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ARTICLE



Russia's role in regional cooperation and the EU Strategy for the Baltic Sea Region (EUSBSR)

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ABSTRACT

This article examines EU–Russian relations in the Baltic Sea region (BSR) utilizing the concepts of counter-hegemonic socialization and soft power. The implications of the Ukrainian crisis for regional cooperation in the BSR are also taken into account. The compatibility of EU and Russian regional strategies are considered, as well as how these can often be mutually unaware of one another, or even confrontational. It argues that BSR regional institutions on the one hand face multiple challenges but, on the other, assume a vital role in the promotion of EU–Russian dialogue, offering some potential of bridging the differences in regional strategy.

KEYWORDS Counter-hegemonic socialization; European Union (EU); EU Strategy for the Baltic Sea Region; regional cooperation; Russian strategy for the Baltic Sea Region

Introduction

Whereas the EU's most recent approach toward the Baltic 'macro-region' was framed in the EU Strategy for the Baltic Sea Region (EUSBSR) of 2009, the Russian policy toward the Baltic Sea region (BSR) has never been clearly spelt out. Still, the regional interests of Russia can be traced back through a number of documents, such as the Strategy for the Socio-Economic Development of the North-Western Federal District for the period up to 2020, launched in 2011, or more recently, in the Program of the Russian Presidency of the Council of the Baltic Sea States (CBSS) from 2012 to 2013 (Ministry of Foreign Affairs of the Russian Federation 2012).

According to the Kremlin, the EU is predominant in the region – economically, politically, and institutionally – and Brussels tends to see the Baltic Sea as part of the EU's 'internal waters.' For instance, some experts highlight that the EUSBSR was mainly designed by the EU as an internal strategy which largely ignored non-EU regional actors such as Russia, as well as Iceland and Norway (Baltic Sea States Sub-Regional Cooperation 2011, p. 3). Interestingly, however, the Strategy's objectives vis-à-vis environmental protection, accessibility, and the security of the region depend heavily on external actors. Therefore, if Brussels wanted to successfully implement the Strategy, it had to engage in some form of cooperation with Russia, as well as the other aforementioned external actors.

Moscow claims that the EU's strategic vision of Russia's role in the BSR needs to be radically changed so as to treat Russia as an equal partner, rather than a regional actor of secondary importance, or a revisionist state seeking to place the Baltic states within its 'sphere of influence.' Moscow portrays the EU's policy toward the BSR on the whole as unconstructive and detrimental to the success of a common EU–Russian agenda. From the EU's perspective, Brussels hoped that Russia would become its partner in shaping the institutional design of the BSR, under the condition that it prioritized improving the coordination of its policies with the EUSBSR. Many in the EU expected that Russia would recognize the importance of the EU as a natural and promising partner in the BSR, which would be helpful to Russia in pushing forward domestic reforms, and more generally making the region safer and more prosperous (Oldberg 2012, pp. 16–17; Karabeshkin and Sergunin 2013, p. 48). However, these expectations did not materialize. Moscow did not formally respond to the EUSBSR, referring to its 'exclusive' nature as an EU internal strategy. Furthermore, with the publication of a long-awaited program from the Russian CBSS Presidency in September 2012, it appeared that Moscow had neither developed a new conceptual approach to the BSR nor planned to interact with Brussels' strategies in the region (Oldberg 2012, p. 17). Both procrastination and the superficial content of the document can be explained by Russia's lack of major interest in the region, particularly as Moscow sees itself as playing only a secondary role in comparison to the EU. Instead of bridging the gaps between EU and Russian strategies in the BSR, Moscow has displayed a preference for dealing with Baltic issues either on a bilateral or multilateral basis (via the Northern Dimension [ND] Partnerships, the CBSS, the Baltic Sea States Sub-Regional Cooperation [BSSSC], the Union of the Baltic Cities [UBC], the Helsinki Commission [HELCOM], Nordic institutions, etc.), rather than through the platform of the EUSBSR.

The research question we address in our analysis is to understand how Russia tries to counterbalance the perceived domination of the EU which offers a different interpretation of both the regional agenda and Russia's image in the BSR. Moreover, this study aims to identify the (soft) power tools that Moscow uses to promote 'counter-hegemonic socialization' in the BSR. Another closely related question regards those elements which are missing from Russia's soft power toolkit in relation to the Baltic Sea regional agenda, and how its socialization potential could be improved. This article also discusses the implications of Russia-Ukraine conflict for the BSR. In particular, it highlights that although the countries of the BSR have invested heavily in material and organizational resources in the region over the last two decades, recent developments have seriously challenged regional institutions and practices within the BSR. The major questions concern the role of regional institutions in building a united Europe without dividing lines, and the extent to which Russia could benefit from, and is interested in, regional cooperation.

Theoretical framework

The concept of *counter-hegemonic socialization* is well entrenched in social theory. We start with the assumption that the EU and Russia are two competing actors in Europe in general and in the BSR in particular. The asymmetry in EU–Russian relations (Elo and Kaakkuriniemi 2012) can be viewed from a normative perspective with the two parties adhering to drastically divergent interpretations of core policy concepts from

democracy and freedom to human rights. They can also be viewed from an institutional stance since the recent launch of the Russia-dominated Eurasian Economic Union, and the EU's Eastern Partnership (EaP) in 2009. Despite this broad clash, the actual structure of EU–Russian relations has a strong regional specificity. For instance, in Eastern Europe (particularly in Moldova and Ukraine), Russia's geopolitical and security hegemony is challenged by the EU's counter-hegemonic moves (exemplified by the EU's Neighborhood Policy), while in the BSR, it is Russia that can be viewed as the counter-hegemonic actor vis-à-vis the EU. The Kremlin aims to do so by partly counter-balancing EU institutional predominance through the region's dependency on Russian energy resources and potentially even through a re-militarization of the strategically located Kaliningrad region wedged between Lithuania and Poland.

International hegemony can be conceptualized from different theoretical perspectives. In realist literature, the concept draws on various resources of power (e.g. military primacy, force-based supremacy, and geopolitical predominance), de-emphasizing social factors (Beyer 2009). These social underpinnings of hegemony are well articulated in two critical international relation theories. In the tradition of Antonio Gramsci, hegemony is leadership by consent, based on shared norms and ideas (see North 2011). Control and influence over this normative consensus are the core features of the Gramscian view of hegemony. For Ernesto Laclau and his followers, in turn, successful hegemony must represent the interests of a group of actors, rather than being unilateral in nature (see Epstein 2012). The EU's role as a 'normative power' (term coined by Ian Manners) is precisely based on its ability to shape what is perceived as normal behavior on the international scene (Manners 2013; Whitman 2013).

Building on both aforementioned perspectives, hegemony can be framed as the structural element, as well as the condition of a certain type of international society, and not the dominant actor's property (Clark 2009). Thus, it presupposes control over the constitutive principles of political relations (Dietz 2013). Counter hegemony, on the other hand, is the struggle for the content of these principles as 'empty signifiers,' or concepts inherently open to various interpretations. Consequently, the EU might be dubbed the hegemonic power of the BSR, acting through 'ideational diffusion,' or proliferation of its norms across its borders (Chandler 2008). Manners (2013, 314) outlines the mechanisms of EU normative power projection as contagion, informational and procedural diffusion, transference, and cultural filters. In order to challenge this alleged universality of the EU's normative order, Russia pursues a counter-hegemonic attack and claims the right to its own version of basic norms.

Hegemonies have to be legitimized through social acceptance and recognition (Kratochwil 2006), with international organizations usually deemed the most effective way to obtain legitimacy for some state behaviors (Buchanan 2011, p. 6). The explanatory frameworks of Gramsci and Laclau, being explicitly focused on the social mechanisms of hegemonic behavior, highlight the importance of the concept of *socialization* (Flockhart 2006) as the underlying structural condition for both hegemony and counter hegemony. In fact, both Gramsci (Ives and Short 2013) and Laclau imply that only socialized actors can build stable hegemonic relations based on norm projection and adaptation (see Epstein 2012). By the same token, counter-hegemonic projects need to be grounded in representation and solidarity.

Therefore, by counter-hegemonic socialization, we understand a structure of international relations utilizing discursive, communicative, normative, and institutional

resources in an attempt to counter-balance the existing hegemonic project. The idea of reciprocal socialization suggests that even powers socialized in the international order might simultaneously reshape the order itself (Terhalle 2011). As we shall demonstrate in our analysis, this prospect remains largely hypothetical in the case of Russia's policies toward the BSR. Of course, mechanisms of socialization and hegemony are region specific, and the concept of regional international society highlights the importance of recurrent rule-based social interactions for region building. This is fully applicable to the BSR, which is widely known for its sustainable and inclusive institutional mechanisms.

The concept of *soft power* is also a key notion in this study. Soft power connotes ideas of communicative power based on speech act theory and symbolic interactionism articulated by social constructivists. Soft power is essentially based on communications that define who controls the dominating interpretation of rules and norms that are constitutive of international society (Albert, Kessler, and Stetter 2008). There is therefore a generic resemblance between soft power and communicative power (Bohman 2010).

During its CBSS Presidency (2012–2013), the Russian Federation aspired to rhetorically present itself as an emerging soft power in the BSR, claiming that the country does not pose a security threat in and to the region as a whole (Russian Presidency 2012). It tried to cultivate the image of being a responsible and attractive regional actor, offering mutually beneficial economic, educational, and cultural projects to other countries of the BSR. The Russian CBSS Presidency coincided with the Kremlin's increased interest in the concept of soft power, resulting in the notion's integration into Russian foreign policy doctrine in February 2013. Similar to other 'civilized countries,' Russia's document highlights a reliance on soft power instruments (economic, cooperative diplomacy, and cultural cooperation) rather than hard power tools (military, economic, and coercive diplomacy) (Putin 2013). Nevertheless, as will be subsequently demonstrated in this article, not all of these attempts were successful.

The official Russian interpretation of soft power significantly differs from the original concept coined by Joseph S. Nye. According to Nye, soft power is grounded in trying to attract other states voluntarily, utilizing three primary resources, the state's 'culture (in places where it is attractive to others), its political values (when it lives up to them at home and abroad), and its foreign policies (when they are seen as legitimate and having moral authority)' (Nye 2004, 11). The Russian understanding of the concept is, by comparison, rather broad and linked to the Russian interpretation of 'hard' and 'soft' security. For Russian experts, 'hard' security is related to the military and coercive sphere, while the 'soft' security domain covers non-military issues such as the economy, environment, societal matters, and culture (Sergunin and Karabeshkin 2015).

Many Russian authors connote hard power with coercive foreign policy and soft power with foreign policy instruments aimed at making a country attractive (culturally, politically, economically, environmentally, etc.). This explains the Kremlin's use of economic incentives such as those offered to Armenia and Ukraine in 2013 in order to persuade them to discontinue association negotiations with the EU in favor of a Russian-centric customs union. Again, such an interpretation of soft power differs greatly from that originally introduced by Nye, which excluded economic leverage (Armitage and Nye 2007).

One more distinction is that Russia's version of soft power is rather instrumentalist and pragmatic (Makarychev and Sergunin 2013; Sergunin and Karabeshkin 2015). President Putin sees soft power simply as a foreign policy tool that helps to assert Moscow's interests in foreign countries (Putin 2012). Similarly, the Russian Foreign Policy Concept of 2013 defined soft power as a 'complex set of instruments to achieve foreign policy aims by means of civil society, information-communication, humanitarian and other methods and technologies that are different from classical diplomacy' (Putin 2013). It is not surprising that this interpretation was met with a lukewarm reception outside of Russia and led to various concerns among international audiences, especially in countries of the former Soviet Union.

In contrast to Russia's official reading of soft power, and drawing on a neo-Gramscian interpretation of hegemony, we deem that the multilateral diplomacy within international organizations is one of the soft power resources that leading international actors tend to use in order to set common policy frameworks and enhance their communicative potential. Soft power has to be understood in the wider context of discursively generated communicative power that might take institutional forms. It envisages a consensual type of leadership, a form of power that cannot be exercised individually, but only in conjunction with partners and on the basis of common approaches (Flynn 2004). Region-building is certainly one of the areas that requires the application of soft power and that makes traditional state-to-state diplomacy redundant. While counter-hegemonic socialization represents both the international relations' structure and the strategic goals of a particular country, soft power serves as both a communicative resource and an instrument to achieve such objectives. We aim to examine whether these strategies are used properly and efficiently by Russia, as well as if they are complimentary or in dissonance with each other.

Why is the BSR important to Russia?

Despite the fact that Moscow has sometimes demonstrated a lack of its interest in the BSR, the region still has some significance for Russia. From a political perspective, the importance of the BSR to Russia stems from at least three principal sources. First, several Central European countries have become instrumental in drawing states which are part of the EU's Eastern Partnership program – e.g. Moldova and Ukraine – closer to the EU with the consequence of isolating Russia. Second, in terms of energy, the BSR is vital to Russia's security through the *Nord Stream* and *Baltic Pipeline System* projects, while the Baltic states notably oppose Russian energy dependence, with some Nordic backing on environmental ground. This dramatically increases the BSR's relevance to Russia. Third, since the late 1990s, Kaliningrad has been increasingly discussed as a 'pilot region' (Gänzle, Müntel, and Vinokurov 2008) in EU-Russian cooperation, with moves toward increased movement of goods, services, and labor, attracting foreign investment and expertise. Building on the 'Russian Europe' concept, Russia's Foreign Ministry encouraged a facilitated visa regime in the BSR – referring to existing agreements with Norway, Poland, and Lithuania (Lavrov 2011) – with a '72 visa-free hours' initiative for tourists, implemented despite opposition from the Federal Border Guards Service (Kaliningradskie Pogranichniki 2011). Additionally, to assist Russia's ailing tourist industry, the State Duma introduced a 72-h visa-free regime through a bill applying to several foreign countries' citizens arriving by plane

in 2015. It is useful, in addition, to assess two original goals of Baltic regionalism and how they have developed in order to explain why the BSR is important to Russia.

Two facets of Baltic regionalism

From the outset, Baltic Sea regionalism was a project conceived to reach two major political goals. First, to prepare the ground for regional cooperation between partners sharing similar normative backgrounds, pooling resources into a coherent regional society. The Nordic states were particularly instrumental in achieving Baltic accession to the EU and NATO and spread EU-based normative and institutional standards across the region. Second, to engage Russia through a number of institutional bridges, such as city-twinning, transborder Euro-regions, and the ND program (see Joenniemi and Sergunin in this volume). The key idea was to create a cohesive space for the interaction of all regional actors, thereby avoiding east–west divides, e.g. establishing a ‘trialogue’ (diplomatic) format – involving Germany, Russia, and Poland – on matters pertaining to Kaliningrad, as well as other issues.

Yet, instead of promoting regional networks and networking initiatives, Moscow simply transposed various issues from the EU–Russian level (such as visa facilitation talks), trying to impose its own political agenda at the regional level (such as, for instance, ‘fighting extremism’ – a topical issue in Russia’s domestic politics). This, for example, made Russia’s CBSS Presidency of 2012–2013 ineffective and nonconductive in bringing Russia closer to its Baltic neighbors. Moreover, in some areas, BSR priorities directly challenge Russian interests, such as moves toward energy diversification, savings, and efficiency. All of this raises questions regarding the extent to which Russia is capable of, or willing to, cooperate inside the BSR on security, politics, or economics. A separate question concerns Russia’s ability to resource its regional soft power aspirations given ongoing economic fragility.

The EU–Russian Cooperative Agenda in the Baltic Sea Region

Despite Russia’s dire economic problems as a consequence of declining oil prices and the EU’s sanction regime in the wake of the Russian-Ukrainian conflict, there is considerable potential for EU–Russian regional cooperation. The analysis below identifies areas where both opportunities for, and obstacles to, such cooperation can be found.

Energy interdependence

As far as regional energy cooperation is concerned, Moscow seems particularly interested in the intergovernmental Baltic Sea Energy Cooperation (BASREC) organization, which was established in 1998. Russia appears to support BASREC’s main objective of promoting sustainable growth, security, and prosperity in the region and so backs the development of energy efficiency and renewable energy projects, and the creation of competitive, efficient, and well-functioning energy markets. However, Russia’s own energy strategy has proven unable to adapt to the interests of all actors in the region – notably the Baltic states – constraining its ability to utilize the regional organization. Instead, the Baltic states have placed a greater focus on energy efficiency, regional liquefied natural gas terminals and the interconnections

between them, sustainable energy plans, liberalization of energy markets, increased use of renewables, and the search for alternative transportation routes.

Moscow argues that the EU has been sabotaging Russian attempts at economic cooperation in the BSR, with the Kremlin openly accusing the EU of applying protectionist measures against Russian investments, impeding *Gazprom's* business proceedings, and derailing – allegedly for political reasons – joint projects such as the launching of a unified energy system embracing Russia, Belarus, and the Baltic states. In the Roadmap for EU–Russia Energy Cooperation until 2050 (Oettinger and Novak 2013), both parties agreed on two key points: energy interdependency (Kaliningrad receives its supplies from Lithuania, while the Baltic states get theirs from Russia and Belarus), and the diversification of energy supplies. Yet, the parties involved understand these two notions differently. In fact, some Baltic countries are longing for energy independence from Russia rather than interdependency. Furthermore, Russia seeks to contribute toward diversification objectives of oil and gas exports by developing the southern routes in the Black Sea region, as well as planning the construction of new lines of the *Nord Stream* – both of which are highly contested in Europe.

This case demonstrates yet another basic misunderstanding between the EU and Russia in terms of their approaches to energy politics. For the EU, it is important to implement antitrust/monopoly legislation, regardless of the state owning the monopoly (e.g. Russia's *Gazprom*). Brussels stresses that these policies are directed against the monopoly itself as opposed to the state behind it. Moscow, however, interprets the EU's stance as overtly anti-Russian and discriminatory.

At this juncture, the key structural problem looming large is the collision between at least two different versions of energy regionalism in the BSR. On one hand, the Russian–German *Nord Stream* project, which potentially includes the Netherlands and the United Kingdom, and on the other hand, the nascent strategy of a group of Baltic and Central European states, eager to rid themselves of excessive energy dependence on Russia by diversifying their supplies and investing in alternative production sources (renewables, shale gas, nuclear energy, etc.). The model of a Russian–German energy condominium is rhetorically supported by Brussels and some Nordic countries but faces alternative visions of energy security emanating primarily from the three Baltic states – Estonia, Latvia, and Lithuania – and their *Visegrád* (V4) partners – the Czech Republic, Hungary, Poland, and Slovakia. The strategies of these groups include serious attempts at implementing the idea of energy diversification to counterbalance Russia, preventing *Gazprom* from acquiring new energy assets in the region. For the Baltic and V4 states, the *Nord Stream* project is problematic as it upholds non-competitive prices and creates the technical possibility of disrupting Russia's energy exports to the Baltic states while maintaining deliveries to other consumers in the EU (Tarus and Crandall 2012). At the same time, the Baltic states are wary of the EU's policy of introducing stricter environmental protection regulations which are likely to increase energy prices through greater investment in expensive technologies requiring subsidies.

So far, Moscow appears eager to pursue an independent energy policy, exemplified by the launch of the Baltic nuclear power plant project following the closure of Ignalina Nuclear Power Plant, which provided between 30% and 40% of Kaliningrad's power. Russia announced its decision to build the nuclear power plant in Kaliningrad by 2016 despite an earlier EU proposal to connect Kaliningrad to the EU electricity market that dominates the BSR through the Union for the Coordination of Transmission of Electricity

(UCTE). Local experts forecast that Kaliningrad will face isolation in the regional electricity market and will eventually integrate with the regional networks of the UCTE. Price pressures come to bear given the extremely low energy efficiency of Russian manufacturing industries and utility services, which causes Kaliningrad's energy demands to be higher than elsewhere in the region (Gnatyuk 2010). Nonetheless, Moscow is confident that the forthcoming Baltic nuclear power plant will not only solve the Kaliningrad region's energy problems, but that it will also attract the neighboring countries of the BSR with its supply of relatively cheap and clean energy.

Energy interdependence is further complicated by Moscow's unwillingness to ratify the European Energy Charter (EEC). It was signed by Russia under Yeltsin but was later interpreted as discriminatory as it would require separation between production, reprocessing, and transportation of oil and gas, effectively entailing the reorganization of monopolies such as *Gazprom*, *Rosneft*, and *Transneft*, and better access to the Russian energy sector for foreign companies. The Kremlin drafted a counter proposal to the EEC in 2009, which unsurprisingly lacked support from Brussels, leaving this area of the EU–Russia energy dialogue frozen (Makarychev and Sergunin 2013). In terms of our analysis, this confirms the failure of the Russian government to effectively counter-balance the EU's normative power in the energy sphere.

Multilateralism and cooperative EU–Russian agenda

The BSR is a peculiar combination of a networking type of regionalism – with quite intensive 'horizontal' relations between states, cities, NGOs, and business organizations – and limited great power management practices, with Russia and Germany at their core. During the 1990s, there were hopes that the Cold War's 'either/or' approach would be substituted by a 'both/and' one, thus softening the borders between East and West. Despite its controversies, the *Nord Stream* project can serve as one of few examples of economic compatibility between Russia and the major gas consuming countries of Western Europe. Similarly, despite its limitations, the 2011 Russian–Polish agreement on visa-free border-crossing for residents of the Kaliningrad *oblast* and two neighboring Polish *voivodships* is indicative of increasing visa facilitation bargaining between Russia and the EU.

Yet, in terms of being a region-shaper, Russia – as a challenger to the EU's normative hegemony – seems reluctant to conduct a fully fledged dialogue with the EU. Identity wise, despite all the inter-subjectivity of EU–Russia relations, Russia's association with the EU's normative order is apparently not that strong. Russia proved unable to counter its negative 'othering' by promoting its own long-term regional projects in the BSR and has chosen to compensate its shortage of strategy by distancing itself from the EU. Russia's demands for equality in the absence of alternative long-term region-building strategies led to the reproduction of preexisting communicative disconnections between Moscow and Brussels, this time on the regional level.

The optimistic expectations of deeper EU–Russia regional interaction (Aalto 2007, pp. 471, 474) have instead been replaced by drifting relations. Even some liberal Russian experts perceive EU enlargement (within which Baltic regionalism has been key) as a menace to Russian economic interests (Artobolevskiy 2006). In the BSR, the most important political problem for Russia is whether existing mechanisms of engagement (e.g. *Nord Stream*, German–Polish–Russian triangular diplomacy, etc.)

are sufficient to counter a well-pronounced series of hegemonic moves (such as the legal process against *Gazprom*, spurred on by Lithuania and the Czech Republic, the energy security policy coordination mechanisms established between the V4 and Baltic states, etc.). Against this backdrop, it is understandable that Russian proposals for an improved division of labor and increased coordination between the CBSS and other regional initiatives and organizations such as the EUSBSR, the ND, the HELCOM, the BSSSC, the UBC, or Nordic institutions are not legion. Accordingly, during Russia's CBSS Presidency, previous institutional experiences aimed at de-bordering and inclusiveness were neglected.

The ND, launched in the late 1990s as an EU program to engage the EU (candidate) countries from the BSR, as well as Russia, Norway, and Iceland in various cooperative schemes – such as the ND Environmental Partnership – has left a particularly indicative legacy. After reorganizing the policy in 2006 and 2007, the ND retained its status as a promising venue for cooperation with Russia in the BSR. From its inception, the ND aimed at evolving into a 'regional society' grounded in the interdependence of its participants. Against this background, 'northernness' became a core mediator of different historical and cultural worlds, a pole of attraction of resources and initiatives, and one of the new 'circles of internationalization.' As a result, the Nordic and Baltic regions facilitate new channels of inclusive dialogue with non-EU members, including Russia. At the same time, Russia was granted the status of being 'one of us,' as a potential partner that might feel at home with both Baltic and Nordic initiatives (Joenniemi 1999, 75). In short, the development of 'northernness' as a concept that fosters interaction around institutions based upon a common geographic characteristic facilitates a sense of commonality. The ND could be interpreted as an initiative within the existing framework of the European integration process, or as an attempt to integrate adjacent Russian regions into existing transnational frameworks. Interestingly, the ND horizontal programs and partnerships seem to have survived the 2014 Ukrainian crisis, albeit tenuously.

Another important multilateral framework to have emerged in the BSR is the Germany–Poland–Russia 'trialogue.' The 'triangle' encompassed three countries and was a relatively new regional project that was expected to yield spill-over effects within the wider realm of European integration. For the Russian Foreign Ministry, the practical importance of the trilateral format boiled down to Germany's institutional ability to lobby the Russian–Polish transborder cooperation projects in Brussels (joint press conference of Lavrov, Westerwelle, and Sikorsky 2011). However, rather than representing new multilateralism for the BSR, trilateralism could evolve into bilateralism. The German–Polish–Russian trialogue will have to prove it is beneficial for the region before it can attract further support.

Implications of Russia's conflict with Ukraine for Russian Strategies in the Baltic Sea Region

Russia's conflict with Ukraine has clearly further isolated Russia from the BSR's wider regional community. One of its most visibly negative repercussions was the cancellation of the CBSS summit (originally scheduled to take place in Turku in June 2014) upon the insistence of the EU – a gesture similar to Russia's *de facto* expulsion from the G8. Another effect was the rise of hard security concerns among certain countries of the BSR leading to a remilitarization of the region. Evidently, these developments

are in sharp contrast to the optimism which was popular among students of Baltic regionalism immediately after the Cold War. As a direct result of Russia's conflict with Ukraine, a new debate on NATO membership is underway in nonaligned Sweden and Finland (Braw 2015; Siitonen 2015), and the three Baltic states have appealed to the US and NATO for stronger hard security guarantees and expanded military protection in the face of an alleged 'Russian threat.'

Russia's political strategies in the BSR

Amidst growing EU–Russian tensions, Moscow has developed a number of political strategies in the BSR. First, the 'pragmatically cooperative' Finland and has been politically distinguished from the 'ideologically unfriendly' Baltic states. Kremlin diplomacy portrays Estonia, Latvia, and Lithuania as being under the political influence of the United States while financed by the EU. These arguments, implicitly designed to question the autonomy and therefore independence of these countries, precisely represent the attitude that led to their unequivocal turn westwards in the first place. Second, Moscow aims to utilize certain business groups' pro-Russian attitudes within many BSR countries in order to weaken calls for tougher EU sanctions. Economic interdependence – a concept that European countries cherished for decades as an instrument of regional integration – is now exploited by Russia in an attempt to prevent fresh EU sanctions.

Russia's economic policies

In the economic sphere, Russia's priorities are first, to reduce the ability of certain EU member states (and consequently of the EU as a whole) to react to diplomatic occurrences through increased economic interdependence (e.g. joint energy projects) which would essentially make it both materially and diplomatically difficult to take action against Russia. Increasing Russia's scope to control particular dependent states through 'carrot and stick' policies per se is also part of this approach. In fact, this political objective can, under the guise of economic cooperation, be portrayed as aiming at a *de-politicization* of relations, while EU attempts to limit such economic cooperation would actually be assessed as a political decision. Second, Russia seeks to disprove the utility of Europeanization in the case of the Baltic states so as to extend the logic to Ukraine and other post-Soviet states. In the Kremlin's view, EU membership has been detrimental to the three Baltic economies as they have suffered from outward migration, deindustrialization, and financial dependence on the EU. This narrative thereby encourages economic reorientation toward Russian markets as a viable alternative. Third, as a measure of economic retaliation, Russia reserves the right to reroute cargo flows from 'unfriendly' countries (e.g. Lithuania) elsewhere. For the countries of the BSR, this policy demonstrates how rooted Russia's economic decisions are in politics and certainly reduces Moscow's reliability as an economic partner from the perspective of other trade partners. As a result, this only encourages a reorientation away from dependency on Russian imports. Fourth, Russia strongly questions the EU's monopoly in developing regional strategies, referring to its own strategy of developing Russia's northwest as an alternative. However, this is largely an adaptation of preexisting European ideas on regional

development and urban planning and covers a limited area of the Russian Federation.

Russia's security strategy

It would be logical for Moscow, which unsuccessfully promotes the idea of a pan-European security architecture, to invest more efforts into developing a concept of regional security that can be used as a starting point for wider defense talks. Successful experience in tackling security issues on a regional level would certainly be an instrumental stepping-stone toward the kind of Europe-wide security arrangements Russia seems interested in.

Yet, certain elements of Russia's security policies seem to be rather ambiguous. The resilience of *realpolitik* is revealed by the possible remilitarization of Kaliningrad (Nieto 2011) as a response to US plans to deploy a ballistic missile defense system in Central and Eastern Europe, and NATO's military buildup in the BSR. What inhibits the search for win-win solutions is the dominating logic of securitization; as a retired Russian diplomat argues, facilitated visa arrangements for Kaliningrad's residents are merely an element in the EU's wider efforts to diminish Russian influence in neighboring areas (Sediakin 2010, p. 60). In Putin's gloomy predictions, 'after solving the problem with the Kaliningrad *oblast*, the EU will block the visa-free talks with Russia' (Artemiev and Smirnov 2011) – this kind of general outlook is certainly not shared by the EU.

Moscow undoubtedly intends to keep the issue of Russian-speaking minorities in Estonia and Latvia – open as it constitutes a key (potential) tool in putting pressure on these countries whenever the Russian government deems it necessary. As some representatives of the Russian communities in the Baltic states make extremist statements calling for secession, or inviting Moscow to intervene militarily, this makes the governments therein feel insecure and threatened, thus fueling debates between 'new' and 'old' members of NATO and the EU on perspectives of common European security. Unlike in Germany, Italy or France, the alleged 'Russian threat' is perceived as a direct and existential one by the Baltics. This reveals a rift between security perceptions within Europe, which Russia is able to exploit.

In contrast to the 1990s, when Moscow called for a arms control regime and the development of security and confidence-building measures at the regional level, Russia is now somewhat skeptical about the use of international organizations, such as the CBSS, in order to make any security arrangement in the BSR. Another manifestation of the Kremlin's skepticism concerns the regional prospects of the Conventional Forces in Europe (CFE) Treaty, concluded between NATO and the Warsaw Pact states in 1990, and adapted in 1999 under the aegis of the Organization for Security and Cooperation in Europe. The CFE regime is the only international arms control agreement that could be applicable to the BSR. The Baltic states refused to abide by the treaty because it was concluded when they were still part of the USSR. Finland and Sweden have also refused to sign it, referring to their neutral, nonaligned statuses. In addition, none of the Western signatories of the 1999 Adaptation Treaty ratified it. As a result, Russia suspended its participation in 2007 and – pursuant to the Ukrainian crisis – abrogated it in March 2015. Hence, the prospects of a regional security regime remain distant.

Conclusion

Russia's policies toward the BSR transpired to be less expansionist and revisionist than in other regions where Russian and EU interests overlap, such as in southeastern Europe (Ukraine) and the southern Caucasus. Yet, Russia's geoeconomic and geostrategic goals in the BSR are still ambitious and are now supported by political will and financial assets.

Russia's Baltic strategy represents a mixture of different approaches that are not always consistent with each other. Despite its ambition to be as specific as possible, Russia's strategy in the BSR has a number of evident lacunae. Moscow failed to use its CBSS Presidency to avoid the pitfalls of traditional EU–Russian disconnections and became mired in endless debates over visa facilitation, as well as the different understandings of key concepts to do with partnership. Without offering a regional way out of the deadlock, Russia instead locked its policy toward the BSR in either controversial matters (e.g. vaguely termed fighting of extremism) or concepts that were interpreted in numerous ways by Russia and the EU states (e.g. modernization programs, energy projects, etc.) To put it differently, the Kremlin was unable to use its resources and institutional possibilities (namely the CBSS Presidency) to effectively build on its political and institutional capacities within the BSR and thereby plays an effective counter-hegemonic role. It is the lack of normative appeal that seriously undermines Russia's socialization in the BSR, as well as in other regions of neighborhood cooperation. Moscow was unable to strike a balance between multilateral (CBSS) and bilateral/trilateral diplomacies. The Kremlin obviously has communicative problems in its regional endeavors as it struggles to explain its priorities clearly and fails to take the lead in implementing the most important projects. Therefore, the EU's normative hegemony in the BSR remains largely unchallenged.

Regional cooperation mechanisms have been seriously damaged by the EU–Russian conflict over Ukraine. Even some mutually beneficial and promising projects in areas such as the development of regional transportation infrastructure or civil protection were postponed or even canceled. However, many voices in the BSR argue that further regional development cannot be successful without Russia, and that there should be an effective interface between the EUSBSR and Russia. Furthermore, the ruling elite within Russia realizes that the gravest threats and challenges to its position in the BSR emanate from within the country itself. Independent experts confirm that these problems are caused by a multitude of factors such as the degradation of Soviet-made economic, transport, and social infrastructures in the region, the current resource-oriented model of the Russian economy, the lack of funds and managerial skills to develop the Russian section of the BSR, etc. Regional elites understand that the success of Russia's Baltic strategy depends to a large extent on the efficacy of its socioeconomic policies in its northwestern regions. The Russian leadership seems to understand the need for deeper engagement with sub-national actors (regional and local governments), yet Moscow remains wary of separatism or attempts to encroach upon federal foreign policy prerogatives. In terms of implementing cross-border and transnational projects, the Russian federal bureaucracy's policies are not always conducive to local and civil society institutions' initiatives.

It is to be expected that Moscow will defend its vision of Russia's economic, political, environmental, and humanitarian interests in the region, usually bi- or trilaterally rather than by relying upon multilateral institutions. Moscow will primarily

be receptive to technical cooperation with those BSR partners that are willing to contribute to solving numerous socioeconomic and environmental problems at Russian border regions. Despite Russia-Ukraine conflict, we can expect Russia to continue its trend toward the use of soft power instruments in promoting its BSR policies. Nevertheless, Russia's version of soft power will remain dissimilar from the western understanding of this concept, with a large emphasis on promoting the ideas of the 'Russian world' and nation-state-based – rather than EU-like post-Sovereign /post-national – policy arrangements.

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