THREE RUSSIAN BALTIC REGIONS IN THE CONTEXT OF CONFRONTATION BETWEEN RUSSIA AND THE WEST

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This study examines the features, limitations and development prospects of three Russian territories bordering the Baltic Sea — St. Petersburg, and the Leningrad, and Kaliningrad region — amid the sharply heightened confrontation between Russia and the West, which has affected the Baltic region. The time frame spanning from 2014 to 2023 was chosen for the study. This period encompasses the sanctions imposed by Western countries and their associations, primarily the EU, in response to the return of Crimea and Sevastopol to Russia, and extends up to the present day, when the relations between Russia and the West, as many experts and politicians have emphasised, have reached a critical point and may require substantial changes in the global order, including at macro-regional levels, for a return to what was once considered 'bbusiness as usual'. The study examines the development level and dynamics in the three regions, alongside their economic security. Another focus is on foreign policy and a geopolitical typology of the Baltic region states. The article investigates the impact of a changed geopolitical landscape on cross-border cooperation, the restructuring of foreign trade relations in Russia's three Baltic regions, and the geopolitical and military factors influencing the development and security of these territories. Based on the findings, several suggestions are provided to promote the ongoing growth of Russia's Baltic regions and enhance their economic and military security.

Keywords:
Baltic region, Russian Federation, EU, NATO, St Petersburg, Leningrad region, Kaliningrad region, confrontation between Russia and the West

Introduction

In our earlier publications, my colleagues and I, in assessing interstate interactions in the Baltic region, analysed existing risks and potential conflicts between Western countries in the Baltic Sea region and Russia. Despite these considerations, we hoped that common sense and the economic advantages of cooperation would foster the creation of a cohesive Baltic macro-region [1—3 et al.]. This optimism was underpinned by initiatives such as the establishment of the Council of the Baltic Sea States, collaborative research on the Baltic macro-region within

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the Interreg programme, the execution of cross-border cooperation programmes, and joint ventures in scientific and educational projects. Notably, some foreign experts also proposed the development of cross-border connections, advocating for the formation of a bipolar Three-City system (Gdansk — Gdynia — Sopot) — Kaliningrad [4].

The Immanuel Kant Baltic Federal University has been instrumental in facilitating an international platform for discussing cross-border cooperation through its annual conference “The Baltic Region — a Region of Cooperation”. This conference, supported by numerous partners from Poland, Lithuania, Germany, and other Baltic region countries, has served as a forum for participants to engage in collaborative discussions, publish articles, and collaborate on cross-border cooperation projects with Russian counterparts. The shared goal has been to expand and deepen mutually beneficial interactions in the realms of economy, ecology, and the social sphere [5—8]. However, during the sixth conference held in October 2022, the title “Region of Cooperation” was no longer fitting, given the annulment of all forms of cooperation between Russia and the Baltic region countries by the Western side. Consequently, the conference was renamed “New Trajectories of International Cooperation”. This shift was accompanied by a change in the composition of foreign participants, with representatives from Belarus, the Republic of Srpska (Bosnia and Herzegovina), China, and India taking part.

Presently, there are growing geopolitical risks impacting economic development, particularly for the exclave Kaliningrad region. Researchers from the Immanuel Kant Baltic Federal University, in collaboration with experts from other scientific centres in the country, conducted studies addressing the challenges of economic security in the regions along Russia’s western borderlands. [9; 10]. Special attention is given to the problems of the Baltic region, the relations of Russian subjects located on the Baltic Sea, and, in particular, the Kaliningrad region [11; 12].

In this study, I have assessed the perspectives of Western authors examining Russia’s interactions with Western countries and the Baltic region. It became apparent that Russia confronted the challenge of articulating its position in the evolving international landscape. Faced with political and economic vulnerabilities, Russia found itself obliged to strengthen its cooperation with the West between 1991 and 2014. The dynamics of relations between Russia and Western countries during this period revealed a blend of successes and failures, persisting over an extended period [13].

As early as 2021, certain authors [14] observed both elements of restraint and communication in the interactions between the West and Russia. Despite the deterioration of Russia-West relations, this initially fostered cautious optimism, hinting at the potential for maintaining enduring peace in Europe. However, since then, some restraining factors highlighted by the author of the article—especially the energy interdependence between Russia and Europe — have lost much of their significance. Some researchers contend that “European energy security will remain problematic in the absence of a more comprehensive political settlement between Russia and the West" [15, p. 875], although this perspective is not unanimous.

The previously noted 'pacifying' effect of nuclear weapons, as emphasized in [14], has also begun to wane. This development forces researchers to revisit ostensibly obsolete issues related to preventing the escalation of conflicts to the 'nuclear threshold', a concern that has regained prominence in the context of the ongoing special military operation [16].

Geopolitical changes have affected not only Russia but also its neighbours in the Baltic region. In particular, Poland has turned to the idea of uniting Central and Eastern Europe (CEE) based on the geopolitical concept of the Three Seas, which, besides serving as a defensive measure against the excessive influence of Russia and Germany, is intended to address important economic challenges [17].

Many researchers acknowledge that the roots of the conflict in the CEE region lie in the American policy of exporting democracy and the 'open door' policy of NATO, combined with the strengthening of its eastern flank in military terms. Russia perceived this policy of the West as a manifestation of the U.S. and Western expansion at the expense of its legitimate security interests. Russia was particularly opposed to Ukraine's attempts to join NATO [18].

Following the commencement of the special military operation (SMO), by November 2022, the West viewed the "victory of Ukraine… as quite possible, provided that the West promptly supplies an adequate amount of military equipment and training" [19, p. 91]. It is precisely in this direction that the strategy was adopted.

As the special military operation prolonged, the recognition surfaced that the enduring confrontation between Russia and the West would exert a lasting and widespread negative impact on the majority of European companies and economies. In this context, the significance for business and the economy lies not only in the eventual conclusion of the special military operation in Ukraine but also in determining which trade and financial restrictions on Russia can be lifted and when [20].

There is a viewpoint that in the global context, the current conflict between Russia and the West is driven by the rise of radical left-liberal elites in the West, while Russia, in this situation, seeks to reclaim its traditional position as a liberal-conservative centre in the international relations system [21]. According to some authors, Russia's value agenda aligns closely with the values embraced by representatives of European right-wing movements. This presents an opportunity to leverage conservative values as a bridge between Russia and the West, showcasing the potential for establishing multifaceted strategic cooperation [22].

An alternative perspective posits that while the permanent isolation of Russia may not be a sustainable endgame for Europe or the United States, its isolation could be inevitable for a generation or more [23].

As Bordachev notes, “for Russia, none of the geographical directions of its external relations is a question of survival, a necessity, but always remains a choice.” He believes, and one might concur, that Russia evaluates any foreign policy partnership based on the benefits of this choice, not as a matter of vital necessity for developing relations with a specific partner [24]. This approach opens up opportunities for pragmatic foreign and economic policies without becoming ‘too focused’ on specific countries or their groups. As Lukyanov points out, “for the first time, we find ourselves in a situation where the most dynamic and assertively developing part of the world in the coming years and decades will be not what is to the west of us but what is to the east and south” [25]. It is in these directions that the foreign policy and economic ties of the Russian Federation should and have already begun to diversify [26]. The Eurasian ideas of Gumilyov are of great importance for shaping the Eurasian vector of modern economic (and not only) activities of Russia [27]. As Druzhinin points out, “an important aspect of Gumilev’s ‘Eurasian’ ideas is seen in the simultaneous purposeful building of interactions of the Russian ethnos, Russia with other systemically significant states and ethnicities of Eurasia, constructing a kind of multi-vector ‘Eurasian complementarity’. Considering the intricacies of historical events, Gumilyov persistently and very correctly suggested “seeking friends, not enemies” [28, p. 45].

For the establishment of new vectors of Russia’s geopolitical and geo-economic development, the tracking of the dynamics of geopolitical threats and the creation of a system for monitoring the geopolitical (regional) security of Russia are of paramount importance [29].

Within this geopolitical context, I look into the development of three Baltic (Baltic Sea-facing) regions of Russia — St. Petersburg, the Leningrad, and the Kaliningrad regions — from 2014 to 2023. Over this period, the ongoing reduction in cooperation with Western neighbours in the Baltic region has gradually evolved into an almost complete cessation, with trade ties diminishing and continuing to do so.

The level, development dynamics, and economic security of the three regions

The Baltic region, once regarded as a macro-region fostering active international cooperation between Russia and Western countries, upholding the notion of “The Baltic Sea — a Sea of Peace,” has now evolved into one of the most conflict-prone areas along Russia’s borders. The intensification of the confrontation between Russia and the West heightens the relevance of economic security issues for the Russian regions located along the Baltic Sea coast.

Russia’s Baltic regions play a crucial role in the country’s economy [30]. St. Petersburg, in particular, holds significant importance, ranking 4th among the Russian Federation’s subjects in terms of population, 3rd in GDP volume, and 2nd in foreign trade turnover (Table 1). Across all three regions, their positions in GDP production, and especially in foreign trade turnover, surpass their positions in terms of population.

Table 1

The ranking of the Baltic regions among the other regions of the Russian Federation (2021—2022)

Region	Population, 2021	GRP, 2020	GRP per capita, 2020	Foreign trade turnover, 2021
Kaliningrad region	50	47	29	12
Leningrad region	24	19	17	10
St. Petersburg	4	3	10	2

Source: compiled by the author based on data from EMISS and Rosstat.[1]

These three regions account for a considerable share of the population, GDP, and foreign trade turnover in these indicators of the Russian Federation. Moreover, during the period of anti-Russian sanctions (2014-2021), these indicators experienced substantial growth. The combined share of the three regions in GDP production increased from 6.1 % in 2014 to 7.4 % in 2020. Per capita GDP grew even faster. In St. Petersburg, it rose from 128 to 152 % relative to the national average from 2014 to 2021, in the Leningrad region, from 100 to 103 %, and in the Kaliningrad region, from 79 to 83 %. The per capita foreign trade turnover significantly exceeds the average Russian level, especially in St. Petersburg and the Kaliningrad region (Table 2).

Table 2

The share of the Baltic regions in key indicators of the Russian Federation

Russian Federation, regions of Russia	Share in RF						GRP per capita, % to RF		Foreign trade turnover per capita, % to RF, 2011
	Population		GRP		Foreign trade turnover				
	2014	2021	2014	2020	2014	2021	2014	2020	2020
RF	100	100	100	100	100	100	100	100	100
Kaliningrad region	0.66	0.7	0.52	0.58	2.5	1.4	79	83	200
Leningrad region	1.21	1.3	1.21	1.33	2.6	1.6	100	103	123
St. Petersburg	3.53	3.69	4.50	5.45	6.8	7.2	128	152	192
Three regions	5.40	5.69	6.23	7.36	11.8	10.2	115	132	177

Source: compiled by the author based on data from EMISS and Rosstat.[2]

[1] Gross Regional Product at basic prices (GCEAT 2), *EMISS*, URL: https://fedstat.ru/indicator/59448 (accessed 06.08.2023) ; Regions of Russia. Socio-economic Indicators, *Rosstat*, URL: https://rosstat.gov.ru/folder/210/document/13204 (accessed 06.08.2023).

[2] Gross Regional Product at basic prices (GCEAT 2), *EMISS*, URL: https://fedstat.ru/indicator/59448 (accessed 06.08.2023) ; Regions of Russia. Socio-economic Indicators, *Rosstat*, URL: https://rosstat.gov.ru/folder/210/document/13204 (accessed 06.08.2023).

According to the well-known classification by Friedman, St. Petersburg can be classified as a core region, while the Leningrad and Kaliningrad regions can be considered "ascending" (dynamically developing) regions. All three regions exhibit characteristics of regions often referred to as "international development corridors" (a type identified by Gennady Fedorov). These features are more pronounced in St. Petersburg and the Leningrad region, and less so in the Kaliningrad region. The first two regions form a unified territorial socio-economic system with well-developed internal connections. Due to its exclave status, the Kaliningrad region has a more 'fragile' economy, highly dependent on external influences, with a low level of economic security.

During the tumultuous economic crises of the 1990s, St. Petersburg witnessed a staggering fourfold reduction in industrial production (1992—1999), while the Kaliningrad region experienced an even more substantial sixfold decline. The situation in the Leningrad region was relatively better, largely due to the operation of the Leningrad Nuclear Power Plant. In 1998, the minimum production level recorded was 56 % of that in 1991, surpassing the national average (48 %) for Russia. Although St. Petersburg had not fully regained its pre-crisis industrial output by 2021, it strategically diversified its economic functions, particularly through the burgeoning service sector. In 1997, St. Petersburg contributed 3.3 % to the total GDP of Russian regions, accounting for 2.3 % of shipped goods in its own industrial sector. By 2020, this share had increased to 5.6 % (with 4.1 % in the industrial sector), positioning St. Petersburg as the second-largest contributor to GDP, ranking only behind Moscow and the Moscow region.

In the Leningrad and Kaliningrad regions, the industrial sector, particularly manufacturing, exhibited a growth rate surpassing the national average and outpacing other economic activities. In 2020, the share of industry in the Leningrad region's GDP was 1.9 %, accounting for 1.3 % of industrial goods in Russia. Meanwhile, in the Kaliningrad region, these figures were 0.6 %.[1]

In 2022, the extensive anti-Russia sanctions (more accurately termed as restrictions) had a more pronounced impact on the production decline of two out of three regions compared to the national average in Russia due to the dependence of many processing industries on imported supplies. While the overall manufacturing output in the country decreased by 1.3 % in 2022, the Leningrad region experienced a decline of 2.7 %, and the Kaliningrad region saw a significant decrease of 19.5 %. Enterprises heavily reliant on imported components suffered the most. In the automotive assembly sector, production levels dropped by 31.6 % and 36.5 %,[2] respectively, compared to 2021. Wood processing, furniture manu-

[1] Calculated using the following data: Industrial production index (indicator value for the year), *EMISS*, URL: https://fedstat.ru/indicator/43045 (accessed 06.08.2023) ; Regions of Russia: Statistical Compilation, 2 vols. M. : Russian Federal State Statistics Service (Rosstat), 1999. Vol. 2. 861 p. ; Regions of Russia. Socio-economic indicators. 2022. M. : *Rosstat*, 2022. 1122 p.

[2] Production index (operational data) (GCEAT 2) (percentage, Large, medium and small enterprises), *EMISS*, URL: https://fedstat.ru/indicator/57806 (accessed 06.08.2023).

facturing, and machinery and equipment repair also saw a substantial decline. In the Kaliningrad region, computer production, railway carriage manufacturing, and metallurgy were also affected.

However, the food industry, unaffected by raw material imports from EU countries due to retaliatory measures against imposed restrictions, experienced only a minor decline in production, with some sectors even witnessing an increase in their production output. St. Petersburg's manufacturing sector showcased resilience to external influences, registering a 5.1 % growth. While specific areas like automotive assembly or machinery and equipment repair encountered reductions, the majority of production sectors demonstrated growth, notably in the food industry, textile production, and clothing and footwear manufacturing.[1]

Foreign policy relations and geopolitical typology of the Baltic region countries

Foreign policy relations, after a period of uncertainty in the 1990s and the early 2000s, gradually began to deteriorate due to the West's disregard for Russian interests. The situation significantly worsened in 2014 and became problematic after February 24, 2022. In 2014, the European Union imposed illegal economic sanctions against Russia, and all EU member countries in the Baltic region joined them.

The geopolitical dynamics in the Baltic region from 2014 to 2021 revealed distinct stances among different countries in relation to Russia, despite their overall anti-Russian orientation in foreign, military, and economic policies:

1. Germany: Initially seeking to maintain special relations with Russia developed during the USSR in the 1980s, Germany shifted its stance in September 2020. Taking the advantage of the case of Alexei Navalny's 'poisoning', fabricated in the West, Berlin decided to abandon its special policy toward Russia. Special relations between the two countries completely dissipated after the start of the special military operation in Ukraine.

2. Countries not supporting additional sanctions: Finland, and to a lesser extent Denmark, fall into this category. Although Denmark obstructed the construction of the "Nord Stream-2" gas pipeline, these countries did not advocate for additional sanctions against Russia beyond those imposed by the EU.

3. Most anti-Russian countries: Poland, the Baltic States (including Lithuania and Latvia), and Sweden emerged as the most anti-Russian nations in the Baltic region. Not only did they endorse common sanctions, but they also independently imposed additional measures against Russia.

From February 23, 2022, to June 23, 2023, the EU imposed 11 packages of sanctions against Russia. The main negative impact on the economies of the Baltic region countries comes from restrictions on the export of 20 % of goods from Russia and a 60 % import restriction. Additionally, from February 26—27 (de-

[1] Production index (operational data) (GCEAT 2) (percentage, Large, medium and small enterprises), *EMISS*, URL: https://fedstat.ru/indicator/57806 (accessed 06.08.2023).

pending on the country), bans on flights of Russian aircraft over the EU territory were introduced. For the Kaliningrad region, difficulties are also associated with the restriction, starting from June 18, 2022, on the transit through Lithuania of a large list of imported and exported goods.

According to the Decree of the Government of the Russian Federation dated March 5, 2022, №430-r (with amendments), all foreign countries in the Baltic region were included in the list of foreign states committing unfriendly actions against the Russian Federation. This inclusion has led to the implementation of various retaliatory measures affecting Russian legal entities and individuals, resulting in the reduction of relations and hindering the development of their economies. Consequently, the slight differentiation among the Baltic region countries noted in 2014—2021 has practically disappeared, and there is now an apparent 'anti-Russian front' led by the United States, NATO, and the EU.

According to a survey conducted online in 53 countries worldwide in the spring of 2023 by the Alliance of Democracies Foundation (a non-profit organization founded in 2017 by the former NATO Secretary-General Anders Fogh Rasmussen), the ratio of positive and negative assessments of Russia is as follows: in Poland (–68 %),[1] in Denmark (–57 %), in Sweden (–55 %), in Germany (–51 %), and in Norway (–43 %). The Baltic States were not surveyed, but it can be assumed that their indicators would be close to those of Poland. Finland was also not included in the study. As a result, the Baltic region emerges as a concentration point for European countries with arguably significantly negative inclinations toward Russia. It is noteworthy that, outside the surveyed Baltic states, similar indicators show variations for other European nations, with differing degrees of negative sentiment. For instance, Portugal (–69 %), Spain (–66 %), the UK (–57 %), Ireland (–55 %), Austria (–47 %), and France (–42 %) exhibit varying levels of negativity toward Russia.[2]

Nevertheless, it is essential to highlight that, in comparison to the 2022 survey, there has been a noticeable shift in attitudes toward Russia across all Baltic region countries. This shift appears to be correlated with a growing sense of fatigue among citizens, who may be experiencing increased internal economic and political challenges, leading to a reevaluation of their support for Ukraine by their respective countries.

In terms of military aid to Ukraine from January 24, 2022, to May 31, 2023, Germany ranked 2nd in the world (after the USA), Poland — 4th, Denmark — 6th, Sweden — 8th, Finland — 9th, and Norway — 10th. Thus, six countries from the extended Baltic region (including Norway) are in the top ten countries providing military aid to Ukraine. Lithuania (14th place), Estonia (16th), and Latvia (18th) are in the second ten, leading the world in terms of total state aid to

[1] In Europe, only Ukraine (–79 %) and Portugal (–69 %) have more.

[2] Democracy Perception Index — Online Results 2023, *Alliance of Democracies,* URL: https://www.allianceofdemocracies.org/initiatives/the-copenhagen-democracy-summit/dpi-2023/ (accessed 06.08.2023).

Ukraine as a percentage of GDP.[1] This serves as additional evidence of the foreign policy alignment of the Baltic region countries against Russia, as all foreign countries in the region actively participate in the sanctions imposed against Russia.

Lithuania and Latvia have significantly downgraded diplomatic relations with Russia, recalling envoys from Moscow and instructing Russian diplomats to leave Vilnius and Riga. Lithuania went further by closing the Russian consulate in Klaipeda and its own consulate in St. Petersburg. Latvia took similar steps, closing Russian consulates in Daugavpils and Liepaja, while Estonia closed the Russian consulate in Narva and the consular department in Tartu.

In March 2022, Lithuania expelled four Russian diplomats, and Latvia and Estonia expelled three each as well. Poland took a more drastic measure, expelling 45 staff members from the Russian embassy and trade representation. In April, Germany followed suit by expelling 40 Russian diplomats, Denmark expelled 15, Sweden expelled three, and Finland expelled two. Additionally, in April 2022, Latvia expelled another 13 Russian diplomats, and Estonia expelled 14 more staff members from the Russian embassy, 7 of whom had diplomatic status.

On May 10, 2022, the Lithuanian Seimas unanimously declared Russia a "state supporting and engaging in terrorism". Subsequently, on August 11, 2022, the Latvian Seimas also formally acknowledged Russia as a "state supporting terrorism". The escalation continued on October 3, 2022, when Lithuania declared a Russian envoy persona non grata, leading to their expulsion from the country.

Finland, Estonia, Latvia, Lithuania, and Poland closed their borders to Russian tourists. On September 20, 2022, Finland submitted a letter to the European Commission requesting common recommendations for all Schengen Agreement countries regarding the invalidation or annulment of visas issued to Russian citizens and the imposition of entry bans.

Special relations between Russia and Germany have also come to an end. In his address to the Bundestag on February 27, 2022, German Chancellor Olaf Scholz declared a turning point (*Zeitenwende*) in Germany's foreign policy. The new doctrine represents a departure from traditional German *Ostpolitik* [31; 32]. In Germany's first-ever National Security Strategy adopted in the spring of 2023, Russia is viewed as an inevitable threat [33]. Connections across almost all fronts have experienced a rupture, although it is noteworthy that German businesses maintain a substantial presence in Russia.

Finland has also expressed the impossibility of continuing relations with Russia in the same way. Finnish companies, including those from St. Petersburg and the Leningrad region, are withdrawing from the Russian market, with the process starting as early as 2014. Russia withdrew its consent for the operation of the Finnish Consulate General in St. Petersburg on October 1, 2023.

[1] Ukraine Support Tracker. A Database of Military, Financial and Humanitarian Aid to Ukraine, *Kiel Institute for World Economy,* URL: https://www.ifw-kiel.de/topics/war-against-ukraine/ukraine-support-tracker/ (accessed 06.08.2023).

Finland and Sweden applied to join NATO on May 18, 2022. The foreign ministers of Finland and Sweden, along with ambassadors from 30 NATO countries, signed protocols on the accession of the two Nordic countries to the North Atlantic Treaty Organisation on July 5, 2022. On April 4, 2023, Finland became the 31st member of NATO. As of the time of writing this article, only Turkey and Hungary had not yet ratified the agreement on Sweden's accession to NATO. However, on July 10, 2023, after a closed meeting between Turkish President Recep Tayyip Erdogan and Swedish Prime Minister Ulf Kristersson in Vilnius, it was announced that Turkey had agreed to ratify the protocol admitting Sweden to NATO.

Cross-border cooperation

In the altered conditions, not only political but all other international ties of Russian regions in the Baltic with the Baltic countries, including cross-border cooperation, are objectively limited, compared to the well-developed relationships in the past. The population and authorities of the neighbouring regions of the countries actively supported it. For example, residents and leadership of the Polish border areas opposed the cessation of local cross-border movement initiated by Poland (in effect on the Polish — Russian border in 2012—2016).

In March 2022, the European Commission suspended all programmes of cross-border cooperation of the European Neighborhood Instrument, including "Russia — Southeast Finland", "Russia — Estonia", "Russia — Latvia", "Russia — Lithuania", and "Russia — Poland"," in which the studied Russian regions in the Baltic actively participated. Russia's participation in the transnational cooperation programme "Baltic Sea Region" has been terminated. Joint projects with the Northern Dimension Partnership have been halted. In response to hostile actions, Russia withdrew from the Barents Euro-Arctic Council in May. In July, Russia declared its decision to discontinue cooperation with the Nordic Council of Ministers. The operations of Euroregions, in which the Kaliningrad region formally participated (though, by 2022, only two, namely "Baltica" and "Neman," remained active), have come to a complete halt.

While there is no official confirmation regarding the termination of the "German — Russian Roadmap for Cooperation in Education, Science, Research and Innovation" (signed on December 10, 2018), which actively involved educational and research institutions in St. Petersburg, among others, its implementation seems unlikely under current conditions. This sentiment extends to other programmes and projects involving international scientific and technical cooperation and educational initiatives with St. Petersburg, Leningrad, and Kaliningrad regions and the Baltic countries. Based on my own and my colleagues' experiences, scientific journals in Poland have ceased accepting articles from Russian scientists.

Foreign trade relations

All three regions play a significant role in Russia's foreign trade due to the presence of seaports. Apart from handling transit shipments, crucial for the export of hydrocarbons and timber (ports of the Leningrad region and St. Petersburg), maritime transport ensures the delivery of substantial quantities of raw materials and semi-finished products for import-substituting and partially export-oriented productions within the regions. Additionally, it facilitates the transportation of consumer goods to meet the population's needs and supports the export of manufactured products. The Baltic Sea basin, the second-largest in terms of cargo turnover (245.6 million tons in 2022, accounting for 29.2 % of the total cargo turnover of all ports in Russia), only slightly lags behind the Azov-Black Sea basin (263.6 million tons).[1] In April 2023, the share of the Baltic basin in the total cargo turnover of all seaports in Russia corresponded to 30.4 %.[2]

Despite the possibilities of active maritime communication, until recently, transport connections between Kaliningrad and two other regions were insignificant. Out of a total volume of 3 million tons of cargo transportation between Kaliningrad and St. Petersburg with the Leningrad region, the ferry line Ust-Luga — Baltiysk, launched in 2006, had a capacity of only 700,000 tons of cargo per year. In 2015, it was complemented by a second vessel. In 2022, unprecedented sanctions were imposed, not only affecting Russia's imported goods but also transit through the territory of Lithuania. Restrictions, initially constituting a ban, were applied to over a thousand types of goods, representing 60 % of the cargo volume in 2021, thereby limiting transit to average volumes over a three-year period. To transport additional cargo, the number of vessels on the line between the Kaliningrad region and the other two regions in the Baltic increased to 18[3] by March 2023.

The exclave region faces a critical challenge in restructuring its trade and geographical relations, where export-import flows surpass transportation with other parts of Russia. In this context, the Kaliningrad region demonstrates a substantial surplus in exports to other regions of Russia compared to imports. This external relations structure mirrors the specificity of the Special Economic Zone, with varying regimes in effect since 1996. Import-substituting and export-oriented production directions depend on imported raw materials and semi-finished products. Notably, a significant portion of imports, including components for car assembly, parts for television and computer production, and various equipment, originated from "unfriendly" countries.

In 2022, the cargo turnover of Russian ports in the Baltic, primarily oriented towards "unfriendly" states that significantly increased illegal trade restrictions with Russia on numerous goods, experienced a decrease, contrasting with growth

[1] Cargo turnover of Russian seaports in 2022 increased by 0.7 % — to 841.5 million tons, 12.01.2023, *PortNews*, URL: https://portnews.ru/news/341316/ (accessed 06.08.2023)

[2] Cargo turnover of the Baltic basin in April 2023: transshipment of food bulk has increased, 19.05.2023, *Sea News*, URL: https://seanews.ru/2023/05/19/ru-gruzooborot-baltijskogo-bassejna-v-aprele-2023-vyrosla-perevalka-pishhevogo-naliva/ (accessed 06.08.2023).

[3] The number of ships on the St. Petersburg-Kaliningrad line increased to 18, 07.03.2023, *Marine News of Russia*, URL: https://morvesti.ru/news/1679/101369/ (accessed 06.08.2023).

in all other basins (except the Caspian). For 2022 compared to 2021, the reduction was 2.9 %, while overall growth in Russia was 0.7 %.[1] This is because the export of the three Baltic entities of Russia is dominated by oil and oil products, natural gas, and timber, while the import includes equipment and other goods restricted by EU countries. The ongoing reorientation of freight traffic to countries in Asia, Latin America, and Africa is leading to an increase in cargo turnover in the ports of the Arctic, Azov-Black Sea, and Far Eastern basins.

Until recently, the Baltic region countries were significant foreign trade partners for the three regions. In 2014, trade with these countries accounted for 29 % of the external trade turnover of the three regions, with 10.2 % attributed to trade with Germany, 6.2 % with Finland, bordering Leningrad region, 5.4 % with Estonia, 2 % with Latvia, 1.8 % each with Sweden and Denmark. Trade with neighbouring countries of the Kaliningrad region, namely Poland (1.2 %) and Lithuania (0.3 %), was the least active, which is not surprising given the less satisfactory relations[2] between Russia and these countries in recent years.

In 2021, the contribution of Baltic region countries to the foreign trade turnover of the three regions decreased to approximately 16 %. Germany accounted for 6.4 %, Finland for 2.8 %, and Estonia, ranking 4th, for over 1.9 %. Poland, ranking 3rd (2.0 %), and Lithuania (1.4 %) increased their share compared to 2014, although it remained extremely low. Denmark represented about 1.2 %, Latvia about 0.8 %, and Sweden about 0.6 %. Notably, China emerged as the leader in the foreign trade turnover of all three regions, displacing the Netherlands in the first two regions and Germany in the Kaliningrad region. While the Netherlands moved to the second position in the commodity turnover of St. Petersburg, in 2022, it ranked only 6th in the commodity turnover of Leningrad Oblast, and Germany was 7th[3] in the commodity turnover of the Kaliningrad region.

The geopolitical and military-political situation in the Baltic Sea region

The geopolitical and military-political situation in the Baltic Sea region has sharply deteriorated compared to the period when this study was originally planned and initiated. The configuration ‘all against Russia’ has solidified. Western states, members of the Council of the Baltic Sea States (CBSS) established in 1992, have rejected equal dialogue with Russia, transforming the Council into an instrument of anti-Russian policy. In connection with this, on May 17, 2022, Russia announced its withdrawal from this organisation (Russia’s membership in the CBSS was suspended on March 4, 2022).

[1] Cargo turnover of Russian seaports in 2022 increased by 0.7 % — to 841.5 million tons, 12.01.2023, *PortNews*, URL: https://portnews.ru/news/341316/ (accessed 06.08.2023).

[2] Calculated on: Russian Export and Import Database (VED). Data from January 2013 to January 2022, *Ru-Stat Information System*, URL: https://ru-stat.com/database/ (accessed 06.08.2023).

[3] Ibid.

Finland's entry into NATO and the likelihood of Sweden following suit in the near future signify a transformation of the Baltic Sea into an 'internal sea of NATO', considering Russia's control over only 7 % of its coastline. This development grants the North Atlantic Alliance the capability to regulate access to the Gulf of Finland, subsequently controlling routes to the military naval base in Kronstadt and Russian ports in the region. Furthermore, NATO exercises control over air and sea routes connecting the Kaliningrad exclave with the main part of Russia. It is worth noting the potential deployment of the American High Mobility Artillery Rocket System (HIMARS) on the Swedish island of Gotland. With the introduction of the new Precision Strike Missile (PrSM) systems boasting a firing range of 650 km, the entirety of the Kaliningrad region falls within striking distance from this location.

An additional factor contributing to the heightened military-political tension in the Baltic region is the doubling in size of the Polish armed forces, aiming to become the most powerful army in Europe. This expansion involves substantial acquisitions of modern weaponry and military equipment.

The escalation of the geopolitical and military-political situation in the Baltic region was vividly illustrated by the explosions resulting from terrorist attacks on the Nord Stream and Nord Stream 2 gas pipelines on September 26, 2022. Such events had not occurred even during the worst periods of the Cold War.

Naturally, Russia will not remain indifferent to the negative changes in the military-political situation in the Baltic region and will be compelled to take retaliatory military measures. According to Russian experts, additional units of ground forces, air and missile defense, missile weaponry, and the Baltic Fleet will be deployed in the Northwest of Russia. After Sweden and Finland join NATO, as stated by the Deputy Chairman of the Security Council of the Russian Federation Dmitry Medvedev, "there will be no talk of any non-nuclear status in the Baltic".[1] This implies the deployment of Russian nuclear weapons in the region.

Considering the worsening military-political situation in the Baltic, we propose to continue strengthening the "anti-access and area denial" (A2/AD) zones in the Kaliningrad region and around St. Petersburg. In these regions, among others, new S-500 Prometheus air defense systems and possibly mobile anti-aircraft/anti-missile systems, such as the Nudol, should be deployed. Given the ongoing deployment of low-observable fifth-generation F-35 fighter-bombers by the U.S. Air Force in Europe and the air forces of several NATO European countries, it seems reasonable to include Russian fifth-generation Su-57 fighters and the accompanying heavy strike UAV S-70 Okhotnik in the Western Military District in the Baltic region (possibly in the Kaliningrad region). In response to Poland's increasing procurement of HIMARS and K239 Chunmoo MLRS, as well as 155 mm self-propelled howitzers K9A Thunder, it is necessary to reinforce the artillery of the Russian military group in the Kaliningrad region with

[1] The Baltic may lose its non-nuclear status, Medvedev said, 14.04.2022, *RIA Novosti*, URL: https://ria.ru/20220414/baltika-1783465933.html (accessed 06.08.2023).

modern weaponry. To counter the United States and NATO, as a reciprocal measure, the deployment of ground-based INF (including hypersonic) missiles, as well as sea-launched high-precision cruise missiles Kalibr-M, should be explored in the Western strategic direction (including the Kaliningrad region) (see [34, p. 66—68]).

The formation of the sub-regional security complex (SRSC) between the Republic of Belarus and the Kaliningrad region of the Russian Federation plays a significant role in ensuring military security as NATO increases its forces and resources along its borders (see more: [35]).

The current and projected political landscape in foreign countries in the Baltic region, as well as the sentiments of the majority of the population, seemingly rule out any prospect of a friendly and cooperative government coming to power in the foreseeable future. According to the experience of the Cold War, this standoff could persist for decades. However, under the influence of the economic crisis, primarily caused by anti-Russian sanctions, a return to some forms of pragmatic cooperation, especially with Germany and Finland, becomes possible. Nevertheless, it appears that the United States, as well as the European Union and NATO, will actively hinder such efforts.

Conclusion. Ensuring the dynamic development of the Baltic regions of Russia and enhancing their economic security

The new strategies for the socio-economic development of the Baltic regions of the Russian Federation must anticipate a significant restructuring of their foreign trade and overall international relations. This involves reducing the reliance on the Baltic region countries in the external trade of the Russian Baltic subjects, along with all unfriendly nations, in favour of states that continue to cooperate. The objective is to strengthen the resilience and dynamism of foreign trade connections and economic development in Russia and its constituent entities.

The maritime location of the Baltic regions of Russia, increasingly leveraging maritime transport for the development of international economic ties, facilitates this restructuring. Reorienting a portion of international trade towards interregional cooperation represents a promising prospect, with the three regions closely cooperating in various forms of economic activity.

Given the cessation of cooperation by the Western side, lost opportunities must be compensated for (and are already being compensated for) through the development of scientific and technical collaboration with the Eurasian Economic Union (EAEU), BRICS, Shanghai Cooperation Organization (SCO), and other countries in Asia, Latin America, and Africa. The experience gained from discontinued cross-border cooperation, taking accumulated knowledge into account, is proposed to be utilized in shaping programs for interregional cooperation within the Union State.

To ensure the sustainable development of the three Baltic regions of Russia, with particular emphasis on the enclave of the Kaliningrad region, reinforcing mutual connections and cooperation is of paramount importance. A prospective approach involves a more active development of interregional ties, redirecting a portion of international trade towards interregional cooperation, and fostering close mutual cooperation among the three regions in various economic activities.

The Kaliningrad region's imperative lies in developing robust maritime and air transportation links with the other two regions, contributing to the establishment of territorially distributed sectoral and cross-sectoral clusters. There are promising opportunities for creating clusters in shipbuilding, automotive manufacturing, the jewellery industry (particularly, amber), as well as in fishing, agro-industry, tourism, health, and scientific-educational complexes. The ultimate goal is to seamlessly integrate the region into a unified territorial socio-economic system with the other two Baltic regions of Russia. Proposed measures for this integration should be incorporated into the Development Strategy of the Northwestern Federal District, the Spatial Development Strategy of Russia, and the socio-economic development strategies of St. Petersburg, Leningrad, and Kaliningrad regions. In order to enhance the economic security of the regions, especially the enclave of the Kaliningrad region, the new strategies for the socio-economic development of the regions are recommended to fully utilize internal natural, labor, and innovative resources. Concurrently with the advancement of maritime and air transportation, leveraging the prospects of international waters in the Baltic Sea, it is imperative to pursue, in accordance with international law, the creation of more robust agreements for overland transit of goods and passengers between the Kaliningrad region and other regions of Russia via the territories of the Baltic States.

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