


THE ECONOMY OF RUSSIAN BALTIC REGIONS: DEVELOPMENT LEVEL AND DYNAMICS, STRUCTURE AND INTERNATIONAL TRADE PARTNERS

G. M. Fedorov 

Immanuel Kant Baltic Federal University
14, A. Nevskogo St., Kaliningrad, 236016, Russia

Received 15.07.2022
doi: 10.5922/2079-8555-2022-4-2
© Fedorov, G. M., 2022

The article explores the challenges encountered during the formation of the Baltic macro-region comprising Russia and eight EU countries (Germany, Poland, Sweden, Denmark, Finland, Lithuania, Latvia and Estonia) in the context of the ongoing geopolitical and geo-economic changes. The article aims to assess the dynamics, level, structure and pace of economic development of three Russian regions located on the Baltic Sea (St. Petersburg, Leningrad and Kaliningrad regions) and analyse the intensity of their trade relations with countries of the macro-region. Russian Baltic regions have higher development rates compared to the national average. However, they experience difficulties in their economic development resulting from negative external factors. The article describes possible ways of overcoming these difficulties by improving the sectoral structure of the economy and diversifying international ties. In this context, the development of inter-regional cooperation and the formation of a spatially distributed territorial socio-economic system, including the three Russian Baltic regions, will be particularly beneficial. The period covered by the article is 1996–2021, with a special focus on 2014–2021. The study is based on the economic and statistical analysis of official data of Rosstat and the Federal Customs Service on the sectoral structure and dynamics of the gross regional product (GRP), volume and changes in foreign trade, and its commodity and geographical structure.

Keywords:

Baltic macroregion, Russia, St. Petersburg, Leningrad region, Kaliningrad region, economic capacity, international trade turnover, economic development

Introduction

We understand the Baltic regions of Russia as Russia's constituents located on the coast of the Baltic Sea. These are the federal city of St. Petersburg, the Leningrad and Kaliningrad regions. Their development is closely connected with the blue economy: maritime transport, fishing and fish processing, coastal tourism and recreation, shipbuilding and other regional industries exporting goods by sea or using seaborne raw materials and semi-finished products. The three study regions performed these functions in the Soviet period as well.

To cite this article: Fedorov, G. M. 2022, The economy of Russian Baltic regions: development level and dynamics, structure and international trade partners, *Balt. Reg.*, Vol. 14, no 4, p. 20–38. doi: 10.5922/2079-8555-2022-4-2.

Although the fishing industry lost some of its importance after the collapse of the Soviet Union, other maritime industries are becoming ever more important. Economic cooperation with the former Baltic Soviet republics dwindled, whilst economic ties with the other countries of the Baltic macro-region (or the Baltic Sea region) — Germany, Poland, Sweden, Denmark and Finland — grew stronger. A range of publications by Russian and international authors [1–14] looks at the dynamics, possibilities and prospects of the formation of a Baltic macro-region as a cohesive socio-economic whole.

The deterioration of relations between Russia and Western Europe has provoked a surge of publications examining the conflict dynamics of the region. The sanctions policy of Western countries against Russia has caused trade between Russia's Baltic regions and the other states of the Baltic macro-region to drop; mutual ties have lost their significance, and cooperation has declined. Both Russian and international publications on a unified Baltic macro-region have become less optimistic [15–26].

Russian researchers stress that the attitudes of Western partners to strengthening mutual relations have become less favourable than before [16; 17; 22; 23], which can be clearly seen in the EU Strategy for the Baltic Sea Region [15; 24]. The term 'cool war' has found its way into scholarly use.

International authors have shifted the focus to security problems when investigating Russia's relations with the other countries of the region [19–21; 25], often emphasising possible conflicts that may arise from Kaliningrad's exclave position [26].

This study aims to explore the level, structure and dynamics of the economy of Russia's three Baltic regions and their international trade relations in 1990–2021. Possible solutions are proposed to the problems caused by external factors.

Methodology

The study spans the period from 1996 to 2021, with a focus on the last eight years. It uses official statistics from Rosstat and Russia's Federal Customs Service. The data were processed using customary statistical methods (typological and cross-classification, graph analytics, cluster and correlational analysis). Promising areas of economic cooperation between Russia and the other Baltic region states are taken into account, as seen in my earlier works and those of other Russian and international experts.

Economic development: current level and rates

The three Baltic regions play a special role in Russia (Table 1). Their coastal and border position, on the one hand, and Russia's involvement in the global economy, on the other, have made them 'international development corridors' [27]. They account for a significant portion of Russia's international trade, and their economies are included in international value chains. All this causes them

to outstrip most Russian regions in terms of social and economic development. A positive net migration rate provides for a population increase in the territories: the average annual net migration per 10,000 population in 2014–2020 was 15 throughout Russia, 63 in St. Petersburg, 156 in the Leningrad region and 96 in the Kaliningrad region¹. The population of Russia's Baltic regions increased by 8, 13 and 6 %, respectively, from the end of 2014 to 1 October 2021 (the data of the national census).²

Table 1

Overview of Russia's Baltic regions

| Indicator | St. Petersburg | Leningrad region | Kaliningrad region |
|---|----------------|------------------|--------------------|
| Area, 1,000 km ² | 1.4 | 83.9 | 15.1 |
| Population, 1,000 people (as of 01.10.2021) | 5602 | 2001 | 1030 |
| The region as % of the total national: | | | |
| area | 0.008 | 0.490 | 0.088 |
| population, 01.10.2021 | 3.81 | 1.36 | 0.70 |
| GRP, 2019 | 5.40 | 1.29 | 0.55 |
| international trade, 2020 | 7.52 | 1.58 | 1.50 |

Prepared based on data from: Preliminary results of the 2021 National Census (as of date of the census: 01.10.2021), *RG.RU*, URL: <https://rg.ru/2022/05/30/predvaritelnye-itogi-vserossijskoj-perepisi-naseleniia.html> (accessed 01.06.2022); Russian regions. Socio-economic indicators. 2021, 2021, Moscow: Rosstat, 1112.

The Kaliningrad region stands out amongst the three regions in terms of economic and geographic development conditions. Its exclave position and territorial isolation from mainland Russia make its economy particularly sensitive to external influences. The region's development slows down under unfavourable external conditions, whilst, in more prosperous years, it occurs at a faster rate than throughout the country [17].

In the 1990s, the GRP of the Kaliningrad region fell more dramatically than that of the two other study territories. In 1997, its GRP per capita dropped to 57 % of the national average (Fig. 1); in 1999, industrial production in the region was only 17 % of the 1991 level, compared to 52.5 % across the country, 25 % in the Leningrad region and 59 % in the Leningrad region.³ But, in 1997–2000, GRP

¹ Calculated based on data from: Net migration per 10,000 people, 2022, *EMISS*, URL: <https://www.fedstat.ru/indicator/43017> (accessed 11.05.2022).

² Calculated based on data from: Preliminary results of the 2021 National Census (as of the date of the census: 01.10.2021), *RG.RU*, URL: <https://rg.ru/2022/05/30/predvaritelnye-itogi-vserossijskoj-perepisi-naseleniia.html> (accessed 01.06.2022); Russian regions. Socio-economic indicators. 2021, 2021, Moscow: Rosstat, 1112.

³ Calculated based in average annual chain indices, using data from: Industrial production index, 2022, *EMISS*, URL: <https://fedstat.ru/indicator/43045> (accessed 11.07.2022).

per capita was increasing more rapidly in the Kaliningrad region than in the other two territories, albeit remaining slightly below the national average (in the Leningrad region, it was 3 % and, in St. Petersburg, 52 % above the average Russian values). In 2000, St. Petersburg ranked 19th amongst Russia's regions in terms of GRP per capita; the Leningrad region, 28th; Kaliningrad, 45th. In 2020, they ranked 10th, 17th and 29th respectively, whilst the top nine regions were Moscow (7th) and the eight northern regions with extractive economies.

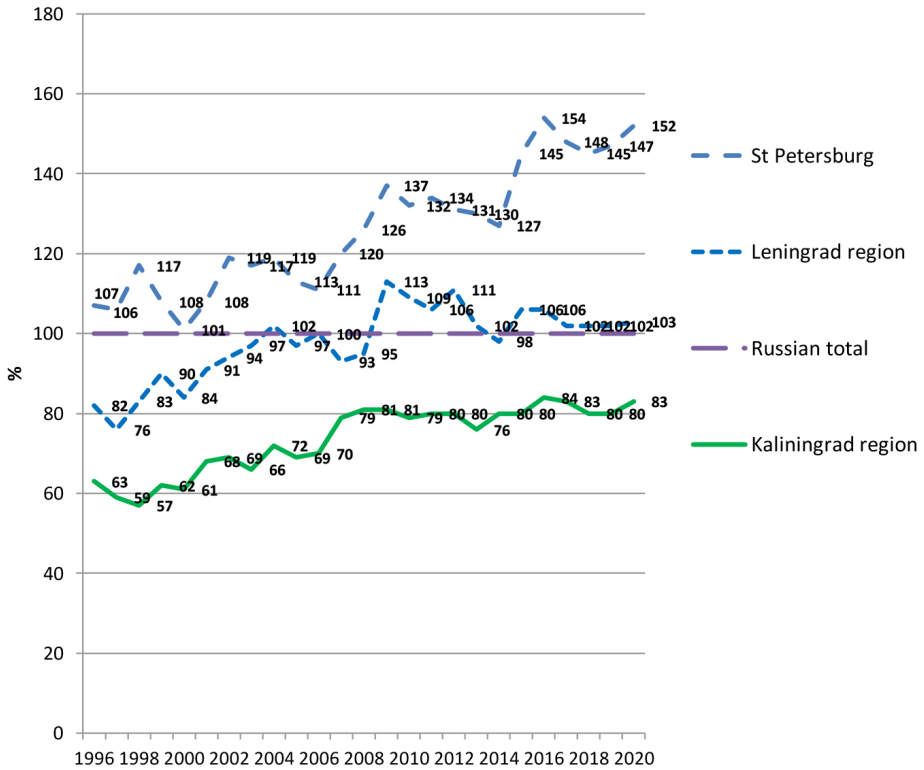


Fig. 1. GRP per capita of Russia's Baltic region, % of the national average (national total = 100 %) in 1996–2020

Prepared based on data from: GRP per capita, 2022, *EMISS*, URL: <https://www.fedstat.ru/indicator/42928> (accessed 01.06.2022).

Structure of the economy

The Kaliningrad region is the closest to the national average in terms of the general structure of the economy: market services prevail there over manufacturing⁴ (Fig. 2, Table 2).

⁴ Table 1 shows the division of businesses into the production of goods, market and non-market services.

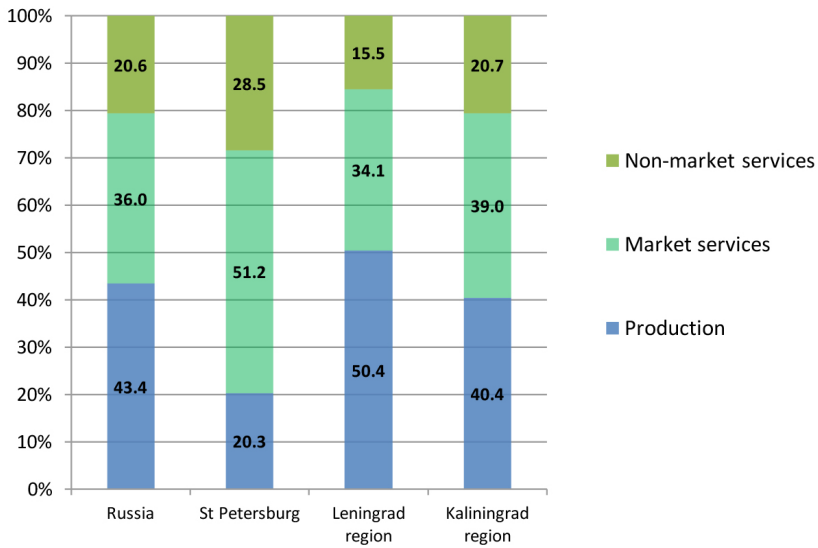


Fig. 2. Overview of the GRP of Russia and its Baltic regions, %, 2019

Prepared based on data from: Gross regional product at base prices (OKVED 2), 2022, *EMISS*, URL: <https://fedstat.ru/indicator/59448> (accessed 11.06.2022).

Table 2

Types of businesses, as divided into production, market and non-market services

| Code | Type of business |
|--|--|
| <i>Production of goods</i> | |
| A | Agriculture, forestry, hunting, fishing and fish farming |
| B | Mineral extraction |
| C | Manufacturing |
| D | Electricity, gas and steam supply; air conditioning |
| E | Water supply, wastewater disposal, waste management, pollution abatement |
| F | Construction |
| <i>Production of market services</i> | |
| G | Wholesale and retail; repair of motor vehicles and motorbikes |
| H | Transport and storage |
| I | Hospitality |
| J | Information and communications |
| K | Finance and insurance |
| L | Real estate |
| <i>Production of non-market services</i> | |
| M | Expert services, research and technology |
| N | Administration and related services |
| O | Public administration, military security and social security |
| P | Education |
| Q | Health and social services |
| R | Culture, sports, recreation and entertainment |
| S | Other services |

In the Leningrad region, manufacturing accounts for a greater proportion of GDP than services, particularly non-market ones. In St. Petersburg, market and non-market services have a more visible role than production.

St. Petersburg, home to municipal and regional authorities, and the Leningrad region comprise a single territorial system. Many of its residents commute to the city, which is second in Russia only to Moscow in terms of population and socio-economic capacity; others travel there regularly for cultural and everyday purposes. St. Petersburg's infrastructure also services the contiguous part of the Leningrad region.

The contribution to GRP of all businesses involved in production (including manufacturing) is smaller in St. Petersburg than across the country (Fig. 3). Its whole area is urban, and agriculture and mineral extraction account for an insignificant part of its GRP. Yet, the city can hardly be considered industrially underdeveloped: it markedly outperforms an average region in production output per capita across all industries, except mineral extraction, i.e. those coded as C, D, and E (Table 2)

In the Leningrad and Kaliningrad regions, the contribution of production to GRP is above the national average for all industries, once again except mineral extraction (28.8% and 20.7% respectively, compared to 16.9% across the country). Production output per capita is also above the national average in the same groups of industries as in St. Petersburg. In the Leningrad region, the contribution of manufacturing to GRP is 1.75 times the national average (2019).⁵

The Leningrad region's proximity to St. Petersburg and the considerable degree of urbanisation of the Kaliningrad region, as well as its technology-based agriculture, explain why these non-black earth territories have a higher percentage of agriculture in GRP than an average Russian region.

St. Petersburg has a more substantial contribution to GRP of all activities falling under the umbrella term 'market services' than an average Russian region. It only lags behind the Leningrad region in transport and storage. In the city, the production of market services per capita is also well above the national average (by a factor of 1.5–3, depending on the industry). Both the Leningrad and Kaliningrad regions outperform an average Russian territory only in transport and storage (the Leningrad region far outstrips St. Petersburg in this respect; in the Kaliningrad region, the values are close to the national average). These results are mainly explained by well-developed sea transport handling import and export cargoes in the three regions. In the Kaliningrad region, the proportion of real estate services is also above the national average, albeit twice as low as in St. Petersburg.

The social sphere is thriving in St. Petersburg. In the city, the proportion of non-market services is below the national average only in public administration, whilst production of services per capita is above that for all types of economic activity. A major centre for R&D, St. Petersburg stands out from other regions in terms of expert services, research and technology.

⁵ Calculated by the author based on data from: Gross region product at base prices (OKVED 2), 2022, *EMISS*, URL: <https://fedstat.ru/indicator/59448> (accessed 19.06.2022); Russian regions. Socio-economic indicators. 2021, 2021, Moscow: Rosstat, 1112.

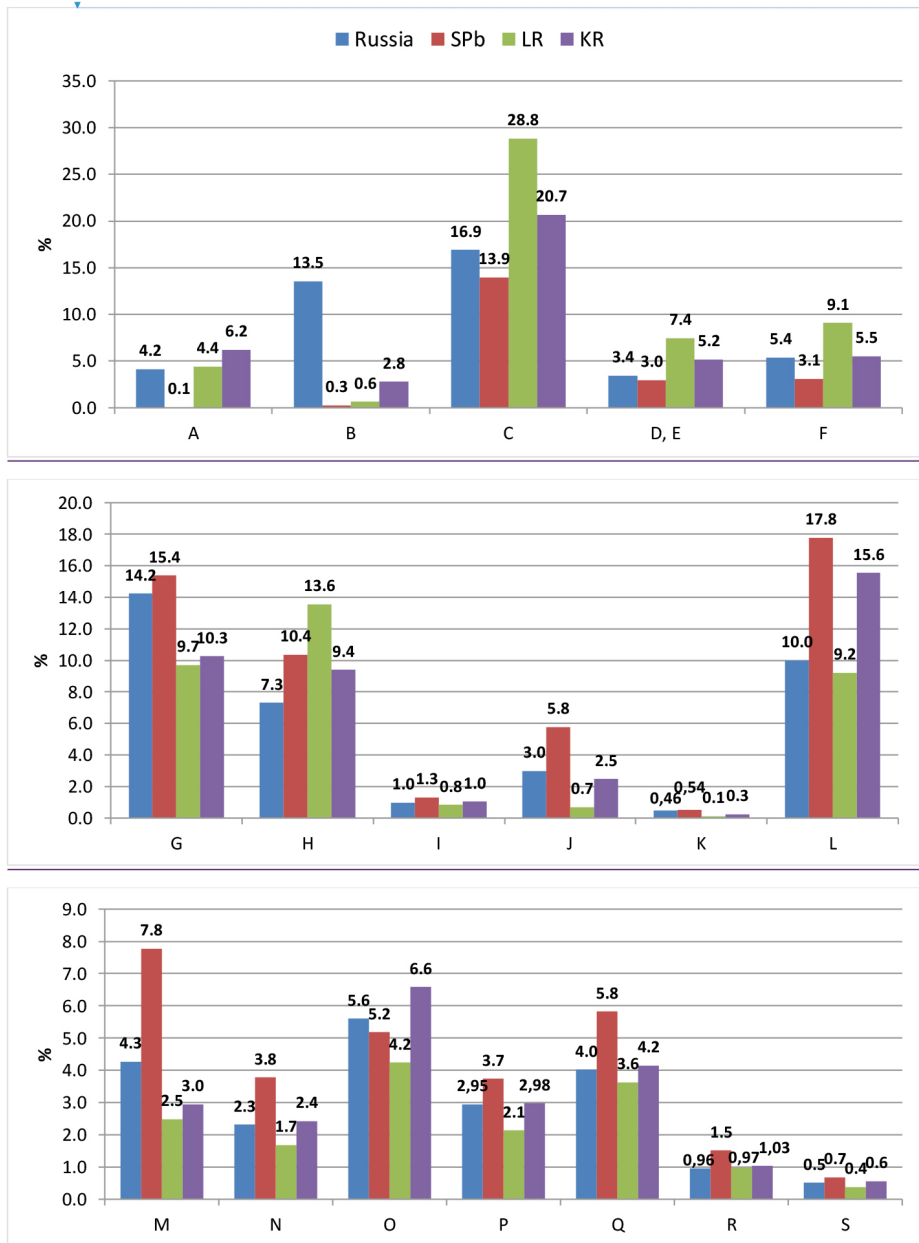


Fig. 3. Contribution of industries to GRP (see the codes in Table 2; SPb stands for St. Petersburg; LR, Leningrad region; KR, Kaliningrad region), 2019, %

Prepared based on data from: *Gross regional product at base prices (OKVED 2), 2022, EMISS*, URL: <https://fedstat.ru/indicator/59448> (accessed 11.06.2022).

In the Leningrad region, on the contrary, all non-market services, except culture, account for lower proportions of GRP than in an average Russian region;

the same holds true for service production per capita. Culture is the exception here because of the large number of historical and cultural sites in the suburbs of St. Petersburg.

In the Kaliningrad region, the contribution to GRP of only expert services, research and technology is below the national average. The service output per capita, however, is below that across all the economic activities.

Let us consider the structure of manufacturing, where Russia's Baltic regions outperform their counterparts in the contribution to GRP, the proportion of the working population and production per capita. The sectoral composition of manufacturing is similar in the three regions, reflecting the commonality of development factors, such as the coastal economic and geographical position and a high proportion of the regions' territories involved in the economy.

Mechanical engineering — the production of metal products, machinery and equipment, instruments and vehicles — plays an essential role in all the study regions. Machine-building employs 6.4% of the working population in St. Petersburg; 5% in the Leningrad region; 3.9% in the Kaliningrad region. The latter value is below the national average of 4.6%. Nevertheless, Kaliningrad, like the other two study regions, outperforms an average Russian territory as regards the production of vehicles (cars and ships)⁶.

Food production ranks second in the number of the employed in the industry. Such businesses rely on seaborne imports for raw materials. Food and beverage production employs 2.0% of the working population in St. Petersburg, 2.4% in the Leningrad region and 4.4% in the Kaliningrad region, compared to 2.7% across the country.

The forestry-related industries (pulp and paper, furniture, etc.), which mostly use timber as raw material, rank third in this respect. They account for 1.3% of those employed in St. Petersburg, 2.9% in the Leningrad region and 2.0% in the Kaliningrad region, compared to the national average of 1.5%.

The fourth-ranking industry is textile and leather production. In St. Petersburg, it employs 1.0% of the working population; in the Leningrad region, 1.8%; in the Kaliningrad region, 0.8% (which is exactly the national average).

The other manufacturing industries account for 3.6% of those employed in St. Petersburg; 5.3%, in the Leningrad region; 3.3%, in the Kaliningrad region (the national average is 4.4%).

The development of the manufacturing industries of the three regions heavily depends on external factors. Despite the restrictive pressure from Western countries, St. Petersburg and the Leningrad region, as well as the country as a whole,

⁶ Average annual employment numbers since 2017, 2022, *EMISS*, URL: <https://www.fedstat.ru/indicator/58994> (accessed 22.06.2022).

managed to achieve growth in production between 2014 and 2021. In the Kaliningrad region, which experienced the greatest external pressure, the industrial sector dwindled by only 4 % and manufacturing by 3 %.

The situation became less favourable in 2022: production has been declining in the three regions since March. From January to July 2022, only St. Petersburg showed a slight increase, year-on-year. In the Leningrad region, industrial production dipped by 0.2 %; manufacturing, by 1.1 %.⁷ In the Kaliningrad region, the decline in production was much deeper: by 15.7 % and 18 %⁸ respectively. Its import-substituting manufacturing was affected by a reduction in the imports of raw materials and semi-finished goods.

Particularly severe difficulties arose in the motor vehicle assembly industry, which manufactures the final product from components produced abroad, with very little value added created at Russian facilities. In 2021, the production of motor vehicles was 93 % of that in 2014 in the Kaliningrad region; 58 %, in the Leningrad region. In the first seven months of 2022, it was only 15 and 31 %, year-on-year, respectively.

In the Kaliningrad region, motor vehicle production increased by 20 % between 2015 and 2021. Yet, in the first seven months of 2022, it fell to 42 % of the values obtained for the first seven months of 2021.

There are several possible solutions to the problems faced by the automotive industry in Russia's Baltic regions. The first one is switching to the supply of components from states standing aside from the restrictive measures against Russia. The second way is to refocus towards the development of electric transport in line with the Concept approved by the Russian government in 2021⁹. The third way is to include assembly plants in value-added chains to ensure the production of Russian vehicles.

The production of furniture, pulp, paper and paperboard declined in the three regions between 2014 and July 2022. Here, it is essential to shift from the export of timber, which is included in the lists of restricted goods, to the processing of raw material by domestic enterprises, whose capacities should be increased (for example, in the Soviet period, four pulp and paper mills and a paper mill now closed, successfully operated in the Kaliningrad region).

⁷ Here and below, calculated based on data from: Production index (current data) (OKVED2). URL: <https://www.fedstat.ru/indicator/57806> (accessed 09.09.2022).

⁸ In Russia (since part of production is domestic vehicle production), motor vehicle production in 2021 was 83 % of the 2014 level. In the first seven months of 2022, it was 53 % compared to the same period, year-on-year.

⁹ 2030 Concept for Developing the Production and Use of Electric Road Transport in the Russian Federation: government order of 23 August 2021 No. 2290-r, 2021, *Government of Russia*, URL: <http://static.government.ru/media/files/bW9wGZ2rDs3BkeZHf7Zsaxn-lbJzQbJt.pdf> (accessed 22.08.2022).

At the same time, the production of chemicals and chemical products, rubber and plastic products, other non-metallic mineral products, etc., has increased in all the three regions.

Depending on the region, a number of industries may experience a decline, an increase or stabilisation of production. For example, in St. Petersburg and the Leningrad region, the output of food products had increased by July 2022, compared to 2014 (it remained the same in Kaliningrad). At the same time, production declined in the dairy industry and fruit and vegetable processing in the Kaliningrad region, as well as in the meat and fish industry in St. Petersburg. In such cases, the cause often lies in plummeting exports. Measures are required to increase the domestic production of respective agricultural products (or to ensure supplies from other Russian regions, as well as from countries that have not joined the restrictive measures against Russia).

The ongoing shifts in external economic relations and the sectoral restructuring of production should solve the problems of economic development in a changed and still changing environment. A certain similarity in the economic structure of the three regions suggests the possibility of close cooperation between the Kaliningrad and Leningrad regions and St. Petersburg in rising up to the new challenges. The need for such cooperation, as well as for the transformation of Kaliningrad into an outpost of St. Petersburg to boost the development of the former, was stressed by the prominent economist Vladislav Ivchenko as early as the beginning of the 1990s [28].

The formation of value-added chains involving economic entities of the three regions, as well as the creation of distributed sectoral and inter-sectoral clusters of manufacturing industries (in shipbuilding, car manufacturing, instrument making, furniture production and fishing), seems to be a promising option. This also holds for tourism and recreation (including the launch of tourist cruises with calls to St. Petersburg and Kaliningrad), maritime and air transport.

International trade

Between 2000 and 2015, the role of the three regions in Russia's international trade was constantly rising, reflecting the growth in bilateral trade between Russia and the EU, as well as the increasing role of maritime transport in servicing international economic ties. The contribution of the three regions to the country's international trade grew from 6.5 to 11.4% (Fig. 4). Yet, between 2015 and 2021, as sanctions imposed by the West were becoming more sweeping and Russia was turning economically towards the east, this percentage reduced to 10.1%.

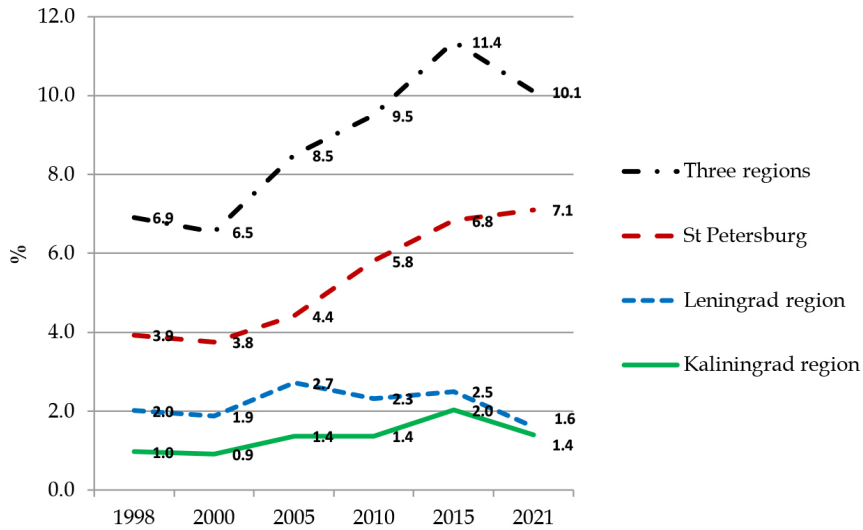


Fig. 4. Contribution of the Baltic regions to Russia's international trade (in value terms), %, 1998—2020

Prepared based on data from: Russian regions. Socio-economic indicators. 2002, 2002, Moscow, Goskomstat of Russia. 863.; Russian regions. Socio-economic indicators. 2006, 2007, Moscow: Rosstat, 2007. 981.; Russian regions. Socio-economic indicators. 2021, 2021, Moscow: Rosstat, 1112.; International Trade of the Kaliningrad Region, 2022, *Kaliningrad Regional Customs Service*. URL: <https://koblt.customs.gov.ru/statistic/vneshnyaya-torgovlya-kaliningradskoj-oblasti> (accessed 15.06.2022); International Trade of Russia's Northwestern Regions, 2022, *Northwestern Customs Service*. URL: <https://sztu.customs.gov.ru/folder/147129> (accessed 15.06.2022); On international trade in 2021, 2021, *Rosstat*, URL: https://rosstat.gov.ru/storage/mediabank/26_23-02-2022.html (accessed 29.07.2022).

The countries of the Baltic macro-region, which accounted for a substantial proportion of the international trade of Russia's Baltic territories (Table 3), are now playing a less prominent role in both exports and imports. Between 2014 and 2021, their importance as trading partners of St. Petersburg and the Kaliningrad region significantly decreased, whilst their proportion in the international trade of the Leningrad region rose slightly, with their contribution to exports increasing and imports declining. Overall, the share of the countries of the Baltic macro-region in the international trade of the three study regions fell from 26.5 to 17.6 % (from 28.9 to 19.8 % for exports and from 20.6 to 15.4 % for imports¹⁰). At the same time, Germany, the three territories' principal trade partner in the Baltic macro-region, accounted for 6.6 % of their international trade in 2021, compared to 9.4 % in 2014.

¹⁰ International trade of the Kaliningrad region, 2022, *Kaliningrad Regional Customs Service*. URL: <https://koblt.customs.gov.ru/statistic/vneshnyaya-torgovlya-kaliningradskoj-oblasti> (accessed 15.06.2022); International trade of Russia's Northwestern regions, 2022, *Northwestern Customs Service*. URL: <https://sztu.customs.gov.ru/folder/147129> (accessed 15.06.2022).

Table 3

**The contribution of Baltic macro-region states
to the international trade
of Russia's Baltic regions, 2014 and 2021, %**

| Baltic macro-region countries | St. Petersburg | | Leningrad region | | Kaliningrad region | | Total for the three regions | |
|-------------------------------|----------------|------|------------------|------|--------------------|------|-----------------------------|------|
| | 2014 | 2021 | 2014 | 2021 | 2014 | 2021 | 2014 | 2021 |
| Germany | 11.1 | 7.4 | 4.3 | 4.7 | 20.9 | 5 | 9.4 | 6.6 |
| Poland | 0.8 | 1.8 | 0.8 | 1.7 | 3.6 | 3.4 | 1.1 | 2.0 |
| Sweden | 1.5 | 0.6 | 2.0 | 1.2 | 0.6 | 0.7 | 1.6 | 0.7 |
| Denmark | 0.2 | 1.4 | 3.5 | 0.7 | 0.3 | 1.3 | 1.6 | 1.3 |
| Finland | 5.9 | 2.2 | 6.8 | 7.2 | 0.5 | 0.8 | 5.7 | 2.8 |
| Lithuania | 0.1 | 1 | 0.2 | 1.5 | 1.3 | 3.1 | 0.3 | 1.4 |
| Latvia | 3.7 | 0.9 | 0.2 | 1.5 | 0.5 | 0.5 | 1.8 | 0.9 |
| Estonia | 7.8 | 1.2 | 2.2 | 6.9 | 4.3 | 0.1 | 5.0 | 1.9 |
| <i>Total</i> | 31.2 | 16.4 | 20.0 | 25.5 | 32.1 | 14.8 | 26.5 | 17.6 |

Prepared based on data from: International trade of the Kaliningrad region, 2022, *Kaliningrad Regional Customs Service*. URL: <https://koblt.customs.gov.ru/statistic/vneshnyaya-torgovlya-kaliningradskoj-oblasti> (accessed 15.06.2022); International Trade of Russia's Northwestern Regions, 2022, *Northwestern Customs Service*. URL: <https://sztu.customs.gov.ru/folder/147129> (accessed 15.06.2022).

The tables below show the products exported (Table 4) and imported (Table 5) by each of the three Russian Baltic regions to and from the countries of the Baltic macro-region. All the products, except oil, are produced, for the most part, in the respective region.

The Kaliningrad region is an exporter of agricultural products (soya and rape-seed oil and meal are exported into all the countries of the macro-region except Estonia; wheat, raw amber, mineral products and ferrous metals, to Lithuania; mink skins, to Poland).

St. Petersburg and the Leningrad region export oil and petroleum products to all the states of the macro-region. Some of the countries purchase engineering products, ferrous metals and metal products, timber and plastic from the two regions. St. Petersburg ships albuminous substances to Denmark and Lithuania. Inorganic compounds are exported from the Leningrad region to the Baltics and Poland; fertilisers to the Baltic States; resin and rubber, to Germany, Poland, Sweden and Finland.

Table 4

**Goods exported by Russia's Baltic regions
to the countries of the Baltic macro-region, 2021**

| Goods | Importing countries | | | | | | | |
|--|---------------------|------------|------------|------------|------------|------------|------------|------------|
| | Germany | Poland | Sweden | Denmark | Finland | Lithuania | Latvia | Estonia |
| Soya and rapeseed oil | — | — | — | KR | — | KR | KR | — |
| Soya and rapeseed meal | KR | KR | KR | KR | KR | — | — | — |
| Wheat | — | — | — | — | — | KR | — | — |
| Mink skins | — | KR | — | — | — | — | — | — |
| Oil and petroleum products | SPb | SPb | SPb, LR | SPb, LR | SPb, LR | SPb, LR | SPb, LR | SPb, LR |
| Timber | SPb, LR, KR | SPb, LR | — | KR | SPb, LR | — | SPb | SPb, LR |
| Furs | — | — | — | — | SPb | — | — | — |
| Paper and cardboard | — | LR | — | — | — | — | — | — |
| Raw amber | — | — | — | — | — | KR | — | — |
| Mineral products | LR | — | — | — | — | KR | — | — |
| Inorganic compounds | — | LR | — | — | — | LR | — | LR |
| Fertilisers | — | — | — | — | — | LR | LR | LR |
| Organic compounds | — | — | — | — | LR | — | — | — |
| Albuminous substances | — | — | — | SPb | — | SPb | — | — |
| Plastic and plastic products | — | SPb, LR | — | — | — | — | — | — |
| Latex, rubber; latex and rubber products | LR | LR | LR | — | LR | — | — | — |
| Ferrous metals; ferrous metal products | — | SPb | — | — | SPb | KR | SPb | SPb, LR |
| Ferrous scrap metal | — | — | — | — | — | — | — | — |
| Railway locomotives, trams, parts | LR | LR | — | — | — | — | — | — |
| Boats | — | — | SPb | — | SPb | — | — | — |
| Equipment | SPb | — | — | — | — | — | — | SPb |
| Instruments and machinery tools; knives, spoons, forks | — | — | — | SPb | — | — | — | — |
| Tools; knives, spoons, forks | — | SPb | — | — | — | — | — | — |

Prepared based on data from: International Trade of the Kaliningrad region, 2022, *Kaliningrad Regional Customs Service*. URL: <https://koblt.customs.gov.ru/statistic/vneshnyaya-torgovlya-kaliningradskoj-oblasti> (accessed 15.06.2022); International Trade of Russia's Northwestern Regions, 2022, *Northwestern Customs Service*. URL: <https://sztu.customs.gov.ru/folder/147129> (accessed 15.06.2022).

Comment. The exporting regions: SPb stands for St. Petersburg; LR, the Leningrad region; KR, the Kaliningrad region.

Table 5

**Goods imported by Russia's Baltic region into
the Baltic macroregion, 2021**

| Goods | Exporting countries | | | | | | | |
|--|---------------------|-------------------|-------------------|---------|------------|-----------|------------|------------|
| | Germany | Poland | Sweden | Denmark | Finland | Lithuania | Latvia | Estonia |
| Food and beverages | SPb, LR | SPb | — | — | — | — | — | — |
| Animal feed | SPb | — | — | LR | — | — | — | — |
| Tobacco | SPb | — | — | — | — | — | — | — |
| Paper and cardboard | LR | SPb, LR, KR | SPb, LR, KR | — | SPb, LR | KR | — | — |
| Dyes, paints | LR | LR | — | — | — | — | — | — |
| Inorganic compounds | SPb | — | — | — | SPb, LR | — | — | — |
| Soap and detergents | SPb | — | — | — | — | — | — | — |
| Pharmaceuticals | SPb | — | — | — | SPb | — | — | — |
| Tannin and dyewood extracts; dyes | SPb | — | — | — | SPb | — | — | — |
| Essential oils; perfumery products | SPb | — | — | — | SPb | — | — | — |
| Plastic and plastic products | SPb, LR, KR | SPb, KR | SPb | — | SPb, LR | KR | — | — |
| Latex, rubber; latex and rubber products | SPb | — | — | — | LR | — | — | — |
| Stone products | — | — | — | — | SPb | — | — | — |
| Ferrous metals; ferrous metal products | SPb, LR, KR | SPb, KR | SPb | — | SPb | KR | — | — |
| Equipment and mechanical units | SPb, LR, KR | SPb, KR | SPb, LR | — | SPb, LR | KR | SPb, LR | SPb, LR |
| Electrical machinery and equipment | SPb | — | — | — | SPb | — | — | — |
| Optical and measuring instruments | KR | — | — | — | — | — | — | — |
| Instruments and machinery | SPb | SPb | — | — | SPb | — | — | — |
| Electrical machines | — | SPb, KR | — | — | — | — | — | — |
| Land transport | SPb | SPb | SPb | — | SPb, LR | — | — | — |

The end of Table 5

| Goods | Exporting countries | | | | | | | |
|---------------------------------|---------------------|--------|--------|---------|---------|-----------|--------|---------|
| | Germany | Poland | Sweden | Denmark | Finland | Lithuania | Latvia | Estonia |
| Components for vehicle assembly | KR | — | — | — | — | — | — | — |
| Boats | KR | — | — | — | — | — | — | SPb |
| Furniture | — | KR | — | — | SPb | — | — | — |

Prepared based on data from: International Trade of the Kaliningrad Region, 2022, *Kaliningrad Regional Customs Service*. URL: <https://koblt.customs.gov.ru/statistic/vneshnyaya-torgovlya-kaliningradskoj-oblasti> (accessed 15.06.2022); International Trade of Russia's Northwestern Regions, 2022, *Northwestern Customs Service*. URL: <https://sztu.customs.gov.ru/folder/147129> (accessed 15.06.2022).

Comment. The importing regions: SPb stands for St. Petersburg; LR, the Leningrad region; KR, the Kaliningrad region.

Germany, Russia's principal trade partner in the Baltic macro-region, exports a wide range of products to the three study regions: from foodstuffs to instruments, equipment and vehicles. Ranking third, Poland also exports to the three Russian regions a rich variety of products, albeit less impressive than Germany does. Finland, the second-largest partner, ships different goods, but mostly to St. Petersburg and the Leningrad region. Table 5 contains detailed information on the exporters of specific groups of goods, mostly those that added up to USD 10 million in 2021.

An analysis of the table points to the essential role of the import of food, beverages, tobacco, animal feed, vehicles, soaps and detergents, pharmaceuticals, perfumes, etc. However, industrial products intended either for the technical equipment of enterprises or as semi-finished products account for most of the imported goods. A typical example is the supply to the Kaliningrad region of components for car assembly from Germany and furniture assembly kits from Poland. Since such ties are established with other macro-regions as well, Russia's Baltic regions are becoming important links in value-added chains, prominent on the geo-economic map of the world.

Conclusion

Russia's Baltic territories — St. Petersburg, the Leningrad and Kaliningrad regions — are amongst the most economically prosperous and rapidly developing in the country. St. Petersburg, the largest city in the Baltic region, is a major

centre for research, education and culture. All the three regions have burgeoning manufacturing, transport and tourism. The Kaliningrad and Leningrad regions also boast a thriving agricultural industry. Due to their similar sectoral structures, the formation of a distributed inter-sectoral cluster bringing together economic entities from the three regions looks very promising.

The main factors in the development of Russia's Baltic regions are the coastal border position and a high percentage of their territories involved in the economy. The economy of the Kaliningrad region is strongly influenced by its exclave economic and geographical situation, which necessitates taking into account the dependence of the region's development on external factors.

The study regions are 'international development corridors' playing a central role in Russia's international trade and using trade relations to enter internationalised value-added chains. Economic relations with the countries of the Baltic macro-region have a considerable, albeit declining, importance for the development of the three regions. These ties are beneficial to both sides, and their curtailment resulting from the actions of the Western countries can hardly aid any of the parties. Yet, as shown above, Russia's Baltic regions are successfully developing despite the dwindling contribution of the Baltic macro-region countries to their international trade. Russia's 'window on Europe' is increasingly becoming one of Russia's windows to the global economy.

Amid the current geopolitical and geoeconomic instability, a brisk economic development of Russia's Baltic region requires the restructuring of the regional economies and international economic ties to adjust to the changes in the external environment. I believe that the most promising option is encouraging economic entities and local manufacturers to cooperate with firms from other Russian regions. It is advisable, particularly for the exclave of Kaliningrad, to forge collaborations within a spatially distributed territorial system uniting the three Baltic regions. Such a system will have the capacity to develop shipbuilding, forestry and fishing clusters targeted at the domestic market and clusters focusing on tourism and recreation, as well as research and education, at both Russian and international markets. The automotive industry, most of whose produce is sold in the domestic market, should cooperate with the whole range of Russian enterprises operating in related fields.

The article was supported by the Russian Science Foundation within project №22-27-00289 "Providing a Rationale for Restructuring International Ties and Measures to Ensure Military and Political Security of Russian Baltic Regions amid Growing Geopolitical Challenges".

References

1. Gutnik, A. P., Klemeshev, A. P. (eds.). 2006, *Baltijskij region kak polyus `ekonomicheskoj integracii Severo-Zapada Rossijskoj Federacii i Evropejskogo soyuza* [Baltic region as pole of economic integration of the Northwest of the Russian Federation and the European Union], Kaliningrad, 392 p. (in Russ.).
2. Zaukh, Y. A., Fedorov, G. M., Limonov, L. E., Oding, N. Y. (eds.). 2008, *Severo-Zapad Rossii v regione Baltijskogo morya: problemy i perspektivy ekonomicheskogo vzaimodeystviya i sotrudnichestva* [Northwest of Russia in the Baltic sea region: problems and prospects of economic interaction and cooperation], Kaliningrad, Izd-vo RGU im I. Kanta, 259 p. (in Russ.).
3. Kivikari, U. 1996, *The legacy of Hansa: The Baltic economic region*, Helsinki, Otava, 159 p.
4. Fedorov, G. M., Zverev, Yu. M., Korneevets, V. S. 2012, *Rossiya na Baltike: 1990—2012 gody* [Russia on Baltic: 1990—2012], Kaliningrad, 252 p. (in Russ.).
5. Kisiel-Łowczyc, A. B. 2000, *Bałtycka integracja ekonomiczna: stan i perspektywy do 2010 r.* Warszawa: Polskie Wydawnictwo Ekonomiczne, 286 p.
6. Kivikari, U., Antola, E., 2004, *Baltic Sea Region — A Dynamic Third of Europe*, Turku, 2004. 35 p.
7. Palmowski, T. 2011, Europa Bałtycka — od idei do wspolczesnosci. In: Kurpiewski, P., Stegner, T., *Morze nasze i nie nasze*, Uniwersytet Gdanski, Gdansk, p. 563—571.
8. Palmowski, T. 2021, The European Union Strategy for the Baltic Sea Region and accomplishments, *Baltic Region*, vol. 13, № 1, p. 138—152, <https://doi.org/10.5922/2079-8555-2021-1-8>.
9. Palmowski, T., Fedorov, G. 2020, The Potential For Development Of Russian-Polish Cross-Border Region., *Geography, Environment, Sustainability*, vol. 13, № 1, p. 21—28, <https://doi.org/10.24057/2071-9388-2019-70>.
10. Schäfer, I. 2005, Region building and identity formation in the Baltic Sea Region, *IJIS*, vol. 3. p. 45—69, <https://doi.org/10.5278/ojs.ijis.v3i0.186>.
11. Stiller, S., Wedemeier, J. 2011, Wirtschaftsraum Ostsee: Städte auf Wachstumskurs, *Wirtschaftsdienst*, vol. 91, p. 572, <https://doi.org/10.1007/s10273-011-1264-0>.
12. Studzieniecki, T. 2016, The development of cross-border cooperation in an EU macroregion — a case study of the Baltic Sea Region, *Procedia Economics and Finance*, № 39, p. 235—241, [https://doi.org/10.1016/S2212-5671\(16\)30318-5](https://doi.org/10.1016/S2212-5671(16)30318-5).
13. Maciejewski, W. (ed.). 2002, *The Baltic Sea Region. Cultures, Politics, Societies*, Uppsala, The Baltic University Press, 676 p.
14. Timmermann, H. 2000, *Die russische Exklave Kaliningrad im Kontext regionaler Kooperation*, Köln: Berichte des Bundesinstituts für Ostwissenschaftliche und Interna-

tionale Studien, 29 p.

15. Kosov, Yu., Gribanova, G. 2016, Strategy for the Baltic Sea Region: Challenges and perspectives of international cooperation, *Baltic region*, vol. 8, № 2, p. 33–44, <https://doi.org/10.5922/2079-8555-2016-2-3>.

16. Mezhevich, N. M., Kretinin, G. V., Fedorov, G. M. 2016, Economic and Geographical Structure of the Baltic Sea Region, *Baltic region*, vol. 8, № 3, p. 11–21, <https://doi.org/10.5922/2079-8555-2016-3-1>.

17. Fedorov, G. M., Zverev, Y. M. 2020, *Kaliningradskiye al'ternativy: 25 let spustya* [Kaliningrad alternatives: 25 years later], Kaliningrad, Izd-vo BFU im. I. Kanta, 315 p. (in Russ.).

18. Khudoley, K. K. 2019, The 'cool war' in the Baltic Sea Region: consequences and future scenarios, *Baltic region*, vol. 11, № 3, p. 4–24, <https://doi.org/10.5922/2079-8555-2019-3-1>.

19. Brauß, H., Rácz, A. 2021, Russia's Strategic Interests and Actions in the Baltic Region, *DGAP Report*, № 1, 30 p.

20. Escach, N. 2021, Baltic vulnerability and recomposition: The consequences of an insidious geopolitics, *Mappemonde*, № 130, <https://doi.org/10.4000/MAPPEMONDE.5426>.

21. Kaljurand, R., Mälksoo, M. 2010, *From de-securitisation to re-securitisation: Sub-regional multilateralism around the Baltic Sea*, Tallinn, 2010. 17 p.

22. Kretinin, G. V., Katrovskiy, A. P., Pototskaya, T. I., Fedorov, G. M. 2016, Geopolitical and geo-economic changes in the Baltic Sea Region at the turn off the XX–XXI centuries, *Baltic region*, vol. 8, № 4, p. 13–25, <https://doi.org/10.5922/2079-8555-2016-4-2>.

23. Kuznetsov, A. V. 2018, Russian direct and indirect investment in the Baltic Sea region Some recommendations for the policy-makers // *BSR Policy Briefing series*, № 7.

24. Makarychev, A., Sergunin, A. 2017, Russia's role in regional cooperation and the EU Strategy for the Baltic Sea Region (EUSBSR), *Journal of Baltic Studies*, vol. 43, № 4, p. 1–15, <https://doi.org/10.1080/01629778.2017.1305186>.

25. Oldberg, I. 2013, Russia's Baltic policy in an era of EU integration, In: Herd, G. P., Moroney, J. D. P. (eds.), *Security Dynamics in the Former Soviet Bloc*, London, Routledge, p. 44–60, <https://doi.org/10.4324/9781315016122>.

26. Wellmann, C. 1996, Russia's Kaliningrad exclave at the crossroads: The interrelation between economic development and security politics, *Cooperation and Conflict*, vol. 31, № 2, p. 161–183, <https://doi.org/10.1177/0010836796031002002>.

27. Klemeshev, A., Fedorov, G. 2004, *Ot izolirovannogo jeksklava — k «koridoru razvitija. Al'ternativy rossijskogo jeksklava na Baltike* [From an isolated exclave — to a “development corridor”. Alternative development strategies of the Russian exclave on the Baltic Sea]. Kaliningrad, Kaliningrad State University Press, 253 p. (in Russ.).

28. Ivchenko, V. V. 2003, *Programmno-strategicheskoye razvitiye primorskogo regiona Rossii: teoriya, metodologiya, praktika* [Program-strategic development of the coastal region of Russia: theory, methodology, practice], Kaliningrad, Izd-vo Kaliningr. un-ta,

207 p. (in Russ.).

The author

Prof. Gennady M. Fedorov, Director, Centre for Baltic Geopolitical Studies,
Immanuel Kant Baltic Federal University, Russia.

E-mail: GFedorov@kantiana.ru



SUBMITTED FOR POSSIBLE OPEN ACCESS PUBLICATION UNDER THE TERMS AND CONDITIONS OF THE
CREATIVE COMMONS ATTRIBUTION (CC BY) LICENSE ([HTTP://CREATIVECOMMONS.ORG/LICENSES/BY/4.0/](http://creativecommons.org/licenses/by/4.0/))

<https://orcid.org/0000-0003-4267-2369>