018.

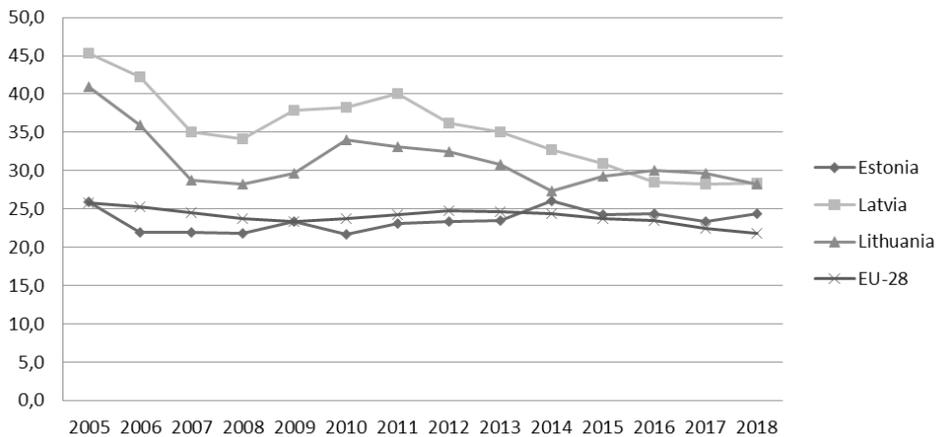


Fig. 2. Indicator of the share of the population at risk of poverty and social exclusion in the EU Baltic states, from 2005 to 2018,%

Compiled from: *People at risk of poverty or social exclusion* // Eurostat. URL: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=t2020_50&lang=en (accessed 10.01.2020).

The socio-economic situation of the EU Baltic states depends on many factors. However, most of the current discrepancies in social development outcomes, in comparison with the “old” EU countries, are to some extent a legacy of the ongoing economic and financial crisis in Latvia, Lithuania and Estonia.

The data in Table 1 confirm that the population of the Baltic states is currently subject to a higher risk of multidimensional poverty than the population of other EU countries. This is especially true for socially vulnerable population groups: children, women, retirees. In most EU member states the share of retirees aged over 65 considered to be at risk of multidimensional poverty ranges from 10 to 30%. In 2018, the EU leaders in the risk group of citizens aged 65 and older according to the AROPE index were citizens of Estonia (47.4%), Latvia (43.9%), Lithuania (42.7%). At the same time, the threat of poverty in the Baltic states has an ethnic connotation. Thus, in Estonia, it is higher for Russian-speaking retirees, which was highlighted by the Council of Europe Commissioner for Human Rights Dunja Mijatović in 2018. The lowest value of the AROPE index for senior citizens of the EU in 2018 was recorded in Slovakia (6.4%).

A particular incidence of severe material deprivation is observed in the group of children aged from 0 to 17. In 2018, its average level in the EU was 14.5% (Table 1); the indicators of severe material deprivation among children in the Baltic states: Latvia – 10.3%, Lithuania – 10.0%, Estonia – 3.5%.

Table 1

Indicators of the share of the population at risk of multidimensional poverty (including its three components) in general and by age-sex groups, in the EU and the Baltic states in 2018, %

EU and Baltic states, 2018	AROPE	Risk of relative income poverty	Risk of severe material deprivation	Risk of exclusion from the labour market
The EU-28 including:	21.8	17.1	5.9	8.8
men	20.8	16.3	5.7	8.3
women	22.8	17.8	6.1	9.3
aged 0-17	23.4	19.9	14.5	7.4
aged 18-64	22.1	16.4	13.2	9.4
aged 65+	18.1	16.1	11.1	–
Latvia, including:	28.4	22.1	11.3	7.8
men	24.9	19.1	10.7	7.9
women	31.1	24.6	11.8	7.6
aged 0-17	23.9	18.4	10.3	6.4
aged 18-64	24.5	17.5	11.2	8.2
aged 65+	43.9	39.9	12.7	–
Lithuania, including:	29.6	22.9	11.1	9.0
men	25.7	20.7	9.9	9.5
women	30.5	24.9	12.2	8.5
aged 0-17	28.0	23.9	10.0	10.4
aged 18-64	23.8	18.0	10.5	8.5
aged 65+	42.7	37.7	14.1	–
Estonia, including:	24.4	21.9	3.8	5.2
men	21.8	19.3	3.7	5.7
women	26.6	24.2	3.8	4.8
aged 0-17	17.9	15.2	3.5	3.6
aged 18-64	19.2	16.4	3.6	5.8
aged 65+	47.4	46.3	4.4	–

Compiled from Eurostat data (<https://ec.europa.eu/eurostat/web/income-and-living-conditions/quality/eu-and-national-quality-reports> (accessed 12.01.2020)).

In 2018, the rate of poverty risk among female retirees was over ten percentage points (pp) higher than among male retirees in six EU member states: Lithuania (18 pp), Estonia (17 pp), Bulgaria (15 pp), Czech Republic (13 pp), Latvia

and Romania (11 pp). Also, the overall share of women in the Baltic states at risk of multidimensional poverty is currently high: from 26.6% in Estonia to 31.1% in Latvia (Lithuania — 30.5%).

The dynamics and values of the three components of the AROPE index in the EU countries in the period from 2005 to 2018 are shown in Figure 3.

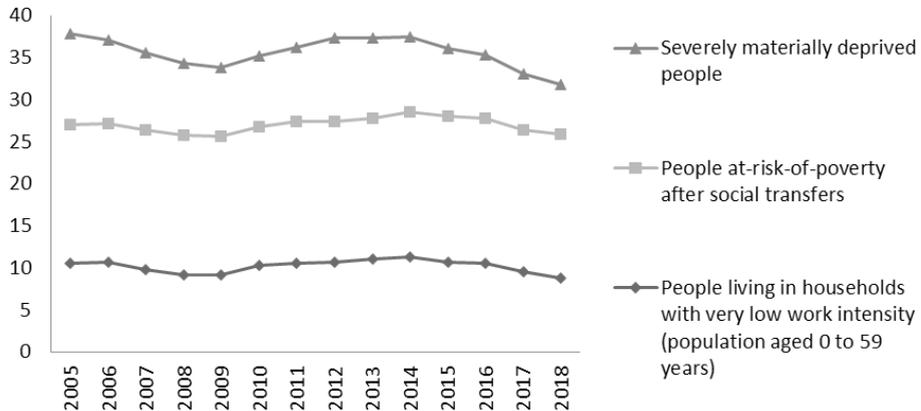


Fig. 3 Sub-indicators reflecting the number of people at risk of poverty and social exclusion in the EU-28, from 2005 to 2018, %

Compiled from: *People living in households with very low work intensity* // Eurostat. URL: https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_51 (accessed 10.01.2020); *People at risk of poverty after social transfers* // Eurostat. URL: https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_52 (accessed 10.01.2020); *Severely materially deprived people (million people)* // Eurostat. URL: https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_53 (accessed 10.01.2020).

The level of severe material deprivations in the EU and the Baltic states

An important component of measuring the level of poverty, according to the methodology of the APORE index construction, is the presence of severe material deprivations. A person is acknowledged severely deprived if, due to insufficient funds, he/she cannot afford to have at least four out of nine items (after 2015 — out of 13) of a fixed set of goods or services.

On the whole in the EU, since 2012, there has been a tendency towards a decrease in the level of severe material deprivation of the population. The number of people in the EU countries experiencing severe material deprivations decreased from 50 million in 2012 to 33.1 million in 2017, or from 9.8% in 2012 to 5.8% in 2018⁴.

⁴ Compiled from: *Severe material deprivation rate by age and sex* // Eurostat. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mddd11&lang=en (accessed 10.01.2020).

The greatest success in reducing the level of severe material deprivation of the population from 2012 to 2018 was achieved by Bulgaria, where this indicator decreased by 23.2 pp, in Latvia — by 16.1 pp, in Romania — by 15.3 pp. The comparison of the Baltic states with each other shows that in 2018 Estonia had the lowest risk indicator of a severely deprived population — 3.8%, Latvia and Lithuania — 11.3 and 11.1%, respectively (see Table 1).

Figure 4 presents the data characterising specific components of severe material deprivation in the share of the population of all EU countries and the corresponding data for the three Baltic states, from 2012 to 2018. For all components of the indicator of the level of severe material deprivation, a tendency towards their decrease is apparent.

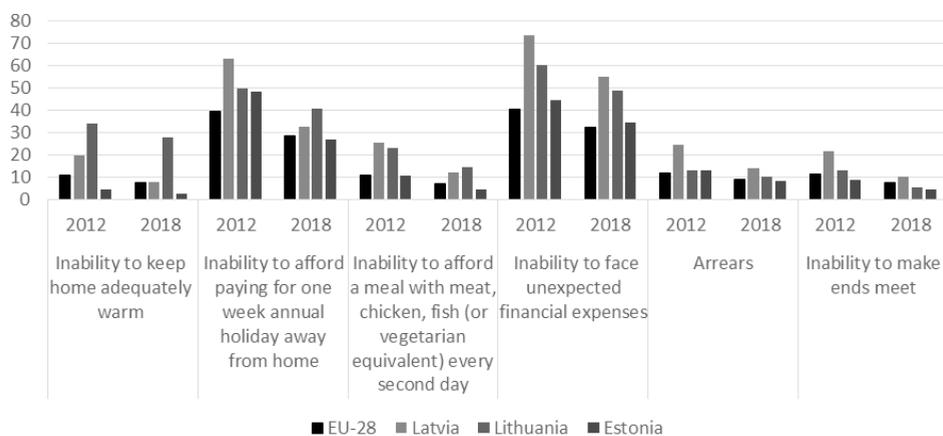


Fig. 4. Components of the indicator of the severe material deprivation level among the population in the EU-28 and the Baltic states from 2012 to 2018, population share in %

Compiled from: *Inability to keep home adequately warm* — EU-SILC survey // Eurostat. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdes01&lang=en (accessed 10.01.2020); *Inability to afford to pay for a one-week annual holiday away from home* — EU-SILC survey // Eurostat. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdes02&lang=en (accessed 10.01.2020); *Inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day* — EU-SILC survey // Eurostat. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdes03&lang=en (accessed 10.01.2020); *Inability to face unexpected financial expenses* — EU-SILC survey // Eurostat. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdes04&lang=en (accessed 10.01.2020); *Arrears* (mortgage or rent, utility bills or hire purchase) from 2003 onwards — EU-SILC survey // Eurostat. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdes05&lang=en (accessed 10.01.2020). *Inability to make ends meet* — EU-SILC survey // Eurostat. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdes09&lang=en (accessed 10.01.2020); *Persons who cannot afford to get-together with friends or family (relatives) for a drink or meal at least once a month by age, sex and income group*. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdes10a&lang=en (accessed 10.01.2020).

The most common type of severe material deprivation in general for the population of the EU countries is the inability to cope with unexpected financial expenses. This component of material deprivation reflects a real and significant aspect of life difficulties experienced by 32.5% of the EU population in 2018. The indicator of this component received a higher value than the EU average in Latvia — 55.3%, Lithuania — 48.8% and Estonia — 34.7%. This means that half of the population in Lithuania and Latvia and over a third in Estonia cannot afford to pay unexpected financial expenses. Such situation manifests the ineffectiveness of the instruments of the state social policy (taxes, allowances, benefits, etc.) pursued in the Baltic states aimed at reducing the poverty level of the population and its socially vulnerable groups.

Another common type of material deprivation is the inability to afford an annual week's holiday away from home. In the EU countries in 2018, this type of deprivation was experienced by 28.5% of the population, in the Baltic states the situation is ambiguous. In Estonia, this is 26.7% of the population (less than the EU average); 40.7% of the population of Lithuania and 32.8% of the population of Latvia are deprived of this opportunity (more than the EU average).

Every eleventh EU resident (8.9%) has mortgage or rent arrears, utility bills or instalment purchases, and 7.3% of residents cannot provide sufficient heating for their homes, 7% cannot afford food with meat, chicken, fish (or the vegetarian equivalent) every other day. In the EU Baltic states, the situation in this respect is ambiguous. The data in Figure 4 show that the percentage of the population experiencing severe and diverse material deprivation in Latvia is higher than in Lithuania and Estonia.

The risk level of exclusion of the working-age population from the labour market in the EU and the Baltic states

A person is acknowledged as excluded from the labour market if the indicator of labour activity (in measuring the risk level of such exclusion) takes values under 0.2. According to the methodology of measuring the AROPE index, the indicator is defined as a share of people aged 0 to 59 who are representatives of social, age-sex groups, members of households, with a very low work intensity. These are individuals, excluding students, who worked 20% or less of their total work potential during the reporting year. According to Eurostat, the indicator of the risk of exclusion from the labour market is quite significant for representatives of social, age-sex groups, and household members in EU countries. The EU average value of the indicator is 13.4%. In the Baltic states,

the indicator of the risk level of exclusion from the labour market of the working-age population turned out to be lower: in Lithuania — 8.5%, Latvia — 8.2%, Estonia — 7.0%.

In general, across the EU countries, the indicator of the risk level of exclusion of the working-age population from the labour market from 2012 to 2018 decreased slightly: by 1.8 pp. The leaders of the decrease in this indicator from 2012 to 2018 were countries such as Ireland, where the risk level of exclusion from the labour market of the working-age population decreased by 10.3 pp, Hungary — by 7.8 pp, Great Britain — by 4.4 pp. Among the EU Baltic states, Latvia took the leading position, where the indicator of the risk of exclusion from the labour market of the working-age population from 2012 to 2018 decreased by 4.1 percentage points, in Estonia and Lithuania — by 3.9 pp and 2.4 pp, respectively. At the same time, in Sweden, Finland, Norway, the risk level of exclusion from the labour market of the working-age population, the representatives of social, age-sex groups, members of households with a very low work intensity, increased: by 1; 1.5 and 2.1 pp, respectively⁵.

State and trends of manifestation of the risk level of multidimensional poverty of the population simultaneously for all three components of measurement in the EU, including the Baltic states

The most considerable contribution to the value of the Multidimensional Poverty Index is made by the first component of the index — the risk level of income poverty. This indicator shows that a significant share of the population in the EU countries is subject to income poverty: 84.9 million people (17.1%). Moreover, for 54.8 million (11.4%), this component of the AROPE index is the only criterion for their poverty level. Another 30.1 million (5.7%) are subject to the manifestation of a high level of poverty in one or two other components of the AROPE index. 6.5 million people (1.30%) are poor simultaneously in all three components of the AROPE index. Figure 5 shows the dynamics of the share of the population of the EU Baltic states, who are acknowledged to be poor simultaneously for all three components of multidimensional poverty, from 2009 to 2018. In Lithuania, there were 74 thousand such people in 2018 (2.6%), in Latvia — 34 thousand people — (1.8%) and in Estonia — 8 thousand people (0.6%).

⁵ *People living in households with very low work intensity* // Eurostat. URL: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_lvhl21&lang=en (accessed 10.01.2020).

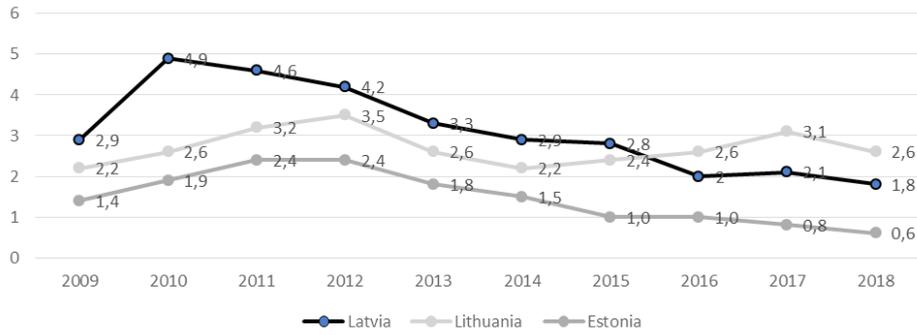


Fig. 5. Indicators of the share of the population of the Baltic states subject simultaneously to the risk of income poverty, severe material deprivation, low work intensity, from 2009 to 2018, %

Compiled from: *Persons by the risk of poverty, material deprivation, work intensity of the household, age and sex of the person — intersections of Europe 2020 poverty target indicators* // Eurostat. URL: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_pees01&lang=eng (accessed 10.01.2020); *People at risk of poverty or social exclusion by age and sex* // Eurostat. URL: http://appsso.eurostat.ec.europa.eu/nui/show.do?lang=en&dataset=ilc_peps01 (accessed 10.01.2020).

Figure 5 shows a decline in recent years in some indicators of the level of multidimensional poverty in the EU Baltic states, though to a varying extent. However, the consequences of the 2020 coronavirus pandemic may negatively affect this somewhat positive trend.

Conclusions

The Multidimensional Poverty Index is an attempt to rethink the measurement of poverty. It demonstrates that even being a necessary element of measurement income is not a good indicator of the social well-being of the population of a country, its various groups. The use of only one of the two basic theoretical and methodological concepts as the main one for the analysis and understanding of poverty seems one-sided, as this leads to the loss of a significant share of the poor population as a subject of analysis. The analysis of indicators of the level and value of multidimensional poverty showed that the incidence of poverty in the EU Baltic states is quite large — almost every fifteenth citizen of these countries is poor according to this method of measuring the level of social well-being of the population. Although according to the indicators presented in the article, the number of people subject to the risk of relative income poverty, material deprivation, and low work intensity (employment) in the EU countries is decreasing over the years, the situation remains quite severe. For this reason, it is necessary to continue the research in this area, especially in the Baltic states, and look for socio-economic and political solutions to reduce the number of people living under the threat of poverty.

A high level of poverty and social exclusion characterises the Baltic states (Latvia, Lithuania, Estonia) and in recent years, these countries have even taken leadership in terms of the index of risk of poverty and social exclusion (AROPE). This is especially true for socially vulnerable groups of citizens: children (aged 0–17), women, older people aged over 65, according to such components of the AROPE index as the risk of income poverty, the risk of severe material deprivation. Only Estonia, according to the latter indicator, takes a better position than the other Baltic states.

The use of the Multidimensional Poverty Index can contribute to a deeper understanding of the component structure of poverty, especially in vulnerable population groups, which can enhance the targeting of social policies carried out by various state and public institutions of the EU Baltic states at different levels. At the same time, these efforts will receive a scientifically balanced quantitative test and assessment in statics and dynamics.

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THE STRONGHOLDS OF RUSSIAN COASTAL BORDERLANDS: ECONOMIC DYNAMICS AMID GEOPOLITICAL TURBULENCE

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In the 21st century, the World Ocean is becoming a key factor in global socio-economic dynamics and a geoeconomic and geopolitical priority of many countries. The Russian Federation, whose economy, infrastructure, and settlement system have been gravitating towards the sea since the late 1990s, is no exception. This article aims to identify and provide a conceptual framework for the phenomenon of Russia's coastal borderlands and their constituent 'strongholds'. It also explores the factors and features of the economic dynamics of the coastal borderlands amid the post-2014 geopolitical turbulence. Economic and statistical methods are used to highlight the irregularity of the economic and settlement patterns across Russia's coastal borderlands, in their water and land areas. It is shown that Russian economic and military activities have clustered there to create 14 'strongholds', including two emerging ones. The current confrontation between Russia and the West is accompanied by the country's growing maritime presence, particularly in its western borderlands, the revitalisation and expansion of its 'strongholds', and economic diversification. The economic systems of the country's leading coastal region have proven to be highly resistant to geopolitical turbulence; this is partly explained by government support.

Keywords:

economy, maritime economy, geopolitics, coastal borderlands, geopolitical turbulence, Russian Federation, Russian western borderlands

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Introduction

The sea is a highly significant factor in the socio-economic development of today's Russia. Over the past 20 years, maritime transport has carried over 60% of the country's growing imports and exports.¹ Forty-two of the RBC top 100 Russian companies are 'sea-dependent' [1]. Maritime economy, including the port industry, shipbuilding, marine resource harvesting, and other fields account for up to 5.5% of Russia's GDP [2]. Its main driver is port terminals, whose throughput increased 7.8-fold from 1994 to reach 840 million metric tons or 3.6% of the world total in 2019.² National shipbuilding industry is enjoying a revival [3]. This is especially true of the military side of the industry: Russia has been getting 20% of international military contracts.³ Hydrocarbon deposits are developed on land and offshore on Sakhalin, Kamchatka, Yamal, and in the Caspian Sea. Gas transport infrastructure has been built since 2011. The movement of the economy towards the sea affects settlement patterns. The country's 74 coastal cities are home to over 14 m people, which is 12.7% of the national urban population. The proportion of 'coastal residents' has been steadily increasing over the past two decades [4; 5]. The multifaceted coastalisation of Russian society and its spatial structure is well in line with global trends [6-10]. This process is taking place against the background of growing geoeconomic competition and geopolitical confrontation, which have increasingly taken place in the World Ocean since the 1970s [11; 12]. The circumstances and reasons prompting powers to compete for a territory (which is the essence of geopolitics according to a leading international specialist in the field, the French geographer Yves Lacoste [13]) are becoming an important factor and leading motive for maritime activities. The latter acquire a geopolitical dimension as a result. This article aims to provide a conceptual framework for and identify the phenomenon of Russia's coastal borderlands and their strongholds as well as to examine the current geopolitical determinants of the economic dynamics with a focus on the land and water structure of Russia's western borderlands.

¹ *The Transport Strategy of the Russian Federation 2030*: approved by regulation No. 1734-r of the Government of the Russian Federation of November 22, 2008. URL: <https://www.mintrans.ru/documents/3/1009> (accessed 02.02.2020).

² *Review of Maritime Transport. 2018/ United Nations Conference On Trade And Development. N.Y. ; Geneva, 2018.*

³ *Shipbuilding Development 2013-2030: A National Programme for the Russian Federation.* URL: https://knastu.ru/media/files/page_files/science/unid/new_folder/_/Gosprogramma_RF_Razvitiye_sudostroyeniya_na_2013_-_2030_gody.pdf (accessed 11.02.2020).

Russia's coastal borderlands and their strongholds: conceptualisation, delimitations, structuring, parametrisation

In recent years, public consciousness has become pronouncedly geopolitical. This placed the notions of border, which is often interpreted as the line between 'us' and 'them' [14], and borderlands at the centre of Russian human geographical discourse [15; 16]. Russian borderlands are 'amphibious'. The total length of the country's maritime border has been variously estimated at from 35.3 to 46 thousand km [17–19], which is almost twice the length of its land border. Thus, it is possible to identify and conceptualise the phenomenon of Russia's coastal borderlands by bringing elements of a maritime economy, region and border studies, and geopolitics into this category.

Some key segments of the country's coastal borderlands either are openly claimed by external forces (Crimea, the South Kurils) or experience constant pressure (the Kaliningrad exclave in the Baltic). This happens on an even greater scale in the Arctic, where Russia's principal geopolitical opponent is the US [21]. In terms of political geography, a specific feature of Russian borderlands is that only 3% of the country's maritime borders are bilateral [18]. In most cases, its coastal borderlands are multilateral, i.e. they bring Russia in contact with the world community and its global leaders, some of which excel in maritime industries. A new cold war is expected [10] to recreate the great confrontation between the land and the sea redolent of Alfred Mahan's and Halford Mackinder's ideologemes. In this light, keeping coastal borderlands and developing them as centres of economy, infrastructure, and community life is an economic necessity as well as a factor in and indicator of Russia's international standing, central to its image of a Eurasian and global power. As Vladimir Dergachyov put it, the coast is the geopolitical key to Eurasia [22].

Russia's coastal zone, which skirts its continental mass and accommodates most of the geostrategic maritime activities, is vast and multi-layered. It consists of the land and water components. The territorial waters account for 745 thousand km² of the country's coastal borderlands; the continental shelf, for 3.8 million km². The area of Russia's exclusive economic zone is estimated at 7.6 million km² [17]. If only a 50 km coastal zone is taken into account, the coastal borderlands comprise 10.5% of the country's territory. There are also basin-related and regional dimensions to the demarcation of coastal borderlands: Russia borders on 12 seas of three oceans and has access to the inland Caspian Sea⁴; 23 Russian regions are considered as coastal. Nature, climate, available resource, history, and other circumstances account for the gap between the socio-economic development of the land and water segments of national borderlands and their maritime significance (Tables 1 and 2). Moreover, there are prominent effects of specialisation, concentration, and agglomeration at play.

⁴ *The Convention on the Legal Status of the Caspian Sea*. 12.08.2018. URL: <http://www.kremlin.ru/supplement/5328> (accessed 18.03.2020).

Table 1

**The demographic, economic, and military weight
of the sectoral components of Russia's coastal borderlands**

Coastal macrostructures	Proportion in Russia's coastal borderlands, %						
	Length of the sea border	Population of coastal cities	Throughput of coastal ports	Marine resource harvest	Proportion in offshore oil production	Proportion in offshore gas production	Proportion in the national naval force
Baltic	0.3	43.2	30.5	7.59	1.2	0.05	18.5
Black and Azov	2.9	25.6	30.7	1.97	0.3	2.8	18.8
Caspian	1.5	7.7	0.9	1.31	21.3	4.3	9.4
Pacific	44.1	14.4	25.4	67.73	68.9	49.5	45.5
Arctic	51.2	8.5	12.5	21.40	8.3	43.35	27.8

Source: prepared by the author based on 2019 data from Rosstat, the Russian Association of Marine Commercial Ports, and the Ministry of Defence of the Russian Federation.

Table 2

**The density of maritime activity localisation
in the major segments of Russia's coastal borderlands**

Coastal borderland macrostructure	Population of coastal cities, thousand people	Marine resource harvest, thousand metric tons	Seaport throughput, million metric tons	Offshore oil production, thousand metric tons	Offshore gas production, million m ^{3*}
	per 100 km of Russia's maritime border				
Baltic	4800.0	268.25	203.17	247.6	27.0
Black-Azov	144.0	3.88	10.32	3.12	66.6
Caspian	237.6	11.21	1.38	954.8	445.5
Pacific	9.38	19.8	1.26	106.0	175.6
Arctic	5.87	5.37	0.53	10.95	133.2
Russian total	36.36	12.86	2.18	67.53	155.84

Source: prepared by the author based on 2019 data from Rosstat and the Russian Association of Marine Commercial Ports.

Comment: * LNG is taken into account.

Spatial concentration is highly characteristic of the port industry. In Russia, 75% of all cargo is handled by three port clusters. St Petersburg in the Baltic accounts for 29% of cargo handled in the country and 96% in the region; Krasnodar in the Black-Azov region, for 26% and 85% respectively; Vladivostok in the Pacific, for 19.4% and 77%. The situation is similar in Russian offshore oil drilling (Sakhalin accounts for 67% and the Caspian Sea area, for 21% thereof) and gas production including NLG projects (Sakhalin, 49.5%; Yamal, 43.7%). The data are as of 2019.

Spatial inequality is observed in the fishing industry as well. It is dominated by organisations situated in the Pacific region: fish caught in the Kamchatka area comprises 38% of the national total; that caught in the Sakhalin area, for 22%. The Murmansk region accounts for two-thirds of the national catch in the Arctic basin and the Kaliningrad region, for a similar proportion in the Russian Baltic. The Astrakhan region is the leader in the Caspian borderlands with 85%. Localisation and concentration apply to the navy too: 27% of the fleet is stationed in the Murmansk region; 16%, in the Kaliningrad region, and 15% in the Primorsky region.⁵ Five regions — Murmansk, Kaliningrad, Sevastopol, Kamchatka, and Primorsky — account for 85% of the country's naval force.

Taking into account the specifics of Russia's borderlands, the national research tradition,⁶ I deem it appropriate to discuss 'strongholds' of the coastal borderlands. This term applies to localities that are foci for the most important and propulsive fields of the maritime economy, centres for the land/water system formation, and the key components of the Russian 'coastalised' socioeconomic and military-strategic space. This interpretation draws on both the Russian methodology for spatial analysis of the economy and the international research traditions, primarily the maritime cluster concept, which has been actively developing in recent decades [24—28].

The strongholds of Russia's coastal borderlands were identified using a combination of parameters. These parameters are military-strategic (Russian Navy bases); geoeconomic (proximity to the main transboundary transport and logistics corridors); innovation and production-related (the localisation and potential of shipbuilders, ship design companies, and maritime research centres); maritime-economic (contribution to national and regional port throughput, marine fish harvest, offshore oil and gas production, coastal and maritime tourism); demographic (the concentration of 'coastal' population, agglomerations). Fourteen strongholds, including two emerging ones, were distinguished (Table 3).

⁵ *Warships* of the Russian Federation 2020. URL: <http://russianships.info/today/> (accessed 18.03.2020).

⁶ Veniamin Semyonov-Tyan-Shansky's idea about the 'cultural and economic footing for colonisation' as a 'territorial form of Russia's mighty dominion' [23], as well as the concepts of 'hotspots', 'nodes', and other 'foci' of spatially organised human activity, developed by Nikolay Kolosovsky, Yulian Saushkin, Isaak Maergoiz, Boris Rodoman, Mikhail Sharygin, Anatoly Chistobaev, Pyotr Baklanov, Aleksandr Pilyasov, and other prominent Russian human geographers.

Table 3

The strongholds of Russia's coastal borderlands

Cluster	Stronghold	Maritime specialisations
Baltic	St Petersburg	Port and logistics*, shipbuilding and ship repair, maritime production, comfortable settlement in coastal zones
	Kaliningrad	Navy infrastructure, shipbuilding and ship repair, maritime production, maritime recreation and tourism, offshore oil and gas production, comfortable settlement in coastal zones
Black-Azov	Novorossiysk	Port and logistics, comfortable settlement in coastal zones
	Rostov	Port and logistics, comfortable settlement in coastal zones
	Sevastopol-Crimea	Navy infrastructure, maritime recreation and tourism, offshore oil and gas production, shipbuilding and ship repair, comfortable settlement in coastal zones
	Sochi-Tuapse	maritime recreation and tourism, comfortable settlement in coastal zones, port and logistics
Caspian	Astrakhan	Offshore oil and gas production, navy infrastructure, shipbuilding and ship repair
	Makhachkala-Caspian**	Navy infrastructure, port and logistics
Arctic	Murmansk	Navy infrastructure, port and logistics, marine resource harvesting, offshore oil and gas production
	Arkhangelsk	Shipbuilding and ship repair, port and logistics
	Yamal**	Offshore oil and gas production
Pacific	Vladivostok	Port and logistics, navy infrastructure, shipbuilding and ship repair, marine resource harvesting
	Sakhalin	Offshore oil and gas production, marine resource harvesting
	Kamchatka	Marine resource harvesting, navy infrastructure, offshore oil and gas production

Comment: * — federal specialisation; ** — emerging strongholds.

Incorporated in the land-and-water socioeconomic and geopolitical context of coastal borderlands, each stronghold is a complex-forming cluster of maritime and, to a varying degree, defence industries. The core elements of a typical stronghold (port infrastructure, logistics, and concomitant industries) are located within a seaport and its settlement system. The only exception is Yamal. Ten out of twelve established strongholds are situated in cities with a population of over 250 thousand people; thirteen strongholds are found in coastal agglomerations. These strongholds are important components in the economic and settlement structures of their regions. Home to the key elements of the national coastal zone and coastal borderlands, strongholds have a pivotal role in Russia's maritime economy. They account for 92% of national port throughput, 85% of marine resource harvesting, 91% of offshore oil and 99% of gas production, 96% of Russian navy ships. The economic position of these foci of maritime power and their dynamics in the light of the geopolitical situation correspond to the country's geostrategic opportunities and prospects.

Current geopolitical turbulence as a factor in the economic dynamics of the strongholds of Russia's coastal borderlands

The geoeconomic and geopolitical context is more and more often labelled as turbulent [29; 30, etc.]. This is both easy to explain and indicative of undivided attention to constant changes in the global political world order as well as to the standings of countries and individual spatial components. Difficult both to predict and to control, these changes affect society and its structures that are reflected in the public consciousness and research discourse. Turbulence is an immediate product and indicator of a multi-polar world, the process in which are multidirectional, seemingly chaotic, and hard to predict. It is also a consequence of explicit and implicit competition between centres of power. Turbulence manifests itself in the confrontation plaguing many aspects of relations between countries and blocs. It spreads to geopolitics, geoeconomics, and various aspects of ecopolitics; it affects both material and mental processes, including territorial identity, which is central to geopolitics.

Post-Soviet Russia entered the period of intensive geopolitical turbulence after the now-apparent bitter strife with the West, which was chronologically linked to the Crimea referendum and the beginning of the armed conflict in the Donbas region. Both happened in 2014 when Russia was also faced with adverse changes in the global energy market. The situation deteriorated in March 2020 amid the COVID-19 pandemic. Turbulence brought to the fore the prob-

lem of borders and border areas [32], highlighting the specifics and significance of Russian borderlands, including coastal ones. Analytics shows that it also sped up Russia's maritime activities with resources being redistributed towards the Black Sea, Far East, and Arctic [33] as well as accelerated the development of the strongholds. Remarkably, during the recession of 2015–2016 and the following recovery, the number and maritime potential of the strongholds increased (Table 4).

Table 4

**Dynamics of key maritime activities in Russia in 2017,
compared to 2013 baseline, %**

Macroregion	Marine resource harvest	Offshore oil production	Offshore gas production*	Port throughput
Baltic	133	64	86	114
Black-Azov	53	-	102	155
Caspian	127	401	215	51
Pacific	113	128	108	132
Arctic	106	100	102	157
National total	115	164	112	134

Source: prepared by the author based on data from Rosstat and the Russian Association of Marine Commercial Ports⁷.

** The Yamal LNG production reached its full capacity in 2019.

New motives, geopolitical and not, to explore the Arctic have expedited the rise of the Yamal stronghold, which is expected to grow into a bipolar Yamal-Taimyr base. Among other things, there are plans to develop the Northern Sea Route, which has been associated with the Greater Eurasia project [34]. Today, Yamal is a major growth point for offshore gas production. The geostrategic significance of Arkhangelsk, Severodvinsk, and particularly Murmansk and Severmorsk along with other naval bases is increasing. Geostrategic interests account for the creation of the Makhachkala-Caspian stronghold, which supplements and duplicates the maritime potential of Astrakhan — an emerging centre for gas production. The Sevastopol-Crimea base has been

⁷ *Russian regions. Socioeconomic performance. 2013.* Moscow : Rosstat, 2014; *Russian regions. Socioeconomic performance. 2019.* Moscow : Rosstat, 2020 (<https://www.gks.ru/folder/210/document/13204>); *Port throughput by basins 2013 and 2018.* Russian Association of Marine Commercial Ports statistics. URL: <https://www.morport.com> (accessed 18.03.2020).

actively developing during integration into the Russian political and economic space. Kamchatka is becoming an ever more important centre for fishery. Since 2014, the catch has grown almost 1.5-fold, which comprises 65% of the total national increase over the study period. St Petersburg has confirmed its standing as a major centre of shipbuilding, maritime technology, human resources certification, and innovation. The city is home to 40% of people employed in shipbuilding in Russia [3].

The development of strongholds in Russia's coastal borderlands amid geopolitical turbulence is concurrent with the economic standing of the corresponding regions (Table 5).

Table 5

Changes in the economic position of Russia's coastal regions, including coastal borderlands strongholds, 2013–2018, -fold

Region	GRP per capita to the national average		Fixed investment per capita to the national average		Regional consolidated budget revenue to the national average	
	2013	2018	2013	2018	2013	2018
St Petersburg	1.30	1.35	1.00	1.31	1.44	1.30
Leningrad region	1.02	1.04	1.54	2.31	0.94	1.09
Kaliningrad region	0.76	0.80	0.76	1.32	0.88	1.50
Krasnodar region	0.82	0.72	1.90	0.76	0.72	0.67
Rostov region	0.57	0.59	0.64	0.52	0.64	0.61
Republic of Crimea*	0.24	0.35	0.33	1.28	0.89	1.09
Sevastopol*	0.30	0.31	0.26	0.80	1.26	1.07
Astrakhan region	0.72	0.94	1.29	0.90	0.69	0.65
Murmansk region	1.05	1.11	0.97	1.71	1.27	1.29
Arkhangelsk region	1.11	1.23	1.40	1.42	1.12	1.00
Primorsky region	0.79	0.76	0.68	0.63	0.87	0.88
Kamchatka region	1.10	1.30	1.09	1.06	3.21	3.30
Sakhalin region	3.62	4.16	3.81	3.87	3.40	3.79

Source: prepared based on data from Rosstat⁸.

Comment: * data as of 2014.

⁸ Russian regions. Socioeconomic performance. 2013. Moscow : Rosstat, 2014; Russian regions. Socioeconomic performance. 2018. Moscow : Rosstat, 2019 (<https://www.gks.ru/folder/210/document/132040>).

In 2013–2018, eleven out of 13 Russian regions that are home to old strongholds dating back to previous centuries witnessed an increase in GRP per capita as compared to the national average. The only outsiders were the Krasnodar and Primorsky regions. The most impressive growth was observed in the Murmansk region, Sakhalin, Kamchatka, and Russian coastal regions in the Baltics. A more moderate increase was registered in Crimea, partly because of the local geopolitics-related business conditions. The changing economic standing of the coastal borderland regions testifies to their high resistance to turbulence. This resistance is ensured by Russia's maritime industry as well as national budget and investment priorities. Further development of the strongholds, changes in their functions, and their contribution to national maritime activities will be determined by the persistent raw materials specialisation of the country and centripetal socio-geographical processes focused on Moscow and St Petersburg. Equally important factors will be the need for Russia to establish diversified communications within a Eurasian space [5] and the growing convergence between geoeconomic and geopolitical processes and interests. Despite the country's increasing presence in the Arctic and the impending turn to the East, its interests remain Europocentric. This explains the priority given to the western borderlands, which are home to eight (!) maritime strongholds of the Russian Federation.

The determinants and strategic priorities of maritime stronghold development in Russia's western borderlands

Russia's western borderlands fringe maritime transnational macroregions (Baltic, Black, and Barents) interspersed with 'intermaria'. The latter are not only spaces where integration and confrontation with the West take place but also national settlement and economic centres. The most important maritime strongholds are concentrated in these areas. Some of them dating back centuries,⁹ together they account for 70% of the national port throughput and 65% of the country's navy ships. These bases are located near the still significant Western target markets¹⁰ and the most populated and developed areas of European Russia — 22% of the country's population live within 500km from the eight strongholds of the coastal borderlands. Current geopolitical turbulence

⁹ Arkhangelsk was established in the 16th, St Petersburg in the early 18th, and Sevastopol in the 18th century.

¹⁰ As of January 2020, the EU accounted for 41.2% and other countries of the Atlantic and Mediterranean for 15% of Russia's bilateral trade.

and its economic dimension as well as the volatility and spatial fragmentation of global markets create a new reality for Russia's western borderlands and their strongholds. This new reality emerged when the country's western economic centres started to lose their position as exclusive foci for maritime activity as the North-East was becoming a national economic priority. Thus, western borderlands were increasingly becoming a periphery as compared to the major centres and axes of interaction in the maritime economy of Greater Eurasia. Note that 11 out of 27 largest Eurasian ports are Chinese. The situation is aggravated by slowing growth in cargoes handled by Russian ports. The throughput was increasing by 15% in 2002–2007 and by 7% in 2014–2018. Probably, the growth rate will stabilise in the export-import segment, which accounts for 80% of the total throughput. This imposes limitations on the earlier dominant development model for coastal territories. Extensive and multifaceted, it was overly focused on port facilities and investment in them. Ensuing instability creates demand for innovations in the functions of the strongholds, their economic structure, spatial ties, etc.

Another important feature of maritime activities in the west of Russia is the multitude of unique conditions and local determinants. In the Arctic zone, where the Murmansk and Arkhangelsk strongholds are located, these are persistent post-Soviet depopulation, high aggregate costs [35], and economic risks arising from the precarious global situation. The other segments of Russia's western coastal borderlands are attractive to migrants. In 2018, the ratio between total net migration to the Russian Baltic and Black Sea areas and that to the Moscow agglomeration was 1 to 1.5. Migration translates into both economic opportunities and additional socio-political risks. The current dialogue between Russia and the West places the Kaliningrad and Sevastopol-Crimea strongholds in a difficult situation. Crimea's level of economic development is still half the national median. Turbulence in maritime industries — port services, fishery, and recreation — plays an important role as well. The Kaliningrad region was adversely affected by the new economic reality brought about by the geopolitical changes of 2015, particularly the severance of trans-boundary ties. Remarkably, in the post-Crimea period, both the Russian Baltic exclave and Crimea¹¹ have been principal recipients of federal subsidies. Home to 2.3% of the country's population, these three regions accounted for 11.1% of the subsidies in 2015–2017. Half of the federal moneys (565 billion roubles) were allocated to the Kaliningrad region.

¹¹ The Republic of Crimea and the federal city of Sevastopol.

A new phase of the global economic crisis, which began in March 2020, has reduced opportunities for public support for maritime strongholds. The geostrategic significance of its western borderlands has increased for Russia. It is of critical importance for the economies of the strongholds that the positive trend observed in transport, logistics [36], and other maritime industries continues. It is equally important, however, to restructure and diversify the economy. The idea of an industrial port complex, which was produced as early as the 1970s, may be of use here [37]. Special attention should be paid to the production, service, research and technological segments of the maritime economy. Although maritime activities of Russia, its western borderlands, and coastal territories within the integration frameworks established over the past three years in the Baltic [38] and other areas should be maintained and supported, the most urgent problem is integration into trans-Eurasian marine communication corridors. This problem is especially acute in Russia's North-West. At the same time, quite in line with the strategic goal of promoting the economic cohesion of the Russian Federation,¹² there is a need to encourage interaction between Russian coastal centres and create a flexible, turbulence-resistant network that will serve as a framework for a unified national maritime system, which is apparently lacking today. Such a network may benefit from existing corporate links and the resources of the United Shipbuilding Corporation, which has production facilities in five maritime strongholds of the western borderlands.

Conclusion

The current coastalisation of the Russian Federation is a major, stable, and multifarious trend. It is especially pronounced in the country's coastal borderlands and its major maritime centres. Global changes and growing turbulence necessitate stronger Russian presence in border-area waters and the World Ocean. The increasing instability of the present and uncertainty of the future point up geopolitical factors and considerations. Since spring 2020, Russian centres for maritime activities have been tested again by the intensifying struggle for leadership in the energy market and the contestation of global order. Factors in the resistance of Russian strongholds are the market situation, raw materials resources, technological innovations, government support, and an

¹² *Strategy for the spatial development of the Russian Federation 2025*. URL: <http://static.government.ru/media/files/UVA1qUtT08o60RktoOX122JjAe7irNxc.pdf> (accessed 24.03.2020).

increase in the efficiency of the national maritime economy. The latter is a result of the adaptation of approaches, structures, and strategic decisions to coastal conditions.

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INNOVATIVE DEVELOPMENT OF RUSSIAN COASTAL REGIONS: NORTH–SOUTH DIVERGENCE

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Coastal regions are territorial social systems whose socio-economic and innovative development is strongly influenced by the factor of coastalisation. The effect of movement to the sea determines the dynamics of settlement systems as well as their economic and infrastructure development. This holds for transport, logistics, information and communications, industrial, and other infrastructure. Coastal regions are so diverse that it is impossible to construct a development model that will fit all of them. One can speak only of general trends. This study focuses on identifying differences between the innovation systems of northern and southern coastal regions within the same country. The geographical scope of the study is four Russian coastal territories: Murmansk and Arkhangelsk in the Baltic Sea region and Rostov and Krasnodar in the Azov-Black Sea region. Methodologically, this study carries out a comparative assessment of heterogeneity of innovative development at municipal and interregional levels, using four groups of indicators: human capital, economic growth and clustering, innovation and digitalisation, and quality and standards of living. All these components are vital for regional innovative development. A statistical assessment is supplemented by a qualitative analysis of spatial patterns of innovation capital accumulation; the agglomeration factor is taken into account. It is shown that northern and southern coastal regions perform very differently on innovative development, the latter doing better than the former. Three main models of innovation generation, implementation, and accumulation of coastal regions are described. Each is associated with a different way to benefit from proximity to the sea. These are maritime activities, maritime transport, and the economic use of recreational, natural and climatic resources.

Keywords:

coastal region, innovation capital, coastalisation, urban agglomeration, innovation geography, innovation space

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Introduction

Studies of the global and macroregional heterogeneity of regional economic development show two major trends. The first one is that northern countries and regions are often considered more developed in terms of the economy, community life, technology, and innovation. A UN report contains data on cross-country and cross-region differences in the era of unprecedented economic growth and a global increase in the standards of living [1]. The rapid rise of the economies of new industrial powers, particularly China, has changed the north-south asymmetry dramatically [2]. Uneven development is observed not only at a global level. It has been argued [3] that the north-south differences in economic development models are characteristic even of the Eurozone. Moreover, this disparity is expected to grow.

The second trend is closely connected with the coastalisation factor, which leads to the concentration of human, financial, intellectual, and other resources and infrastructure in the coastal zones. The literature has emphasised that economic coastalisation is more important for southern countries and regions than for the northern ones. A comparative study of fifteen European cities and agglomerations carried out by the Joint Research Centre of the European Commission both confirmed the coastalisation effect and identified the Mediterranean region as a hotspot of coastal urbanisation [4]. Most research into the patterns of coastalisation processes is conducted in regions with a warm climate, located on the shores of a warm sea [5–7].

Findings have shown differences in the dynamics and development trajectories of coastal and inland regions [8–14]. Other coastal phenomena described in the literature include greater involvement of coastal areas in global transport, logistics, and industrial networks; stronger urbanisation and agglomeration effects and city clustering; economic diversification ensured by extractive and manufacturing industries; a ramified network of tourism, transport, and financial services; leadership in embracing eco-innovations and renewable energy sources. At the same time, many coastal regions are deep periphery; many towns and smaller cities are single-company communities; many large seaports and coastal agglomerations put enormous pressure on the ecosystem; many maritime borders are in a precarious position susceptible to institutional factors. According to Stephen Fletcher and Hance Smith [13], all the above create the unique social environment of coastal spaces.

Coastalisation and coastal clustering are considered to be a driver of growth and a competitive advantage that translates into socio-economic, innovative, and technological excellence.

This work aims to describe how innovation systems develop in differently located coastal regions. The focus is on how regional potential for innovation is exploited in the north and south. Our primary objective is to distinguish different types of regions within a single country to establish an institutional baseline for the comparison of their innovative development. We hypothesise that, within one country, southern coastal regions are more developed in terms of innovation than their northern counterparts.

Very few countries meet the requirements of our geography-intensive study. Among those that do are the United States with its historical north-south divide, which has affected national administrative geography, and Russia, which has both northern and southern coastal regions on its vast territory. This study concentrates on the coastal regions of European Russia since they have a developed maritime infrastructure, strong maritime industries, and a long history of maritime activity, which created a settlement system with units of different levels.

Theoretical background

Embodied in the concepts of regional divergence, development asymmetries, socio-economic polarisation and inequality, uneven spatial development is increasingly connected with location. Findings obtained in different countries indicate that environmental and climate conditions greatly affect the levels and trajectories of regional development. At a global scale, the southern hemisphere lags behind the northern in economic development [2; 15], and plains outperform mountainous terrains in the same regard [16; 17]. Some studies point to a moderate climate [18] and favourable environmental conditions [19] as major factors in human capital development and innovation.

Location on the banks of navigable rivers or in a coastal zone contributes as much to the unique profile of a spatially based social system as the availability of mineral deposits [20; 21]. When examining the development trajectories of coastal areas, the significance of the maritime economy for the coastal zone is taken into account along with global coastalisation trends [22–24]. Direct access to a sea and/or ocean is a key competitive advantage and the starting point for any strategy [10; 11; 25].

The Organisation for Economic Cooperation and Development (OECD), the World Bank, the United Nations (UN), and other international organisations look for ways to use geographical position to narrow socioeconomic gaps between countries on a global scale [26]. Some academic research teams have considered the ‘place factor’ in the context of individual territories [27] and, less often, in a cross-country context [28]. Earlier findings show that coastal regions are under considerable environmental pressure accounted for by a high immigration rate and economic density [29; 30]. Arctic areas have isolated ‘islands’ of development, whose socio-economic dynamics are more dependent on the situation in the global raw materials market than on national accounts [31].

Although the effects of coastal position have been investigated before, the patterns observed at a global scale are difficult to scale down to a national level. The broadly discussed north-south regional divide in Italy [3; 32] gives little insight into the situation in Russia. In the Mediterranean [33; 34] and South-East Asia [35–37], coastalisation has a pivotal role, whereas, in the coastal regions of the Arctic, different factors are at play. Previous research has paid little attention to the effect of coastal position on the innovative trajectory of regional development. Obviously, there are significant disparities between northern and southern coastal regions with regards to their capacity for innovation.

Methodology

Data on municipalities of four Russian coastal regions – Murmansk, Arkhangelsk, Rostov, and Krasnodar – were used in the study (Fig. 1). All the regions are located in the traditionally better-developed European part of Russia. The Murmansk and Arkhangelsk regions are part of the North-western federal district. Most of their territory lies in the Extreme North. The Murmansk region has access to the White and Barents Sea; the Arkhangelsk region, to both of the above and the Kara Sea. The Rostov and Krasnodar regions are located at the south-western border of Russia. Both belong to the Southern federal district. The Krasnodar region borders the Azov and Black Seas; the Rostov region, Taganrog Bay of the Azov Sea.

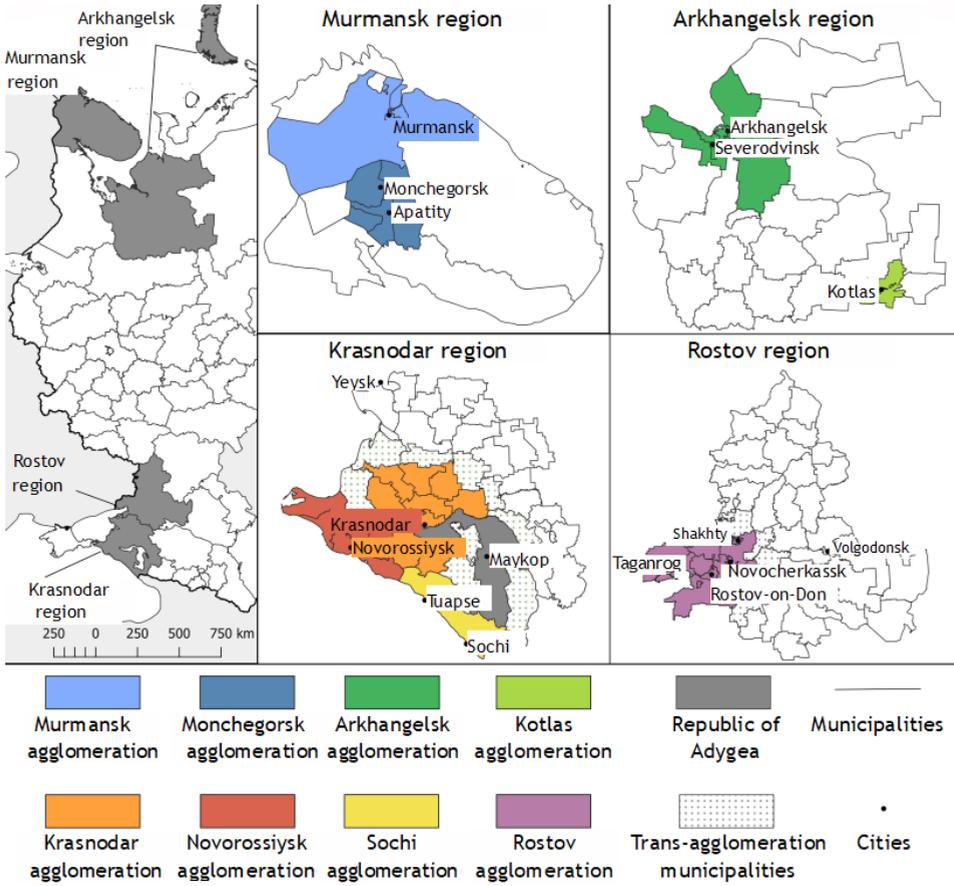


Fig. 1. Geography of Russian coastal region studies

Our research concentrated on the north-south divide in innovative development in European Russia. The region’s potential for economic and innovative development was analysed at a cross-city level; possible hotspots of innovation generation and consumption were identified. The research strategy included analysing the centre-periphery relations within the spatially based social system of the studied regions under the cross-influence of the coastal, agglomeration, and environmental factors. The spatial structure of regional economies, their industrial makeup, gross added value structure, the presence of hi-tech industries, and the tendency for clustering were examined. Particular attention was paid to the inclusion of rural areas into intra-regional economic processes. Quality of rural life was identified as a criterion for human capital preservation and access to utilities and soft infrastructure. Table 1 shows the indicators and data sources used in the study.

Table 1

Measuring the innovative development of coastal regions in European Russia

Group	Indicator	Period/source
Human capital	Population density, people/km ²	2013-2019 / Rosstat
	Urban population, %	2013-2019 / Rosstat
	People holding undergraduate and postgraduate degrees, %	2010 / National census
Economic growth and clustering	Contribution of manufacturing industries to the shipping volume, %	2014-2019 / Rosstat
	Retail sales per capita, 1,000 roubles	2015-2019 / Rosstat
	Companies per 1,000 population	2015-2019 / SPARK
Innovation capacity and digitalization	New agricultural machinery, %	2016 / National agricultural census
	People employed in IT, communications (section J), research, and technology (section M) in the average headcount (except small enterprises), %	2017-2019 / Rosstat
	3G and 4G coverage, % of the area of the municipality	2019 / official websites of telecommunication companies (Beeline, Megafon, MTS, and Tele2)
Life quality and standards of living	New housing stock per capita, m ²	2013-2018 / Rosstat
	Communities without gas supply, %	2013-2018 / Rosstat
	ATMs per 1,000 population	2019 / official websites of Russia's 23 largest banks

The values were calculated for municipalities of the sample regions and aggregated for the agglomeration, trans-agglomeration, and periphery groups (Fig. 1). For the purposes of this study, an agglomeration is the core city and municipalities connected to it by transport, logistics, economy, and community life. Trans-agglomeration municipalities are districts abutting the agglomeration. These were distinguished in the Rostov and Krasnodar regions, which have a large number of municipalities. The periphery includes all other, more remote municipalities.

Results

Murmansk region

Spatial differences in socio-economic development and capacity for innovation are very noticeable in the Murmansk region. There is a clear growth

pole — the city of Murmansk, which accounts for 50% of the regional gross added value [38]. The southern part of the region has its own economic centre, which brings together the cities of Monchegorsk, Olenogorsk, Kovdor, Kirovsk, and Apatity. Our analysis of the the parameters of socio-economic development and capacity for innovation showed that the economic development of the region was very uneven (Table 2).

Table 2

Innovative development indicators for Murmansk municipalities

Indicator	Year	Municipalities		
		Murmansk agglomeration	Monchegorsk agglomeration	Periphery
<i>Human capital</i>				
Population density, people/km ²	2013	11.14	14.58	1.20
	2019	14.42	13.96	1.22
Urban population, %	2013	97.20	91.50	83.60
	2019	95.35	90.18	84.03
People holding undergraduate and postgraduate degrees, %	2010	21.25	20.16	14.46
<i>Economic growth and clustering</i>				
Contribution of manufacturing industries to the shipping volume, %	2014	5.93	31.98	12.52
	2019	9.12	65.72	11.52
Retail sales per capita, 1,000 roubles	2015	70.05	77.08	49.51
	2019	75.52	88.68	65.13
Number of businesses, units per 1,000 population	2015	51.49	13.70	12.07
	2019	25.08	11.03	9.65
<i>Innovatisation and digitalisation</i>				
New agricultural machinery, %	2016	0	0	0
People employed in IT, communications, research, and technology in the average headcount, %	2017	3.83	4.35	1.69
	2019	5.18	5.04	2.66
3G and 4G coverage, %	2019	61.24*	15.95	3.92
<i>Life quality and standards of living</i>				
New housing stock per capita, m ²	2013	0.03	0.06	0.03
	2018	0.07	0.07	0.05
Communities without gas supply, %	2013	19.23	57.89	61.11
	2018	23.08	57.89	63.89
ATMs per 1,000 population	2019	0.77	0.62	0.44

Comment: the Kola municipality, where the Internet coverage is at 7.78%, is not taken into account.

The local economy consists of many industries. The economic specialisation and innovation profile of a municipality is determined by the performance of large local mining and manufacturing companies. The municipalities of the region's secondary economic centre where one large organisation creates most jobs and added value serve as a representative example. In the Kovdor region, the key economic player is the local mining and processing plant, which produces apatite, baddeleyite, and magnetite; in Kirovsk and Apatity, this is the Apatit plant, which produces apatite and nepheline; in Monchegorsk, the Kola Mining and Metallurgy Company producing nonferrous metals; in Olenegorsk, the Olkon mining and processing plant specialising in iron ore.

The Murmansk municipalities that are not home to large companies lack an economic system capable of either generating or consuming innovations. Industry analysis shows that there, gross added value is created by sectors dependent on budgets of all levels [39]. The most budget-dependent municipality in the region is Levozero, where 60% of gross added value is generated this way. Public administration and defence comprise over 25% of the gross added value created in the municipality. The situation is very similar in Tersky where no large companies are registered: budget-financed organisations account for the bulk of the income of its residents. These features of their socio-economic development preclude the rural areas of Murmansk from becoming either generators or consumers of innovation [40]. Nevertheless, there are opportunities for generating innovations in the sectors that are traditional for the Extreme North: deer farming, fishing, hunting, wild-herb harvesting, pedigree livestock breeding, and dairy farming.

Arkhangelsk region

The socio-economic space of the Arkhangelsk region is polarised as well (Table 3), with capacity for research and innovation concentrated in local cities. The primary growth pole is Arkhangelsk, the neighbouring city of Severodvinsk, and their environs. The second most important economic centre, or, more precisely, economic belt, stretches through the south of the region along the railway running from Konosha to Kotlas. The other municipalities are rural communities with a marked tendency towards depopulation caused by out-migration and natural decrease [41].

Table 3

Innovative development indicators for Rostov municipalities

Indicator	Year	Municipalities		
		Arkhangelsk agglomeration	Kotlas agglomeration	Periphery
<i>Human capital</i>				
Population density, people/km ²	2013	16.05	20.63	0.77
	2019	15.66	20.17	0.69
Urban population, %	2013	90.96	91.18	47.24
	2019	91.49	91.80	48.90
People holding undergraduate and postgraduate degrees, %	2010	20.52	17.61	12.44
<i>Economic growth and clustering</i>				
Contribution of manufacturing industries to the shipping volume, %	2013	68.93	76.15	4.69
	2019	39.83	82.35	2.08
Retail sales per capita, 1,000 roubles	2015	69.77	36.21	23.39
	2019	73.87	63.40	44.80
Number of businesses, units per 1,000 population	2015	27.26	16.61	13.68
	2019	22.80	14.95	11.94
<i>Innovatisation and digitalisation</i>				
New agricultural machinery, %	2016	4.08	7.69	7.28
People employed in IT, communications, research, and technology in the average headcount, %	2017	3.24	2.56	2.26
	2019	2.21	1.53	1.81
3G and 4G coverage, %	2019	22.34*	26.57	4.61
<i>Life quality and standards of living</i>				
New housing stock per capita, m ²	2013	0.23	0.43	0.28
	2018	0.30	0.32	0.26
Communities without gas supply, %	2013	22.90	84.24	81.46
	2018	36.49	83.28	87.13
ATMs per 1,000 population	2019	1.00	0.83	0.34

Comment: within the Arkhangelsk agglomeration, 92.8% in Arkhangelsk and 100% in Novodvinsk.

A specific feature of the Arkhangelsk economy is the strong contribution of low-productivity industries: the lumber sector accounts for 60% of the regional output. Workforce productivity in other industries is very low because of an insufficient level of innovation. The number of businesses in the Arkhangelsk region is also low. Even in the largest economic centres (Murmansk, Kotlas), they are as few as 20 per 1,000 population. To compare, there are 35–40 businesses per 1,000 residents in most municipalities of the Leningrad region. Most small and medium enterprises, which are usually first to embrace innovation, specialise in trade and construction. Few of them are engaged in manufacturing. The region's economic structure lacks the critical mass needed to ensure horizontal cooperation and clustering.

The rural population of Arkhangelsk is even less economically active than urban residents. Few jobs and even fewer well-paid ones are created there. Young employable people have to move out to settle in cities. Rural territories urgently need inter-organisation diversity and a developed labour market, which are necessary for retaining human capital. The rate of out-migration is the highest in the northern and north-western districts of the Arkhangelsk region. Another negative factor is poor utility and soft infrastructure. Only about 19% of rural houses are connected to the mains. Social services have become increasingly unreachable because of the enlargement of social services providers, worn-out property and outdated equipment, and a lack of professionals.

In the Arkhangelsk region, capacity for innovation is associated with two industries, which have given rise to shipbuilding and lumber clusters. The first one is sustained by defence procurement contracts, which account for 90–95% of shipbuilding revenues. Military commissions, however, prevent diversification and put the shipbuilding industry, which is not facing any competition, into dependence on government funding. The regional lumber cluster has brought together logging and wood processing companies along with mechanical engineering, transport, logistics, research, and educational organisation meeting the needs of the sector. Further development of the lumber cluster by value-added wood processing can meet the regional need for innovation (see Strategy for the Economic Development of the Arkhangelsk region until 2035¹).

Rostov region

The internal heterogeneity is less pronounced in Russia's southern coastal regions than in northern ones. Yet there is a clear centre-periphery divide. Diversification and structuring of the economic space of the Southern federal district have been affected by several interconnected factors, the most significant of which is 'diverse neighbourhood' (*raznososedstvo*) [42]: the region develops in a multi-cultural and inter-civilizational environment under the influence of geopolitical forces [43]. Most of the potential contacts of the Rostov region are concentrated

¹ URL: <https://www.strategy29.ru> (accessed 15.03.2020).

in the coastal zone. The cross-influence of coastalisation and agglomeration forces has created the large Rostov agglomeration, which links Rostov-on-Don, a major city with a population of over one million, with adjacent towns and villages. The agglomeration consists of three ‘belts’ [44; 45]: the core, which accounts for the region’s capacity for innovation and technological advances; the semi-periphery, which unites secondary industrial poles; and the agrarian periphery. Whereas the Rostov agglomeration continues to establish itself as the coastal centre of innovation, education, technology, and community life, the trends observed over the past decades in the periphery and semi-periphery have been inconsistent (Table 4).

Table 4

Innovative development indicators for Rostov municipalities

Indicator	Year	Municipalities		
		Agglomeration	Trans-agglomeration	Periphery
<i>Human capital</i>				
Population density, people/km ²	2013	153.44	49.83	17.19
	2019	155.56	47.48	16.32
Urban population, %	2013	80.58	68.03	42.59
	2019	80.38	68.29	42.90
People holding undergraduate and postgraduate degrees, %	2010	18.93	13.46	12.27
<i>Economic growth and clustering</i>				
Contribution of manufacturing industries to the shipping volume, %	2014	50.69	69.24	34.40
	2019	56.50	77.41	34.95
Retail sales per capita, 1,000 roubles	2015	75.33	44.36	36.62
	2019	63.16	32.64	25.21
Number of businesses, units per 1,000 population	2015	27.03	7.82	10.65
	2019	25.02	7.28	9.59
<i>Innovatisation and digitalisation</i>				
New agricultural machinery, %	2016	9.90	6.42	7.03
People employed in IT, communications, research, and technology in the average headcount, %	2017	2.50	2.60	1.90
	2019	2.20	1.60	1.80
3G and 4G coverage, %	2019	94.70	98.51	87.82

The end of Table 4

Indicator	Year	Municipalities		
		Agglomeration	Trans-agglomeration	Periphery
New housing stock per capita, m ²	2013	0.69	0.22	0.23
	2018	0.87	0.19	0.26
Communities without gas supply, %	2013	27.23	40.86	57.56
	2018	22.91	39.07	54.58
ATMs per 1,000 population	2019	0.60	0.35	0.40

Periphery districts and towns, which are localised in the north-east and south-east of the Rostov region, are very heterogeneous in terms of companies' technological resources, access to infrastructure, housing quality, internal market situation, and growth rates [46]. The most actively developing municipalities border Rostov-on-Don. These are the Aksay district, Bataysk, and Azov. They attract new residents and experience growth in residential construction. People leave other, mostly agricultural municipalities because of low wages, poor infrastructure, and low quality of life [47]. The central problem of development in the Rostov region, which specialises in low-cost cereal and sunflower crop farming, is the poor condition of the internal market and the low purchasing power of the local population. This precludes the diffusion of innovations in everyday life as well as their generation in production. High cost-effectiveness of agricultural production does not encourage technological change.

The south-eastern periphery districts of the region, which specialise in potato, vegetable, and livestock farming along with the production of cereal and sunflower crops, have better infrastructure. Almost all of them have gas supply. Still, the housing stock in these areas is rather old, and it is very slowly renewed. These factors also contribute to out-migration. For many households, moving to the Rostov agglomeration is a cheaper and more rewarding way to improve living conditions than investment in better technological infrastructure in the hometowns. This is explained by the absence of amenities and zero residential innovations in their region's towns and villages. The situation is better in the central districts of the periphery, which are situated closer to the reaches of the Don navigable by cargo-carrying ships, and those contiguous with the local economic centre, the city of Volgodonsk.

Remarkably, depopulation and 'peripheralisation' occur in semi-periphery industrial centres and adjacent areas at a higher rate than in the periphery and the least developed parts of the region. In effect, the latter are not secondary growth

poles but territories that transfer their functions and population to the core of the Rostov agglomeration and take on few new functions. These areas include the Azov area, the city of Taganrog and its environs, and the districts of the Shakhty conurbation remote from the sea and the river. Along with Volgodonsk, they constitute the tertiary agglomeration belt. These are commuter areas, which have strong educational and technological links. In periphery districts, the negative net migration rate is about 4%; in semi-periphery districts, over 5%. The ratio of average wages in the periphery and semi-periphery to the regional average is 0.8 and 0.7 respectively, whereas the proportion of people employed in finances is 12.1 and 9.3%. Semi-periphery municipalities perform below the regional average in investment, new housing per capita, and the availability of amenities and utility infrastructure [44].

The national policy of import substitution has encouraged innovation both in the core of the Rostov agglomeration and beyond it, particularly in the periphery. Successful projects have been realised by the Taganrog Aviation Research Centre, Rostselmash, Novochoerkassk Electric Locomotive Works, Tagmet, and other manufacturing companies [43]. Some agricultural projects have contributed to the diffusion of innovations in periphery municipalities [48]. Nonetheless, these projects can neither change the region's trajectory of innovative development nor ensure greater engagement in innovation of the semi-periphery, which has capacity for innovation, technology and research and may benefit from its coastal position.

Decentralisation is an essential need of the region, meeting which will accelerate the development of the industrial semi-periphery, agricultural periphery, and potential growth poles². Despite there being a comparatively high transit through towns and villages located at the intersections of transport routes, not all of them have turned into local centres. Nor have they unlocked their transport, logistics, industrial, research, or technological potential. This situation is aggravated by the fact that connections with Ukraine have weakened after 2014. Unlike the north-south transport corridor, the east-west corridor is losing its importance. At the level of growth poles, there is a multidimensional hierarchy. Without sufficient competitive advantages, small potential centres of growth have poor development prospects.

Krasnodar region

The spatial structure of the Krasnodar region is polycentric. Administrative, industrial, logistics, and recreational functions are distributed between several

² These include the villages of Veshenskaya and Matveev-Kurgan, the towns of Semikarakorsk, Zernograd, and Proletarsk [45].

agglomerations — Krasnodar, Sochi, and Tuapse. Although the spatial structure of the regional social system is not hyper-centralised, it has a clear centre-periphery pattern [49], whereas many important facilities are located along the coastline [44]. Eastern and north-eastern municipalities, which are remote from both the sea and the local economic centres, have turned into peripheries with a sparse population and few businesses. Semi-periphery municipalities include the seaports of the Azov basin and high-transit districts located along railways and motorways (Tikhoretsk, Kavkazsky, and Gulkevichi districts and the city of Armavir). Although these areas are neither tourism destinations nor large centres of logistics, they have an important role in the industrial and transport development of the region (Table 5).

Table 5

Innovative development indicators for Krasnodar municipalities

Indicator	Year	Municipalities				
		Krasnodar agglomeration	Novorossiysk agglomeration	Sochi agglomeration	Trans-agglomeration	Periphery
<i>Human capital</i>						
Population density, people/km ²	2013	117.79	111.10	97.54	41.66	49.70
	2019	129.71	122.61	111.14	41.71	48.92
Urban population, %	2013	61.47	57.79	78.75	41.15	38.30
	2019	63.65	58.71	79.94	41.19	38.09
People holding undergraduate and postgraduate degrees, %	2010	21.20	24.38	29.09	16.56	17.13
<i>Economic growth and clustering</i>						
Contribution of manufacturing industries to the shipping volume, %	2014	41.34	26.06	20.00	53.94	42.93
	2019	38.73	25.72	13.15	62.80	35.87
Retail sales per capita, 1,000 roubles	2015	77.38	65.63	87.50	38.04	31.88
	2019	144.39	94.24	126.41	44.38	47.33
Number of businesses, units per 1,000 population	2015	42.62	21.82	41.59	10.40	11.38
	2019	31.83	17.79	32.10	8.89	9.28

The end of Table 5

Indicator	Year	Municipalities				
		Krasnodar agglomeration	Novorossiysk agglomeration	Sochi agglomeration	Trans-agglomeration	Periphery
New agricultural machinery, %	2016	13.48	10.78	10.86	17.04	13.06
People employed in IT, communications, research, and technology in the average headcount, %	2017	2.86	3.57	3.89	2.76	2.80
	2019	2.81	2.95	2.81	2.54	2.75
3G and 4G coverage, %	2019	79.74	72.28	23.63	69.19	93.64
<i>Quality of life and standard of living</i>						
New housing stock per capita, m ²	2013	1.05	0.94	0.70	0.46	0.43
	2018	1.32	0.94	0.68	0.32	0.31
Communities without gas supply, %	2013	35.74	41.44	64.63	46.67	36.14
	2018	29.51	36.50	52.38	42.50	32.66
ATMs per 1,000 population	2019	0.62	0.53	0.87	0.33	0.40

Over the past decade, decentralisation has moved to a new level in the region. This happened thanks to sizeable federal investment in the infrastructure and amenities of Sochi during preparations for the winter Olympics. The construction and putting into operation of the Crimea Bridge has lent new significance to western coastal municipalities. The east-west connection, which is closely linked to the north-south connection, has been activated in the Krasnodar region, which is the opposite of the situation in Rostov. All these processes have stimulated the diffusion of innovations, which has translated into the high rates of innovative development in the region after 2014 [50].

The centre-periphery pattern of the Krasnodar region has a more distributed structure than those of the Rostov, Arkhangelsk, and Murmansk regions. This is explained by a high density of rural population in intra-agglomeration spaces, motorway connections between towns and villages [49], and the advantageous location of secondary centres (the towns of Timashevsk, Korenovsk, and Ust-Labinsk, the village of Dinskaya, and others) at the intersections of major transport corridors within the catchment area

of the agglomeration. These centres are home to agricultural processing facilities that have the potential for technological development. The strategic planning of innovative clustering in the region takes these considerations into account. That is why priority is given to biotechnology and smart value-added processing. These two industries can contribute to the diffusion of innovations from the centre of technology to the manufacturing links of the agglomeration space and beyond.

Discussion and conclusions

The innovative development of coastal regions has distinguishing characteristics. This is confirmed by this and earlier studies [22; 52; 53]. These characteristics are the product of the accumulation of knowledge, competencies, technology, and innovation in regional maritime industries (fishery, aquaculture, recreation and tourism, shipbuilding and ship repair, etc.). A significant contribution is made by maritime and river transport and infrastructure. Major trends in innovative development are set at the national level. Later, they are adapted to a regional and municipal level. Along with the economy, social situation, politics, and geopolitics, environmental and climate factors have a considerable effect on the innovative trajectory of coastal regions. Among these factors are a year-round ice-free port located at the intersection of major transport corridor, offshore and onshore mineral deposits, a mild climate, and tourist attractions. Differences between the innovation systems of northern and southern coastal regions of European Russia were analysed in view of the above.

Our findings show that there are three major innovative development models for a coastal zone.

The first model focuses on the generation, use, and accumulation of innovations in maritime industries: fishery, port and logistics, shipbuilding, coastal tourism, etc.

The second model places emphasis on attracting human capital and developing intelligent businesses in regions with a mild climate and social and institutional innovations, which translate into a higher quality of life and living standards and good conditions for technology-intensive industries.

The third model concentrates on the generation, use, and accumulation of technological innovations in deposit development, onshore and offshore mineral extraction, processing and transporting minerals to the sea, as well as providing housing for people living in the area. This model can be applied to traditional industries such as wood processing and agriculture, whose product is cheaper to transport by sea.

Real coastal regions either combine elements of the above models or lack conditions for implementing any of them. The first and third innovative models are apt for Russian northern coastal regions, where living conditions are

less favourable than in southern ones. In the Murmansk region, capacity for innovation and technological advances is associated with the mining industry; in the Arkhangelsk region, with wood processing. Government support is conducive to the development of maritime industries: shipbuilding, port services, and logistics. Non-technological innovations are few in northern coastal regions; this is accounted for by a sparse population and a small internal market. As a result, people leave poorly developed districts for better-developed cities, thus contributing to the hyper-centralisation of the settlement and administrative systems. Top experts come to northern coastal regions of Russia primarily to cater to the needs of leading industrial organisations. Their arrival usually requires additional investment, and regional mechanisms for *retaining* human capital are frequently absent.

Southern coastal regions of European Russia have a higher innovative development level than their northern counterparts, which proves the hypothesis proposed at the beginning of the article: the agglomeration factor does play a key role in attaining this result. The largest cities of the Rostov and Krasnodar regions have become strong agglomerations, which attract intellectual, financial, human, industrial, and other resources, while periphery and semi-periphery municipalities lag in economic and innovative development.

In the Rostov region, the diffusion of innovations from the central agglomeration to the regional periphery can occur by a partial transfer of production facilities to rural areas and smaller towns, whereas Rostov-on-Don remains the regional centre of research and technology. This will attract investment in the transport, logistics, and communications infrastructure as well as encourage the creation of centres of industry-oriented education and thus contribute to a better quality of human capital in the periphery. Developing the semi-periphery of the Rostov region demands an independent regional policy providing a comprehensive solution to the problems of low competitiveness and depreciation of town-forming companies. It is also important to unlock competitive advantages of the region, including those associated with its maritime position, and to take local infrastructure and amenities to another level. The socio-economic and innovative dynamics in semi-periphery municipalities can be improved by strengthening the positions of Taganrog, Novocherkassk, and neighbouring areas, as well as by increasing agglomeration attraction forces.

The Krasnodar region has developed more evenly than the other regions studied. Today, the growth of regional agglomerations is sustained through the inertia of urbanisation, and a transition to suburbanisation has not taken place yet. This complicates the diffusion of innovations because the gap in the intensity of territorial development is growing. Neither periphery nor semi-periphery can compete for population and new production facilities. Nevertheless, the Krasnodar region has demonstrated that large federal in-

vestment projects aimed at improving urban infrastructure and delivering innovations ensure returns on investment and create a more even innovative landscape in a region.

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TRANSNATIONAL TOURIST DESTINATION MANAGEMENT: A CASE STUDY OF THE BALTIC SEA REGION

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The issue of tourist destination management has been widely reflected in scientific literature. However, transnational destinations, i.e. those that are located on the territory of several countries, have not been given enough attention. The development of transnational destinations can occur provided there is close cooperation among key stakeholders. In the Baltic Sea Region (BSR) conditions for effective cooperation were created at the end of the 20th century when integration processes intensified. Currently, the BSR is the first macro-region of the European Union to implement a transnational strategy, in which tourism is recognised as a development priority. Creating an effective tourist destination management system has become a key challenge in this process. This article aims to identify and critically analyse the concept of transnational tourist destination management. Another goal is to identify the changing determinants of tourism management in the BSR and to explore relations between key stakeholders. To this end, we conducted a review of literature on destination management. We carried out a critical analysis of secondary sources (documents, information materials, the Internet resources) and supplemented the review with our insights from participatory observation. We also obtained additional information from interviews. Three models of destination management were identified: marketing-oriented, planning-oriented, and governance-oriented. Our research shows that the evolution of destination management is characterised by a gradual increase in the participation of public entities. This is related to the marginalisation of the tourism industry, which resulted in a systematic decrease in state funding for maintaining destination management structures. Acquiring the European Union funds from the European Territorial Cooperation Programs has become a partial but not entirely effective solution to this problem.

Keywords:

transnational tourist destination, tourist destination management, international cooperation, Baltic Sea Region, Baltic Region

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1. Introduction

At the end of the 20th century, as a result of geopolitical changes in Europe, the Baltic Sea Region became an area of very dynamic social and economic cooperation. This cooperation intensified with the accession of Poland and the Baltic republics to the European Union in 2004. The next stage of Baltic integration was the development of an innovative European Union Strategy for the Baltic Sea Region in 2009. One of its priorities was transnational tourism development. There were several steps undertaken to build and implement a model of multi-level tourism management. It should be emphasized that this was not the first attempt to manage a transnational tourist destination of the BSR.

The paper presents a comparative analysis of the current form and previous approaches to Baltic tourism destination management. This helps to gain an understanding of the determinants of tourism cooperation in the Baltic Sea Region. It also provides useful insights for refining the concept of transnational destination management. Among all the EU macroregions, the BSR is the most advanced in terms of transnational tourism development. As a result, it is becoming a kind of testing ground whose experience can be applied in other EU macroregions.

2. Approaches to tourist destination management

There are many definitions of tourist destinations in the scientific literature. However, despite the different interpretations, the definition of a 'destination' can be reduced to four categories:

1. an area [1] (commune [2], space, territory, region, place) that constitute the destination of visitors' travels [3];
2. a set of entities (institutions [4], clusters [5]) that create conditions for tourism in the visited area;
3. a collection of products consumed by visitors during their stay in this area [6];
4. a collection of experiences (feelings) that visitors draw from visiting this area [7].

These different concepts can complement each other enabling a clearer understanding of the term [8].

According to UNWTO's definition¹, a tourism destination is a physical space in which a tourist spends at least one overnight. It includes tourism products such as support services and attractions and tourist resources that can be found within one day's return travel time. It has physical and administrative boundaries defining its management, and images and perceptions defining its market competitiveness.

In turn, in the European Commission's guide on the management of sustainable tourism areas², a 'destination' is described as:

1. a geographic area that is currently or potentially attractive to visitors/tourists;
2. a place or area which is recognized and can easily be defined as a visitor destination and has a range of facilities and products in place for tourism purposes;
3. a place or area which is promoted as a destination;
4. a place or area where the visitor management process usually includes a range of public and private-sector stakeholders together with the host community;
5. a place or area where it is possible to measure the supply of and demand for tourism services, i.e. the visitor economy.

Scientific research proves that destinations are crucial points for tourism development [9], and thus, for the study of tourism. However, they are difficult to manage due to their complex organizational systems [10]. This complexity results from the fact that destinations are driven by a wide range of forces in their internal and external environments [11]. Destination management is often entrusted to specialized professional institutions called 'destination management organizations' [12]. Another popular solution is shared management performed by public administration entities and organizations carrying out only some destination management tasks [13]. These tasks mainly concern marketing [14], therefore such organizations are called 'destination marketing organizations' [15].

¹ *A Practical Guide to Tourism Destination Management*. 2007, Madrid, World Tourism Organization.

² *The European Tourism Indicator System ETIS — toolkit for sustainable destination management*, Luxembourg, Publications Office of the European Union. URL: https://ec.europa.eu/growth/sectors/tourism/offer/sustainable/indicators_en (accessed 02.07.2020).

In the case of international destinations, management is much more difficult. Among other factors, this is due to different administrative structures, legal orders, and the incompatibility of tourism management systems. For this reason, scholars and practitioners seek a new organizational, legal, and economic solutions to support the development of transnational tourism [16]. The used and adapted solutions include those developed within the framework of multilevel governance [17]. They involve the participation of key stakeholders from the destination in the management process to share the costs of tourism development.

3. The Baltic Sea Region as a tourist destination

The definition of the Baltic Region, and thus, the delimitation of destinations, remains an unresolved problem. There are many definitions of the BSR [18]. Undisputedly, the region includes the countries located on the coast of the Baltic sea. However, sometimes, Belarus and Norway, which do not have access to it, are also seen as part of the Region, as these countries are located in the Baltic catchment area and are functionally connected with the rest of the Baltic States.

For the purposes of the study, it can be assumed that the Baltic Sea Region is spatially equivalent to the Interreg Baltic Sea Region Programme's area covering ten countries, eight EU member states and two partner countries. The EU member states are Denmark, Estonia, Finland, Germany (the States (Länder) of Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Vorpommern, Schleswig-Holstein, and Niedersachsen (only NUTS II area the Lüneburg region)), Latvia, Lithuania, Poland, and Sweden. The partner countries include Norway and Russia (St. Petersburg, the regions of Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov, Republic of Karelia, Komi Republic, Nenetsky Autonomous District)⁵.

⁵ *Interreg* Baltic Sea Region. Area. URL: <https://www.interreg-baltic.eu/about-the-programme/area.html> (accessed 06.07.2020)



Fig. 1. The area of INTERREG Baltic Sea Region
2014—2020 Program

Source: Own elaboration based on [21].

The establishment of the BSR as a transnational tourist destination began with the collapse of the USSR and the restoration of independence of Lithuania, Latvia, and Estonia. In Europe, cross-border cooperation started to develop dynamically [19], encompassing not only countries but also regions and cities. The basis for the sustainable development [20] of the destination was the idea of using the region's attractive historical and natural heritage, numerous ties connecting the states located on the Baltic sea coast, and the willingness to cooperate (expressed enthusiastically by the key stakeholders) for tourism purposes [21]. Since then, various destination management solutions have been implemented. They all fall into three categories: marketing, planning, and executive ones.

4. The Baltic Sea Tourism Commission: Marketing-oriented destination management

Registered in Sweden in the 1990s as an international non-governmental organization, the Baltic Sea Tourism Commission was an institution coordinating the marketing activities of the key entities in the Baltic Sea Region's tourism system. The idea of such an organization emerged during the Baltic Tourism Conference (BTC) in Lübeck (Germany) in 1988. Its name has been modified since its establishment; it was important to add the word 'Sea,' as the organization was previously associated only with the Baltic states. Despite the name change, the acronym BTC was used until the dissolution of this institution around 2010.

Its creation was encouraged by representatives of the tourism industry: tour operators, air carriers, sea carriers, and hoteliers, among others. Its members also included governments and self-governing administrative institutions, tourist organizations at the national, regional and local levels, as well as social sector entities (Fig. 2).

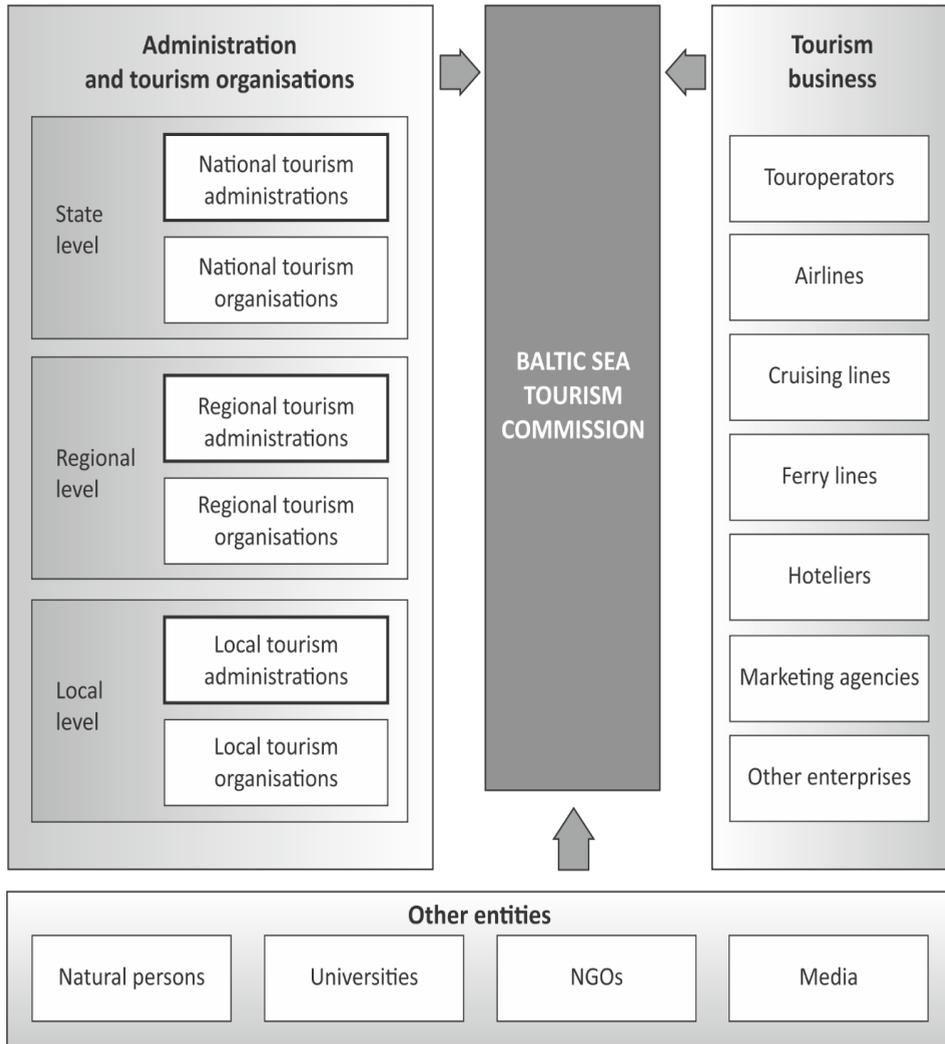


Fig. 2. Organizational model of Baltic Sea Tourism Commission

Source: Own elaboration based on *Baltic Sea Breezes*⁴.

It should be noted that the organization's membership was composed not only of representatives of the destinations in question but also of entities (mainly tour operators) from tourism-generating countries. This structure was highly instrumental in promoting tourist products in the target markets, including overseas ones (Australia, Canada, the United States).

⁴ *Baltic Sea Breezes*, No 5, 2004, p. 48.

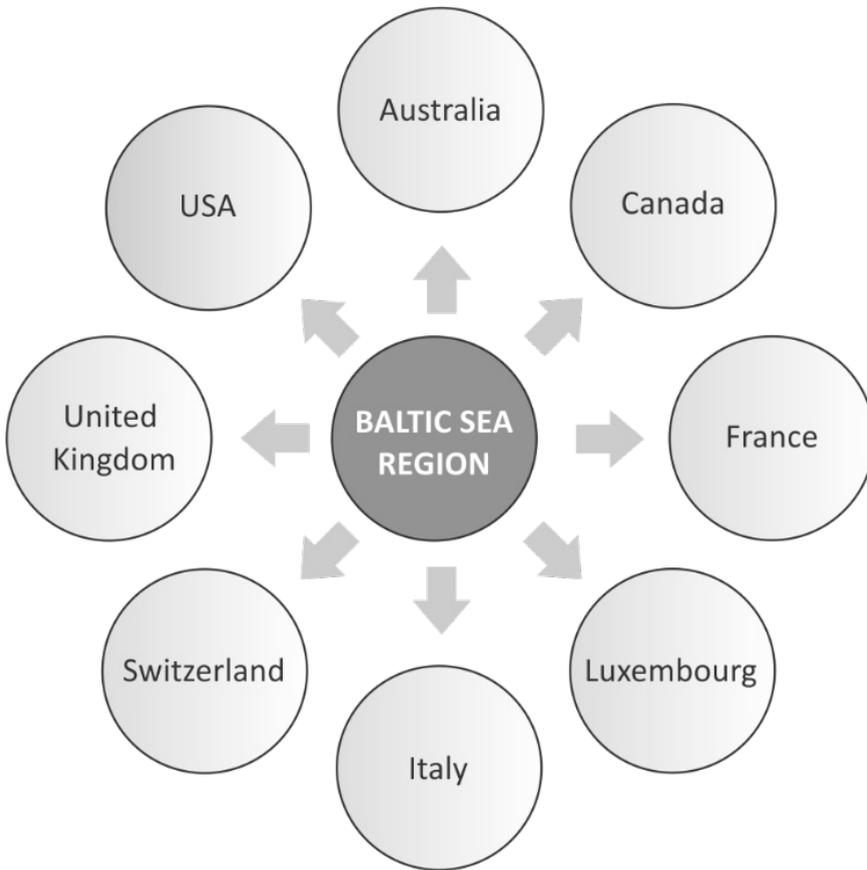


Fig. 3. Tourism generating countries represented by BTC members

Source: Own elaboration based on *Baltic Sea Breezes*.

At its apex, the BTC comprised over 100 members. Over time, this number began to decrease. By 2004, the organization had only 62 entities, including 44 entities from countries located on the Baltic sea coast. At that time, entities from Russia were no longer part of the BTC although Russian authorities and national tour operators continued cooperation within task groups (e.g., the Amber Heritage Group, the Hanseatic Heritage Group, the Viking Heritage Group). The largest share of BTC members came from Finland, while the smallest number came from tourist origin countries.

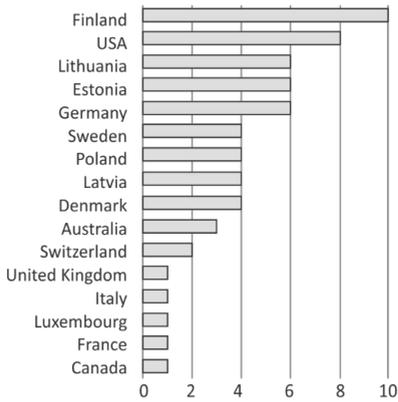


Fig. 4. Number of BTC members by country



Fig. 5. Number of BTC members by category

The BTC functioned as a typical DMO (destination marketing organization). It undertook marketing activities, including joint preparation of trans-national tourist products, which were then offered in the target markets. The organization had its website, its magazine, published informational materials, and promoted the BSR as an attractive destination at numerous tourist fairs and exhibitions. It collaborated with international organizations (Council of Europe, European Economic Community, Council of the Baltic Sea States) on supporting key forms of tourism. The BTC was also the organizer of the Baltic Travel Mart serving as a platform for transactions between tourism entrepreneurs in the tourism reception and tourism-generating countries. As transport accessibility has always played an important role in the development of destinations, the BTC lobbied for the development of transnational routes, including the development of the Amber Road, which was to connect the Baltic and the Adriatic seas.

To better coordinate its activities, the Baltic Sea Tourism Commission established field offices in selected BSR countries. Its representation operated in Poland until 2002. Financed by the national budget, it coordinated cooperation among the Polish members: the Ministry of Tourism, the Polish Tourist Organization, the city of Gdańsk, the city of Gdynia, and Gdynia Maritime University. At the same time, BTC Poland was the coordinator of the Amber Heritage task group. The group's goal was to create international tourist products using the theme of amber (e.g. The World Championships in Amber Collecting, international amber trade fairs, international trips along the amber route).

5. Network Sustainable Tourism Development in the Baltic Sea Region (NSTDBSR): Planning-oriented destination management

The NSTDBSR platform was created as a bottom-up initiative by academic institutions and the BSR's environmental organizations aiming to ensure that tourism development took place in a sustainable way in accordance with the guidelines of Agenda 21 developed at the Earth Summit in Rio de Janeiro. Managing such an initiative required considerable funds, which were obtained from the INTERREG program. The budget of the "AGORA — Network Sustainable Tourism Development in the Baltic Sea Region" project was 2.9 million euro. The project was carried out in 2005—2007 and was coordinated by the University of Greifswald in Germany.

The partners included international, national, regional, and local institutions from the Baltic Sea States and Belarus. Stakeholders from the Network (Fig. 6) evaluated and improved tools used in spatial planning and tourism management to strengthen the effectiveness of sustainable tourism. These tools were tested in several pilot projects followed by feedback on the "Toolbox". There was also a new check tool aimed at ensuring the sustainability of tourism projects developed, discussed by an Advisory Board, and tested in the pilot initiatives (Sustainability Check). All of the experience, information, and expertise that the partners contributed was integrated into the Strategy Factory, which included policy recommendations for sustainable tourism development in the BSR.

At the end of the project, funding for further network management ran out; however, its participants continued some of the project's activities.

⁵ AGORA – Network Sustainable Tourism Development in the Baltic Sea Region, Keep.eu Database. URL: <https://keep.eu/projects/648/> (accessed 03.07.2020).

Level Category	EU Meber State								non-EU Member States	
	DE	DK	SE	FI	EE	LV	LT	PL	RU	BY
International	Baltic Sea Tourism Commission (BTC)									
	Coalition Clean Baltic (CCB)									
	Baltic Sea Chambers of Commerce Association (BCCA) Naboer AB									
National	Federal Environmental Agency				State Nature Conservation Centre		Ministry of Economics of the Republic of Latvia			
			Swedish Tourist Authority		Estonian Tourism Board					
	German Society for Nature Conservation, Friends of the Earth Germany		The Swedish Ecotourism Society		Finnish Forest and Park Service		Estonian Heritage Society		Latvian Ecotourism Society	
Regional	Ministry of Environment of the Federal State Mecklenburg-Western Pomerania		Region Zealand				North Vidzeme Biosphere Reserve			
	Tourist Board Mecklenburg-Western-Pomerania						Kurzeme Tourism association Vidzeme Tourism Association			
	National Park Visitor Centre				Matsalu National Park		The Union of Towns and Communes of the Parseta River Basin		Polish Ecological Club City of Gliwice Chapter	
Local	Environmental Council of the Island of Fehmarn		Storstrom County		Isokyrö City		Neringa Ciyu			
	Support Society for the Archaeological-Ecological Centre Albersdorf, Viabono supporter association SOCIAL-HANSA		CEUS School of Business		Mid Sweden University University of Kalmar		University of Helsinki		Thomas-Mann-Culture Centre	
							University of Gdańsk		Kaliningrad State University St. Petersburg Naturalists Society	
	Tourist Co. Ltd. Darss									

Fig. 6. Organizational model of NSTDBSR⁵

6. The Baltic Sea Tourism Center: Governance-oriented destination management

The Baltic Sea Tourism Center is an innovative instrument of multilevel tourist destination management. Its creation was the result of many years of synergy and tourist cooperation in the BSR as well as the creation of the EU Strategy for the Baltic Sea Region.

The BSR was chosen as a pilot area in the EU since the region is “an icon of macro-regional co-operation” [22]. The EUSBSR was adopted by the European Commission in June 2009. It brought together intergovernmental cooperation organizations (e.g., VASAB or HELCOM) as well as transnational (bottom-up) cooperation initiatives, and tried to match them with the framework of EU cohesion policy. Thus, it does not substitute the existing networks and relations [23] but rather tries to capitalize on them using a more far-sighted approach [24]. The strategy has 4 horizontal actions, 3 objectives, and 13 priority areas. The Tourism policy area is one of the 13 current policy areas representing the fields of action within the integrative framework tackling the current and future challenges of the BSR. Figure 7 provides an overview of the Strategy’s Action Plan, which defines its overall objectives, policy areas, and horizontal actions. Tourism was assigned to the “Increase prosperity” objective, mainly because of its assumed economic potential for the region⁶.

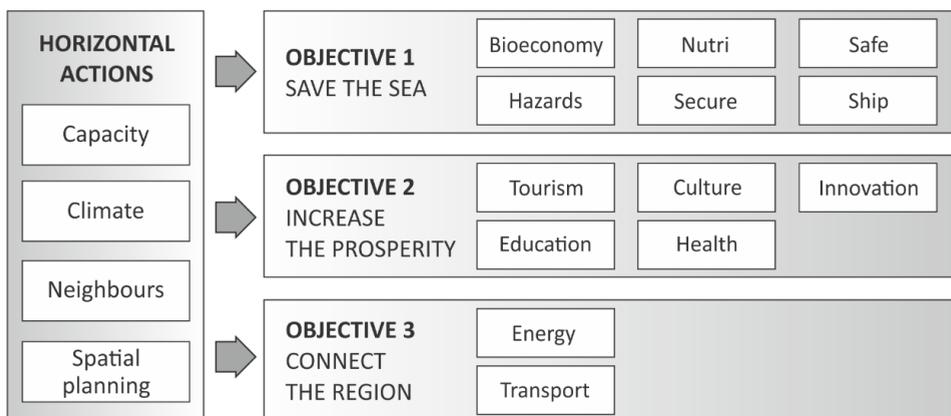


Fig. 7. Governance model of EUSBSR

⁶ EUSBSR EU Strategy for the Baltic Sea Region. Policy Area Tourism. URL: <http://www.baltic-sea-strategy-tourism.eu/pa-tourism/> (accessed 06.07.2020).

The management structure of PA Tourism includes only national authorities of 8 EU countries with the sole exception of the Ministry of Economic, Employment and Health of Mecklenburg-Vorpommern which is formally organized at the regional level (Fig. 8).

Level	Category	State							
		DE	DK	SE	FI	EE	LV	LT	PL
National	Public administration			Ministry of Enterprise and Innovation	Ministry of Employment and the Economy Regional Development	Ministry of Economic Affairs and Communications	Ministry of Economics, Entrepreneurship, Competitiveness Dep.	Ministry of the Economy and Innovation	Ministry of Sport and Tourism
	DMO	German National Tourist Board	Visit Denmark						
Regional	Public administration	Ministry of Economics, Employment and Health, Mecklenburg-Vorpommern							

Fig. 8. Governance of EUSBSR PA Tourism

The Baltic Sea Tourism Center is associated with the Baltic Sea Tourism Forum (Fig. 9) whose structure is much more complex and representative. It includes 4 levels: international, national, regional, and local. The BSTF meetings are attended not only by entities from EU countries but also from Norway, Russia, and Belarus. The forum is rotational, taking place in a different country every year. National, regional, and local tourist organizations play an important role in the Forum’s work.

Establishing an institution responsible for managing tourist destinations took many years. This topic was discussed during the Baltic Sea Tourism Forum (Table 1). The Baltic Sea Tourism Center could finally begin functioning only thanks to the funding received under the INTERREG 2014–2020 V-A Poland — Denmark — Germany — Lithuania — Sweden (South Baltic) program.

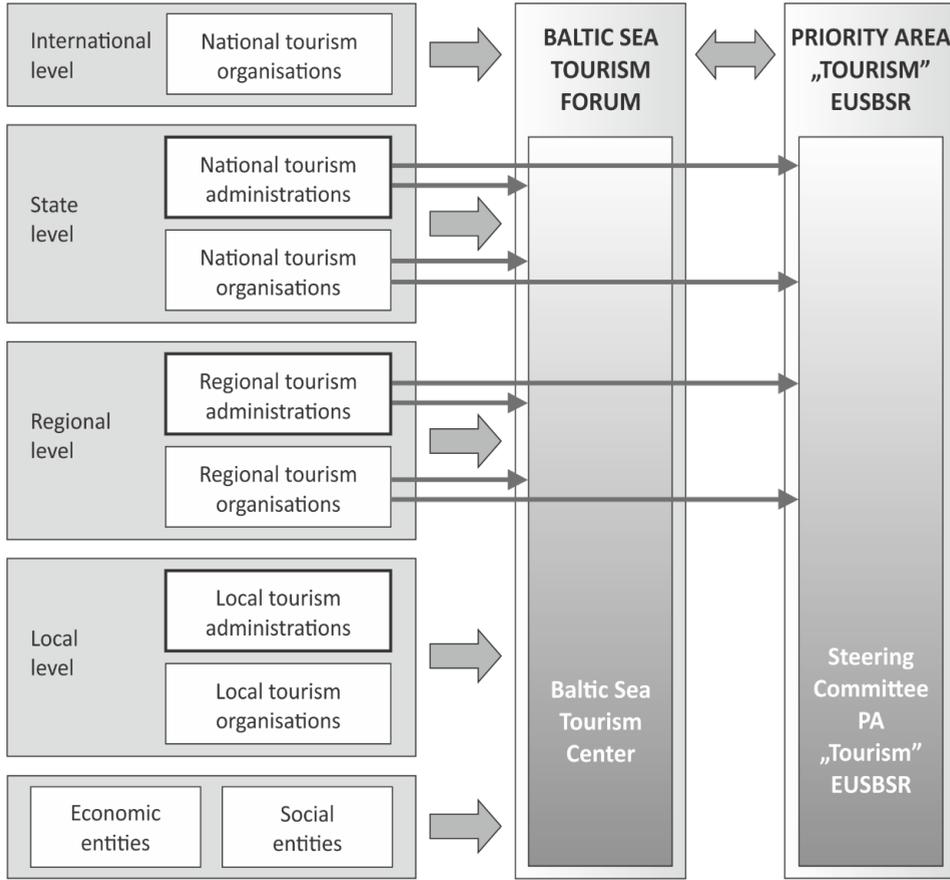


Fig. 9. The organisational model of BSR transnational destination

Table 1

Key provisions on tourist cooperation and coordination expressed in the Declarations adopted by the Baltic Sea Tourism Forum

Year	Place	Declaration
2012	Rostock, Germany,	To further develop the creation of a permanent co-operation platform at transnational level with the Baltic Sea Tourism Forum at its core for continuous collaboration on the basis of a multilevel process;
2013	Ringsted, Denmark	Develop current seed money projects and new initiatives into relevant transnational networks and clusters as a contribution to shape the profile of the region as a sustainable tourist destination
2014	Karlskrona, Sweden	To facilitate a cooperation structure to manage joint marketing and project initiatives at transnational level, as envisaged in the “Baltic Sea Tourism Center” approach

Year	Place	Declaration
2015	Gdańsk, Poland	To fully support the establishment of the flagship Baltic Sea Tourism Center in order to strengthen transnational communication and cooperation in tourism matters, to further professionalise the Baltic Sea Tourism Forum process as well as the development of the whole Baltic Sea Region as one tourism destination,
2016	Pärnu, Estonia	To build up a more continuous, up-to-date communication platform which complements the annual Forum and thus raises the potential for improved networking and coordination, also with the help of the flagship Baltic Sea Tourism Center To consider that a more content-based and thematically focused Forum, e.g. in the fields of cultural tourism, active tourism, culinary, market research, science-business collaborations, might be especially beneficial for a stronger involvement of the private sector to further align the BSTF and Policy Area Tourism in the EU Strategy for the Baltic Sea region to increase potential synergies.
2017	Turku, Finland	To encourage the activities of the Baltic Sea Tourism Center To further develop the transnational cooperation in projects and processes in sustainable tourism to establish the Baltic Sea Region as an attractive destination, to promote the participation of stakeholders from non-EU countries to ensure integration of all countries from the Baltic Sea Region,
2018	Riga Latvia	To actively support the activities of the Baltic Sea Tourism Center and its newly established Expert Groups on Sustainable Tourism, Market Research, Training Offerings and Tourism Policies. To develop and establish the BSTC Tourism Market Report (TMM) and Tourism Trend Radar (TTR) to share and support the Position paper on “Sustainable tourism development in the Baltic Sea Region post 2020”,
2019	Brussels Belgium	<i>The 2019 Declaration has not been posted on the official website yet.</i>

The Baltic Sea Tourism Center is coordinated by the Ministry of Economics, Employment and Health of Mecklenburg-Vorpommern. Organizations from only 6 Baltic countries were involved in the process of developing the BSTC (Fig. 10). This stemmed from a limited geographical area of support of the INTERREG program financing the BSTC⁷.

⁷ *Baltic Sea Tourism Center – Sustainable development structures for ACTIVE TOURISM*, Keep.eu Database. URL: <https://keep.eu/projects/17777/> (accessed 06.07.2020).

Level	Category	State							
		DE	DK	SE	FI	EE	LV	LT	PL
National	Public administration							Ministry of the Economy and Innovation	
	DMO	German National Tourist Board	Visit Denmark		Visit Finland				Polish Tourist Organisation
Regional	Public administration	Ministry of Economics, Employment and Health Mecklenburg Vorpommern		Region Blekingen					Self-Government of the Pomorskie Voivodeship
	DMO	Mecklenburg Vorpommern Tourist Board	Visit East Denmark						Pomorskie Tourist Board
	Self-government organisations						Association "Klaipeda Region"	Association of Polish Communes Euroregion Baltic	
Other	Universities	Stralsund University of Applied Sciences							

Fig. 10. Stakeholders of BSTC

The Baltic Sea Tourism Center was established to jointly improve competitiveness for sustainable tourism in the BSR. One of its chief undertakings was to begin the implementation and dissemination of the important concept of CSR (corporate social responsibility) [25]. According to its coordinators, the institution aims to be “the leading centre of expertise speaking for tourism development in the Baltic Sea region – providing partnerships, insights and skills.”⁸ Stakeholders identified the following tasks as the most important:

- bundling resources, communicating fresh knowledge to prepare for relevant trends;
- sharing experiences to deal with common challenges;
- providing data and benchmarking possibilities;
- gaining an overview of players, projects, and initiatives by coordinating and making strategic use of project results;
- supporting training and product development in sector-specific areas;
- increasing the visibility of regions, countries, and the entire BSR as a tourism destination.

⁸ Sustainable tourism cooperation in the Baltic Sea region. URL: <https://bstc.eu/partnerships/about-the-bstc> (accessed 03.07.2020).

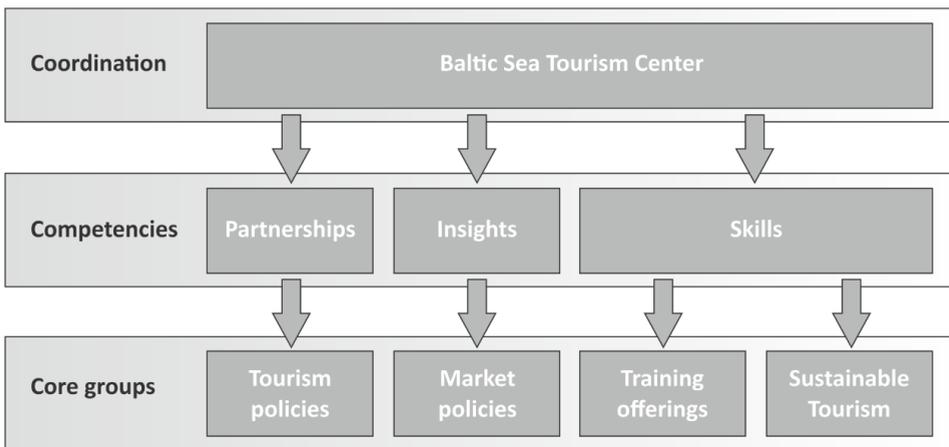


Fig. 11. The model of the BTSC Coordination

This structure, based on the concept of multilevel governance [26; 27], was developed during the BSTF in Riga in 2018 (Fig. 11). It should be emphasized that the initiators of this governance structure took into account the participation of not only EU entities but also Russian partners [28, 29] interested in the development of transnational destinations in the BSR. However, the unexpected outbreak of the COVID-19 pandemic in 2020 froze the BSTC's work and thus delayed the formation of 4 core groups. This situation is becoming a serious threat to the development of tourist destinations. Numerous studies have shown the importance of European Territorial Cooperation funds in the development of tourism in cross-border areas [30]. Meanwhile, the EU project financing the BSTC has just ended, and alternative funds to ensure the continued existence of the governance structure have not been found yet.

Conclusions

The Baltic Sea Region meets the prerequisites for being considered a transnational destination. It is distinguished by a high tourism potential, including transnational attractions, a common history, and fruitful long-term cooperation, including that in the field of tourism. However, the definition of the BSR is debatable, and thus, the delimitation of the destination remains problematic. The most reasonable solution seems to be the adoption of the delimitation of the INTERREG Baltic Sea Region Programme covering the countries located on the Baltic sea coast and Norway. Belarus also sporadically participates in tourism cooperation. The entities that co-manage tourist destinations primarily comprise central and local administrative units, national, regional, and local tourist organizations, and entrepreneurs. Social organizations and academic institutions play a limited role.

Numerous attempts have been made to coordinate tourist cooperation in the BSR. There have been several tourism management structures established and three concepts of destination management implemented to date: marketing, planning, and multilevel governance. The first of them was implemented in the 1990s. The key stakeholders involved in bringing this concept to fruition were the large enterprises (airlines, ferries, hotel chains) that benefited significantly from membership in the Baltic Sea Tourism Commission and thus willingly financed the activities of this institution. The second concept (planning) focused on programming sustainable tourism development. The Network Sustainable Tourism Development in the Baltic Sea Region was created mainly by academic institutions and environmental and social organizations. It developed valuable theoretical solutions, but no instruments to put them into practice. Unfortunately, this cooperation was based on EU funds, and with the completion of the relevant projects, it was not possible to obtain financing for the network's continued operations. The concept of multilevel tourism destination governance, which is currently being implemented, is particularly interesting due to the synergy between Baltic Sea Tourism Center, the Baltic Sea Tourism Forum, and the EUSBSR PA Tourism that underlies it.

The analysis of the evolution of destination management shows that the stability of the management structure requires significant financial involvement from stakeholders. EU funds should be used only to 'start up' management structures, but they cannot serve as the basis for their operations. Currently, the role of the economic sector in the BSR's multi-level tourism governance system is marginalized. Public stakeholders are moderately involved in the development of transnational destinations because they probably do not see sufficient benefits from cooperation. At the same time, individual promotion of the Baltic countries and regions on the tourism market is increasing. This constitutes a serious threat to the further functioning of the BSTC depriving this institution of the possibility of truly managing tourism development. Another threat is the completion of the cross-border project financing its operation. The major weakness of this project was the lack of involvement of entities from some BSR countries. Conversely, one opportunity for the development of destinations is to take advantage of the affordances of a constantly improving EUSBSR. This is an opportunity worth capitalizing on as it would enable the continuation of activities related to the development and promotion of the BSR as an attractive, sustainable, and accessible transnational tourist destination.

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ASSESSING COMPETITIVENESS OF THE BALTIC STATES IN TOURISM

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Tourism competitiveness is a basic requirement for a country's presence in the international tourism market. A comprehensive and systematic assessment of tourism competitiveness and comparisons with other states make it possible to identify its structure, strengths and weaknesses. Assessing competitiveness is a live issue in the Baltic region, where tourism is an important part of the economy and a factor in improving living standards. This study advances the hypothesis that the methodology developed by the author will aid in assessing the tourism competitiveness of the Baltic region states. The research aims to assess the competitiveness of the Baltic tourism industries. It reviews methodologies for assessing the competitiveness of tourism industries and presents an original nine-step methodology for comprehensive assessment thereof. The aggregate index comprises four sub-indices (conditions, infrastructure, accessibility, and attractiveness), 22 components, and over 100 indicators. The calculations use a wide range of data sources. The results are displayed in charts and graphs. The Baltic region states are seen to have a high (Germany) or relatively high level of competitiveness. All the countries perform well on tourism infrastructure development and conditions for doing business in tourism. The Baltic region states rank differently on the affordability of tourism. Germany is the regional leader in terms of attractiveness, followed by the Russian Federation, Poland, Norway, and Sweden. The analysis showed that Russia lagged behind its competitors in travel formalities, the climate for small and medium businesses, and travel safety; infrastructure, statistical monitoring, and promotion required attention as well. In the conclusion, the proposed methodology and the results of its testing are analysed.

Keywords:

Baltic region, state, methods, tourism, tourism competitiveness

Introduction

Tourism is now a global social phenomenon with huge potential. According to the United Nations World Tourism Organization (UNWTO), at the beginning of 2019 the total contribution of tourism to the world's gross domestic product amounted to 10.4% (9.1 trillion USD), while the direct contribution was 3.3% (2.8 trillion USD). The tourism industry employs 328 million people (1/10th of world employment). Contribution of tourism to the global investments was 4.4% (0.98 trillion USD) and the contribution to export was 6.6% (1.7 trillion USD). It is noteworthy that the growth in exports of tourism services (+ 4%) has been exceeding the growth in exports of goods (+ 3%) for seven years in a row.

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Competitiveness assessment is a valuable tool for a comprehensive description of the situation and structure of a state's tourism sector to discover its strengths and weaknesses. It can be used for strategic planning of tourism development by relevant authorities, business and other stakeholders [1–5]. Furthermore, it can serve as a platform for multilateral international dialogue in order to understand and predict new trends and risks in tourism, adapt tourism policies, practices and investment decisions of states to speed up the development of new models ensuring long-term sustainable development in the tourism sector [6–8].

This matter is of a particular concern due to the alarming situation with COVID-19: the spread of the disease, the closure of borders between countries, the quarantine measures, etc. International tourism and tourism sectors of individual countries face serious challenges, including those associated with the reconstruction of the market after the pandemic and a new round of competition among countries and their constituent territories, which requires revision of the phenomenon.

The subject of the study was the procedure and results of assessing competitiveness of the Baltic Sea states in tourism.

The objective of the study was to assess competitiveness of the Baltic Sea states in tourism.

Literature review

Conceptual construction of tourism competitiveness models became the focus of studies in the late 1990s–early 2000s. One of the first recognized models was the one suggested by Crouch and Ritchie in 1999 [9] and revised in 2003 [10]. Their approach was based on Porter's work [11]. The model is based on comparative (human resources, physical resources, knowledge resources, capital resources and infrastructure, as well as historical and cultural resources) and competitive (audit or inventory, maintenance, growth and development, efficiency and effectiveness) advantages. Competitiveness is influenced by micro and macro environments through a number of factors and resources (36 attributes containing 250 factors): core resources and attractors, including supporting ones; destination management; policy, planning and destination development; qualifying and reinforcing determinants. The ideas of the researchers were developed and expanded significantly by Wei-Chiang Hong [12].

Another widely recognized model was the integrative model of competitiveness suggested by Dwyer and Kim [13]. The model consisted of eight basic structural units: core resources (inherited and created); supporting factors and resources (general infrastructure, quality of service, accessibility of destination); destination management; demand conditions (awareness, perceptions and preferences); situational conditions (economic, social, cultural, demographic, environmental, political, etc.) and market performance indicators. Later, the Delphi Technique and Analytic Hierarchy Process were used to assess the importance of each of the indicators when assessing competitiveness [14].

Special attention should be paid to the integrated model suggested by Heath [15]. The developed model is schematically represented in a form of a building and comprises various key facets:

- the foundation that provides an essential base for competitiveness (the key attractors, safety and health, infrastructure and managing capacity, capitalizing on the value-adders, facilitators, experience enhancers);
- the cement, which binds all the elements (communication channels, partnerships, stakeholders and beneficiaries, research and forecasting, managing competitive indicators, international management);
- the building blocks, that are essential to make tourism “happen” in a destination (sustainable development policy, strategic and holistic marketing);
- the tourism script (strategic framework);
- the roof, the key success drivers (vision and leadership, guiding values and principles, political will, entrepreneurship, community focus and human resources development) [16; 17].

At the international level, competitiveness of states in tourism is regularly examined by the UNWTO, the International Council for Tourism and Travel, the World Economic Forum and the Organization for Economic Cooperation and Development.

UNWTO monitors individual statistical indicators of a country (such as tourist traffic, imports and exports, employment in the tourism sector, contribution of tourism to macro-economic indicators), creates and maintains relevant databases, and draws statistical data books and reports [18]. UNWTO is not directly engaged in a comprehensive assessment of competitiveness of states in tourism. The same applies to the International Council for Tourism and Travel, which monitors certain economic indicators of the tourism sector worldwide: exports and imports, contribution of tourism to gross domestic product, employment in tourism, investment and others.

The most known and respected index in the world is *The Travel & Tourism Competitiveness Index (TTCI)* of the World Economic Forum [19], which has been calculated every two years since 2007. The latest (2019) Travel & Tourism Competitiveness Index was calculated for 140 countries and was determined using 4 sub-indices (supportive environment; policies to create favorable conditions; infrastructure; natural resources and cultural resources), 14 major components and 90 individual indicators.

The index is based on open-source data, but its significant disadvantage is the widespread use of expert estimations. For example, a close review of the materials shows that these estimates are often clichéd and contradict the real situation and available statistics. One may also question the methodological approaches: the index structure, definition of the assessed territory, adjustment to a common system of measurement (normalization by means of maximum and minimum values without taking into account the statistical distribution of values), not taking into account different levels of their significance, using integrated indices (using the arithmetic mean) [19–21]. Besides, little attention is paid to geographical features, production and consumption chains, the number and structure of tourist arrivals and departures, etc.

A different approach to assessing the competitiveness of states in tourism was adopted by the Organization for Economic Cooperation and Development (OECD) in 2013 [22]. The assessment was based on four categories of indicators: measuring the effectiveness and impact of tourism; determining the ability to provide quality and competitive tourist services, including the business environment; attractiveness; government regulation and control, economic opportunities. In addition, the indicators were divided into three types: core, supplementary and future development indicators.

The core indicators included tourism direct gross domestic product, inbound tourism revenues, overnights, exports of tourism services, labor productivity in tourism services, purchasing power parities, country entry visa requirements, natural resources and biodiversity, cultural and creative resources, visitor satisfaction and national tourism action plan. The supplementary indicators included market diversification and growth markets; employment in tourism by age, education levels and type of contracts; consumer price index for tourism; air connectivity and inter-modality; OECD Better Life Index. The future development indicators included government budget appropriations for tourism; company mortality rate; use of innovative services; structure of tourism supply chains.

The OECD did not actually aim to assess states directly, but rather recommended that the suggested methodology should be used for the OECD members and partners as a tool to assess their competitiveness in tourism.

Cvelbar et al. used regression analysis to assess the importance tourism competitiveness drivers categorized into six groups: economic drivers (macro environment, business environment, general infrastructure) and tourism drivers (resources, tourism infrastructure and management). The research showed the great importance of the general economic environment [23].

Bukher assessed tourism competitiveness of the Russian Federation using the techniques and materials of the TTCI. He reviewed the indicators (added new ones and removed some of the existing ones) and categorized them into three groups: legislation and regulations; business environment; human, cultural and natural resources [24].

Croes and Kubickova [25] suggested ranking tourist destinations basing on the theory of competitiveness. Their index of competitiveness in the tourism sector depends on guest satisfaction, performance in the field of tourism and quality of life [26].

Morozova [27] proposes to assess three types of competitiveness in tourism: the one that is potentially possible, the one that exists and the one that can be achieved. She suggests using the index approach to assessment, i.e. to assess competitiveness in tourism using a weighted arithmetic mean with normalization by the maximum and minimum values. The assessment includes three groups of indicators: competitive success or the current level of competitiveness in tourism; potential competitive advantages; competitive weaknesses.

Studying the index structure, Kapustina and Vyazovskaya rely on Porter's

model [11], which they adapted to tourism. The researchers identify the following groups of indicators: factor conditions; demand conditions; related and supporting industries; company strategy; random events; public policy. To make the assessment, they suggest using the cluster analysis based on the competitiveness of tourism types and competition in the domestic tourism industry [28].

Wu Wei-Wen shows that, depending on the chosen methods of integral assessment of tourism competitiveness, results may range and vary considerably, even if a common approach to structuring the indicators was taken. Therefore, there is a need to use a number of techniques at a time, followed by their comparison. It is also important to understand that the resulting ranks are conventional. What is more, the fact the destination's rank may greatly vary implies that the structure of its competitiveness is imbalanced, therefore helping to identify weaknesses for the subsequent corrective measures [29].

Methodology

This study into the assessment of tourism competitiveness worldwide, including the Baltic Sea states (Estonia, Latvia, Lithuania, Russia, Poland, Germany, Denmark, Norway, Sweden and Finland) is part of the justification of the strategic planning of tourism development in the Russian Federation (the developed sub-program "Tourism") and interaction with the UNWTO (which gave access to the world database and required the results of calculations). The assessment procedure was based on the previously published paper [30] with some amendments and the use of an optimized number of indicators.

The assessment included the following stages:

- Study of the region, theory and methodology of assessment
- Identification of the subject and the object of the assessment
- Deciding on the assessment principles
- Deciding on the assessment criteria and their parameters
- Collection and systematization of information
- Deciding on the value of the assessment criteria and their parameters
- Adjustment of the assessment criteria parameters to a single system of measurement
- Bringing the assessment criteria parameters to particular generalizing integral indicators
- Revision and correction of the results of the assessment [31].

The object of the assessment was the states worldwide, while the subject of the assessment was their competitiveness in tourism. For the purposes of the study, the list of the Baltic Sea states was made on the principles of integrity, peculiarities of tourism management and with regard to the performance indicators [32]. The basic principles of evaluation were the key assessment and their representativeness, consistency, data availability and reliability, comparability of results, etc.

The sources of data for the assessment included the UNWTO, the World Economic Forum, the World Bank, the International Council for Travel and Tourism, the World Health Organization, the Human Development Report of the United Nations Development Program, the United Nations Office on Drugs and Crime, the National Consortium for the Study of Terrorism and Responses to Terrorism (START), the World Bank Group, the Environmental Performance Index of Yale University, the World Intellectual Property Organization, Cornell University, The Economist, the ICT Development Index of the International Telecommunication Union, the Passports Index (passportindex.org and the International Air Transport Association), the World Trade Organization, the International Civil Aviation Organization, the International Air Transport Association, thnologue.com, Booking.com, trivago.ru, Bloom Consulting and others. Particular attention was paid to the collection of statistical data, with minimum use of expert estimates.

The assessment included four sub-indices (Table 1).

Table 1

Tourism Competitiveness Index

Indicator	Description
<i>Accessibility</i>	
Geographical position	Number of neighboring states, distance ratio between the compared countries and the values for other countries: total population, number of international tourist departures, tourism expenditure of residents
Reasonable pricing	Accommodation prices, taxi prices, prices for air tickets, airport fees, taxes, purchasing power parity, fuel prices, the Big Mac index, mobile / cellular tariffs, broadband Internet tariffs
Formal accessibility	Proportion of states with simplified visa application process, openness of bilateral air services agreements, number of existing regional trade agreements
Alternative accessibility (availability of alternative destinations – substitutes)	Similarity of tourism specialization with that of the neighboring states, ratio of the distance to the number of international tourist arrivals in compared states
Linguistic accessibility	Number of speakers of a certain national language
<i>Infrastructure</i>	
Transport infrastructure	Quality of aviation infrastructure, number of departures, number of airports, number of airline operator, passenger air traffic, length of the railways, quality of railway infrastructure, quality of roads, quality of road transport, length of renovated roads, number of car rentals, port infrastructure quality
Accommodation	Number of accommodation, number of rooms and beds, number of international hotel chains and leading hotels, number of hotel awards in international rankings, hotel ranking according to guest feedback on Booking.com and Trivago
Information and communication technologies	Information & Communication Technologies Index

The end of Table 1

Travel companies	Number of travel companies, their revenues, number of employees
ATMs	Number of ATMs
Government	Priority given to the tourism industry, completeness of data submitted to the UNWTO, efficiency of marketing and branding, share of the tourism sector in government expenditure
<i>Conditions</i>	
Safety and security	Number of kidnapping, robbery, assault, sexual violence cases, number of deaths in road accidents, number of terrorist attacks, number of people killed in them over the last 8 years; conflict risks, crime tolerance in the society; number of police officers, economic costs of crime and violence, reliability of police services, economic costs of terrorism
Business conditions	Doing Business Index
Health care	Number of hospital beds, number of qualified specialists, healthcare costs, 22 disease indicators (primary HIV incidence, incidence of malaria, tick-borne encephalitis, certain infectious and bacterial diseases), drug-related deaths, improved sanitation facilities
Nature and environment	Deaths from natural emergencies, deaths and diseases related to the sun's ultraviolet radiation, deaths from environmental pollution, access to improved water sources, freshwater availability, species diversity and proportion of endangered species of animals, plants and amphibians, percentage of territory covered by forest, percentage of territory not occupied by the man-made landscape, percentage of territory covered by agricultural land, environmental situation, proportion of the territories occupied by terrestrial and marine protected areas, number of protected species, air pollution, strictness of environmental regulations, compliance with environmental regulations, ratification of international environmental treaties
Human resources	Population density, Inequality-adjusted Human Development Index, human resources and the labor market
Development of innovations	Global Innovation Index
<i>Attractiveness</i>	
Number of sites on the List of World Heritage by UNESCO	By category "Culture" and "Mixed", by category "Nature" and "Mixed"
Domestic demand	Tourism expenditure within the country
External demand	International tourist arrivals, number of international excursionists, expenditure of international tourists in the country
Awards received by the country's tourist facilities in the world's leading tourist rankings	Number of awards received by the country's tourist facilities in the world's leading tourist ratings (World tourism awards, TripAdvisor, Travel + Leisure and others)
Internet searches	Number of searches in 9 languages in 20 most popular search engines by 273 tags

To bring the indicator to a single measurement system the following formula was used:

$$C_{ij} = \frac{X_{ij} - \bar{X}_j}{Q_j} + 4,$$

Where C_{ij} is the standardized value of indicator j in country i ; X_{ij} is the converted indicator j in country i ; \bar{X}_j and Q_j is the arithmetic mean and standard deviation for indicator j respectively; $i = 1, \dots, n$; n – number of countries; $j = 1, \dots, m$; m – number of indicators.

Integral indices were calculated using the weighted geometric mean. The weighting coefficients and intermediate integral indices were calculated using the formula:

$$Q_i = \frac{r_{jl}}{\sum_{j=1}^m r_{jl}},$$

Where Q_i is the weighting coefficient of indicator j ; r_{jl} is the correlation coefficient of indicator j and vector l . To determine vector l for each indicator, the countries were categorized using k -means clustering. The number of clusters was determined using dispersion (minimization of dispersion inside the clusters and its maximization among the clusters). After that, the clusters were logically compared by indicators and ranked. The clusters that could not be ranked logically were excluded from vector l . For each cluster rank the arithmetic mean of the indicator was calculated, which was then assigned to each assessed object (the country) that belonged to the appropriate cluster. If this was not possible, the value was determined as suggested by Lootsma [33].

For ease of mapping, perception and interpretation, the results of the assessment were transformed into a verbal scale with graduation equal to one standard deviation around the center of the statistical distribution of values of 4: high ($C_{ij} > 5.5$), above average ($4.5 < C_{ij} < 5.5$), average ($3.5 < C_{ij} < 4.5$), below average ($2.5 < C_{ij} < 3.5$) and low ($C_{ij} < 2.5$) [30].

Research results

The findings below, received according to the described procedure, reflect the situation in the Baltic Sea states, with regard to competitiveness of other countries in tourism.

The majority of the Baltic Sea states (particularly Germany) are well located in relation to large centers with tourist services and products highly in demand and enjoy high or relatively high internal demand. All this is supported by well-developed transport infrastructure and links between the countries, as well as a relatively high formal openness (in particular, thanks to the Schengen Agreement). Although Europe consists of a large number of states with a lot of competition between them in the tourism market, their alternative accessibility is relatively high (Fig. 1).

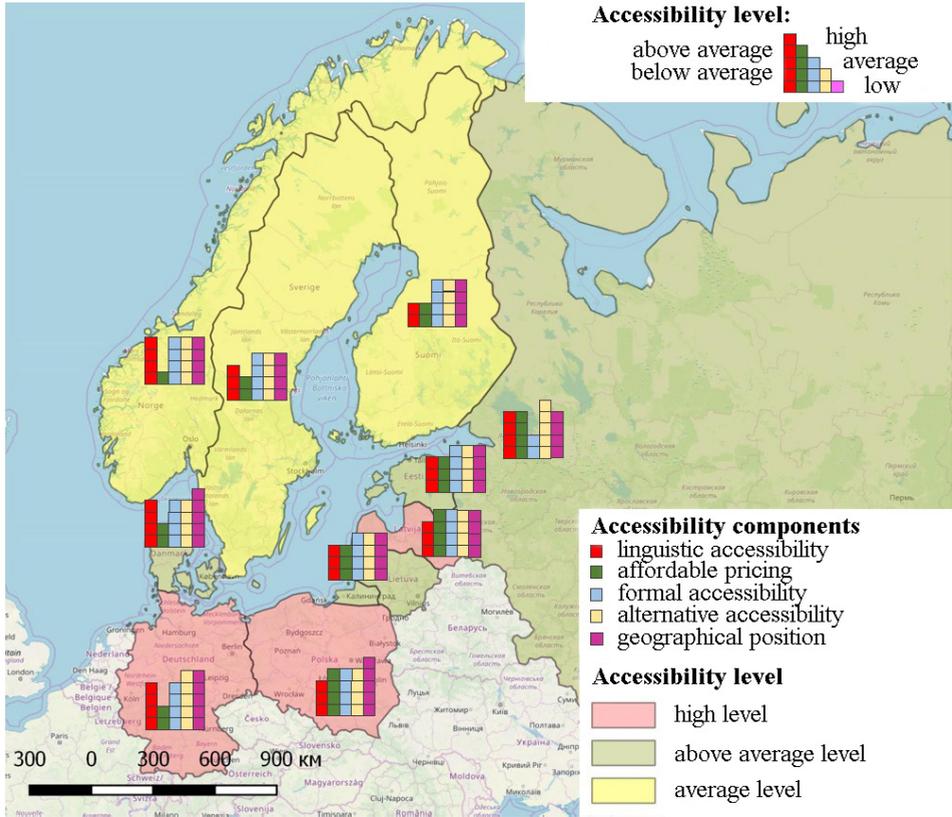


Fig. 1. The level of tourist accessibility of the Baltic Sea states

Unlike its neighbours, the Russian Federation has serious barriers for tourists due to passport and visa formalities and limited openness to bilateral air services agreements. For example, this indicator within the TTCI index is one of the lowest for Russia (it ranks 123d out of 140 states). However, when interpreting this indicator it is necessary to take into account the risks associated with the need to maintain the balance in protecting the state and its citizens from external threats (including terrorism), due to strained relations between Russia and a number of other states.

The weakness of most Baltic Sea states (especially Norway, Sweden, Germany, Denmark and Finland) is their low affordability compared to other world countries. At the same time, the affordability index is a key competitive advantage of the Russian Federation in the international tourism market. The same is true for Poland.

A relatively high level of linguistic accessibility is ensured by similarity of the Germanic languages spoken in the Baltic Sea states, the large number of German speakers and quite a large number of Russian-speakers worldwide. In many states (especially in Norway and Finland), the majority of the local population are fluent in English, especially those employed in the service sector. Besides, the tourist navigation there is well-developed.

In general, Norway, Sweden and Finland feature the average tourist accessibility (due to their low affordability and low linguistic accessibility for Finland and Sweden). The tourist accessibility is high for Germany, Poland, and Latvia and relatively high for the rest of the states (Fig. 1).

The competitiveness of the tourist infrastructure of most Baltic Sea states is relatively high (Fig. 2), with the exception of Denmark and the Russian Federation (the average level). This correlates with the results of other assessments of tourism competitiveness worldwide.

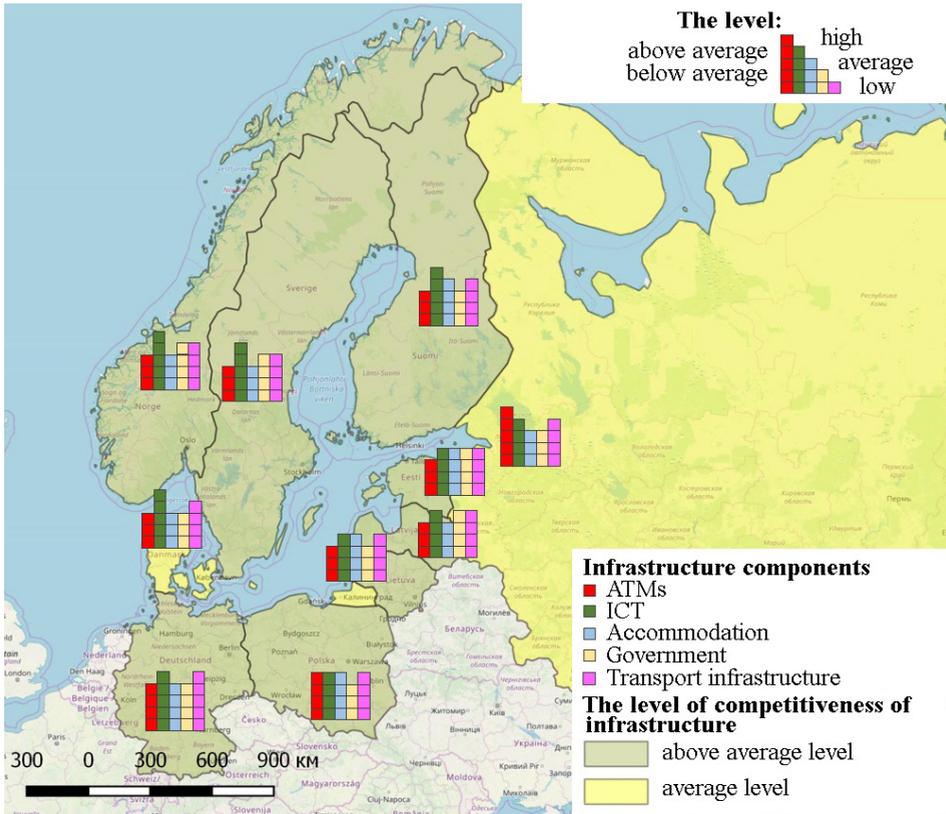


Fig. 2. Competitiveness of tourist infrastructure of the Baltic Sea states

The values are relatively high for most components. The situation is especially favorable in terms of ICT competitiveness. The Russian Federation traditionally enjoys a high level of ATM network development.

All the states in the studied region cooperate with the UNWTO in the exchange of information and are good at branding and promotion (especially Germany, Norway, Estonia and Sweden), with the exception of Latvia and Lithuania.

Of particular interest is the situation in Estonia with high public spending on tourism, a major priority in terms of the country's economic development. Other states have relatively low values of the studied indicators. For example, Russia ranked 86th out of 140 countries in the TTCI in terms of the priority given to the tourism industry in the country.

Competitiveness of tourist accommodation in the Baltic Sea states is average or above average compared to the rest of the world (Fig. 2). Of particular interest is the ranking of accommodation facilities in booking systems according to visitors as they relate specific accommodation facilities with specific customers and their satisfaction. Among the Baltic Sea states, the ranking of accommodation according to visitors was high in Poland, Lithuania and Estonia, relatively high in Germany, Finland, Russia and Latvia, and average in Norway, Sweden and Denmark.

Competitiveness in tourism is significantly affected by conditions (see the corresponding sub-index in Table 1) of development and functioning (Fig. 3). The conditions are highly favourable in such Baltic Sea states as Germany, Denmark, Norway, Sweden and Finland. They are world leaders for the majority of the components and indicators. Other countries, including Russia, have relatively high values.

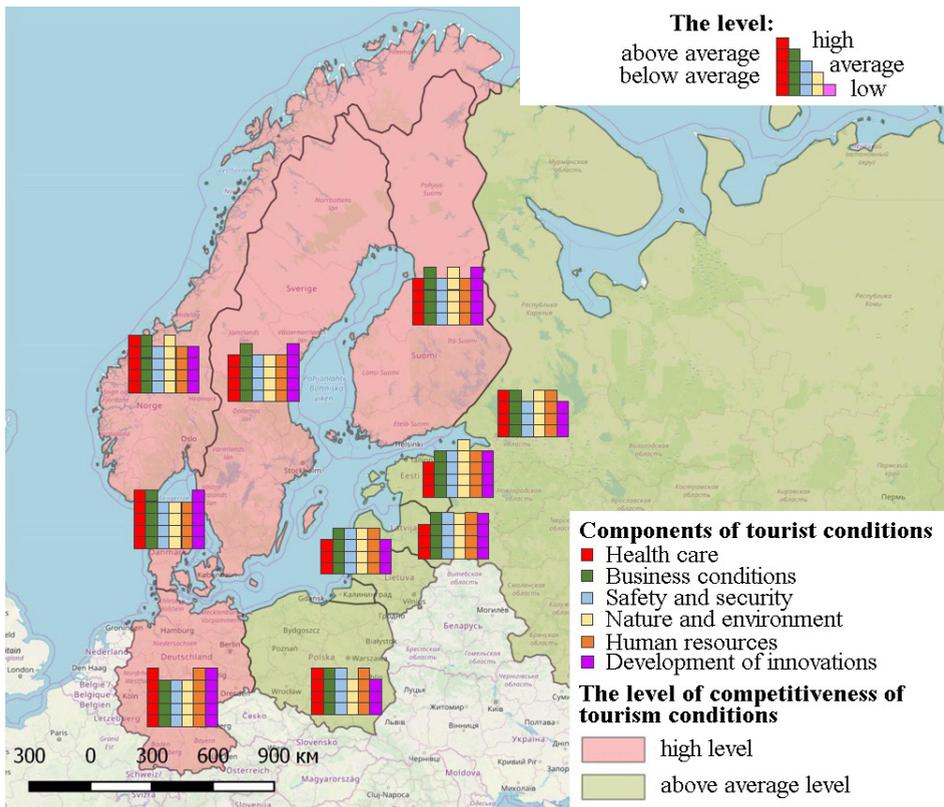


Fig. 3. Competitiveness of tourist conditions in the Baltic Sea states

In the Russian Federation, the weak components of tourism competitiveness are development and innovation (according to The Global Innovation Index 2019) and, particularly, security and the rule of law. Data from international

organizations (WHO, United Nations Office on Drugs and Crime, Global Terrorism Database, World Economic Forum and others) show that in Russia there is a risk of conflicts with other countries, high risk of terrorist attacks, increased mortality rate from road accidents and murders, and the reliability of the police is poor. This is complicated by the subjective international perception of the Russian Federation as a dangerous country to visit, due to the influence of foreign media.

It should be noted that the general conditions of operation and development of the tourism sector show the most significant differences in values among the states (especially when it concerns the Russian Federation), no matter whether the procedure described in the study or procedures described elsewhere, mostly based on the Travel & Tourism Competitiveness Index of the World Economic Forum, are used. The main sources of these differences are the indicators produced by experts, specifically pointing to poor conditions for doing business in Russia (ranking 92nd out of 140 countries) and the risk of visiting the country in the context of high crime and poor performance of the system of law enforcement (ranking 98th), poor environmental situation and weak sustainability of the environment (ranking 82nd). On the other hand, the Travel & Tourism Competitiveness Index of the World Economic Forum greatly overestimated the values of the Russian Federation in relation to health care (ranking 6th), which are refuted by the same data on the disease incidence of the World Health Organization and the internal statistics of Russia's Ministry of Health.

A key component of tourism competitiveness of states is the attractiveness of their facilities (Fig. 4). Among the Baltic Sea states only Germany boasts high level of attractiveness, taking the leading position in the world and in the region by a large number of indicators. A relatively high level of attractiveness is typical for tourist facilities of the Russian Federation, Norway, Sweden and Poland. Finland and Denmark come close, with the lowest positions in the region occupied by Estonia, Latvia and Lithuania. It is noteworthy, however, that each country has its own advantages and specialization, in which it holds a strong position.

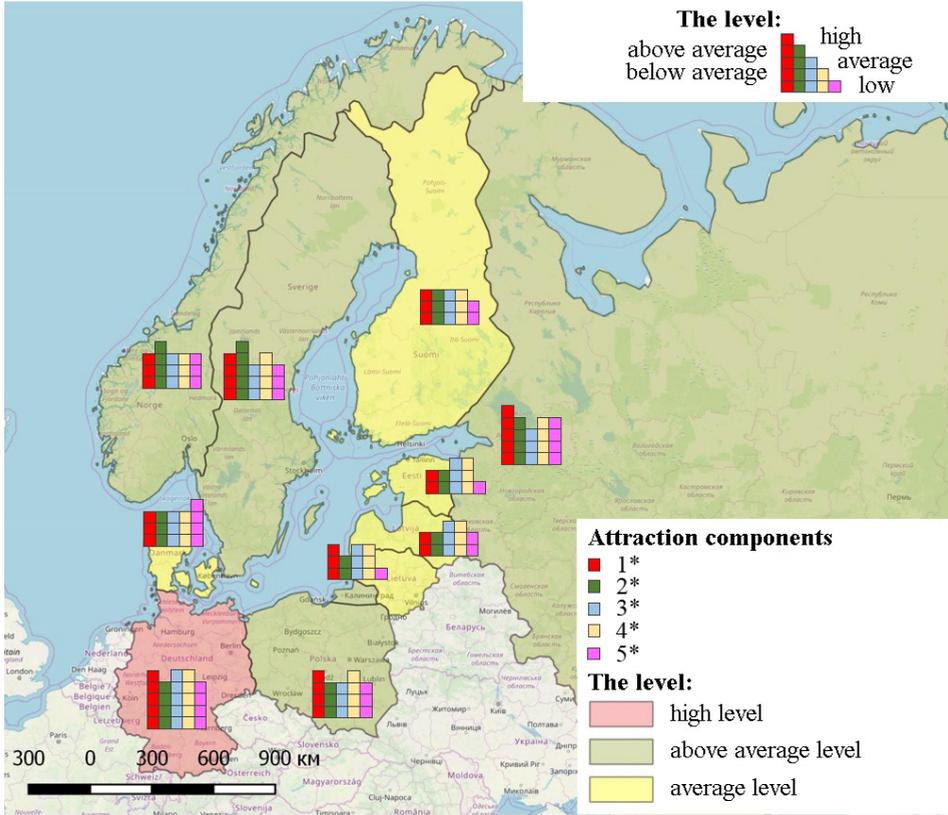


Fig. 4. Competitiveness of the Baltic Sea states in the attractiveness of tourist facilities

Note: 1 — number of sites on the List of World Heritage; 2 — popularity according to tourist searches via the leading Internet search engines; 3 — demand for tourist services, goods and products; 4 — demand for tourist services, goods and products from international visitors; 5 — number of awards received by the country’s tourist facilities in the world’s leading tourist rankings

The integral level of competitiveness of the Baltic Sea states in tourism is shown in Figures 5 and 6. Regarding Figure 6, it should be mentioned that the results obtained using the two approaches are given in different units of measurement. However, they are comparable when comparing the situations in individual countries. For visual clarity, the extreme values are given. The values are high for Germany and relatively high for the rest of the states. According to the Travel & Tourism Competitiveness Index of the World Economic Forum, Russia ranks 39th, and according to this study it ranks 31st.

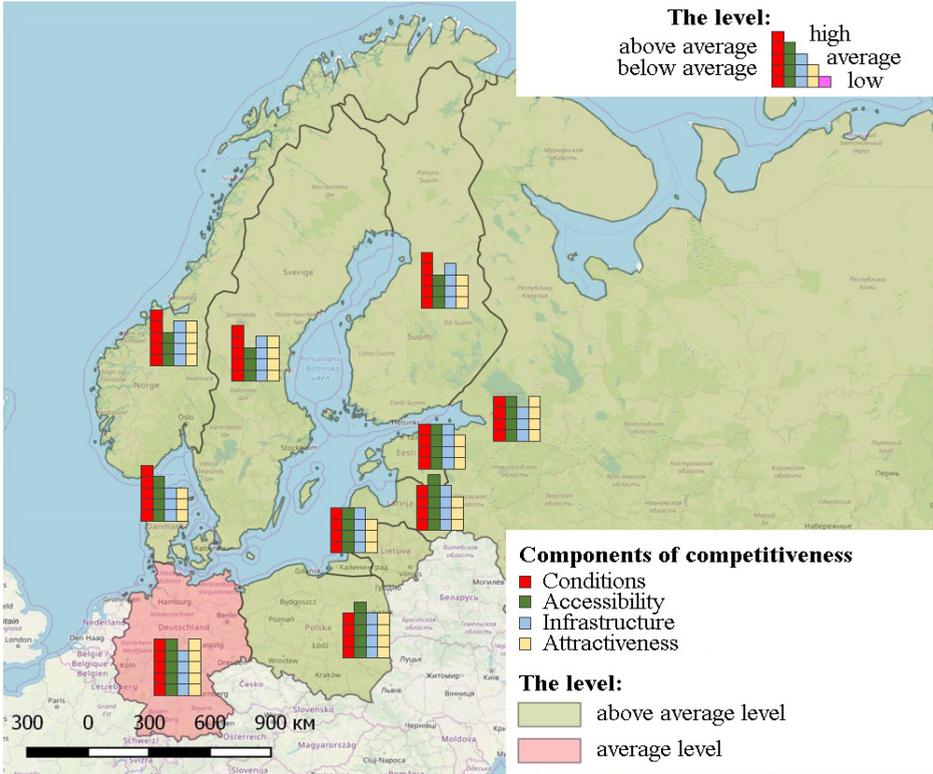


Fig. 5. Integral level of competitiveness of the Baltic Sea states in tourism

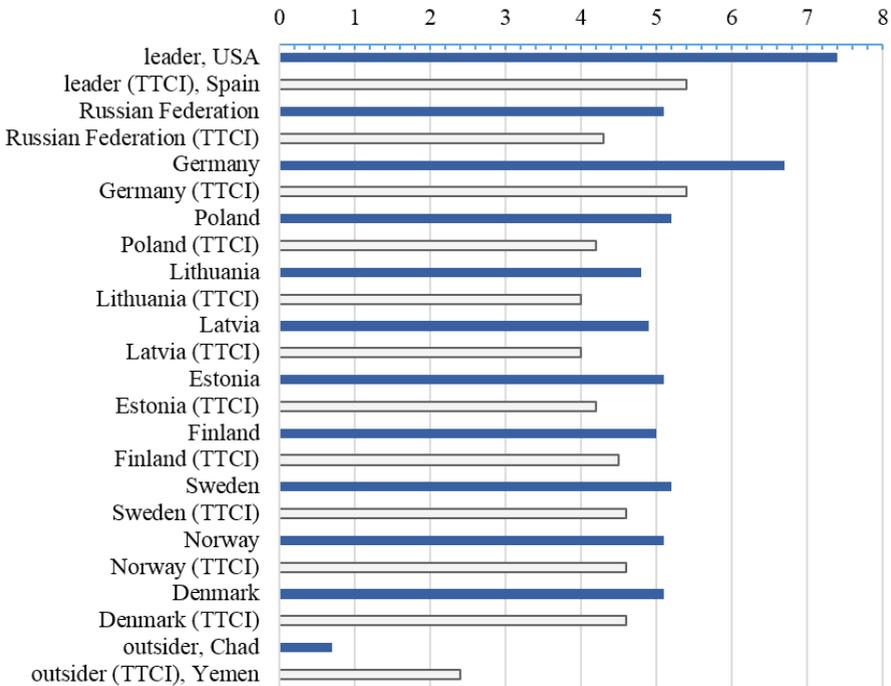


Fig. 6. Comparison of competitiveness of the Baltic Sea states in tourism according to the TTCI and the procedure suggested by the author

For many countries in the region (with the exception of Poland, Latvia, Lithuania and Estonia), a negative tourist balance of payments is typical, which is most pronounced in the Russian Federation and Norway. Although Russia is highly attractive for tourists, the demand for outbound tourism is predominant, which generates a negative balance of payments of more than 23 billion US dollars per year. At the same time, an average international tourist visiting Russia spends about 760 US dollars, while a Russian citizen travelling abroad spends 1060 US dollars. The area of the country accounts for the fact that Russia ranks 16th out of the world countries in terms of tourism expenditure. However, the tourism expenditure per capita in Russia is 13.5 times lower than in Germany, 9.4 times lower than in the USA and 2.1 times lower than in China. A similar situation in connection with domestic tourism expenditure is observed in Poland, Latvia, Lithuania and Estonia. In the other Baltic Sea states this indicator demonstrates high values.

Conclusion

The procedure suggested and piloted in the study produces reliable results that are consistent with findings in other similar works. The index structure suggested by the author is based on the fact that competitiveness and the arrangement of tourism per se are determined by four categories: attractiveness, infrastructure and general economic conditions (identified separately in most other indices, but rarely considered integrally) and accessibility (not considered in other works). The fourth category is particularly important because a destination can be attractive, boast an excellent infrastructure and economic conditions, but all this becomes irrelevant if the destination is not accessible for visitors. Only considered together, these four categories create a complete picture.

Most works on competitiveness in tourism are based on the Travel & Tourism Competitiveness Index of the World Economic Forum and, at best, also take into account the data of the World Bank, the UNWTO and the International Council for Travel and Tourism. Experience shows that such data are often insufficient, and this can lead to a strong distortion of the results, in particular due to expert opinions. The advantage of this study is the attempt to use of a wide range of data sources and not to use expert summaries of statistical and factual data. However, this approach increases the effort involved in conducting the study greatly and makes the calculations dependent on the data availability and format.

The calculation instruments in most works rely on normalization via minimum and maximum values (which in itself distorts the picture significantly), and the integral index is determined by the arithmetic mean without using weighting factors of indicator significance, which is unlikely to be correct from the perspective of the theory of decision-making, statistics and qualimetry. Of greater interest is the use of the cluster analysis (which still does not take the indicator weight / significance into account) or the regression analysis (which has to deal with such issues as initial vector and non-semantic correlation). In this study, it was decided to normalize the indicators using the statistical approach of standard deviation, which seems to be the optimal approach to get the global picture and make comparisons between countries. The integral index was calculated using the weighted geometric mean, which allowed reducing the effect of averaged data and avoiding the situation when “bad” indicators are masked by better ones, thus taking the differences in significance of converted indicators into account. To address the issue of determining the significance of indicators, vector clusters were ranked by their logical comparison, with subsequent determination of the correlation between the vector and indicator values.

The limitation of the procedure developed in the study, as well as other similar procedures, is the necessity to average the raw data when integrating them, which deprives the studied objects and individual phenomena of their specific features [31]. However, this approach allows structuring and generalizing a wide range of data for subsequent practical use of the assessment results.

The study into competitiveness of the Baltic Sea states in tourism shows that the situation is most favorable in terms of general economic conditions and the tourist infrastructure, with values somewhat higher in the west of the region. The region includes and borders on major tourist centers, yet there is intense competition in the tourism industry and within Europe in general. The Baltic Sea states boast a relatively high tourist accessibility, but have high prices (with the exception of Russia, Poland and Latvia). In terms of attractiveness, the obvious leader is Germany, followed by the Russian Federation, Poland, Norway and Sweden. In general, the Baltic Sea states rank high in global rankings in terms of competitiveness, with Germany being the region’s leader (ranking second according to the study and third according to the Travel & Tourism Competitiveness Index).

The results of the assessment show that the Russian Federation should pay more attention to easing tourist formalities. However, the existing situation and trends suggest that these formalities need to be targeted and focused on

improving the quality of tourist traffic rather than the quantity of tourists. It is important to create an enabling environment for small and medium-sized businesses in the tourism sector (removing unreasonable barriers *inter alia*) and address the issues of ensuring the safety of tourists both as part of prevention and as part of law enforcement. Special attention should be paid to shifting the focus of the media coverage. Unfortunately, Russia is often shown as an enemy and a dangerous travel destination. Action must be taken to combat serious diseases which pose risks to tourists, such as HIV, sexually transmitted infections, encephalitis, tuberculosis, etc.

The tourist infrastructure is traditionally referred to as a major problem of the tourism industry in Russia. However, the study shows that it is quite competitive compared to other states, with the respective values being on an average level. Yet comparing Russia with its direct competitors in the tourism market is not in its favour. This is especially true about accommodation and attention given to tourism by the government. By way of illustration, it is essential to improve the system of federal and regional statistical data on tourism, which currently can hardly give a clear picture of the situation and development of the tourism sector. The strong position of Russia in terms of attractiveness is not supported by sufficient and reasoned measures aimed at promoting the country both in the international and domestic markets. The key action should be taken around the development of tourism for children and adolescents as a tool for their education and development.

The strategic advantage and the concomitant disadvantage of the country is its vast territory, which, from the point of view of tourism, requires a well-developed, good-quality and affordable transport infrastructure. Despite relatively low prices in comparison with other states, most Russians cannot afford travelling and almost half of the population (according to the All-Russian Public Opinion Research Center) does not travel on holiday outside the region where they live. The average transport expenses account for about 40% of the total cost of the journey, which is 10–25% more than in the competitor states (according to the “Strategy of development of tourism in the Russian Federation for up to 2035”). One of the key problems of Russia’s tourism industry is the country’s negative balance of payments of more than 23 billion US dollars per year. All this and other factors identified by the study require informed decision-making and a reasoned strategy for the development of the country’s tourism sector and, in particular, for improving its competitiveness.

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