DIIS REPORT 2019: 04

THE BALTIC SEA REGION AFTER THE UKRAINE CRISIS AND TRUMP

A Russian perspective

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www.diis.dk

Layout: Mark Gry Christiansen
Printed in Denmark by Eurographic

ISBN 978-87-7605-962-0 (print)
ISBN 978-87-7605-963-7 (pdf)

DIIS publications can be downloaded free of charge or ordered from www.diis.dk

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INTRODUCTION

For a quarter of a century, cooperation in the Baltic Sea Region (BSR) has traditionally been seen as one of the success stories of regional cooperation and as a role model not only in Europe, but also globally. Indeed, the aggregate experience of building relations in socio-economic, environmental, and humanitarian/cultural spheres as well as the intensive political dialogue of the post-Cold War era has been of great benefit to the countries and for the region as a whole. Moreover, during this period a dense institutional framework was created in the BSR in the shape of: the Council of the Baltic Sea States (CBSS), the Helsinki Commission (HELCOM), the 'Baltic window' of the Northern Dimension, the Nordic countries cooperative programmes for the region, including Russia, the Baltic Sea States Subregional Cooperation (BSSSC), the Union of Baltic Cities (UBC), the Baltic Development Forum and so on. It seemed then that the Baltic region-building process would result in the BSR becoming an area of prosperity, economic growth, peace and stability.

However, since 2014, affected by the Ukrainian crisis, the situation in the BSR has changed radically. Along with other Western countries, the Nordic states accused Russia of violation of international law by incitation of civil war in south-east Ukraine (Donbass) and annexing Crimea (although Moscow claims that it was a legitimate reintegration of the region based on a local popular referendum). The Nordic countries joined the Western political and economic sanctions against Russia which resulted in the collapse of bilateral trade, suspension of various cooperative projects, freezing of political dialogue and cancellation of military-to-military contacts and cooperation.

Whereas up until spring 2014 the BSR had been perceived as a model region for successful transformation, close regional cooperation, flourishing trade and inclusive

security, it now found itself at the centre of confrontation. Not only between Russia and the Baltic states with their sizeable Russian populations, which, according to some predictions, could be used as a tool to justify interference by Moscow in these countries' internal affairs or even for their occupation, but also confrontation between the Nordic states and Russia. They started to perceive Russia as a threat or revisionist power aiming to establishing its dominance in the region. The Nordic states paid attention not only to Russia's pure military capabilities but also to the methods of so-called 'hybrid warfare' which, according to some accounts, pose the same level of danger to their security.

It appears that the BSR has moved from the periphery of security politics to the centre of attention. This 'securitisation' of the entire region is being compounded by the fact that the Baltic and Nordic states believe that they are unable to guarantee their security alone, and thus rely on their partners and NATO for defence and deterrence. However, the Nordic countries are a patchwork of NATO members and non-NATO countries, of EU member states and non-EU members. This complicates cooperation between them and the shaping of a coherent political course on Russia.

Moreover, Donald Trump's coming into power has created new challenges for the BSR. In the Nordic and Baltic states the inauguration of the new US president in January 2017 raised a number of questions and suspicions. Would Trump's administration develop a friendship with Russia through some kind of Trump–Putin pact and ignore the smaller states in between? Could the small European NATO member states still rely on the US to uphold its Article V commitments (the NATO treaty article on mutual assistance in case of an attack on one of its members)? What would happen with international trade and particularly with US–European trade? As some Baltic experts note, under Trump the US is aiming to rewrite the basic principles of international order, including the global trade system. Although the US presence in the BSR was not economically significant (except for Denmark and Iceland), a Transatlantic Trade and Investment Partnership Agreement, proposed by Obama and rejected by Trump, could have opened new economic opportunities for the EU member states, including the three Baltic states as well as the Nordic countries such as Denmark, Finland and Sweden (Ozolina 2018: 54–55).

Politically, the BSR countries have lost the traditional and reliable global partner that they had in the US. While the previous US administrations used a multifaceted formula to negotiate with Europe in their political discourse consisting of elements such as security, climate change, respect for and strengthening of democratic values, respect for international law and multilateralism, Europe now faces the prospect of trade wars with the US, Washington's withdrawal from the 2015 UN Paris

agreement on climate change, further dismantlement of the global and European arms control regimes and Trump's mantra that the European NATO member states (including the BSR countries) need to increase their defence spending to 2% of their GDP. Trump's decision to proceed with the deployment of the elements of the ballistic missile defence (BMD) system in Europe (including the BSR) and a US/NATO military build-up and increase in military activities in the region coupled with the lack of political dialogue between Washington and Moscow have also aggravated the situation in the BSR and forced Russia to take countermeasures.

In this situation of global and regional uncertainty both the BSR countries and Russia should redefine their bilateral and regional strategies and decide whether they can still be promising and reliable partners for each other. This study aims to examine Russia's policies in the BSR in the aftermath of the Ukrainian crisis and the Trump administration's rise to power. More specifically, this study has four research objectives. First, the analysis identifies Russian national interests in the BSR and discusses whether there are continuities and changes in these interests in the post-Crimea era. Second, the Russian discourse on the BSR is explored, including Russian foreign policy schools and official foreign policy and national security doctrines. Third, different aspects of Moscow's BSR strategy – political, economic, sub-regional, environmental and military – are examined. Finally, the chances for Russia's participation in the BSR multilateral cooperative framework are assessed.

THEORETICAL FRAMEWORK

In terms of theory, this study is based on the so-called 'liberal intergovernmental approach' (LIGA) or liberal intergovernmentalism. Based on a mixture of the various neoliberal theories of Putnam (1988), Ruggie (1982) and Keohane (1989, 1996) it was designed as a coherent theory by Andrew Moravcsik (Moravcsik & Schimmelfennig 2009). Among other things, LIGA aims at explaining why states with diverging and even conflicting interests, as well as with different systems of government and economy, still can cooperate with each other. Russia's love-hate type relations with its BRS neighbours represents a classical/exemplary case for the LIGA approach.

States' decisions to cooperate internationally are explained by the LIGA in a three-stage framework: states first define national preferences, then they bargain for international agreements, and finally they create or adjust institutions and regimes to secure their desired outcomes in the face of future uncertainty. The LIGA aims at examining what drives national preferences, bargaining strategies and the nature of international institutions and regimes that emerge as an outcome of such a multicausal process. Regional and global integration is understood by the LIGA as a series of rational choices by national leaders. These choices are shaped by constraints and opportunities stemming from the socio-economic, political and cultural interests of powerful domestic constituents, the relative power of states deriving from asymmetrical interdependence, and the role of institutions in supporting the credibility of interstate commitments.

In this study, I demonstrate that there are powerful domestic and international incentives which encourage the Russian political leadership to opt for what is basically a cooperative rather conflictual type of behaviour in the BSR and to seek solutions to the regional problems via negotiation, compromise and strengthening multilateral governance mechanisms.

RUSSIA'S NATIONAL INTERESTS IN THE BSR

The BSR is not a high priority among the various Russian national interests; bilateral relations with the EU and US, the Ukrainian conflict, and the Arctic and East Asian regions are much more important for Moscow. Nevertheless, the BSR still has considerable significance for Russia for a number of reasons:

- This region is the only one where Russia has a common border with the EU and, hence, serves as a natural gateway for the transit of goods, services and people between Russia and the EU, although this has been considerably curtailed by the Western sanctions and Russian counter-sanctions.
- The region's importance has increased considerably with the launch of some energy projects, such as the Baltic Pipeline System (BPS) and Nord Stream project, which aim to ship Russian oil and gas from the Urals, Siberia and the High North to the EU. The BPS was launched in December 2001. The second pipeline was finished in March 2006. In November 2011 the first Nord Stream pipeline was officially launched and the second one was finished in October 2012. Currently, the Nord Stream 2 project is under development, which will make Europe–Russia energy interdependence even stronger.
- The Kaliningrad region forms both a challenge and an opportunity for Russia in its relations with the EU. On the one hand, its enclave/exclave status creates various problems related to the freedom of movement of goods and people between Kaliningrad and mainland Russia. On the other hand, the region is surrounded by EU territory and can be seen as a promising venue for various cooperative projects and, more generally, for experimenting in EU–Russian relations. Since the late 1990s Kaliningrad has been increasingly discussed as a 'pilot region' (Gänzle, Müntel & Vinokurov 2008) in EU–Russian cooperation, with

moves toward increased movement of goods, services, and labour, attracting foreign investment and expertise. With the help of EU investors a car-building cluster was created in the Kaliningrad region. To facilitate freedom of movement of people in the BSR Russia concluded a special agreement with Poland and established a visa-free regime for the residents of Kaliningrad and two Polish border regions. Unfortunately, it was suspended unilaterally by the Polish side in 2016 (as a part of the anti-Russia sanctions in the aftermath of the Ukrainian crisis). During 2011–2015 Moscow periodically introduced 72-hour visa-free regimes for foreign tourists arriving at the Kaliningrad and St. Petersburg sea and air ports. In 2018 a special facilitated visa regime was established for fans attending the FIFA World Cup in Russia, including Kaliningrad and St. Petersburg.

- Russia is still concerned about the status of the Russian-speaking minorities in Latvia and Estonia, although this issue is of much less importance than in the 1990s and no longer seen as a serious obstacle to Moscow's bilateral relations with these Baltic states.

- NATO enlargement has brought the alliance's military structures closer to Russia's borders, led to the modernisation of the armed forces of the Baltic states and Poland, as well as to the deployment of military aircraft in Lithuania and Estonia, and US Patriot missiles in northern Poland (in Kaliningrad's vicinity). These moves made Moscow suspicious about US/NATO's real intentions and generated a Russian discussion on a possible rearmament of the Kaliningrad area, even in the pre-Ukrainian crisis period. With the start of the Ukrainian crisis and deployment of additional NATO troops and armaments in the BSR, Russia's security concerns materialised. NATO's attempts to involve Finland and Sweden in a closer security cooperation and invitation to them to become full alliance members further irritated the Kremlin. These developments forced Moscow to see the region as a source of potential hard security threats again.

- Russia shares the BSR countries' environmental concerns. The Baltic Sea is one of the most polluted seas in the world and Russia, being the major polluter in the BSR, fully realises the need for joint cooperative efforts to solve the regional ecological problems.

Whereas the EU's approach to the Baltic 'macro-region' was framed in the 2009 EU Strategy for the Baltic Sea Region (EUSBSR) (Commission of the European Communities 2009) and the Nordic states' position was formulated in the Guidelines for the Nordic Council of Ministers' cooperation with north-west Russia for 2009–2013 (Guidelines for the Nordic Council of Ministers' cooperation with North-West Russia 2009–2013, 2008: 2–3), the Russian policy toward the BSR has never been clearly spelt out. Moscow did not formally respond to the EUSBSR, referring to its

'exclusive' nature as an EU internal strategy. 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 (2011), launched in 2011, and in the programme 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). These documents gave priority to cooperation in areas, such as (1) modernisation of economies; (2) sustainable development; (3) public–private partnerships; (4) tourism; (5) youth, and (6) university cooperation.

THE RUSSIAN DISCOURSE ON THE BSR

From the very beginning, the Russian post-Soviet debate on the BSR included two extreme schools/approaches. One school consisted of neoliberals and globalists. This 'optimistic' approach was based on the assumption that the military significance of the region (including the Kaliningrad exclave) would decrease in the post-Cold War period and that the region would no longer play the role of Russian military outpost.

The 'optimists' believed that globalisation and regionalisation were worldwide processes and that Russia could not avoid them. According to this school, the BSR was a place where these two tendencies were intertwined (Zhdanov 2000). On the one hand, the BSR was a subject of the dialogue between two global players – the EU and Russia. On the other hand, there was a clear tendency to see a new international region – the Baltic Sea Region – where Russia could find a mission of its own. They especially hoped that Russia's exclave region of Kaliningrad could be further opened up for international cooperation and become a sort of a Russian/Baltic Hong Kong, a 'gateway' region that could help Russia to gradually integrate into the European multilateral institutions (Ginsburg 2000; Matochkin 1995; Songal 2000: 100–101). They believed that due to its unique geo-economic location Kaliningrad had the opportunity to be a 'pilot' Russian region to be included in the regional and subregional cooperation. They thought that priority should be given to issues that unite rather than divide regional players such as trade, cross-border cooperation, transport, environment, healthcare, and people-to-people contacts. In this respect they viewed the EU Northern Dimension project (2000) and the EU–Russian Roadmap to Four Common Spaces (2005) as helpful frameworks for such cooperation (Leshukov 2000a, 2000b; Tkachenko 2000). The neoliberals and globalists were sure that if mutual trust was developed, technical problems such as visa regimes and border controls could be easily solved.

The 'optimists' believed that the Kaliningrad region should be given a special status in EU–Russian relations. Some of them even thought that 'integration will not be possible if Russia keeps full sovereignty over Kaliningrad' (Johnson's Russia List, no. 4527, 20 September 2000). In line with their vision of Kaliningrad as an exception, the neoliberals and globalists called for the EU to implement a 'two-track' approach to cooperation with Russian regions. Along with some other 'pilot' regions, Kaliningrad could be put on a 'fast track' in terms of a further cooperation with the EU. Particularly, they hoped that the region could be a part of the European Free Trade Area or even become associate partners of the European Union. They also suggested establishing EU technical and environmental standards and a visa-free regime in Kaliningrad. They insisted on the feasibility of this model by referring to some North European countries such as Finland and Denmark where some territories have a special status with regard to relations with the EU (the Åland Islands, Greenland and the Faroe Islands).

Because the neoliberal and globalist schools were quite influential in the 1990s and early 2000s, they were able to affect governmental policies on the BSR. The region (including the Kaliningrad Special Defence District) was substantially demilitarised to the extent that neighbouring countries stopped perceiving Russia as a source of hard security threats. The Free Economic Zone (FEZ) 'Amber' was established in Kaliningrad region in 1991. In 1996 it was reorganised into a Special Economic Zone (SEZ) which exists – with some revisions in 2006 and 2017 – to the present day.

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By 1999 the idea of Kaliningrad as a 'pilot region' was floated at Russia's top level, including by then prime minister Vladimir Putin. Russia's medium-term strategy for the development of its relations with the EU (2000–2010) underlined the possibilities regarding Kaliningrad as a pilot region for the EU/Russia relationship and a test case for this relationship in connection with the EU enlargement (The Government of the Russian Federation 1999). It mentioned the option of a special arrangement for Kaliningrad in view of enlargement and it hinted that cooperation could, in the future, if Kaliningrad turns out to be a successful test case, cover Northwest Russia at large.

Moscow has allowed the Kaliningrad region to maintain a rather liberal visa regime with Poland and Lithuania since the collapse of the Soviet Union. Development clearly pointed towards increased openness and – as mentioned above – resulted in an agreement signed in December 2011 between Poland and Russia on a visa-free regime for the residents of the region and two Polish border regions (Warmian-Mazuria and Pomerania). Interestingly, this agreement was seen by Russian and European experts as a model – with Kaliningrad serving as an experimental region and a pilot case in this area – to be replicated in other border regions.

At the other extreme was the school/approach of the Russian political realists and geopoliticians. Similar to the neoliberals and globalists they also perceived the BSR as an exceptional case but in a different sense. This 'alarmist' school viewed the region as a manifestation of an eternal geopolitical rivalry between Russia and the West. In contrast with the past, in the post-Cold War era the West preferred economic to military instruments for putting pressure on Russia. According to these paradigms, the aim of the EU policies was to secure Russia's status as the West's 'younger partner' and a source of cheap natural resources and labour (Khlopetskii 2000: 111; Smorodinskaia et al. 1999). They believed that the Kaliningrad FEZ/SEZ (in its early versions) was detrimental to Russia's economic security and served only to camouflage smugglers and corrupt officials. According to this school, the West was not interested in the revival of the local economy and planned to make Kaliningrad a mere transit point in communications between the Baltic states and the 'mainland' part of the EU. This meant that foreign investment would only go to developing transport infrastructure rather than to the modernisation of local industry and agriculture.

Some realists believed that the EU was no more than a vehicle for German geopolitical ambitions in the BSR; that Berlin dreamed about returning the former East Prussia into a 'new German empire'. As the first step of this geopolitical plan, a sort of a German economic protectorate over Kaliningrad could be established (Bubenets 2001: 3; Velichenkov & Chichkin 2001: 2). These fears became widespread in the region in early 2001 when rumours sprang up that Germany might forgive a portion of Russian debt in exchange for securities of Russian companies (including Kaliningrad-based firms). There was a series of rallies in Kaliningrad where the local residents appealed to the president to confirm or deny these rumours (Nuyakshev 2001: 7).

Other radical versions of realism and geopolitics argued that the final goal of the West was to disintegrate Russia and separate Kaliningrad from the country (the 'fourth Baltic republic' concept) (The Baltic Independent, 4–10 Nov. 1994: 5; Alksnis

& Ivanova, 2001: 4). Realists thought that Kaliningrad should retain its strategic importance and criticised the government for the premature dismantling of the formidable military infrastructure in the region. They recommended tightening governmental control over the region in order to prevent its potential drift to the West. They believed that, in case of 'Western encroachments' on Kaliningrad, Moscow should make the region an 'unsinkable carrier', including the deployment of nuclear weapons (Alksnis & Ivanova 2001: 4). They also favoured military cooperation with Belarus to counterbalance NATO's eastward extension and even making the Baltic states an 'exclave' in a strategic sense (Bubenets 2001: 3). Geopoliticians suggested providing Russia with the freedom of civilian and military transit via Lithuania, similar to the case of Germany in East Prussia after World War I. If Vilnius disagreed, they suggested questioning the territorial integrity of Lithuania, which had gained some Polish, Belorussian and German territories as a result of the Molotov–Ribbenthrop Pact and World War II (Alksnis & Ivanova 2001: 4).

Along with the Kremlin's readiness to make Kaliningrad a 'pilot' region, Russia's official documents and statements in the late 1990s and early 2000s always stressed Moscow's sovereignty over Kaliningrad.

Since the realists and geopoliticians were the dominant schools in Russia, the Kremlin had to take their authority into account (at least at the level of public rhetoric). For this reason, along with the Kremlin's readiness to make Kaliningrad a 'pilot' region, Russia's official documents and statements in the late 1990s and early 2000s always stressed Moscow's sovereignty over Kaliningrad. It should be noted, however, that the worst expectations of the 'alarmist' school clearly did not materialise. Kaliningrad was far from isolated and there was considerable socio-economic development during the 2000s that reduced the gap between Kaliningrad and the neighbouring countries. In addition, Russia was gradually able to formulate policies that normalised the position of Kaliningrad amongst various Russian regions and sorted out most of the issues which were creating doubt and bringing about uncertainty.

By the mid-2000s a sort of compromise between the 'optimists' and 'alarmists' was reached on the basis of the perception of the BSR (including Kaliningrad) as a 'normal' rather than an exceptional region. It should be noted that the idea of Kaliningrad as a 'pilot' region did not disappear completely, but was transformed to a more moderate version. Some elements of exceptionality were still kept, such as

the SEZ and the facilitated visa arrangement with Poland from 2012, but the region's general status, domestic and international, did not differ radically from that of other Russian regions.

At the same time, the 'alarmists' acknowledged the fact that most of their security concerns, such as the possibility of either Russia's 'hostile encirclement' in the BSR and of Kaliningrad separatism had, essentially, vanished. Some residual security concerns remained, related for example to the US air defence systems deployment in Poland or the Baltic states' reluctance to join the Conventional Forces in Europe (CFE) treaty. However, these concerns did not challenge the generally rather benign international environment in the Baltic Sea area.

The implications of the EU economic sanctions and Russia's new economic crisis were especially serious for the Kaliningrad region, which was heavily dependent on foreign trade.

But the situation changed radically with the start of the Ukrainian conflict, the timing of which coincided with an economic crisis in Russia provoked by the drastic drop of world oil prices. The BSR countries (including the Nordic states) accused Moscow of having aggressive plans not only in Ukraine but in the BSR as well. In response to their security concerns the US launched the European Reassurance Initiative (ERI) and the Readiness Action Plan, formally introduced at NATO's Summit in Wales in September 2014. It was no surprise that the US/NATO military build-up in East Europe, and particularly in the BSR, provoked a very negative reaction from Russia (see the section below on Moscow's military strategy in the region). The region's NATO member states were now, once again, perceived by the Russian strategists as an external source of security threats. In addition, the Kremlin's fears regarding Kaliningrad separatism revived. This is because the implications of the EU economic sanctions and Russia's new economic crisis were especially serious for the Kaliningrad region, which was heavily dependent on foreign trade. Moscow suspects the Baltic states, Poland and Germany of encouraging the separatist forces in the region and tries to tighten its control over the region.

As a result of these dramatic changes of perception, the 'alarmist' school re-emerged, while the 'optimist' one became rather marginal. The 'alarmists' believe that Kaliningrad should return to its status as Russia's military outpost in Europe so as to contain NATO and prevent its further eastward expansion. They insist on increasing Russia's military presence in Kaliningrad and the BSR at large in response to the

NATO military build-up (Kaleidoskop 2017; Kholodov 2015). In addition, the 'alarmists' call for the Russian federal and regional authorities to limit the 'subversive' activities of both Western cultural/education institutions and Russian NGOs funded by the West in Kaliningrad and other Russian north-western regions.

The neoliberals and globalists, critical of Putin's policies which led to the Ukrainian crisis and Russian–Western tensions, understand that it is impossible to return to the pre-crisis situation and think about the BSR as a potential bridge between Russia and Europe, at least for the time being (Sukhankin 2017). They suggest developing horizontal, network-type relations between Russian north-western regions (especially Kaliningrad), municipalities, and non-state actors to conserve the positive experiences obtained in the earlier period. The 'optimists' also suggest identifying those sectors of EU–Russian economic relations which are not affected by mutual sanctions. They also hope that the EU–Russia conflict will not last forever and that cooperation in the BSR will resume sooner or later.

The above threat perception dynamics were reflected in Russia's new military and national security doctrines in the post-Ukrainian era. For example, the 2014 Russian military doctrine highlights 'NATO's military build-up' and the bloc's expansion toward the Russian borders as being the main external dangers to Russia's security. Other threats mentioned in the document include the development and deployment of the US strategic missile defence systems, the implementation of the 'global strike' doctrine, plans to place weapons in space, deployment of high-precision conventional weapons systems as well as evolving forms of warfare such as, for example, information warfare (Putin 2014). Among other means of countering these threats the doctrine suggested close military–technical cooperation with Belarus within the Union State.

The doctrine also showed increased Russian interest in improving their own ability to use precision conventional weapons. For the first time, the concept of non-nuclear deterrence was introduced in the document. This is a reflection of the fact that most of the military threats that Russia faces now are of non-nuclear character and can be successfully met with conventional means. But the central question of when Moscow might feel compelled to use nuclear weapons seems unchanged from the position laid out in the previous military doctrine of 2010. In general, the 2014 military doctrine retained its defensive nature.

Among the domestic sources of danger, the doctrine identified internal threats as being activities aimed at destabilising the situation in the country, terrorist activities to harm the sovereignty and territorial integrity of Russia, fuelling inter-ethnic and

religious conflicts, as well as actions involving anti-Russian and antipatriotic propaganda (especially among young people). The 2014 doctrine differed from the previous one in treating internal threats to the country as military in nature. The 2010 strategy merely referred to 'attempts at violent change of the Russian Federation's constitutional order, undermining sovereignty, violation of unity and territorial integrity' (Medvedev 2010), while the 2014 document added 'the destabilisation of the domestic political and social situation in the nation' and even 'information-related activity aimed at influencing the population, primarily the country's young citizens, with the goal of undermining the historical, spiritual and patriotic traditions in the area of defending the Fatherland' (Putin 2014). Some Western experts believed that such a broad interpretation of internal threats may lead to perceptions of any political opposition as an activity requiring a military response (Global Security 2015).

The 2015 National Security Strategy (NSS-2015) on the one hand noted that Moscow was interested in cooperation with the EU and NATO as well as in shaping a collective security system in Europe. On the other hand, however, it accused the West of causing the Ukrainian crisis, of fomenting 'colour revolutions', destroying 'traditional Russian religious and moral values … creating seas of tension in the Eurasian region', and pursuing 'multifarious and interconnected' threats to Russian national security (Putin 2015). The NSS-2015 underlined that 'Russia's independent foreign and domestic policy' has been met with counteraction by the US and its allies, with the US 'seeking to maintain its dominance in world affairs'. It also declared that Russia has demonstrated the ability 'to protect the rights of compatriots abroad' (Putin 2015).

The doctrine got a hostile reaction from the Western expert community. According to one account, 'The 2015 NSS is a blueprint for Moscow's reestablishment of a militaristic, authoritarian state that gains it legitimacy through the blatant promotion internally of nationalism and fear of an imminent Western military threat. Confrontation with the West is now the order of the day as Russia seeks to reassert its "great power" dominion over the former states of the Soviet Union and divert domestic attention away from a declining economy' (Payne & Schneider 2016). Western analysts also fear that protecting the rights of Russian ethnic minorities abroad can include military invasion and territorial annexation, as, they believe, Moscow has demonstrated in Georgia and Ukraine. In other words, the NSS-2015 marked the culmination of a rather long process of deterioration of relations between Moscow and the West and of how the Russian security elite perceived security threats and challenges. On the other hand, Russia's 2015 national security doctrine signalled that Moscow was still open to cooperation with its Western and other foreign partners.

The 2016 Russian Foreign Policy Concept repeated the threat assessments of the two previous documents. The document did not identify the BSR as a separate region among Moscow's geographic priorities, preferring to include it in the Euro-Atlantic area. The Concept mentioned the Council of the Baltic Sea States (CBSS) **in passim** along with other regional and sub-regional institutions and programmes (Putin 2016). As compared to the military and national security doctrines, the 2016 foreign policy strategy was less alarmist and more cooperative in its spirit.

To sum up, the Russian debate on the BSR represents a mixture of different perceptions that range from cooperative to confrontational. Given the current crisis in Russia's relations with the West there is an obvious shift towards the confrontational way of thinking on the regional **problematique**.

RUSSIA'S POLITICAL STRATEGIES IN THE BSR

Russia's conflict with Ukraine has clearly further isolated Russia from the BSR's wider regional community. One of the most visibly negative repercussions was the cancellation, upon the insistence of the EU, of the CBSS summit (originally scheduled to take place in Turku in June 2014) – 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 remilitarisation 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'.

On the other hand, expectations of a 'Trump–Putin pact' never came to pass. Contrary to some Nordic and Baltic analysts' and politicians' fears, a great deal of continuity in the Trump administration's approach to the BSR can be observed, although some ups and downs have been seen in US–Nordic relations. As far as security is concerned, the Trump administration finally demonstrated that the US is fully committed to the region as a great power and as a NATO member. Although Trump's focus on proper defence spending within NATO diminishes the scope of the transatlantic relationship, and consequently its potential, it has not affected the BSR's cohesion or fragmentation. The Nordic countries have managed to redefine its foreign and security policy priorities in favour of Nordic cooperation (e.g. NORDEFCO) and the EU.

Amidst growing tensions between Russia and the West, Moscow has developed a number of political strategies in the BSR. First, the 'pragmatically cooperative' Finland and Iceland have been politically distinguished from the 'less friendly' Denmark, Norway and Sweden. For example, President Putin invited the Finnish President Sauli Niinistö and Icelandic President Guðni Thorlacius Jóhannesson to the 2017 International Arctic Forum in Arkhangelsk where they had informal negotiations aimed at improving bilateral relations.[1] Moscow accepted Niinistö's mediation in organising the Putin–Trump summit in Helsinki (16 July 2018). At the same time, the Kremlin portrays Denmark, Norway and Sweden as 'unconstructive' and being under the political influence of the US and/or EU. These arguments are implicitly designed to question the autonomy and therefore the independence/sovereignty of these countries.

Expectations of a 'Trump–Putin pact' never came to pass. Contrary to some Nordic and Baltic analysts' and politicians' fears, a great deal of continuity in the Trump administration's approach to the BSR can be observed.

Second, Moscow aims to utilise certain business groups' pro-Russian attitudes within the Nordic countries in order to weaken calls for tougher sanctions. Economic interdependence – a concept that European countries cherished for decades as an instrument of regional integration – is now exploited by Moscow in an attempt to prevent new European sanctions. Third, Russia is developing a soft power strategy in the BSR in hope of easing current tense relations with the Nordic countries and improving its image in the entire region. This strategy is not new: for example during its CBSS presidency (2012–2013) Moscow aspired to rhetorically present itself as an emerging soft power in the BSR, claiming that the country does not pose a security threat in or to the region as a whole (Ministry of Foreign Affairs of the Russian Federation 2012). It tried to cultivate the image of 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 the Russian foreign policy doctrine of 2013 (repeated in the 2016 foreign policy concept). Similar to other 'civilised countries', Russia highlights a reliance on soft power instruments (economics, cooperative diplomacy, and cultural cooperation) rather than hard power tools (military, economics, and coercive diplomacy) (Putin 2013).

In its policies toward the Nordic states Moscow actively uses its soft power arsenal which includes both governmental and non-governmental instruments – the former including **Rossotrudnichestvo** (Federal Agency for the CIS, Compatriots Abroad and International Humanitarian Cooperation) and the latter, **Russkiy Mir** (Russian World) Foundation, Gorchakov Foundation for Public Diplomacy, Andrei Pervozvanny Fund, International Foundation for Working with Diasporas Abroad 'Rossiyane', International Council of Russian Compatriots, Library 'Russian-language Literature Abroad' and International Association of Twin Cities.

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 utilising 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, the environment, societal matters, and culture (Sergunin & 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 favour of the Russian-centric Customs Union and then Eurasian Economic Union. Again, such an interpretation of soft power differs greatly from that originally introduced by Nye, which excluded economic leverage (Armitage & Nye 2007).

One more distinction is that Russia's version of soft power is rather instrumentalist and pragmatic (Makarychev & Sergunin 2013; Sergunin & 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, including the Nordic countries and the BSR at large.

RUSSIA'S ECONOMIC STRATEGIES IN THE BSR

Despite Russia's economic problems as a consequence of declining oil prices and the Western sanction regime in the wake of the Russian–Ukrainian conflict, there is considerable potential for the BSR 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) organisation, 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, constraining its ability to utilise the regional organisation. Instead, the BSR countries (including the Nordic ones) have placed a greater focus on energy efficiency, regional liquefied natural gas terminals and the interconnections between them, sustainable energy plans, liberalisation of energy markets, increased use of renewables, and the search for alternative transportation routes.

It appears that the Nordic states are not the key players in the BSR energy politics. 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 &

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 BSR countries are longing for energy independence from Russia rather than interdependency. Furthermore, Russia seeks to contribute toward diversification of its oil and gas exports by developing the southern routes in the Black Sea region, as well as by constructing the Nord Stream 2 – 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.

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 reorganisation 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 & Sergunin 2013).

It should be noted that the Nord Stream 2 project split the Nordic states. While Finland, Norway and Sweden, initially raising some environmental concerns, finally supported the project (Helsinki and Stockholm gave the Nord Stream 2 consortium their permission to construct the pipeline via their exclusive economic zones), Denmark strongly opposed the initiative both for environmental and political reasons. Copenhagen believes that looking from the perspective of the BSR, Nord Stream 2 poses a challenge in the energy domain, as it does not add to the central idea of a single integrated European market, based on regional and sub-regional components. At the same time, it is incompatible with the fundamental goal of the EU energy strategy – reducing dependence on imported energy. Nord Stream 2 should thus be seen in a negative light as an outright Russian attempt to block any real progress in establishing a functioning internal EU energy market, while ensuring its dominant

position in Europe's gas consumption (which currently stands at around 30%). Therefore, any developments of this project would be a substantial step backwards for European energy integration, which has been the key driving force behind regional energy integration for the BSR countries (Kojala 2016: 16–17).

In response to the Danish position, Moscow states that Copenhagen simply surrendered to pressure from both Brussels and Washington. The latter is especially unhappy about growing Russian shipments of natural gas and LNG to Europe. For example, the US State Department recently said that 'at a time when Russian gas comprises a growing proportion of Europe's energy imports, additional volumes of Russian gas will undercut Europe's energy diversification efforts' (Staalesen 2018). The US hopes to export its LNG to Europe, but it is still unable to compete with Russia, either in terms of volume of gas shipments or in terms of prices.

Transportation

Nordic–Russian efforts to develop pan-European transport corridors are an important priority for their bilateral cooperation. For example, the Northern Dimension Partnership on Transport and Logistics aims at developing the regional transport network. The so-called Northern Axis is one of the five trans-European transport axes defined by the High Level Group in 2005. The Northern axis connects the northern EU with Norway to the north and with Belarus, and Russia and beyond to the east, and consists of several road and rail corridors, which are directly linked to the TEN-T networks. Six of them involve Russia: (a) Narvik–Haparanda/Tornio–St. Petersburg; (b) Helsinki–St. Petersburg–Moscow; (c) Tallinn–St. Petersburg; (d) Ventspils–Riga–Moscow; (e) Kaliningrad–Vilnius; (f) Berlin–Warsaw–Minsk–Moscow (Northern Axis 2013). If completed, these projects will significantly facilitate the freedom of movement of goods and people in the region.

CROSS-BORDER COOPERATION

Since the 1990s cross-border cooperation (CBC) has been an important area for EU–Russia collaboration in the BSR. However, the crisis in Ukraine followed by mutual EU and Russian sanctions and the Russian economic crisis (caused mostly by the sharp fall in oil prices) and remilitarisation of the BSR had a very negative impact on the regional CBC. For example, investment risks rose for those European companies that planned to take part in CBC projects with Russia. The European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD), which were involved in financing EU–Russia CBC projects, had to cancel or seriously limit their activities in this field. The EU sanctions, which targeted several leading Russian banks, also complicated the participation of these financial institutions in CBC activities. In general, mutual mistrust and suspicion rapidly increased in EU–Russia relations, which resulted in the cancellation or delay of many cooperative efforts in border regions.

On the other hand, given tense relations between Brussels and Moscow, both the EU and Russian leaderships believed that shifting the focus of EU–Russian bilateral cooperation from the national to the regional and local levels would be an appropriate solution (EEAS-DG NEAR 2017: 6). Most EU–Russia CBC programmes in the BSR are executed in the framework of the European Neighbourhood Instrument (ENI) designed for the 2014–2020 period. There are six ENI CBC programmes related to the BSR.

The Baltic Sea Region programme covers eleven countries: eight EU member states and three partner countries. The EU member states taking part are: Denmark, Estonia, Finland, Germany (the **Länder** of Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Vorpommern, Schleswig-Holstein and Niedersachsen [Lüneburg

region]), Latvia, Lithuania, Poland and Sweden. Partner country participants are Belarus, Norway and Russia (St Petersburg, Arkhangelsk, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov and Vologda Regions, Republic of Karelia, Komi Republic and Nenetsky Autonomous District) (see Map 1).

Map 1: Baltic Sea Region CBC programme area, 2014–20

Source: Interreg Baltic Sea Region 2019.

The overall objective of the programme is to strengthen integrated territorial development and cooperation for a more innovative, better accessible and sustainable BSR. The programme's priorities include the development of innovation infrastructure, efficient management of natural resources, regional transport systems, maritime safety, environmentally friendly shipping and urban mobility (Interreg Baltic Sea Region 2019). Projects must involve at least three partners from three different countries within the programme area. Funds available for the programme come from the ERDF (EUR 263.8 million), ENI (EUR 8.8 million), Russia (EUR 4.4 million) and Norway (EUR 6.0 million) (ibid.)

The **South-East Finland–Russia CBC programme** involves three Finnish regions (Etelä-Karjala [South Karelia], Etelä Savo [South Savo] and Kymenlaakso) and two Russian regions (Leningrad and St Petersburg) as a core area. Its adjoining region includes Uusimaa, Päijät-Häme, Pohjois-Savo, North Karelia (Finland) and Republic of Karelia (Russia) (see Map 2). The programme's overall objective will be achieved

Map 2: South-East Finland–Russia CBC area, 2014–20

Source: South-East Finland-Russia CBC 2014–2020, 2015: 11.

through 'improved competitiveness, increased economic activity, a knowledge-based economy, skilled labour force, high-level cultural events and tourism, pure nature and waters, easy mobility, good transport corridors, and smooth and modern border crossing points' (South-East Finland–Russia CBC 2014–2020, 2018).

The programme's total funding is EUR 72.294 million, of which the EU will provide 50% and Finland and Russia the other half (divided between them on a 50–50 basis (South-East Finland-Russia CBC 2014–2020, 2015: 100).

The **Estonia–Russia programme** includes three Estonian (Kirde-Eesti, Lõuna-Eesti, Kesk-Eesti) and three Russian (Leningrad, Pskov and St Petersburg) regions as a core area. Põhja-Eesti (Estonia) belongs to the adjoining area (see Map 3).

Map 3: Estonia–Russia CBC programme area

Source: Estonia–Russia Cross-Border Cooperation Programme 2014–2020 2018: 8.

Similar to other ENI CBC programmes, this one has the following strategic objectives: (a) to promote economic and social development in regions on both sides of the common borders; (b) address common challenges in the environment, public health, safety and security; and (c) promotion of better conditions and modalities for the mobility of people, goods and capital (Estonia–Russia Cross-Border Cooperation Programme 2014–2020 2018: 13). The EU's financial contribution to the programme is EUR 16.808 million, while Estonia and Russia will contribute EUR 9.013 million and EUR 8.404 million respectively (Government of the Russian Federation, European Commission & Ministry of Finance of Estonia 2018: 2).

The **Latvia–Russia programme** for 2014–20 includes the Vidzeme and Latgale regions in Latvia and the Pskov region in Russia as a core area. The adjoining area includes the Pieriga and Zemgale regions of Latvia and the Leningrad Region in Russia (see Map 4).

Map 4: Latvia–Russia CBC programme area, 2014–20

Source: Latvia–Russia CBC Programme 2014–2020, 2017: 8.

The programme's strategic goal is to support joint efforts to address cross-border development challenges and promote sustainable use of the existing potential of the area across the border between Latvia and Russia (Latvia–Russia CBC programme 2014–2020 2017: 23). The EU contribution is EUR 16.055 million (EUR 17.554 million together with co-financing partners), while Latvia will contribute EUR 1.035 million and Russia will give EUR 7.938 million (EUR 8.743 million together with partners' co-financing) (ibid: 87).

The Lithuania–Russia programme 2014–20 includes Russia's Kaliningrad region and Lithuania's Klaipeda, Marijampole and Taurage counties as core regions. Alytus, Kaunas, Telsiai and Siauliai counties form Lithuania's adjoining regions (see Map 5).

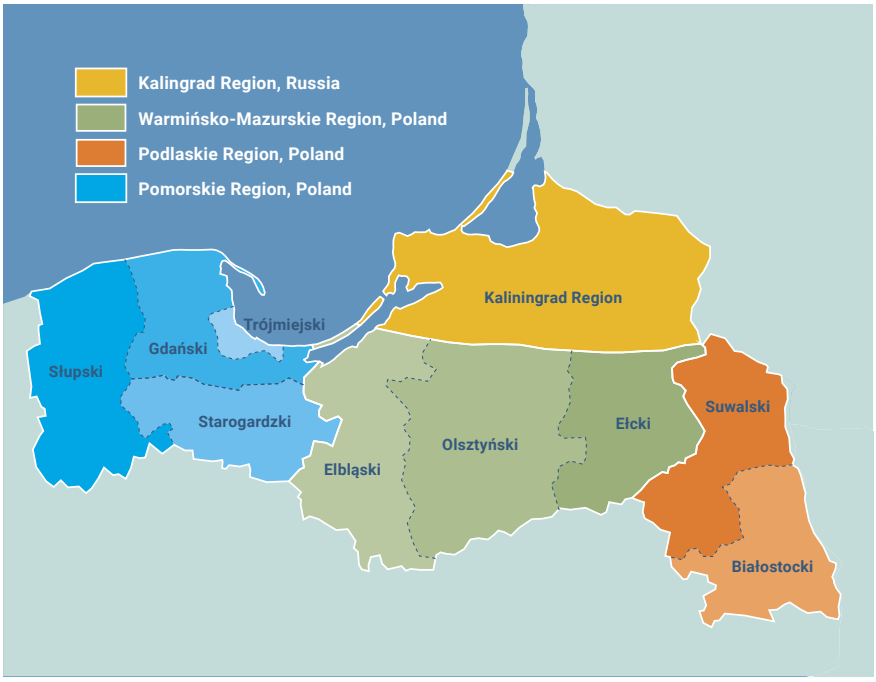
Map 5: Lithuania–Russia CBC programme area, 2014–20

Source: Lithuania–Russia CBC Programme 2014–2020, 2016: 6.

The programme's thematic objectives include: (a) the promotion of local culture and preservation of historical heritage; (b) promotion of social inclusion and the fight against poverty; (c) support for local and regional good governance; and (d) promotion of border management and border security, mobility and migration management (Lithuania–Russia CBC programme 2014–2020 2016: 4–5). The EU and Russia together with co-financing partners will contribute EUR 18.71 million and EUR 8.5 million respectively (ibid: 77–8).

The **Poland–Russia CBC programme** in 2014–20 covers Russia's Kaliningrad region and the following subregions of Poland: Gdański, Trójmiejski and Starogardzki (all in Pomorskie region); Elbląski, Olsztyński and Ełcki (all in Warmińsko-Mazurskie region); and Suwalski (in Podlaskie region). The subregions of Słupski (Pomorskie region) and Białostocki (Podlaskie region) form the adjoining region in Poland (see Map 6).

Map 6: Poland–Russia CBC programme area, 2014–20



Source: Poland–Russia CBC Programme 2014–2020, 2016: 7.

The programme's specific priorities include: (1) cooperating on historical, natural and cultural heritage for their preservation and cross-border development; (2) cooperation for a clean natural environment in the cross-border area; (3) accessible regions and sustainable cross-border transport and communication; and (4) joint actions for border efficiency and security (Poland–Russia CBC programme 2014–2020 2016: 11).

According to the indicative financial plan the total programme's co-financing amounts to EUR 68.012 million. The financial allocations of the EU are 41.645,86 million, while the Russian contribution to the programme is EUR 20.652,617 million and minimum co-financing is EUR 5.713,532 million (ibid: 112).

In general, EU–Russia CBC programmes provide a very effective instrument for the promotion of strategic cooperation between the partner countries, even in the post-2014 environment. Relations between some EU member states and Russian institutions in the transport, border management, environmental, healthcare, educational and cultural sectors seem to be very strong and there is great willingness to continue cooperation. These practical forms of cooperation appear to be strongly supported at high political levels both in the EU countries and in Russia, despite ongoing diplomatic tensions.

There are, however, a number of caveats regarding the role of CBC in developing strategic cooperation between the EU and Russia in the BSR. While relations between European and Russian national and subnational authorities seem to be strongly supported by past and present programmes, the same impact is not so evident in relations between Brussels and Moscow. There are many complex geopolitical factors that negatively affect EU–Russian relations, including in the CBC sphere. For this reason, CBC programmes probably have the greatest strategic value at the regional and local/municipal levels rather than at the top tier.

ENVIRONMENT PROTECTION

As mentioned in the previous section Russia shares numerous concerns about the environmental situation in the BSR. For example, Russia takes part in the Baltic Sea Action Plan, which is an ambitious programme aimed at restoring the ecological status of the Baltic marine environment by 2021. In addition, many actions and projects concerning water, wastewater, solid waste and energy efficiency with Russia are implemented in the framework of the Northern Dimension Environmental Partnership (NDEP). Under the NDEP a number of important projects have been implemented: St Petersburg South-West Wastewater Treatment Plant and ten suburban WWT plants; improvement of the Leningrad region, Gatchina, Kaliningrad, Novgorod, Petrozavodsk, Pskov, Sosnovy Bor and Tikhvin water and wastewater services; St. Petersburg northern sludge incinerator; St. Petersburg flood protection barrier; St. Petersburg Neva programme; Kaliningrad district heating rehabilitation; Petrozavodsk solid waste management etc. These projects were supported by the European Bank of Reconstruction and Development (EBRD), Nordic Investment Bank (NIB) and Nordic Environment Finance Corporation (NEFCO) (Northern Dimension Environmental Partnership 2013).

Together with Belarus, Russia also takes part in the comprehensive regional pollution risk assessment in the context of the EUSBSR flagship project 1.5.11 The Russian components of the EU–Russian shared environmental applicability of the Convention on assessment of environmental impact in the trans-boundary context (the Espoo Convention) to the Nord Stream projects and other similar initiatives have been carried out. Russia promised to ratify the Espoo and (similar) Aarhus conventions.

RUSSIA'S MILITARY STRATEGIES IN THE BSR

Despite the generally benign international atmosphere in the BSR in the 2000s, some security concerns lingered in the region even prior to the Ukrainian crisis. First of all, Moscow was unhappy with US plans to deploy components of a ballistic missile defence (BMD) system in the Baltic Sea Region's vicinity. In particular, the Kremlin was irritated by the 2011 deployment of several Patriot air defence batteries in northern Poland, just 100km away from Kaliningrad.

In his November 2010 state of the nation address, then president Dmitry Medvedev warned that if talks on missile defence fail within a decade, 'a new round of arms race will start'. He said Russia would 'have to adopt decisions on the deployment of new strategic weapons'. Prime Minister Vladimir Putin echoed his successor in December 2010, saying Russia would beef up and modernise its nuclear forces if it could not reach a deal with NATO on missile defence (Saradzhyan 2011). In December 2011 a new Voronezh-DM phased array VHF-band early warning missile defence radar station was made operational. In 2012, the battalion of the S-400 Triumph air defence missiles with a range of 450 km was deployed in the Kaliningrad region (Global Security 2012 and 2016; Majumdar 2016).

Russia was also unhappy with the Baltic states' reluctance to join the CFE Treaty although they had recently become NATO members. Since none of the NATO member states ratified the CFE agreement,[2] President Putin decided to suspend the treaty in 2007 and, subsequently, to abrogate it in 2015.

In June 2014 President Barack Obama announced the European Reassurance Initiative (ERI), which was established in the 2015 budget as a one-year, $1 billion emergency response to the Ukrainian crisis. ERI was intended to 'reassure allies of

the US commitment to their security and territorial integrity as members of the NATO Alliance'. It supported increased US investment across five categories: (1) presence; (2) training and exercises; (3) infrastructure; (4) pre-positioned equipment; and (5) building partner capacity (Cancian 2016).

To expand presence across the region the US began periodic rotations of armoured and airborne brigades to Poland and the Baltic states; the air force added additional F-15s to NATO's Baltic Air Policing mission (from four to sixteen aircraft in 2014-15); and the navy continuously cycled ships through the Black Sea. The US spent $250 million to improve bases in Europe. The US military enhanced existing equipment sets in Europe and began adding sets of training equipment in the Baltic states. It was stated that ERI would be a one-year effort, but the president's budget for the fiscal year 2016 requested $789 million for ERI, also in war funding. This ERI funding continued the forward deployments and exercises begun in the previous year. The initiative had increased in appropriation from a $1 billion operation to $3.4 billion by 2017. In May 2017, US President Donald Trump proposed adding another $1.4 billion (+ 40%) to the appropriation (Herszenhorn 2017). In 2017 NATO deployed four battle groups (battalion size) in the Baltic states with approximately 4500 servicemen. NATO also launched a number of military exercises in the Baltic Sea Region with the largest ones being the 2016 Anaconda (31,000 servicemen) and the annual Saber Strike (about 10,000 troops).

Western experts insist that ERI is not provocative in a military sense (Cancian 2016). The new measures are defensive in nature and demonstrate US preparedness to respond, not invade. The US is not moving forward any deep strike weapons that could attack the Russian homeland, they say. The Russian political and military leadership has a different opinion on the US/NATO military build-up in the BSR. For Russian strategists, the BSR (and especially Kaliningrad) matters because it represents an important component in Russian perimeter defence in the Western military theatre. In particular, the region forms part of a protective arc, spanning from the Arctic and Barents Sea via the Baltic Sea to Transnistria,[3] Crimea and the Black Sea. As some experts maintain, in the event of a conflict with NATO the BSR and Kaliningrad is key to the northern flank, particularly as Russia so far lacks bases in Belarus (except some air defence units) (Kaleidoskop 2017; Westerlund 2017).

Kaliningrad is home to the Russian Baltic fleet with an ice-free port in Baltiisk. The Kaliningrad-based early warning system is an important component of Russia's ballistic missile defence. An important shipbuilding enterprise 'Yantar' (Amber) is located in the region. In peacetime and during crisis, Kaliningrad provides a forward position for intelligence data collection and surveillance (Kaleidoskop 2017).

Moreover, it serves as a platform for strategic deterrence, coercion and containment. In the event of war, forces in Kaliningrad allow for forward air defence of the Russian mainland and for disabling threatening NATO infrastructure such as, for example, the US BMD site in Poland.

Additionally, the Russian armed forces in Kaliningrad deny NATO unrestricted use of the Baltic Sea area by disputing naval and air operations in the southern parts of the Baltic Sea as well as threatening access through the Baltic Straits and NATO ground forces operations with missile strikes. The BSR is primarily of military-strategic importance for Moscow, but political-economic interests are also significant. The Baltic Sea is an important transport route for Russia, primarily for cargo ships, but the air routes and the underwater pipelines and cables also matter. This demonstrates new missions for military power in the present-day world: now not only is the protection of geostrategic interests of international players important but also that of economic interests equally so.

With the start of the Ukrainian crisis and the growing tensions with NATO, Russia's available military assets in the BSR have continued to increase. In Kaliningrad, unit manning levels have improved, increasing the capability to exercise joint inter-service combat operations. Almost all Russian military units are now fully combat-capable by Russian Ministry of Defence (MoD) standards. By 2017 Russia's ground forces in Kaliningrad included three fully manned combat brigades – one elite naval infantry brigade and two motor rifle brigades. These mechanised infantry forces were backed up by an artillery brigade armed with as many as 54 large-calibre guns and the 152nd rocket brigade, which was initially armed with the tactical Tochka-U missiles (before the deployment of the **Iskander** missiles). Air power was provided by the 7054th Air Base – which hosted a variety of fighters, strike aircraft and helicopter gunships. The total complement was more than 10,000 troops (Areshev 2016; Majumdar 2016). According to Russian defence minister Sergei Shoigu, in order to respond to the NATO military build-up in the BSR, 20 new military units should be formed and deployed in 40 cantonments in the Western Military District, including Kaliningrad, by 2018 (Petrov 2017).

Along with the increase of force levels, more sophisticated weapon systems are being deployed in the region. The deployment of the P-800 **Oniks** anti-ship cruise missiles in August 2016 was followed in the same year by the deployment of an additional S-400 **Triumph** surface-to-air missile systems, **Iskander** missiles (that can destroy targets within a 500 km range) and **Buyan-M**-class corvettes carrying the **Kalibr** land attack cruise missile (Kaleidoskop 2017; RIA-Novosti 2018). Since the **Iskander**, **Kalibr** and **Oniks** missiles are all nuclear-weapon capable, Western

experts believe that these new capabilities strengthen Russia's strategic deterrence and offensive potential in the BSR (Westerlund 2017).

It should be noted, however, that along with the region's strategic importance, some of its parts, such as Kaliningrad, have also remained a liability for Russia. As some military analysts emphasise, the vulnerability of Kaliningrad is often overlooked by the West (Westerlund 2017). Becoming an exclave after the break-up of the Soviet Union, it was always difficult to defend. It is not large enough to provide operational depth for the forces deployed there and reinforcements need to cross two other countries. The number of advance routes for larger reinforcements is limited and the air and sea lanes would be unreliable in the event of an armed conflict. Thus, Kaliningrad is surrounded by NATO member states and it is becoming more exposed, due to the enhanced NATO and US forces presence in the Baltic states and Poland as a result of NATO's ERI and Readiness Action Plan initiatives. The so-called Suwałki gap[4] is as much a headache for Russian reinforcements to the region as it is for NATO reinforcements to the Baltic states.

Given the current situation, which is characterised by a lack of trust between Russia and NATO, further military build-up and actions to improve the force structure in Kaliningrad and other Russian north-western regions can be expected. In turn, this may trigger additional NATO deployments. The potential outcome of this renewed military confrontation is that we could face a classical security dilemma with regard to Kaliningrad and the BSR at large.

SUPPORTING MULTILATERAL DIPLOMACY IN THE BSR

It should be noted that, despite the growing tensions between Russia and the rest of the BSR countries in the context of the Ukrainian crisis, Moscow did not abandon multilateral diplomacy in the region. Along with the Nordic countries, Russia supported the CBSS Baltic 2030 Action Plan (June 2017) (The Council of the Baltic Sea States 2017a) which offers a framework to support macro-regional, national and sub-regional implementation of the sustainable development strategy for the BSR. The Baltic 2030 Action Plan includes six priority focus areas, representing a practical way to address the complexity of the 2030 Agenda in the BSR. The Focus Areas are deeply interconnected and reflect a holistic approach to achieving the UN Sustainable Development Goals (SDGs):

- Partnerships for sustainable development. Macro-regional, multi-stakeholder, inclusive partnerships are at the core of the Baltic 2030 Action Plan. According to this document, all stakeholders shall take responsibility for increasing regional cooperation and achieving sustainable development. Existing and new partnerships in the BSR should focus on exchange of knowledge and development of innovative, concrete and practical solutions to common challenges.
- Transition to a sustainable economy. Transnational cooperation is crucial for successful transition to a sustainable economy. This focus area includes several interconnected challenges: to increase energy efficiency and provide affordable clean energy, reduce waste, manage resources wisely, adopt sustainable consumption and production practices and lifestyles, create sustainable agricultural systems, reduce water pollution and protect ecosystems, ensure productive employment and decent work for all, promote research and innovation, and support 'silver', 'circular', 'blue' and 'green' economies. Interestingly, Moscow,

whom the Baltic states, Denmark and Poland often accuse of 'energy imperialism' has enthusiastically supported these initiatives.

- Climate action. Work on climate change should integrate both mitigation and adaptation, which requires enhanced regional cooperation. This focus area encompasses several related dimensions: emergency preparedness and disaster risk reduction management related to climate and weather risks, monitoring emerging health risks, food security risks, responding to stresses in regional ecosystems, and other challenges. The goal in this area is to mainstream climate change adaptation into all planning and sectoral development processes to strengthen the resilience of infrastructures and society and to support the implementation of the UN Sendai Framework for Disaster Risk Reduction in the region. Russia's support for climate change mitigation strategies is in striking contrast with Trump's stand on this issue and consonant with the Nordic countries' positions.

- Equality and social well-being for all. The BSR includes countries that are rated among the world's most equal – but also some of the world's most rapidly changing societies, moving in the direction of rising inequality. Gender equality and the rights of children are given special priority in this focus area. It also supports cooperation in the shared demographic challenges: ageing population, migration, economic and social inequalities, health-related challenges, social inclusion; and addressing crime and violence and acts of discrimination which people face in the BSR.

- Creating sustainable and resilient cities and communities. Populations, economic activities, social and cultural interactions, as well as environmental and humanitarian impacts, are increasingly concentrated in cities, and this poses massive sustainability challenges in terms of housing, infrastructure, basic services, food security, health, education, decent jobs, safety and natural resources, among others. At the same time, supporting positive economic, social and environmental links between urban, peri-urban and rural areas – by strengthening national, macro-regional, and sub-regional development planning – is crucial. Since 2013 Russia has been trying to introduce strategic planning principles to the urban sustainable development programmes. The Russian north-western municipalities draw heavily on the Nordic countries' experiences in this area by implementing the concepts of 'smart' or 'green' cities.

- Quality education and lifelong learning for all. Rapid social and technological changes bring the need to develop an approach to quality education and lifelong learning throughout the BSR. This focus area includes a special emphasis on

scientific literacy and research, STEM (science, technology, engineering and mathematics) education and innovation, which can support sustainable development from an economic, social, and cultural perspective. Professional associations such as, for example, the Baltic Sea Region University Network, where both Russia and the Nordic countries closely cooperate, are particularly useful in this regard.

The Baltic Agenda 2030 Action Plan represents not only a regional sustainable development strategy, but also provides a useful and firm link between a regional organisation and a global institution (UN). In other words, with the help of this action plan the CBSS is able to translate the UN global sustainability strategy to the regional one, which takes into account the local particularities, and better serves the BSR specific needs.

At their CBSS 25th anniversary meeting (Reykjavik, June 2017) the foreign ministers and high-level representatives highlighted further priorities for the Council's sustainability strategy (Council of the Baltic Sea States 2017b). They encouraged the CBSS to continue working actively to achieve tangible results within its three long-term priorities: regional identity; sustainable and prosperous region; and, safe and secure region. More specifically, they invited the CBSS to identify and launch new project activities, with a view to achieving concrete results within each of the following subject areas:

Sustainable development. The adoption of the 2030 Agenda for Sustainable Development and the 2015 Paris Agreement on Climate Change marked the beginning of a new era in global cooperation for sustainable development, although the US, one of the biggest polluters of the world, decided to withdraw from this agreement under the Trump administration. The CBSS plays an important role in delivering regional responses to the global challenges outlined in the 2030 Agenda, including through increased cooperation on mitigation and adaptation to climate change. As mentioned above, the CBSS responded to this UN initiative by adopting the Baltic 2030 Action Plan to meet the global SDGs at regional level.

Youth. The BSR countries believe their young are the future of the region. Learning about, and from, each other contributes to strengthening regional identity. In this context, the Baltic Sea Youth Dialogue is an instrument for building transnational trust and mutual understanding, in particular in challenging times, and should provide the basis for sustainable BSR youth cooperation in media, education, science and the labour market.

Human trafficking. The CBSS task force against trafficking in human beings has been operating successfully since 2006 and has earned international acclaim. The current global migration reality has led to a significant rise in the number of refugees and displaced persons in Europe who are at risk of being exploited by traffickers. Against this background, it is important that the task force continues its endeavours to prevent trafficking in human beings. Referring to the successful CBSS conference of 2017 on soft security and migration, the CBSS was encouraged by the foreign ministers to further promote cooperation on this topical issue among the BSR countries.

Child protection. The CBSS expert group on children at risk has been highlighting issues of regional concern since 2002, such as children in alternative care, promoting child-friendly justice, preventing trafficking and exploitation of children, as well as promoting the best interests of children in migration. Child protection issues are highlighted in the 2030 Agenda as an important priority of the societal security strategy. The CBSS expert group has extensive experience from its work on child protection and is in a strong position to follow up on the 2030 Agenda.

Civil protection. Since 2002 the CBSS Civil Protection Network has been developing activities to strengthen resilience to major emergencies and disasters in the region. Increases in the intensity and frequency of extreme weather conditions make it important to accelerate these efforts through enhanced cooperation at all levels of government and in line with the objectives of the UN Sendai Framework for Disaster Risk Reduction. Some experts believe that this dimension of the CBSS activities is the most important one and tend to equate the societal security concept with the ability to resist natural and technogenic catastrophes in the BSR (Wolanin 2017).

The CBSS' Swedish presidency 2017–2018 designed its programme in line with the Baltic Agenda 2030 Action Plan. The priorities of the presidency are sustainability, continuity and adaptability, which are all under the umbrella of Agenda 2030. Sweden considers it of importance to continue with work and projects that are successful in promoting the CBSS long-term strategies, addressing everything from human trafficking and organised crime to the quality of the Baltic Sea, climate change and migration (Council of the Baltic Sea States 2017c). It should be noted that Moscow fully supported the Swedish presidency's programme.

At the same anniversary meeting, the ministers invited the CBSS to appoint an independent group of advisors, including representatives from civil society. The task of the independent group would be to elaborate a report with recommendations for a vision for the BSR beyond 2020, and on the future role of the CBSS and the means

to expand its impact as a forum for political dialogue and practical cooperation in the region. The independent group presented its report and recommendations to the CBSS for consideration in June 2018. The group recommended to further use and strengthen the CBSS as a key platform for regional cooperation and communication as well as confirming three current long-term priorities (regional identity; sustainable and prosperous region and; safe and secure region) as strategic goals for the foreseeable future (Council of the Baltic Sea States 2018). Further reflections on implementation of the report with recommendations should take place during the Latvian CBSS Presidency (2018–2019) with a view to forming the basis for a decision on the issue at a political level.

CONCLUSIONS

Russia has important economic, societal, humanitarian, environmental and military-strategic interests in the BSR although this region is not of highest priority for Moscow's foreign policies. Over recent years the Kremlin's interest in the BSR has grown because of the implementation of the Nord Stream 2 project, the need to respond to the EUSBSR, the spillover effect of the Ukrainian crisis in the region and the serious change of US policy towards the BSR under the Trump administration.

So far Russia's BSR policies have turned out to be less assertive, as compared to other regions where Russian and Nordic/EU/US interests overlap such as Eastern Europe or South Caucasus. Russia's geoeconomic and geostrategic ambitions in the BSR are still rather high, supported – contrary to the 1990s and early 2000s – by political willingness and money.

From a theoretical point of view, the LIGA suggests a plausible explanation for why Moscow prefers a cooperative, non-confrontational policy line in the BSR. In terms of national preference formation, it should be noted that the Kremlin has a rather busy domestic agenda which demands priority over the international problems in the region. Russia's leadership realises that most of the threats and challenges to Russia originate from within rather than outside the country. These problems are rooted in a confluence of factors, including the degradation of Soviet-made economic, transport and social infrastructure in the Russian north-west, the current resource-oriented model of the Russian economy, and the lack of funds and managerial skills in Russia to properly develop this part of the country. It follows that Russia's current BSR strategy has more of an inward rather than outward-looking nature. It aims to solve existing domestic problems rather than focus on external expansion. Moreover,

in developing its north-western regions, Moscow seeks to demonstrate that it is open for international cooperation and to foreign investment and know-how.

It should be noted that Russia's national preferences result in a quite pragmatic international strategy which aims at using the BSR cooperative programmes and regional institutions first and foremost for solving Russia's specific problems rather than addressing abstract challenges. Russia's pragmatism should be taken into account by other regional players and should not be misinterpreted by them. Currently, there is no Russian 'hidden agenda' in the BSR. Moscow insists that its strategy in the region is predictable and constructive, rather than aggressive or improvised. The Kremlin is quite clear about its intentions in the region saying that Russia does not want to be a revisionist power or a troublemaker in the BSR. To achieve its national goals in the region, Russia will use peaceful diplomatic, economic and cultural means, and act through international organisations and forums, rather than unilaterally.

To sum up, Russia's strategy towards the BSR in general represents a mixture of different approaches, not always consistent with each other. On the one hand, despite its ambition to be maximally specific, Russia's policies in the region exhibit a number of evident lacunae. Moscow failed to use regional multilateral institutions (including the CBSS) to promote its interests in the BSR, improve bilateral relations with the BSR states and overcome differences in understanding of key concepts of partnership. Without offering a regional way out of the deadlock created by the Russian–Western tensions because of the Ukrainian crisis, Russia instead locked its BSR policy either in controversies over energy politics, human rights, remilitarisation of the region or differently interpreted concepts (e.g. modernisation, public-private partnership, energy interdependence and security, soft power).

To put it differently, the Kremlin was unable to use regional multilateral institutions to effectively build its political and institutional capacities in the BSR. It is the lack of a normative appeal that seriously undermines Russia's strategy in the BSR, as well as in other regions of direct neighbourhood. Moscow was unable to strike a balance between multilateral (CBSS) and bilateral diplomacy. The Kremlin obviously has communication problems in its relations with major BSR actors because it was unable to clearly explain its priorities to them and take a lead in implementing the most important projects.

On the other hand, many voices in the BSR countries argue that further regional development cannot be successful without Russia, and that there should be an effective interface between the EUSBSR and Russia that is lacking for the time being.

Despite its failure to use BSR institutions for the promotion of its interests in the region, Russia is not completely disappointed with multilateral diplomacy and institutions. As Moscow's support for the CBSS Baltic 2030 Action Plan demonstrates, Russia is ready to contribute to the regional cooperative process in a constructive way.

The Kremlin understands that the success of Russia's Baltic strategy to a larger extent depends on the efficacy of socio-economic policies in its north-western regions. The Russian leadership seems to understand the need for a deeper engagement of sub-national actors (regional and local governments), yet Moscow is still wary of separatism (e.g. Kaliningrad) 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 the 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 bilaterally 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 socio-economic and environmental problems in Russian border regions. Despite the 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 to the Western understanding of this concept, with a large emphasis on promoting the ideas of the 'Russian world' and nation-state-based policy arrangements – rather than EU-like post-sovereign/post-national ones.

At the same time, given the current tensions between Russia and the West, Moscow has increased its military presence and assets in the region to deter and contain NATO. In response to the NATO build-up in the BSR, the Kremlin has not only increased the force level but has also provided Russian troops with more sophisticated weapon systems. This may lead to additional NATO deployments and finally degenerate into a Cold War-type arms race and military confrontation in the region.

In other words, Russia's policy in the BSR looks like a compromise between, on the one hand, pressures towards securitization, classical security dilemma, traditional geopolitics and, on the other hand, some cooperative (LIGA-type) incentives. The outcome of the clash between these antagonisms remains to be seen.

An intensive, multilevel and open dialogue between the main BSR players is needed to restore trust between them and unravel numerous regional puzzles. A chance to make the BSR a platform for cooperation rather than confrontation is still available.

NOTES

1 In 2019, however, not only the Finnish and Icelandic leaders but also the Norwegian and Swedish prime ministers were invited to this forum.

2 The 1999 adapted CFE Treaty was ratified only by Belarus, Kazakhstan, Russia and Ukraine.

3 Moldova's breakaway pro-Russian region sandwiched between Moldova and Ukraine.

4 A 100 km land corridor of Polish and Lithuanian territory between Belarus and Kaliningrad.

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