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KALININGRAD IN FOCUS
POLICY RECOMMENDATIONS IN THE PERSPECTIVE
OF PROBLEM-SOLVING

SCHIFF

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The Kiel International ad-hoc Group of Experts on Kaliningrad*

KALININGRAD IN FOCUS

Policy recommendations in the perspective of problem-solving

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About this Paper

During 2002 there was a growing international realisation that the Kaliningrad Oblast of the Russian Federation (KO) needs more attention than it has received in recent years. The aim of this paper is to contribute to a more frank and innovative debate among politicians, experts and the public by elaborating options for European actors, Russia included, on how to tackle constructively the Kaliningrad challenge.

The paper was prepared by a group of independent Kaliningrad experts of different professions from seven European countries, including Russia, and the USA. At the invitation of the Schleswig-Holstein Institute for Peace Research at the Christian-Albrechts-University Kiel (SHIP), the group met for two workshops in April and October 2002 for intensive discussions of their analyses, which led to the adoption of this joint statement. This statement is based on the in-depth analyses, which are provided in an additional book.*

In jointly presenting their views, the members of the group give expression to their personal commitment towards contributing to a sound and sustainable

development of pan-European relations, including the Russian oblast. Despite different perspectives on some details, they reached agreement on many concrete ideas on how political actors should conceptualise their particular Kaliningrad policies and on how they might start taking concrete and reasonable actions, which are in line with both the peace project on European integration and the Russian proposal for developing KO into a pilot-region for EU-Russian co-operation.

The recommendations identify tasks to be undertaken by Russia, the EU, many other state and non-state actors and international organizations, not least actors in the Russian exclave itself. The recommendations also point out what particular actors can do jointly. However, the group's members do not regard the paper itself as the "last word" on the future of Kaliningrad. Rather, the paper is an invitation to all concerned actors to participate in a continuing dialogue that will, however, focus on finding practical, problem-solving means of overcoming the many obstacles to development and enhanced security in the KO.

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Summary of Recommendations

(The section contains a distillation of the longer and more detailed collection of recommendations presented in the overall paper)

1. The process of problem-solving should be comprehensive, forward-looking and international. It should meet the needs of the Kaliningraders and take into account the future of EU-Russia relations, as well as the issues arising from the unfolding of a common European space. In order to facilitate dialogue on disputed issues, actors should take decisions on consensual issues and in parallel focus on improving the framework and procedures necessary for easing consent to be achieved at a later stage also on the more divisive and complex issues.

- » Russia should elaborate on its proposal to develop the KO into a pilot-region for EU-Russia relations in legal, economic, political and societal terms. The EU should respond to the Russian vision of a pilot-region and, in parallel, prepare a supplement to its enlargement concept that singles out Kaliningrad as a special place, which needs coherent and targeted cross-pillar efforts.
- » International organisations have an important role. Russia should invite the Council of Europe, the OSCE and the CBSS jointly to initiate a process that allows a multitude of state and non-state actors to participate in dialogue, to co-ordinate their activities, and to give the EU-Russia process backing. These organisations should open a joint European office on-site with participation of skilled Russian diplomats.

2. Realizing an EU-Russia partnership on the Kaliningrad Oblast needs developing new institutional ground on the part of Russia and its partners.

- » On Russia's part institutional structures, mechanisms and policy goals have to be defined. The Russian authorities should officially state that

the KO is a detached territory of Russia, where special mechanisms of administration and economic regulation shall be applied. Russia should also strive for concluding indispensable international agreements guaranteeing a sustainable, non-discriminatory development of the KO. The aims of Russia's Kaliningrad policy should be to strengthen the political responsibility of Moscow, while allowing the Kaliningrad regional authorities to act more flexibly, and to cope with the risk of alienation by taking appropriate actions in the fields of identity policy, transnational co-operation and economic policy.

- » On the part of EU-Russia relations, institutional structures should be established that allow practical dialogue. This should include: opening of some kind of EU Mission in the KO; establishing a multilateral Consultative Commission on the KO, with nomination of special representatives by all countries concerned; shaping a joint governance system, adequate for a pilot-region Kaliningrad.

3. To ensure the KO does not get a bit further isolated when the EU and its Schengen system is enlarged, flexibility and creativity in the interpretation and implementation of the provisions regarding travel across the EU's external border are needed.

- » The EU should openly reconsider the adequacy of its Schengen rules for achieving the aims these provisions were meant for: minimizing soft security risks such as illegal immigration, organized crime and communicable disease.
- » The EU, Lithuania and Poland are recommended to consent to prolonging temporarily the current border regime

without jeopardising for that reason, the full integration of the latter two states into the Schengen area. Until then, Poland and the Baltic states should adopt in consent with the EU a policy of mutual recognition of their national visas. The Schengen member states should work towards Kaliningrad being able to apply for their visas in the KO (and Russia should support such efforts) and for liberalising their visa-processing practices. Dialogue on a goal of ultimate visa-free travel between Russia and the EU should start soon.

- » The European Court should be asked for an opinion on the interpretation of provisions in the EC Treaty relevant for transit. Facilitated transit should apply not only to frequent travellers, but even more to occasional travellers responding to events at short notice. Feasibility studies on visa-free transit by non-stop trains should include a comparative assessment of current and likely future airfares, checking whether air transport really provides an alternative visa-free access to the Oblast. The train route via Latvia to/from St Petersburg should be included in the transit proposals.
- » Russia should improve the efficiency of border staff, procedures and decision-making, reduce costs for Russian visas and issue visas at the border.

4. Solving the problems of shuttle traders would require a study into the different types of small-scale cross-border traders, to understand who they are and why they do it and addressing the social roots of their way of generating income.

- » Russia, Poland, Lithuania and the EU should develop a policy for small border traffic, taking into account issues such as the need for easy border crossing possibilities for locals in particular situations. The EU and KO neighbours should consider policies with limited territorial validity and

check whether the total KO territory should be defined as being a border region, eligible for simplified small border traffic.

- » Development plans for Kaliningrad must also consider the areas outside Kaliningrad and the larger cities. Assist Kaliningrad, Poland and Lithuania with the 'conversion' of small-scale cross-border traders from the 'grey' to the 'legitimate' sector of economy.

5. Russia should point out explicitly that the future economic policy with respect to the KO needs to be based on a Strategy and a corresponding Programme of Action, which are both developed and approved jointly by the EU and Russia and which should aim at institutional and structural reforms that allow the Kaliningrad economy to better match EU standards of market economy.

- » The EU and Russia should immediately enter into a dialogue on a joint economic policy towards KO aiming at replacing the Oblast's present import-led model of growth by an export-led model.
- » The EU should indicate which industrial policy measures it recommends for the KO, including such elements that might deviate from the standard procedures applied for modernizing the economies of the candidate countries.
- » A joint international task force should prepare in-depth studies on the factors constraining local businesses from expanding their exports, on technologically and economically feasible solutions for securing the region's energy supplies as well as for deregulating regional energy tariffs, and on measures of administrative reform aiming at the de-bureaucratisation of economic activity in KO.
- » Periods of transition should allow local enterprises to adapt, for example, to the planned revisions of the SEZ

regime, new energy tariffs or changing certification requirements. To support this transition an Information and Training Centre for EU Norms and Standards should be established.

- » Special attention should be given to infrastructure improvement. Measures for supporting the increased export-orientation of local business and facilitating communications with mainland Russia, as well as with the neighbouring countries (a home-based air carrier, improving the transit railway line, reconstructing the Elblag–Kaliningrad highway), should be given first priority. The telecommunications systems have to be brought up to international standards and a customised industrial estate for Russian and foreign investors should be established.
- » A Kaliningrad Development Fund (40 million Euro annually) should be established, in the first instance by the Northern Dimension group of states.

6. Participation by the residents of Kaliningrad in the discourse on the future of the oblast should increase as well as gain in substance.

- » Civil society development and capacity building should become part of the pilot-region concept. It should extend to the rural areas, the media, trade unions, institutions of higher education, and local self-government. Kaliningrad State University and other institutions of higher education should receive targeted and long-term financial support from EU sources for providing the necessary intellectual input. Russian and foreign organizations should offer assistance and training to NGOs in KO; however, a Code of Conduct for transnational NGO co-operation is needed. A donors' forum should seek to identify schemes supporting triangular co-operation between Kaliningrad-based NGOs and NGOs in mainland Russia and neighbouring countries.

- » Encouraging conscious and multiple identity-building is also about motivating people to develop a strong sense of “belonging to” the region, and to feel responsible for their own societal development, to communicate with their neighbours, and to help to pursue the goal of Russian participation in European integration. Research and teaching on identity-building in KO, acts of commemoration and reconciliation should be officially supported. Westerners must understand and support the objective reality that the Kaliningraders are Russian by citizenship and language and predominantly as well by culture and religion.

7. The municipalities in the KO should participate in Euroregions. In order to meet the expectations appropriate re-allocations in inter-budgetary relations are needed. Further, local officials have to be trained in the requirements of trans-frontier co-operation. Requirements for travel across borders have to be shaped in a manner that does not hinder trans-frontier co-operation. The concept of Euroregions needs to be reconsidered and improved when applied to Kaliningrad.

- » Pragmatic steps should follow the recommendations given by the CBSS: create a Baltic Euroregions network, harmonise the EU's procedures and rules for receiving grants, ask the Nordic Council of Ministers to provide counselling to Euroregions on legal matters.
- » The Council of Europe and other respective institutions should address the question of which types of border region policies are needed for successful Euroregion activities under the conditions of socio-economic and legal asymmetry. Relevant expert opinions could be commissioned.

8. All states in the Baltic Sea Region maintain significant military capacities, and mutual threat perceptions continue to exist. Thus, it would not be wise

to abstain from further measures of confidence-building, arms control, disarmament and, in general, from problem-solving as regards hard security.

- » Russia should initiate a national discussion on force level and structure optimisation in the KO and adopt a federal programme for the conversion of the Kaliningrad defence industry including military personnel and infrastructure.
- » Russia and Lithuania should conclude a new agreement on military transit (in consultations with the EU and NATO).
- » NATO and Russia should agree on a co-operative agenda on the Baltics in concrete terms. The OSCE should foster negotiations on a revision of the CFE Treaty that would include the Baltic States, Sweden and Finland, and on an extension of Confidence and Security Building Measures (CSBM) to the sea. Further, it is recommended that a dialogue be started on the possibilities for limiting military activities and for naval arms control in the Baltic Sea. Military-to-military contacts, joint exercises, and exchange of information on military doctrines etc. should be encouraged.

9. Whilst Russian rule in the KO – for reasons of history – is still not fully

and unambiguously recognized by public consciousness outside Russia, the Russian authorities continue to express worries on the integrity of its exclave and the possibility of this being challenged in the future, whether from within or without. In addition, some ambiguities also exist on the Russian side as regards the belonging of the Klaipeda Region to Lithuania.

- » These issues should be neither downplayed nor dramatized; instead they should be treated as a self-evident part of the overall Kaliningrad discourse among the states and – even more important – among non-state actors and the intellectual community.
- » The EU and its member states should give official confirmation to Russia, without reservations and in a legally binding format, that they recognize the KO as being also de jure a part of the Russian Federation. Such a declaration should as well be signed by the candidate states.
- » The Russian State Duma should speedily and positively conclude the outstanding ratification of the Russian-Lithuanian Border Treaty.
- » All Baltic Sea countries and societal actors, as well as international organisations, are recommended to foster the process of reconciliation.

* * * * *

General Approach

The Kaliningrad Oblast of the Russian Federation (KO) occupied the headlines in 2002 when the exclave became the subject of dispute between Russia and the EU. After the issue had deteriorated into mutual recriminations during summer 2002 the former Finnish President Martti Ahtisaari warned in September that the issue was becoming a prestige issue and, as such, might harm EU-Russia relations. In any case, it is a fact that the KO requires more attention from all sides in terms of problem-solving than it has received in recent years.

Choosing a comprehensive approach

In 2002 the Kaliningrad agenda has been dominated by the issue of the terms that will be applied for transit between the exclave and mainland Russia, when the EU enlarges to include the Baltic States and Poland. However, the transit and visa issue is not the only problem by far that is likely to gain momentum and then to cause considerable trouble, also internationally. Other issues concern the economic performance of the region, its lack of internal and cross-border infrastructure, the health situation and social situation of its inhabitants in general, diverging views of the region's ambiguous history, centre-region relations, the region's significance in terms of security policies, the strong grey component in the region's structure of economic production (smuggling and shuttle-trade etc.), environmental degradation, the lack of sufficient administrative and intellectual capacities and of a functioning civil society, migrants and minority issues, identity formation, and Russian concerns about secessionist tendencies.

Although these issues are basically distinct from each other, the course of development of every single issue will influence the other issues, positively or negatively. In essence, they form a complex matrix of, in some cases strong,

in other cases less strict criss-cross dependencies - more a patchwork of problems than a set of clear-cut and distinct variables.

In such a complex and interwoven setting, the issues cannot be tackled effectively on a one-by-one basis. When dealing with one issue the effects on other issues must be taken fully into account in order to avoid problem-solving with respect to one issue unintentionally creating new problems in a different area. Conversely, carefully designed solutions for one issue may have beneficial problem-solving synergies for other issues. In any case, the interrelations and the wider dynamics must be taken into account when designing policies and taking decisions in whatever area of concern.

It is against this backdrop that we warn against taking the transit/visa issue as the one and only real and complicated problem to be solved by international accord. A much broader approach is necessary.

Of course, comprehensiveness involves a lengthy dialogue, whereas people in Kaliningrad or in neighbouring countries might fear that time is running out and that they cannot wait. Indeed, the EU-Russia negotiating and clarification process is under pressure of time because it started late and crucial measures may be taken unilaterally. Nevertheless, it is possible to escape from the pressure of time and from fears of losing prestige if the appropriate political and diplomatic means are applied.

The political actors should widen the perspective and agree to adopt a comprehensive approach that meets the following criteria:

» *Problem-solving activities should meet the needs of the people concerned and at the same time respond to the broader question pertaining to the future of the EU-Russia relations, the principles upon which these relations*

are to be constructed, and the unfolding of an European space at large.

- » *Particular problems like the transit/visa issue should be seen as a chance to jointly and thoroughly develop a broader perspective, which supports the solving of problems as well in other issue areas.*
- » *Priority should be given to reaching decisions on issues where consensus can readily be attained. Decisions that obviously need further considerations should be postponed and, at the same time, the necessary facilities and incentives for dialogue on the disputed aspects should be organized, and the implications of the envisioned decisions, their implications and the alternatives should be evaluated in a broader context.*

Linking the future to the present

The most challenging demand when designing a concept for problem-solving is the necessity to escape from the limitations of status-quo-thinking. Instead, an assessment of how a rapidly changing world might look in the foreseeable future should provide the criteria for identifying which solution would best fit a problem existing today (future-oriented politics).

The prognosis for Kaliningrad reads as follows. For Russia, efforts that aim at solving the problems of and with the exclave on its own, would be costly and unrealistic because Russian domestic politics do not permit concentrating enough resources on Kaliningrad, and because the country has no direct grip on relevant aspects influencing Kaliningrad's development. The EU, by contrast, might mobilize enough funds and might have the possibilities to set the rules concerning borders and transit. However, the EU does not have jurisdiction in Kaliningrad, nor is it striving for it. Thus, the EU also will be neither able nor willing to solve its problems with the exclave solely by its own means.

It is obvious that interdependence between Russia and the EU exists as concerns problem-solving. Either both join their efforts or they will both be affected negatively by (partly differing) unsolved issues. Consequently the best future of Kaliningrad will be one of shared responsibilities.

Problem-solving as regards Kaliningrad needs – so to speak – "a new ideology" that conforms with this prognosis. Both sides, the EU and Russia, have a point of departure for such a new ideology, but are far from agreeing upon it. On the part of the EU this is the European peace project of integration. On the part of Russia this is the idea of developing Kaliningrad into a pilot-region for EU-Russia co-operation, which was first voiced in autumn 1999 in the context of Russia's medium-term EU strategy. However, whilst the EU failed to combine its enlargement project with the European peace project of integration, the Russian side failed to substantiate the pilot-region proposal. Instead both ideas became part of a game in which the parties reciprocally pass the buck to the other side.

But there should be an alternative if the Russian vision of a pilot-region Kaliningrad is transformed into a shared concept that can work - because it is concrete in legal, economic, political and societal terms, because it refers to the relevant facts of the present situation and because it incorporates a future of shared responsibility.

The emergence of such a concept lies very much on Russian shoulders. But it is also a challenge to the EU, which needs to provide substance to the slogan about "Europe whole and free" instead of sliding into a "Fortress Europe" that would be conducive to the creation of isolated and unstable outsiders. The EU policies of peace should be pursued through the creation of welfare and stability rather than just conceiving Kaliningrad narrowly as a source of harm and social ills, to be kept at distance by strict policies of bordering.

- » *Regardless of whether the EU supports or ignores the idea of a pilot-region, Russia should commission experts in order to elaborate the idea in concrete terms to make it a promising concept in the country's policy towards Europe.*
- » *After Russia recently reaffirmed the idea and envisioned a common European economic, legal and humanitarian space, it is the EU's turn to take the initiative and respond in a pioneering spirit to the Russian vision of a pilot-region Kaliningrad, to encourage the Russian side to develop a more detailed posture which is supported by figures, facts and legal provisions, to offer the country substantial support for transforming the present situation into one that would allow establishing the pilot-region in concrete terms, and to encourage Russia to engage in dialogue on the creation of a common agenda in the light of shared responsibility.*
- » *In parallel the EU should prepare a supplement to its enlargement concept that refers to the European peace project of integration and singles out Kaliningrad as a special place, which needs coherent and targeted cross-pillar efforts.*
- » *Other actors involved in Kaliningrad affairs and consultants on behalf of whichever side should seek harmony of their suggestions with both the European peace project on integration and the vision of a pilot-region Kaliningrad.*

Looking behind the rhetoric with empathy

The actors addressing the Kaliningrad puzzle are undoubtedly of good will, but they are subject to specific restrictions that hinder the ability of their good will to result in success.

Quite naturally, every actor involved in Kaliningrad-related affairs is guided by

its own perceptions, aims and interests. No actor is to be blamed for that. The result, however, is that the guiding principles are not in harmony with each other. Instead we find, for example, a clash of views held by the Russian Federation and the actors in KO (for some the oblast is only one of 89 subjects all to be treated the same, for others it is a unique case needing specific attention), in Kaliningrad itself a clash of aspirations and capabilities (comparing with the West while lacking comparable resources) and between the EU, Russia and its exclave, competing interests (soft security versus development).

To avoid deadlocks and disputes to gain dominance over progress in problem-solving, actors that aim at getting the first steps done should practice empathy. That is to say, one need not be sympathetic towards the other, but should understand the other's moves and motives from the perspective of his, not one's own standpoint and worldview. Otherwise the aforementioned differing perceptions of the situation, the far apart starting points, as well as the varying interests and priorities, will not be bridged.

The historical Russian ambivalences concerning the country's cultural and political belonging to Europe, the hardships of some ten years of severe transformation crisis, and the socio-psychological trauma of the country's loss of greatness have to be acknowledged as a part of the basis on which cooperation and a mediation of interests are nevertheless possible. Russia, as well as its neighbouring countries, is deeply influenced by the experiences of previous generations.

- » *Disputing parties should practice empathy, i.e. communicate why the disputed issues are as sensitive as they are, and give clear signals that they understand how the problem, its extension and relevance, is perceived by each side.*

- » *Non-Russian actors should explicitly indicate that they are aware of the particularity of present-day political life in Russia. Equally, Russian actors will be more likely to get their interests recognised as important when they explicitly indicate that they are aware of the traumas experienced by the neighbouring countries.*
- » *On all sides the use of provocative and misleading language (including the use of place names that do not comply with the historical period under consideration) should be avoided.*

Involve international channels

It is generally agreed that Russia and the EU should take the lead in uniting their efforts to give Kaliningrad a fair chance to develop by way of effective integration into the Baltic/European space. There is, however, considerable evidence that the EU-Russia process would be likely to be overburdened by such a role.

One reason is the complexity of the Kaliningrad challenge; another is that attempts to reach solutions must be prepared for failures, breakdowns and disappointments, as progress will not meet all expectations and success will be only relative. The fact that a multitude of actors are already involved in Kaliningrad affairs, which all follow different interests and frequently talk at cross-purposes, makes it necessary to deal with Kaliningrad not only bilaterally but also multilaterally.

Strengthening of dialogue and increasing co-ordination among the multitude of actors are critical in order to achieve synergies, transparency, and confidence between them. It is also necessary to monitor the concrete dynamics with impartiality, to channel emotions and transform disputes into more rational attitudes and considerations. At a stage where accusations emerge that human rights and sovereignty rights are being

violated, efforts at mediation are overdue in order to escape from an escalating logic of polarisation.

This clearly refers to international organisations. Their capacity is to keep tensions within limits and ensure that human rights and sovereignty claims will not be played off against each other nor become forces for escalation. They can pave the way for problem-solving activities and sustainable results even in phases when EU-Russia negotiations might not be at a good stage or stalled.

- » *Russia should take the initiative and invite the Council of Europe and the OSCE to play a role in Kaliningrad affairs and join their efforts with those of the CBSS.*
- » *These international organisations should initiate a process that allows a multitude of state and non-state actors to participate in dialogue, co-ordinate their activities and give the EU-Russia process backing. Their mandate should have a particular focus on clarification of standards and commitments, implementation of agreed European principles, and provision of an international long-term presence on site: The organisations should open a joint office. It should work as a pan-European House and serve as a clearinghouse. The staff should include skilled Russian diplomats because Russian support is decisive for making it a success story: It would demonstrate that international efforts concur with Russian interests.*
- » *Other states, experienced statesmen or mediators, should encourage Russia to overcome its reservations against international involvement in Russian affairs, motivate other actors to participate in the efforts of international actors to promote dialogue and co-ordination, and try to build a coalition of the willing and to extend it.*

Institutional Framework

Establishing an EU-Russia partnership on the Kaliningrad Oblast needs laying new institutional ground. On the part of Russia a coherent federal legislation and administrative innovations are required. On the part of both the EU and Russia institutional structures and mechanisms have to be defined.

Developing coherent legislation and administrative innovation

It is an undisputed matter of fact that the Russian authorities are the key actors in assuring the KO's future as a part of Russia. In view of its unique situation as a detached territory it is as essential as it is sensitive to better define the status of the Oblast within the federal system of Russia, as well as the relations between the centre and the region.

The existing unclear regulations of these relations are inadequate for coping successfully with the unprecedented strong - and still growing - impact on the Oblast of external developments, which are not under the influence or even control of Russian authorities (not least EU enlargement). A clearly expressed long-term concept for KO development, laid down in an integrated document, is needed as a basis and point of reference. The need for adopting a Constitutional Law on Kaliningrad was expressed by Russian experts. However, as this is unlikely to be achieved in the near future, the recommendations focus on less complicated steps, which might function as a substitute but reflect the need for Russian policy to distinguish the Kaliningrad case from its general regional policy.

- » *Russian authorities should officially state within the framework of their regional policy that the KO is a detached territory of Russia, where special mechanisms of state administration and economic regulation shall be applied which aim at guaranteeing reliable transport, cultural, social and*

other communications with mainland Russia, while simultaneously fostering integration of the KO into a system of economic, trade and other transnational relations being under formation in the Baltic Sea region.

- » *In practical terms the possibility should be considered by the Russian authorities to allow, under conditions and procedures to be specified, such federal legislation, which might or would worsen the economic situation of the KO, to be implemented there only with some delay.*
- » *Russia should work towards concluding essential international agreements (first of all with the EU), guaranteeing a sustainable, non-discriminatory development of the KO under the foreseeable conditions of its future existence.*

Instead of getting trapped in a false dichotomy of centralisation versus decentralisation Russia should invent an approach, which combines both: "operational decentralization" based on "strategic centralization". The main goals of this policy would be (a) to strengthen political responsibility of Moscow, (b) to allow Kaliningrad regional authorities to act more flexibly, and (c) to cope with the risk of alienation.

Recommended means for strengthening the role of the Federal Centre in the solution of political and foreign policy problems are:

- » *to provide a "fast track" mechanism for introducing necessary changes in the federal legislation concerning Kaliningrad and in general to provide a sound legislative basis for a significantly less rigid and more rule-based administration for the KO;*
- » *to create within the Presidential Administration or on the level of the Federal Government a special administrative unit ("Steering Commission on*

Basic Subsistence and Development of the KO"); it should function as the coordinating body for all state activities concerning the KO, including adoption of a development strategy for the KO in the context of its envisaged role as a pilot-region of Russia-EU partnership;

- » *to nominate the KO as central for implementing the Russian European and Baltic Sea region policy;*
- » *to create and to define the status of a Permanent Federal Representation in Kaliningrad for issues related to co-operation with the EU and in the Baltic Sea region.*

Recommended measures for increasing flexibility and responsibility of the regional authorities in dealing with social and economic development of the Oblast are:

- » *to grant more authority to the regional government in matters of regional economic and trade policies;*
- » *to include the Oblast in the list of regions where the initiative on improving the civil service will be implemented and to reform the oblast's administration in line with best international and Russian practice.*

Recommended measures for diminishing the risk of alienation from mainland Russia are:

- » *in the field of identity policy, to strengthen a common informational space, to support cultural exchange and people-to-people contacts with mainland Russia, as well as to develop the mobility of the population.*
- » *in the field of transnational co-operation, to strengthen the involvement in Baltic Sea region-based co-operation (as compared to EU-oriented schemes) by developing more coordinated and joint actions by the KO and the other Russian north-western regions, and by allowing KO municipalities, in terms of financial means and training, to play a greater role in cross-border activities with neighbouring countries.*

- » *in the field of economic policies, to provide incentives (e.g. via the Federal Target Programme 2002 - 2010) for Russian corporations to establish enterprises in the KO.*

Creating structures and mechanisms of an EU-Russia partnership on Kaliningrad

In the last decade the authorities of the Russian Federation and of the KO gave some proof of their preparedness to compromise over the extent and spheres of influence on the region. However, for different reasons, solutions that had fostered the making of the pilot-region project or other concepts of joint Russia-EU action, did not come into being, although some measures are in the pipeline.

The best will to co-operate cannot materialize as long as the actors do not have established institutional structures that allow them "to talk business". At the initial stage of adjusting the relations between Russia and the EU concerning the Kaliningrad factor, each side must consider what are their own practical steps in order to build a common structure. Ultimately, joint steps have to be taken.

- » *The EU should create policy tools for dealing with Kaliningrad and allowing timely and dynamic responses to new situations. Opening some kind of EU Mission in Kaliningrad should be considered.*
- » *The establishment of a multilateral Consultative Commission on Kaliningrad is recommended in order to provide a viable framework for a continuous dialogue between Brussels and Moscow, and which would include all interested Baltic Sea region countries.*
- » *In parallel, discussions on an agreement or a special protocol should continue, which amends the Partnership and Co-operation Agreement with respect to the KO and gives the new structures and mechanisms a binding quality in order to indicate the seri-*

ousness of the parties' commitment, its long-term nature and its strategic significance for the development of Russia-EU relations in general.

- » *Special representatives on Kaliningrad affairs should be nominated by all countries participating in the process and be equipped with a clear mandate. Their main purpose should be to adjust respective positions and propose necessary changes in national and EU legislations.*
- » *The Parliaments should fulfil a two-fold task: providing the executives with the legislative basis appropriate for the new type of EU-Russia cooperation, but also making sure that legislative acts by different Parliaments become more coherent.*
- » *Being a first practical step in this direction, the Kaliningrad case may be regarded as an opportunity for Moscow and Brussels to draw upon useful experience for formulating negotiating chapters appropriate to building a Common European Space, including the KO but going beyond as well.*

If the pilot-region strategy is taken seriously, the obvious challenge is to open a path for establishing an appropriate governance system serving the interests of the people in Kaliningrad, of the Russian Federation and the EU, as well as their common interest in the EU-Russian relationship. For this reason, the integrity of the Oblast within the Russian Federation is an imperative. The implementation of such a system of governance would need reconsideration of the administrative system of the exclave by the federal centre. After the presidential authority in the region has been strengthened, the time will come to involve the EU, not only as a donor or partner in negotiations, but also into decision-making on the oblast as far as it concerns issues that can be successfully tackled only on the basis of common responsibility.

The Russian authorities should seriously consider devising a governance system which includes the new elements mentioned above; however, at the same time it should go further as it meets not only the specifics of the KO, but also its future as a Russia-EU pilot-region. In a preparatory step national and international experts should be asked to deliver expert opinions on various concepts and their risks, preconditions and probable outcome. These opinions should consider in particular the following conceptual elements:

- » *the required joint EU-Russia decision on the pilot-region project: It might be set within the framework of the abovementioned EU-Russia agreement or special protocol on Kaliningrad. It might envisage the consolidation of Russian and European resources for project elaboration and implementation. It might also define the mandate and the structure of a joint project management system that would govern a Russian-European Partnership Programme in KO;*
- » *the revisions needed on the Federal Target Programme 2002-2010 to make it a departure for the Partnership Programme and the pilot-region approach, including its development strategy;*
- » *an internationally composed Pilot Region Project Administration (PRPA) functioning as the core management system: Its concrete responsibilities, derived from its mandate, might be distinctly differentiated and clearly delimited by respective agreements between the regional administration and the PRPA. Managerial decision-making might be based on the results of monitoring and forecasting of the social and economic situation in the region. This work might be assigned to independent bodies such as the Kaliningrad Regional Development Agency;*

» *a permanent joint Russian-European Commission on implementation of the Partnership Programme in the KO to*

provide co-ordination at the highest international level.

Border Regime

Perceiving the future of Kaliningrad and Russia-EU relations in the light of shared responsibility does not imply that borders become less relevant. Obviously the opposite is the case, as border regimes appear to be the most disputed issue at present.

When trying to understand why they represent such a sensitive subject one finds that very different dimensions are interlinked. History and prestige matters as do competing interests.

For economic, political, cultural and human reasons the necessity exists to extend border crossing. In parallel, the aspiration exists that in order to protect the people, the political system, welfare, culture, identity or whatever against risks of "soft security", states should have control over those who cross the borders. They also generate income – not only for consulates taking fees for providing visas, but also for a remarkable number of people who make their living by crossing the border. In contrast with the former, the latter contribute to a negative image of Kaliningrad as well as to its relative and still insufficient welfare. Thus, although the current practice at the border with Kaliningrad neighbours is inconvenient, any change in the border system will cause unrest for emotional and practical reasons.

Allowing flexibility regarding travel across borders

With regard to the current (October 2002) dispute between Russia and the EU on the terms of transit between Russia and its Kaliningrad exclave, the EU, Poland, Lithuania and Russia presumably will reach, sooner or later, some sort of agreement, as there is a strong will for co-operation on all sides. But will the

settlement really contribute in substance to problem-solving as regards Kaliningrad or will it only postpone the insight as to what the actual dynamic of the Kaliningrad challenge is about? Will the solution be substantial or only a matter of saving face after the parties have already tied themselves down publicly?

Attempts at problem-solving should not shy away from recognising the fact that concepts sometimes fail to meet the reality. In spite of the fact that it takes great effort to get them adopted, the EU, its member states and the applicants, are well advised to allow themselves a more creative and constructive interpretation of the Schengen agreement, as they demonstrated throughout the preceding months. Adopting a more flexible implementation of its provisions should permit meeting the demands of Russia and the needs of the Kaliningraders without putting the fulfilment of the agreement's aims under any significant additional strain.

The EU should intensively and honestly focus on the fundamental question of whether or not the introduction of Schengen visas for Kaliningraders and transit participants will accomplish the EU's objective of keeping out soft security risks originating from Russia to a degree significantly higher than at present. Anyhow, one can argue with good reasons that the Schengen policy has not successfully created an EU external border that protects against soft security risks such as illegal immigration and organized crime.

» *The EU should frankly reconsider the adequacy of its Schengen provisions in terms of achieving the aims they were intended for.*

» *To allow a process of self-reflection and to identify more coherent and*

flexible solutions for the Kaliningrad visa and transit issue, the EU, Lithuania and Poland are recommended to consent to prolonging temporarily the current status quo beyond the dates being unilaterally announced for introducing visas, but without postponing the envisioned date for full integration of the two states into the Schengen area.

- » *Request the European Court for an opinion on the interpretation of Art. 3 (d) of the EC Treaty that, if the crossing of the EU external borders is not for entry into and circulation within Community territory, a visa may not be required (e.g. airport transit). Is this provision applicable to the transit between KO and mainland Russia?*
- » *Recognize that the proposal of the EU Commission from 18. Sept. 2002 regarding a Facilitated Transit Document only applies to frequent travellers, but travellers who do not match the criteria of frequency may have the best humanitarian case because they need to travel between Kaliningrad and various parts of Russia to visit family. Develop a proposal that takes their needs into account.*
- » *The Russian proposal for visa free transit by non-stop trains should be taken seriously. The feasibility study which the EU Commission announced it would have undertaken should include a comparison of air fares and an assessment of likely fare structures in the future. Latvia should be added to the discourse on transit because the most efficient train route between Kaliningrad and St. Petersburg is via Latvia.*
- » *The EU and its member states should consider possibilities which allow Kaliningraders to apply for visas for all Schengen member states on-site in KO (for instance one country would carry out consular processing of applications for other Schengen mem-*

ber states) and Russia should agree to creating such a mechanism. The Schengen states should review their practise of issuing visas in the context of applying a more liberal approach (for instance granting a visa for the whole period of invitation, personal interviews at the consulate only as an exception, easier access to visas for Russian officials that must do business in Brussels).

- » *Encourage Poland and the Baltic States to adopt, in agreement with the EU, a policy of mutual recognition of their national visas for the interim period until they are granted full Schengen member status.*
- » *Russia should improve the efficiency of border staff and procedures (e.g. copying visas by hand) and should consider measures of reorganization aiming at quick decision-making without referral back to Moscow-based authorities. The prices of Russian visas should be reduced and possibilities for obtaining visas at the border should be considered.*
- » *The dialogue on a goal of ultimate visa-free travel between Russia and the EU, which Russia proposed and to which the EU Commission agreed to enter, should start soon and be handled constructively, with a clear commitment towards achieving this goal.*

Solving border problems by addressing their social roots

The tens of thousands of shuttle-traders (from both sides of Kaliningrad's borders) and their socio-economic situation constitute a special case in the context of establishing a new border regime. How can a social disaster and a fuelling of smuggling activities be avoided?

Up to now, small-scale cross-border traders have been more the subject of anecdotes and speculation than of serious knowledge. The group is far from

homogenous and consists of primitive low-income entrepreneurs, individual small-scale smugglers as well as members of larger circles of systematic smuggling, which might even have connections to serious organized crime. These different categories of traders should be distinguished from each other and treated differently, although this is not an easy task as the delimitations are blurred.

Two opposing ways of handling the issue are apparent: Enabling small-scale cross-border trade to continue, while limiting its impact on other cross-border movements, would satisfy the bulk of shuttle-traders and the occasional legitimate travellers; implementation of a much more strict border control regime would satisfy the state authorities.

In order to address the problem appropriately one should move beyond the border-posts to find a solution. Any changes in the border regime should be guided by measures ensuring that those, who nowadays earn their living in the semi-legal trans-border economy between Kaliningrad and Poland, and Kaliningrad and Lithuania, are not forced into real criminality.

» *Encourage investigation into the different types of small-scale cross-*

border traders and understand who they are and why they do it.

» *Russia, Poland, Lithuania and the EU should develop a policy for small border traffic. This should take into account the increasing differences in prices and living standards between the opposite sides of the border, as well as issues such as the need for easy border crossing possibilities for locals engaged in Euroregion co-operation, the situation in the "divided" town Kybartai/Chernishevskoye, and the fate of Lithuanian workers commuting at Vishtynetskoye Lake. The EU and KO neighbours should consider policies with limited territorial validity and assess whether the total KO territory should be classified as being a border region, eligible for simplified small border traffic.*

» *Provide alternative means of employment. Development plans for Kaliningrad must also consider the areas outside Kaliningrad city and the coastal towns of the oblast. Assist Kaliningrad, Poland and Lithuania with the 'conversion' of small-scale cross-border traders from the 'grey' to the 'legitimate' sector of economy.*

Economic Development

The core challenge for any problem-solving as regards Kaliningrad is to reverse its economic decline and to bring about a level of growth and wealth which reduces, instead of widening, the welfare gap between the region and its (current and future EU) neighbours.

To tackle this challenge successfully would meet not only the needs of the Kaliningraders. It would also have a positive economic spill-over for Russia as well as the neighbours. Further, it is a fundamental prerequisite for avoiding a social basis for separatism to emerge and for removing the roots of all those soft security risks the EU is afraid of. Thus,

successful economic development of the region is also of high interest to the Russian Federation as well as the EU and its member states. Consequently, economic policies have to be at the centre of concern of the pilot-region project.

To bring about a prospering Kaliningrad economy is clearly beyond whatever market forces can regularly do, and calls for deliberate government policies, as well as considerable financial resources. There are some analogies with the West-Berlin case: although in many respects not comparable with Kaliningrad under conditions of EU encirclement, it nevertheless indicates that an enclave economy

needs compensatory measures to offset its geopolitical disadvantages, including customised preferential policies and support schemes that strengthen its attractiveness and competitiveness.

It is not a question about whether Kaliningrad needs funds, preferences and subsidies. It is a question about what economic policy will provide the framework for successful development and by which institutional and legal reforms it has to be accompanied.

The present scheme of economic activity is centred on the Special Economic Zone regime. The tax concessions on imports have clearly brought some immediate relief for the Kaliningraders, compared with if nothing had happened, and they have generated vested interests for prolonging it.

However, the present economic policy concept for the Oblast provides no sound base for long-term sustainable and stable growth and may well be at risk as a condition of Russia's accession to the WTO. The SEZ regime provides strong incentives for engaging in trade and servicing of imports, and encourages tax evasion and grey economy activities, but does not provide an adequate incentive for modernizing Kaliningrad's industrial base nor for achieving import-substitution and export-orientation of the regional economy.

The Kaliningrad economy is a "bubble economy" pumped up by considerable federal funds and one that wastes large volumes of foreign currency. EU enlargement may stimulate some additional growth, but mostly by further expanding the bubble and consuming more foreign currency. The Federal Target Programme 2002-2010 does not alter this prospect and maintains the out-dated idea of keeping Kaliningrad autarkic as regards energy supplies.

The radical alternative, to integrate Kaliningrad fully, and in a short time-frame, into the European economic space is purely hypothetical and would, anyway, result in disastrous damage to Kaliningrad's economy, combined with a

socio-economic shock close to catastrophe. Instead, the pilot region concept provides a feasible alternative, moving carefully and selectively between the opposing extremes of either continuing the present course or of overburdening Kaliningrad by exposing it fully to the rigours of the European economic space.

- » *In line with its own vision of Kaliningrad as a pilot-region of EU-Russia relationship, Russia should point out explicitly that the future economic policy with respect to the KO needs to be based on a Common Strategy and a corresponding Programme of Action, which are both developed and approved jointly by the EU and Russia.*
- » *The EU should reconsider its perception about prospects and risks of the KO economic development after EU enlargement and indicate which industrial policy measures it recommends for the KO. This consideration should include the possibility of measures that might differ from the standard procedures applied for modernizing the economies of the candidate countries.*
- » *The EU and Russia should immediately enter into a substantive dialogue on a joint economic policy towards KO. Its purpose should be to define a policy line aiming at replacing the Oblast's present import-led model of growth by an export-led model, which takes advantage of niches in the pan-European division of labour appropriate for Kaliningrad's economy.*
- » *The Common Strategy and the Programme of Action should aim at institutional and structural reforms that allow the Kaliningrad economy to match the EU's standards for a market economy. It is recommended that Russia revises the existing Special Economic Zone (SEZ) regime in favour of exports, and modifies the Federal Target Programme for the Kaliningrad development until 2010 in*

a way that supports a re-orientation on export industry development. Reciprocally, the EU should grant special incentives that support access for Kaliningrad exports to EU markets.

- » *In a first-priority step a joint international task force should prepare in-depth studies on the factors constraining local business from expanding exports, on technologically and economically feasible solutions for securing the region's energy supplies as well as for deregulating of the regional energy tariffs, and on measures of administrative reform aimed at a de-bureaucratisation of economic activity in KO.*
- » *A policy for re-structuring and modernizing the region's economy must include periods of transition, allowing local enterprises to adapt, among other things, to the scheduled revisions of the SEZ regime, changes in energy tariffs or new certification requirements. In supporting the transition process an Information and Training Centre for EU Norms and Standards should be established.*

Any attempts to modernize the region's economy and to develop export-oriented business must be underpinned by providing investors with well functioning transport and communications infrastructure.

Due to a partly obsolete and partly missing infrastructure, its upgrading must rank top in any sound economic policy. To prevent Kaliningrad from becoming isolated when the EU has enlarged and the Lithuanian-Polish border has become Schengen-internal, it is especially critical to upgrade cross-border transport by air and land, a course of action that needs appropriately co-ordinated measures inside and outside the Oblast.

- » *It is recommended that Russia and the EU pay special attention to infrastructure improvement. Measures supporting export-orientation of local*

business and which facilitate communications with mainland Russia, as well as with the neighbouring countries, should be given first priority.

- » *With regard to cross-border transport infrastructure the focus should be on establishing a home-based international passenger air service, improving the transit railway line to mainland Russia for allowing higher speed, and reconstructing the Elblag–Kaliningrad stretch of the former Berlin–Königsberg highway (opening of a respective border crossing included).*
- » *KO internal infrastructure projects should focus on bringing the telecommunications systems to international standards and establishing a customised industrial estate for Russian and foreign investors, preferably close to Kaliningrad international airport. As a stimulant for increasing local food production and reducing dependence on imports a wholesale food market should be established in Kaliningrad.*

Improving the infrastructure, reforming the system of economic governance and providing incentives for industrial restructuring, not to mention investment needed in social infrastructure and ecological clean-up, will cost considerable funds.

However, even at present a high amount of money is constantly transferred from the federal budget to Kaliningrad, but it is spent inefficiently. Nevertheless, additional funds from private investors and non-Russian donors have to be mobilized. Without a funding somehow comparable in scale to what is available to the neighbouring states, Kaliningrad is condemned to fall further and further behind.

- » *It is proposed to establish a Kaliningrad Development Fund, in the first instance by the Northern Dimension group of states. Over a period of five to six years some 40 million Euro*

annually should be mobilized, mainly for financing improvement of infrastructure and measures enabling new

business development opportunities to materialize.

Civil Society Development and Trans-frontier Co-operation

Participation of the Kaliningrad population in a focused discourse on the future of the oblast is essential, because agreements on Kaliningrad matters may fail to realise their problem-solving potential if they encounter strong feelings of resentment in Kaliningrad. A population that feels frustrated and believes that its interests are not adequately taken into account, can easily be mobilized to perceive its "last chance" in upheaval and trouble making. Kaliningraders might also be unready to believe in the idea of shared responsibility as they are used to being experimented upon.

Those who want to advance the concept of a pilot-region must consider the actual needs and interests of the oblast's inhabitants and provide them with the information on the concept they need to make up their minds. The Kaliningraders have to develop a stronger insight into the process and the concept; however, the possibility for that also depends on the input to the discourse made by people from mainland Russia and by non-Russian actors.

- » *The contribution of Kaliningrad's population to the discourse on the future of the oblast should increase as well as gain in substance. This concerns likewise the elected representatives, the media, the intelligentsia, all types of civil society groups and the institutions of higher education. Intensifying an exchange of views within Kaliningrad and with mainland Russia and the wider Europe would demand NGOs and the media to be encouraged and enabled to play a stronger role. Further, foreign language training (with English as first priority) should be intensified and made available to anybody who wishes.*

Incorporating civil society development in the pilot-region concept

A sound and sustainable development of the Kaliningrad region is hard to envisage without the emergence of a functioning civil society. This is especially true if such an ambitious and complex project as the pilot-region is pursued.

However, developing civil society in Kaliningrad is more difficult to achieve than in Moscow or St Petersburg. This results primarily from the provincial character of the oblast and its isolated existence in the periphery of both Russia and the Europe of the EU. Furthermore, on the Russian side one should note the general hesitations as concerns the concept, while on the part of the EU there is a poorly developed understanding of how to apply the concept to conditions such as prevail in Kaliningrad.

- » *A campaign, stimulating civic initiative and also extending to the rural areas, should be launched. It should include encouragement to existing NGOs to co-operate more closely and to share with each other their experience, achievements and future plans. A "citizen prize" for best practice may help to raise awareness of issues relevant to NGO activities.*
- » *Support for civil society development in KO should not only aim at NGOs but also at the media, trade unions, institutions of higher education and local self-government bodies.*
- » *Foreign organizations should offer assistance (including training) to NGOs in KO. However, a Code of Conduct for such support activities should be drafted by the Baltic Sea NGO Forum. A Donors' Forum should*

be organized that identifies schemes supporting tri-angular co-operation of Kaliningrad based NGOs with respective organisations in mainland Russia and in neighbouring countries.

The population of KO is significantly exposed to non-Russian cultural and intellectual influences, which have to be successfully integrated within the Russian heritage and identity. Kaliningrad's intellectual elite (scientists, artists, novelists, journalists etc.) and the forums at its disposal (not least the university) are faced by the demanding task of initiating a high quality public discourse. How to prepare Kaliningrad intellectually for taking on the role of a pilot-region for Russia-EU relations?

- » *Kaliningrad State University and other institutions of higher education should receive targeted support for meeting the needs of an intensified discourse on the future of KO and to provide the necessary intellectual input.*
- » *KO's unique location should be taken advantage of by extending the Kaliningrad EuroFaculty to further subjects, aiming at developing Kaliningrad State University as a centre of excellence for Russian-European Studies. The KSU should become attractive for Russians who want to enrol in European and in Baltic Sea Area Studies, as well as for students from abroad graduating in Russian Studies. The EU should get involved financially, providing long-term commitment.*
- » *Linked to an extended EuroFaculty, a think-tank should be established at the KSU which addresses the questions of relations between an enlarged EU and the Russian regions bordering it (like the EU-Russia Energy Technology Centre).*
- » *Russian language studies for non-Russians should be intensified and made more attractive. More courses of*

various subjects should be taught in English. Incentives should be given to motivate more Kaliningrad students to participate in the Tempus higher learning programme.

Encouraging multiple identities

Explaining identity-building and doing research into the issue is a task of immediate political relevance, as identity is also about motivation of people to develop a sense of "belonging to" the region, and to feel responsible for the societal development, to communicate with their neighbours, and – especially in the Kaliningrad case – to help to pursue a goal which is of great significance for Russian policy: Russian participation in European integration. A conscious identity-building would demonstrate that it is possible to be a Kaliningrader, a Russian and a European at the same time.

- » *Co-operating across state borders, researchers from a variety of disciplines should give serious thought to identity-building in KO, its roots and perspectives, and its significance and consequences in society.*
- » *The regional authorities and institutions should continue to support research and teaching on the German past of the region and on all aspects of the post World War II events (for instance in the framework of the Mutual Commission for the Study of the Recent History of German-Russian Relations).*
- » *In order to promote identity building, such history-writing could be underpinned by official acts of commemoration and reconciliation, such as celebrating the 750th anniversary of Königsberg/Kaliningrad, setting up monuments to the victims of war and expulsion, where appropriate together with institutions in Germany.*
- » *In order to improve the image of Kaliningrad, regional authorities and private investors are recommended*

finally to decide what to do with the decaying Dom Sovetov in the city centre.

- » *Westerners must understand and positively recognise that the Kaliningraders are Russian by citizenship and language and predominantly as well by culture and religion. Thus, they should acknowledge appropriate measures taken by Russia to promote such belongingness.*

Evaluating the concept of Euroregions

Trans-frontier co-operation is an important means for complementing top level co-operation and integration from the grass-roots level. Thus, it is appreciated that Kaliningrad local entities participate in Euroregion schemes.

The idea of creating such regions, as a means to further cross-border co-operation, is broadly accepted and not subject to political or emotional excitement. However, a realistic assessment of the actual practice regarding Euroregions at the eastern rim of the Baltic Sea region does not provide a basis for optimism. Rather, experience to date indicates that the concept has not met the expectations that it would function as a learning environment for international co-operation among the sub-regions and municipalities - by setting priorities for development, promoting common projects and preparing for participation in the forthcoming structural funds' programmes.

As Euroregions so far clearly do not guarantee the establishment of new public and private sector alliances addressing regional and local development issues, two alternatives exist: to dismiss the concept as being idealistic rhetoric and to forget about it, or to radically improve it in order to make the idea work. Obviously citizens and the public

sector lack any encouragement to get engaged when border region policies remain top-down and bureaucratic in character and socio-economic asymmetries exist among the partners from different sides of the border.

- » *The municipalities in KO should engage in Euroregions. For that purpose respective targeted amendments in inter-budgetary relations are needed. Further, local officials have to be trained in the requirements of trans-frontier co-operation. Requirements for travel across borders have to be shaped in a manner not hindering trans-frontier co-operation.*
- » *The concept of Euroregions needs to be reconsidered and improved when applied to Kaliningrad. Pragmatic steps should follow the recommendations given by the CBSS:*
- *create a Baltic Euroregions network in order to facilitate the exchange of views and experiences;*
 - *harmonise the EU's procedures and rules for receiving grants from the various instruments available for Euroregions (Phare, Interreg, Tacis);*
 - *request the Nordic Council of Ministers to provide counselling to Euroregions on legal matters.*
- » *On a more fundamental level the Council of Europe and its Congress of Local and Regional Authorities, together with the EU Committee of Regions, should address the question of what type of border region policy is needed for successful Euroregion activities under the conditions of socio-economic and legal asymmetry. Appropriate expert opinions regarding those Euroregions that Kaliningrad local entities are involved in might be commissioned by the Council of Europe.*

Hard Security

The issue of NATO enlargement and, therefore, regional hard security appears

at present to be settled at the top-level of governments. Nevertheless it is a matter

of fact that relevant military capacities continue to exist – just as threat perceptions and mutual negative images of the other do – among the political elite and military leadership, as well as among the public, within Russia as regards NATO and in the NATO countries and aspirants as regards Russia. Matters may worsen again.

Thus, as concerns the present situation there is no reason for feeling threatened, but neither is it wise to simply rely on the present state of affairs and to abstain from further measures of confidence-building, arms control, disarmament and, in general, from problem-solving as regards hard security.

All states in the Baltic Sea region maintain military forces as they regard the military as one instrument among others for achieving security and for demonstrating internally, as well as with regard to other states, their power and sovereignty. The strategic significance of the KO remains disputed within Russia as well as among the neighbours.

The asymmetries built in to KO's existence as an exclave permit very different perceptions among all states in the region of what is sufficient for defence and what goes beyond, or falls short; historically based sensitivities add to how military measures in the region are perceived by other statist actors. Military measures in the KO or its vicinity can be well instrumentalized for political purposes. At the same time, considerable segments of military deployments in the Baltic region are only partially subject to arms control regimes: maritime forces (with respect to which KO is central to the Russian military presence in the Baltic Sea) are completely unrestricted,

whilst the Treaty on Conventional Forces in Europe has a loop-hole with respect to the Baltic States as well as Finland and Sweden.

- » *Russia should initiate a national discussion (including invited foreign experts) on force level and structure optimisation in the KO. It should further adopt a federal programme on the conversion of the Kaliningrad defence industry and of the former military personnel and infrastructure.*
- » *Russia and Lithuania should conclude a new agreement on military transit (in consultations with the EU and NATO).*
- » *NATO and Russia should agree on a co-operative agenda on the Baltics. Measures such as establishing a joint Russia-NATO Search and Rescue Centre in Kaliningrad, creating a joint centre for prevention of dangerous activities in the Baltic Sea area, and assistance in developing rehabilitation and re-training schemes for retired officers and housing programmes in KO should be considered.*
- » *The OSCE should foster negotiations on a revision to the CFE-Treaty that would include the Baltic States as well as Sweden and Finland, and on an extension of the Confidence and Security Building Measures (CSBM) to the sea. Further, it is recommended to start a dialogue on possibilities for limiting military activities and for naval arms control in the Baltic Sea. Military-to-military contacts, joint exercises, and exchange of information on military doctrines etc. should be encouraged.*

Recognition of Rule and Borders

Russian authorities continue to be worried about the possibility that the sovereignty of the Russian Federation over the exclave comes under strain, due to push and pull factors from the inside as well as

from the outside. Any uncertainties and ambiguities as concerns the acceptance of Russian rule over Kaliningrad may negatively affect Russian readiness to enter into a frank international co-

operation on Kaliningrad, such as the pilot-region.

Experts differ in their assessment of the intensity to which Russian rule over Kaliningrad can become actually challenged, but agree that it is mainly a Russian responsibility to deal with separatist tendencies, in case they exist in Kaliningrad due to its structural conditions. They further agree that foreign actors should make sure that Russian worries find a constructive response and that fuelling them should be prevented, even if those who voice secessionist or revisionist views represent only minority factions in society and even less so, if at all, in politics. The same holds for the mirror image situation of ambiguities on the Russian side as concerns the belonging of the Klaipeda Region to Lithuania.

The challenge to be tackled is the fact that - for reasons rooted in history – the existing borders are still not fully and unambiguously recognized by some segments of public consciousness and that this remnant of history can be instrumentalized for present day political aims. Risks can be diminished by actions that establish Kaliningrad in the minds of the people, as well as in politics, more self-evidently and less ambiguously as being Russian, and to reassure Russian

politics and society that this is accepted by the outside world. Again, the same holds for the Klaipeda case.

- » *As a general baseline it is recommended neither to downplay nor to dramatize the fact that the KO as well as the Klaipeda Region has been historically contested territory and that this causes worries on the Russian and, respectively, the Lithuanian side. Instead, the issue should be treated as a self-evident part of the overall Kaliningrad discourse among states as well as among non-state actors and the intellectual community.*
- » *The EU and its member states should give official confirmation to Russia, without reservations and in a legally binding format, that they recognize the KO as being de jure a part of the Russian Federation. Such a declaration should also be signed by the candidate states.*
- » *The Russian State Duma should speedily bring to a positive end the outstanding ratification of the Russian-Lithuanian Border Treaty.*
- » *All Baltic Sea countries and societal actors, as well as international organisations, are recommended to foster the process of reconciliation.*

* * * * *

SCHIFF - texte

- Nr. 59 *Artur Kusnezow:*
Die Osterweiterung der EU: Chancen und Gefahren für die Oblast Kaliningrad (16 S.)
- Nr. 60 *Alexander Sergounin:*
The External Relations of the Novgorod Region of the Russian Federation (38 S.)
- Nr. 61 10 Jahre Ostseekooperation – 5 Jahre SCHIFF
mit Beiträgen von *Heinz-Werner Arens & Carl-Einar Stålvant* (22 S.)
- Nr. 63 *Gulnara Roll / Tatiana Maximova / Eero Mikenberg:*
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- Nr. 64 In der Transportfalle: Über die verkehrstechnische Isolation der russischen Exklave Kaliningrad mit
Beiträgen von *Stephan Stein & Christian Wellmann* (25 S.)
- Nr. 65 Silke Schielberg:
Abschottung oder EU-Mitgliedschaft? Vorstellungen zur Zukunft der Exklave Kaliningrad im
Spiegel der lokalen Presse (27 S.)

SCHIFF-texte Spezial

- Hanne-Margret Birckenbach & Christian Wellmann (unter Mitwirkung von Leonid Karabeshkin):*
Zivilgesellschaft in Kaliningrad. Eine Explorationsstudie zur Förderung partnerschaftlicher Zusammen-
arbeit erstellt im Auftrag des Schleswig-Holsteinischen Landtages; Kiel, 2000 (145 S.).
- Hanne-Margret Birckenbach & Christian Wellmann (eds.):*
Civil Society around the Baltic Rim – edited on occasion of the 10th Baltic Sea Parliamentarian Confer-
ence by order of the Standing Committee of the BSPC; Kiel, 2001 (56 S.).

Vadim Poleshchuk

Advice not welcomed

Recommendations of the OSCE High Commissioner to Estonia and Latvia and the response

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The first OSCE High Commissioner on National Minorities, Max van der Stoel, is widely recognised as one of the architects of peace and stability in the Baltic region. However, his involvement into the interethnic reconciliation in Estonia and Latvia was formally limited to the recommendations made to the respective governments.

The book contains an overview of the High Commissioner's urgent advice, an analysis of the appropriate changes in domestic legislation from 1993 to 2000, and finally the practical effects of the recommendations. The book contributes to more realistic and balanced studies of the role and potential of influential international organisations.

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