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Strategic Importance of Kaliningrad Oblast of the Russian Federation

The authors of the article analyse how the policy of the Russian Federation towards Kaliningrad Oblast could influence main national interests of the Lithuanian Republic – the integration into the EU and NATO. Thus two main problems are discussed in the article: first, how Russia seeks to use the problem of military transit to/from Kaliningrad Oblast, stopping Lithuania's Euro-Atlantic integration; second, the interaction of what factors within the context of the EU enlargement could influence decisions on visa and civic transit issues. It is emphasized, that the EU enlargement creates a pressing need for in-depth modernisation of the Oblast (for the implementation of which Russia is not ready and lacks capacity). Neither Russia nor the EU (including candidate countries) is interested in the potential worsening of the socio-economic situation in Kaliningrad region. Due to this reason, successful crisis prevention should be an important interest for all regional actors. Nevertheless, analysis of their positions reveals that there is a lack of strong political determination to decide the Kaliningrad issue *substantially* (by resorting to unconventional tools, breaking the *status quo*), as the problem of successful adaptation of the oblast (together with the relevant values) is not placed high on the regional actors' agenda. The analysis of Russian military transit from/to Kaliningrad Oblast indicates that the Kremlin was seeking political agreement on military transit in the hope of holding Lithuania in its sphere of influence. The presumption is made that Russia could again try to legitimate the military transit through the territory of Lithuania even if Lithuania is invited to join Euro-Atlantic structures.

Introduction: Objectives and Tasks

The principal objective of the present paper is to elucidate how Kaliningrad Oblast of the Russian Federation may influence Lithuania's major national interests: the integration into the European Union and NATO. In other words, to analyse how Russia can make an effective use of Kaliningrad Oblast in seeking to influence Lithuania's strategic objectives, and what resources Lithuania has to neutralise the threats that are being posed.

Kaliningrad Oblast (hereinafter referred to as KO) is most westerly territory

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of the Russian Federation¹. It could be regarded as an *exclave* of the Russian Federation. Though KO is separated from the main part of Russia by the territories of Lithuania and Belarus, it borders on the Baltic Sea all the same and thus has a direct link with other Russian ports. Unlike other exclave and enclave territories in the West, which are dynamic units well oriented towards the global economic system, KO is a *backward, underdeveloped* region from the social point of view. Economic and social backwardness of the Oblast alongside a *relatively high degree of its militarisation* can be regarded as an eventual threat to Lithuania and its strategic aspirations to become a member of the EU and NATO.

The identification of Russia's policy with respect to KO, as well as the establishment of threats arising from KO, becomes especially pressing at present. On the one hand, the NATO Summit Meeting in Prague is approaching during which the second stage of the enlargement of the Alliance should be announced. Lithuania is mentioned among the most realistic candidates of the second wave of NATO enlargement. It is often stated in Russia that in case Lithuania is invited to join the Alliance, Russia will be forced to take retaliatory military measures to strengthen military capacities of KO. It is also noted that after Lithuania has become a member of the Alliance, the balance, established by the Conventional Armed Forces in Europe Agreement, would be upset. Seeking to influence Lithuania's Euro-Atlantic integration, Moscow also escalates the issue of *military transit through the territory of Lithuania* demanding that the regime of military transit should be reviewed by adjusting it in accordance with the standards of "international law"².

On the other hand, Lithuania, seeking to become an EU member, should join Shengen *acquis*, which would mean the introduction of visas for the residents of the Russian Federation travelling through the territory of Lithuania to/from KO. According to Moscow, such measures would violate its sovereign rights and would worsen the socio-economic situation in the Oblast even more and would isolate KO from the remaining part of Russia. On the basis of such arguments, the Kremlin firmly rejects the idea of changing the visa regime and demands that a special free transit corridor to KO should be created.

Historiographic-problem related review of literature. In assessing available literature on the KO issue it becomes obvious that, till the beginning of the 90s of the 20th century, the authors devoted most attention to the military aspects of the Oblast: its demilitarisation and ways of neutralising KO as an eventual military threat, etc³. Such was the case because a large part of the Army being withdrawn from Germany was deployed in KO. It is also noted that at the turn of the 20th-21st centuries even more attention was focused on the impact of the EU enlargement on KO, and such attention was dictated by the beginning of the negotiations between Poland and Lithuania and the

¹ Kaliningrad Oblast of the Russian Federation covers 15,100 square kilometres, its population totals 926,000 people, of which 415,000 people live in Kaliningrad. Kaliningrad Oblast is inhabited by people of different ethnic backgrounds: the most numerous ethnic group is Russians (78%), Belarusians (10%), Ukrainians (6%), Lithuanians (4%). Also about 12 thousand Germans and 8 thousand Poles live in Kaliningrad Oblast. The administrative structure is as follows: 13 districts and 9 towns. The level of urbanisation of Kaliningrad Oblast is quite high – 78.2% of the population live in towns. (see Joenniemi P., Prawitz J., eds., *Kaliningra: Amber Region*, Aldershot: Ashgate, 1998, p. 32–56).

² This position was expressed during the President of Lithuania Valdas Adamkus' visit to Moscow at the beginning of March 2001 (See daily *Lietuvos rytas*, 31 March 2001).

³ The latest review of "the Kaliningrad issue" is presented by Lopata R., "Naujausios kaliningradistikos apžvalga" [The latest review of kaliningradistics], *Politologija*, 1, 2002, p. 96 – 104.

European Commission⁴. It was understood that the EU enlargement was unavoidably related to the side effect on third countries, including Russia and KO as its integral part. In the perspective of Poland's and the Baltic States' (Lithuania in the first place) membership in the EU, the threat of Kaliningrad's lagging behind the neighbouring countries socially and economically and its turning into the "double periphery" (with respect to both the EU and the Russian Federation) becomes especially important.

Western authors, having analysed the eventual military impact of KO on the process of NATO enlargement towards the East Baltic region (such as R.D. Asmus, R.C. Nurick, L.D. Fairlie, F. S. Larrabee, Ch. Wellmann and others) usually note the following: first, that the enlargement of the Alliance in the direction of the Baltic States would in essence surround KO in which "a huge military power of Russia" is still concentrated. This "negative factor" turns the Baltic States into a special case and complicates their accession to the Alliance⁵; second, the issue of military transit through the territory of Lithuania complicates Lithuania's situation because it repeats the precedence of Western Berlin during the period of the Cold War and in the future it may become the centre of a conflict between Lithuania and Russia⁶.

In specifying the main aim of the paper, *two major tasks have been addressed* in the below presented study: first, to analyse how Russia tried (and is still trying) *to take advantage of the issue of military transit* seeking to put a stop to the process of Lithuania's Euro-Atlantic integration and possibilities available for Lithuania to minimise the arising threats; second, to elucidate the factors whose interaction would enable the problem of *the visa issue* to be solved successfully.

The paper is based on the supposition that KO plays an important strategic role in the policy pursued by Russia with respect to Lithuania. By making use of the "problems" related to KO, Moscow seeks to change Lithuania's pro-western (eventually pro-American) geopolitical orientation.

Structure of the paper. Taking into account the aims and objectives set, the paper consists of four main parts. The first part presents a brief overview of the strategic importance of KO during the period of the Cold War. It is stated that already during the Second World War, the Kremlin sought to annex a part of Eastern Prussia together with Königsberg, hoping thereby to influence the pro-Soviet orientation of a future Poland and to ensure control of the Eastern Baltic region for itself. The second part of the paper is devoted to discussing how the strategic importance of KO developed after 1990-1991 before two principle scenarios of the development settled into shape: the scenario of the polygon of economic reforms and that of a military bastion. Also attempts have been made to answer the question how changes in the Russian policy following 11 September 2001 can influence the development of the scenarios.

The third part is concerned with the issue of military transit of Russia through the territory of Lithuania to/from KO. Several suppositions are taken as a basis: first, current military transit of the Russian Federation raises no problems of a political level and therefore it cannot complicate Lithuania's process of Euro-Atlantic integration: second, Russia, seeking to legalise the issue of military transit by means of a

⁴ Joenniemi P., Lopata R., Sirutavičius V., Vilpišauskas R., "Impact Assessment of Lithuania's Integration into the EU on Relations Between Lithuania and Kaliningrad Oblast of the Russian Federation", *Lithuanian Foreign Policy Review/Supplement*, 2 (6), 2000, p. 46.

⁵ Asmus R.D., Nurick R.C., "NATO Enlargement and the Baltic States", *Survival*, 38, (2), (Summer), 1996, p. 122-123; Larabee S.F., "Paper on NATO Enlargement After the First Round", *NATO Office of Information and Press. The Fiftieth Anniversary of the Atlantic Alliance: A New NATO for a New Europe*, January 25, 1999, p.7.

⁶ Wellmann Ch., *The Kaliningrad Oblast in the Context of Baltic Sea Region Security*, 1997, p. 7-8.

political agreement, hopes to leave Lithuania within the sphere of its influence. First of all a brief historical overview of agreements on Russian military transit is presented (1993-1995); second, possible scenarios of the escalation of military transit are specified, and third, several eventual variants of Lithuania's response to such pressure on the part of Russia are provided.

The fourth part addresses the settlement of the "Kaliningrad issue" within the context of the EU enlargement as the crisis prevention case. The analysis is based on the supposition that conditions of two types are enough for a successful crisis prevention: a sufficient political will and the power of decision-makers. The basic attitude of the paper is that if for a larger part of regional figures the Kaliningrad issue does not become an important value/interest to which priority would be given, it is likely that the crisis prevention will experience failure. Feasible possibilities of settling the issue of the visa regime will be discussed within this context.

1. Strategic importance of Kaliningrad oblast during the Cold War

The fate of Eastern Prussia was decided as early as the end of 1943, at the Conference in Teheran. The allies of the Conference – the USA, Great Britain and the Soviet Union – considered various issues that were urgent for the post-war Europe: the borders of Poland, the future of Germany, etc. It was in Teheran that the issue of the fate of the Baltic States was practically settled⁷.

At the beginning of the war, the western allies, the British and the Americans, supported the aspiration of the Poles to hand Eastern Prussia over to Poland as a compensation for possible territorial concessions to the Soviets. Evicting Germans from Eastern Prussia was also approved of. As early as December 1941, they tried to convince Sikorskis that Poland was going to annex the whole of Eastern Prussia and that thus it would be possible to easily come to an agreement on the eastern borders of Poland. It is interesting to note that in 1943 Litvinov maintained the same idea to Harry Hopkins. However, at the Teheran Conference, Stalin, basing his statement on the fact that Russia had no ice-free ports in the Baltic Sea, demanded that a part of Eastern Prussia, including the Königsberg Port, should be given over to Russia⁸.

In the end the British and the Americans agreed to support Stalin's aspirations in Eastern Prussia at the future peace conference, which had to finally resolve all the territorial and border problems. The question arises – why did the fate of a part of Eastern Prussia become so important to the Soviet Union?

By setting territorial requirements Moscow was solving several strategic tasks that were of importance to it. In seeking to acquire only a part of Eastern Prussia (the Königsberg Port together with a small territory) – the other part of Eastern Prussia had to be given over to Poland – Stalin tried to force the latter to participate in the division of German territories. In annexing German lands, Poland would be set against Germany and in the post-war years would seek for support in the Soviet Union. Hence, wishing to withstand the territorial claims of Germany, Poland would

⁷ Sirutavičius V., "Geopolitinė Kaliningrado srities reikšmė regioninio saugumo aspektu" [Geopolitical Significance of Kaliningrad Oblast the Aspect of Regional Security], *Lietuva ir jos kaimynai. Metinės konferencijos tekstai*, Vilnius, 22–23 November 1996, Vilnius: Pradai, 1997, p. 107–112.

⁸ By the way, it was already during the First World War that Czarist Russia had plans to annex the lower reaches of the Nemunas River, and eventually the whole of Eastern Prussia.

be forced to seek support in the Soviet Union. In this way the only possible post-war orientation of Poland would become a pro-Soviet orientation. In Stalin's geostrategic plans Poland's control was necessary on account of two important reasons: first, in his opinion, only a satellite sovietised Poland could guarantee the security of the Soviet Union. From the point of view of the Kremlin only such Poland could fulfil the function of an effective protective buffer in the case of a military conflict with the West. Second, the re-established independent and pro-western Poland could have become a serious obstacle to the expansion of the Soviets in Central and Eastern Europe.

Territorial claims of the Soviet Union in Eastern Prussia were important from another point of view as well. Annexation of a part of Eastern Prussia was inseparable from Moscow's aspiration to have dominance in Lithuania and eventually in the Eastern Baltic region. It should be remembered that when the issue of Königsberg was discussed at the Teheran Conference, the fate of the Baltic States was in essence decided too. It is known that at the Conference the US President Roosevelt agreed to Stalin's request that plebiscites should be conducted in the three Baltic States without international control after the Soviet Army had liberated them⁹. Virtually this meant that the Baltic States were recognised as a sphere of interest of the Soviets. The requirement of Moscow to transfer a part of Eastern Prussia to it had to dissociate Lithuania from Poland and hence to establish the dominance of the Soviet Union in the Eastern Baltic region.

Thus, in summing up, the conclusion could be drawn that territorial claims in Eastern Prussia were an important constituent part of Stalin's strategy. Its basic purpose was to establish the dominance of the Soviet Union, first and foremost, in the Eastern Baltic region and later in Central Eastern Europe thus guaranteeing the national security of the Soviet Union. The territorial expansion in Eastern Prussia was already a sign, though not too distinct, of Stalin's intentions by taking advantage of the most favourable circumstances, to become established in the whole region of Central and Eastern Europe. These intentions became ever more obvious at the Jalta Conference and shortly after the war when Stalin began gradually, but single-mindedly to realise the so-called idea of the "security band", that is, with the help of the system of satellite states to separate the Soviet Union from Germany and finally from Western Europe.

It is true, shortly after the war the possibilities of annexing to Lithuania the part of Eastern Prussia that had been given over to the Soviets were considered, however, the newly acquired territories were incorporated into the Russian Federation as early as April 1946. (It is interesting to note that it was then that the pro-Soviet orientation of the post-war Poland became clear. The coalition headed by the Communists won the elections to the Sejm of Poland).

During the years of the Cold War, almost universal militarisation of Kaliningrad Oblast was carried out. After the socio-economic infrastructure that existed up to that time was destroyed, no new infrastructure was practically developed. Instead, a large navy base was formed in the Oblast together with other bases of the Soviet Union located in the Eastern Baltic region, which permitted to exert control over the

⁹ *Советский Союз на международных конференциях периода Великой отечественной войны 1941 – 1945 г.г.* Тегеранская конференция руководителей трех держав – СССР, США и Великобритании (28 ноября – 1 декабря 1943 г.), Москва, 1978, т.2, р. 152 – 169.

Baltic Sea. In 1956, the Command Post of the Navy was transferred from Leningrad to KO, the town of Baltijsk became the main sea base in the Eastern Baltic region. The 11th Army of Guards was also stationed in KO. Both offensive (for example, the operation of disembarking in Southern Sweden) and defensive operations (to defend the western borders of the Soviet Union against possible NATO aggression) were planned for the armed forces concentrated in KO. About 200,000 military personnel were said to have been stationed there shortly after the downfall of the Soviet Union¹⁰.

2. Kaliningrad oblast in the context of national interests of Russia

Re-establishment of the statehood in the Eastern Baltic region, disintegration of the Soviet Union and the rise of Russia as an independent figure of the international policy, created preconditions for reconsidering the perspectives of KO development. At the end of the 90s of the 20th century, the intellectuals, politologists and politicians proposed several possible scenarios of the development of the Oblast. It was proposed to transform the region into the so-called “Baltic Hong Kong”, or, in other words, to create an ex-territorial free trade zone in KO at the same time granting the Oblast a relatively great autonomy. This idea was based on the supposition that KO, due to its convenient geographical position, could become an important centre of economic co-operation in the Baltic Sea region. (It seems that by creating a free trade zone the Russian authorities made the first steps towards the implementation of this project). Another scenario supposed the creation of an independent “fourth (Russian) Baltic” republic. Some Russian intellectuals and Lithuanian politicians supported this idea, however, this idea enjoyed no popularity with KO society itself. A part of radical Russian politicians were for the maintenance and development of KO as a military advanced post or military garrison of the Russian Federation. In this way it was sought to still more strengthen relations of Kaliningrad Oblast with Russia¹¹. True, it should be noted at once that none of the above-mentioned scenarios has been consistently implemented.

Several principal political and economic factors determined indefiniteness of KO perspectives. Firstly, a complicated and contradictory process of Russia’s federalisation. The fact that Moscow – “the centre” – did not have a clear concept of the regional policy and hardly imagined the perspectives of KO development should also be made mention of. Secondly, a complicated socio-economic situation both in Russia and KO. The Kremlin did not have enough resources for settling the problems that existed in KO. On the other hand, it seemed that “the centre”, fearing that separatist tendencies could strengthen, avoided serious economic reforms in the Oblast. The fate of the Free Economic Zone (FEZ) and the Special Economic Zone (SEZ) clearly demonstrates Moscow’s inconsistency in the sphere of economic reforms. The Law on the Free Economic Zone adopted in 1991 had no effect altogether and eventually

¹⁰ Krickus R.J. “US Foreign Policy and Kaliningrad Oblast”, *Danish Institute of International Affairs*, 1998, p. 12. (Working Papers, vol. 18.)

¹¹ For more detail see Lopata R., Sirutavičius V., “Lithuania and Kaliningrad Oblast: a Clearer Frame for Co-operation”, *Lithuanian Foreign Policy Review*, 3, 1999, p. 51–56.

was repealed in 1993. It is true, in 1995, the Duma of KO adopted the Law on the Special Economic Zone; however, it failed to produce the desired effect either. Poor administrative skills of the local political elite, a high level of corruption and inertness of the society had a negative impact on the processes of “the modernisation” of the Oblast and its economic-social transformation. In analysing the perspectives of KO development in the middle of the 90s, a pessimistic scenario was most often forecasted. It was supposed that the inconsistency of socio-economic reforms, their postponement alongside a relatively high degree of militarisation of the Oblast could turn KO into the centre of tension, which would pose a threat to general security of the Baltic Sea Region countries.

One could maintain that gradually two strategies have crystallised in the policy of the Kremlin with respect to KO: the first strategy treated KO as a special strategic region; the second one is the strategy of KO being a polygon of economic reforms. Thus the following question arises: which of the said strategies will dominate in the policy of the post-empire Russia and will be realised, and how this will influence the security of the Baltic States and, that of Lithuania, in the first place.

In the Russian policy, the strategy of KO as a military advanced post, first of all was based on the principle that strengthening and modernisation in the sphere of military potential, first and foremost, should put a stop to NATO enlargement towards the Eastern Baltic region and guarantee Russia’s dominance in the region. It was thought that maintenance of a sufficiently strong and modern military group in KO made Lithuania practically undefended from the military point of view. This would be an argument against Lithuania’s accession, and on the whole, accession of the Baltic States to NATO. On the other hand, it was explained that Moscow, responding to NATO enlargement, would be forced to strengthen its military potential in KO. And such remilitarisation of the district would not contribute to increasing security in the Baltic Sea Region. Hence, in the strategy of Russia, the idea of KO as a military advanced post had to fulfil the *function of containment*. In other words, to reduce the possibilities of rapprochement between the Baltic States and NATO. Therefore the political-military elite of Russia assesses KO as a “peculiar strategic region”, and maintenance of such a militarised region or a bastion as well as strengthening of its military potential is regarded as a constituent part of the concept of national security and defence. It was not by chance that in 1994 the military status of KO was changed, the Oblast became a “special defensive region”, which was directly subordinate to the Ministry of Defence. (In January 1994, the President of Lithuania Algirdas Brazauskas sent a letter to NATO General Secretary Manfred Wörner containing an official request to accept Lithuania to NATO). In the same year, Deputy Prime Minister of Russia Sergei Shachrai underlined that demilitarisation only limited Russia’s sovereignty in KO and proposed to expand the military naval base. In the summer of 1996, the President of Russia Boris Yeltsin, when visiting Kaliningrad and the Baltijsk navy base ensured that the region would always belong to Russia and in essence rejected the idea of demilitarisation. Russian officers warned that in case of NATO enlargement in the direction of the Eastern Baltic region, a tactical nuclear weapon could be deployed in KO¹².

¹² Oldberg I., “Russia and its Western Neighbours in the Context of NATO Enlargement” in Oldberg I., Jarlsvik H., Norberg J., Vendeli C., eds., *At a Loss. Russian Foreign Policy in the 1990s*. Stockholm: Defense Research Establishment, 1999, p. 36.

True, the first stage of NATO enlargement, during which Poland, that has a direct territorial contact with KO, was invited to join the Alliance (1997), showed that the doctrine of retention and the idea of KO as a military advanced post was not too effective. This tendency manifested itself even more in 1999 when Poland became a member of the Alliance, and the concept of “the open door” was approved during the NATO Summit in Washington and nine candidate countries were nominated (including Lithuania). In 1997, during his visit to Sweden, the then President of Russia Yeltsin stated that the Army of the forces of the northern western group would be reduced in number by as much as 40 per cent. According to the data presented by military analysts, about 15 thousand officers were stationed in Kaliningrad Oblast in 1998¹³. The potential of the military navy decreased considerably too. During the period from 1993 to 1998, the number of offensive helicopters decreased from 48 to 42, that of fighter planes – from 35 to 28, the number of submarines – from 15 to 2, that of frigates – from 24 to 4, the number of patrol boats – from 140 to 30. Only the number of tanks increased from 750 to 1,000¹⁴. According to experts, the armed forces currently stationed in Kaliningrad Oblast do not even reach the quotas established by the Conventional Forces in Europe Agreement. At the same time it should be noted that the decrease in the number of armament and the armed forces in the Oblast was influenced by the incapacity of the “centre” to allocate sufficient funds for the maintenance and modernisation of the Army. This became especially obvious in 1998, during the so-called financial crisis period.

In this context, the concept of KO as a polygon of economic reforms was begun to be considered ever more actively. It was thought that due to its convenient geographical position the Oblast could function as an important economic centre of the Baltic Sea Region, as a temporary bridge for cargoes from the West to the East and from the East to the West. True, to restructure the infrastructure of the region, it is necessary to put the administrative system of the Oblast in order, to define the relations between the centre (Moscow) and the periphery (KO) more exactly by granting more independence to the Oblast, to create favourable conditions for foreign investment, etc. In other words, structural modernisation of the Oblast was necessary. Having acquired a certain experience in the sphere of economic and social reforms, it would be possible to apply it to other Russian regions, which are farther from the centre, too. The EU enlargement process encouraged the need to devote more attention to the socio-economic issues of KO and the dynamics of the region. From the point of view of Russia, in case of the membership of Poland and Lithuania in the EU, KO would be encircled by the EU states, and this would have a negative impact on the economic-social dynamics of the Oblast. However, in case of successful co-operation between the EU and Russia, it would be possible to mitigate the consequences of the EU enlargement, and KO could serve as a bridge between Russia and the EU. At the Summit meeting of the Russian Federation and the EU held in October 1999, the states noted that KO could potentially become a model of successful co-operation between Russia and the EU or a “pilot” region. Eventually, the idea of a “pilot”

¹³ In 1998, the Commander of the Baltic Navy Admiral V. Jegorov asserted to Lithuanian diplomats that the number of soldiers in Kaliningrad Oblast totalled 25 thousand.

¹⁴ *The Military Balance 1993–1994, 1998–1999*, London: International Institute of Strategic Studies (IISS), 1993, 1998, p. 111.

region meant granting of a special status to KO. It seemed that Moscow's dialogue with Brussels on the KO issue and the concept of the "pilot" region, could have become a good impulse for social-economic modernisation of the Oblast. However, this did not happen. In March 2001, the Government of the Russian Federation, having considered the plan of measures for the socio-economic development of KO and assurance of vitality, refused to define perspectives of the development of the "pilot" region¹⁵. In essence, the plan specified only those measures with the help of which the centre sought to extend the limits of its competence. One may think that in this way the Kremlin tried (it is quite likely that tendencies of such a policy will be important in the future too) to obtain as many compensations from the EU as possible for the impact of the enlargement and to strengthen its influence in the Oblast.

The conclusion would offer itself that KO further remains important for Russia, first and foremost, from the strategic point of view: the Oblast is regarded as an important geopolitical lever enabling to ensure Russia's influence in Lithuania and in the Baltic States on the whole. True, measures by means of which the Kremlin implements its objectives change. Russia, which for a long time stated that the EU enlargement towards the East (contrary to NATO) did not pose a threat to its national interests, at present strengthened its political pressure on the EU, hoping to obtain concessions on the issues of civil transit and visas. At the same time, Moscow put up with the fact that the Baltic States were invited to join NATO and no longer escalates the issue of KO military threat¹⁶. Nevertheless, the supposition cannot be rejected that Russia may try to make use of the sensitive issue of military transit to/from KO seeking to put a stop to the process of ratification of the Alliance enlargement.

3. Military transit of the Russian Federation to/from Kaliningrad oblast

Seeking to better understand how Russia, while exerting political pressure on Lithuania, will make use of the problem of military transit, it is necessary to review the issue of the genesis of military transit through the territory of Lithuania.

Though formally Moscow started demanding to sign an agreement on military transit to/from KO of the Russian Federation through the territory of Lithuania already in 1992, the Lithuanian government rejected such an idea¹⁷ in protection of the country's sovereignty. Instead, the official Vilnius and Moscow made a verbal agreement

¹⁵ Stanytė-Toločkienė I., "Kaliningrado sritis ES plėtros požiūriu" [Kaliningrad Oblast by the Standpoint of EU Enlargement], *Politologija*, 2 (22), 2001, p. 55.

¹⁶ Moshes A., "Russian – Baltic relations After the Double Enlargement: RE – thinking the Agenda", *Lithuania Foreign Policy Review*, 1 (9), 2002, p. 55.

¹⁷ In January 1993, Č.Stankevičius, the head of the Lithuanian state delegation for the negotiations with Russia, informed the Lithuanian Foreign Minister P.Gylys about a draft agreement on the military transit submitted by the Russian delegation in the negotiations which included proposal for Lithuania "to award Russia the right of free military transit through the territory of Lithuania to Kaliningrad Oblast, likewise to allow military transit transportations of the Russian armed forces withdrawn from Germany". See: the Archives of the Lithuanian Ministry of Foreign Affairs (LFMA). [The author wants to express special appreciation to the personnel of the Archives of the Ministry of Foreign Affairs for the presented opportunity to use the Archives of the Ministry.] Also see: Stankevičius Č. V., *Derybos su Rusija dėl kariuomenės išvedimo iš Lietuvos* [Negotiations with Russia about the Withdrawal of the Army from Lithuania], Vilnius: Leidybos centras prie KAM, 2002, p.73.

that there would be no complications for the movement of the Russian Federation troops to and from KO. At that time, the Russian military were satisfied with such arrangements, as the issue of the Army withdrawal was more important for them.

It was within this context, that the procedure of Russian military transit through the territory of Lithuania was starting to take shape. It should be emphasised that Moscow in essence acknowledged the absence of levers at its disposal to retain Lithuania within the framework of the Soviet legitimacy, nevertheless it was making consistent effort to hold Vilnius in the sphere of its influence.

Russians, apparently, related the implementation of this aim first of all with the resolution of the issue of military transit through the territory of Lithuania. Even though from the summer of 1993, Lithuania was free from the presence of the Russian Army, nevertheless the country was surrounded with it on all sides. On the one hand, there was movement from the West to the East, as the Army was being withdrawn from East Germany, and on the other hand, there was some movement from the East to the West, as Russia had to ensure supply of its military formations concentrated in KO. In addition, military forces of the Russian Federation continued to be deployed in Latvia (and Estonia). It should be noted that a part of the Russian Army withdrawn from Latvia and Estonia was channelled to KO.

Hence, it is understandable that already in January 1993, Lithuania “agreed to allow Russia” to use Klaipėda port in transporting its military formations from Germany “homeward bound as well as to/from Kaliningrad”¹⁸.

During the negotiations between Lithuania and Russia, which took place in mid September 1993, it was essentially agreed on the Russian military transit from Germany through Lithuania alongside with a compromise over payments for it. It was also agreed on the cooperation in the area of air, sea and river transport. Finally, on 4 November the Lithuanian President Algirdas Mykolas Brazauskas went to Moscow for his first official visit where he met with the RF President Boris Yeltsin. In the course of negotiations important agreements were discussed, though they were not signed due to technical obstacles. Therefore, it was agreed that the RF Prime Minister Victor Chernomyrdin would come to Vilnius in the middle of November to sign these documents.

On 18 November, the RF Prime Minister Chernomyrdin arrived in Vilnius on an official visit. He noted that in the course of negotiations mention was also made about military transit from Russia to Kaliningrad through the territory of Lithuania. He stated that it was decided that agreements for regulating all the issues related to military transit would be signed as soon as the first quarter of 1994. Ten agreements were signed on the same day, the most important of which was the agreement signed by the Lithuanian and Russian Prime Ministers Adolfas Šleževičius and Victor Chernomyrdin on economic relations which granted Lithuania the most-favoured-nation status in trade and ensured tax free transit of goods through the territories of the countries concerned.

It should be noted that another equally important agreement was signed to regulate transit transportation of Russian armed forces and military cargoes withdrawn from Germany through the territory of the Republic of Lithuania, as well as

¹⁸ Stankevičius, (reference 17), p. 72 – 73.

an agreement providing for relevant tariffs and payments. This agreement established the procedure for the movement of the Russian Army through the territory of Lithuania which was expected to become effective from 18 November 1993, but be valid not longer than until 31 December 1994.

This constituted the famous November 1993 “Agreement Package” which has since been regulating a whole range of areas of the Lithuanian-Russian relationship. Nevertheless, the implementation of the agreements was far from easy. The rules regulating the passage of the Russian Army through the territory of Lithuania came into effect immediately, though the ratification of the agreement on the most-favoured-nation status in trade, which was important for Lithuania, continued to be delayed, in fact all through 1994. As the agreement between Lithuania and Russia on the passage of the Russian Army through the territory of Lithuania was effective only until 31 December 1994, all through the year of 1994, Russia was actually pressing Lithuania to sign a special transit agreement granting Russia special rights to freely execute military transit to/from KO through the territory of Lithuania by rail, air and road transport.

In late 1993 and early 1994, Russia submitted to Lithuania several draft agreements on military transit. Upon having analysed those draft agreements and “having assessed the possible consequences of the military transit”, the Lithuanian working group for talks with the CIS states, as early as in March 1994 decided that “no bilateral or multilateral agreements on military transit should be signed with individual countries” and proposed to prepare uniform rules on the transportation of military and hazardous cargoes through the territory of Lithuania approved by the Government and valid for all countries¹⁹.

Moreover, it should be noted that in late 1993 and early 1994, there occurred important changes in the Lithuanian internal and foreign policy. On 23 December 1993, under the pressure from the opposition, the Seimas of Lithuania adopted a resolution which recommended the Government to submit an official request for Lithuania to be accepted to NATO and prepare the foreign policy conception of the country²⁰. On 4 January 1994, the President of Lithuania Algirdas Brazauskas sent a letter to NATO Secretary General Manfred Woerner with a formal request for membership in NATO.

An interesting fact is that on the same day – 4 January – the Embassy of the Russian Federation in Vilnius prepared a note to the Lithuanian Ministry of Foreign Affairs with a request to explain “the order for the issue of permits for military transit transportation from Latvia and Estonia to/from Kaliningrad Oblast”, as from 1 December 1993 Lithuanian authorities were allegedly not dealing with those issues. On 6 January already the Lithuanian Embassy in Moscow received a note prepared (on 5 January) by the Russian Ministry of Foreign Affairs stating that “transit transportation of military units through the territory of the Republic of Lithuania to Kaliningrad Oblast and back have recently become complicated.” Pending the conclusion of an agreement on military transit, Moscow requested Vilnius not to hinder the transportation of military units²¹.

¹⁹ Pastabos apie karinį transiŭ [Comments on the Military Transit]. LMFA archives.

²⁰ Lopata R., Vitkus G., sudar., *NATO vakar, šiandien, rytoj* [NATO Yesterday, Today, Tomorrow], Vilnius: Eugrimas, 1999, p. 242.

²¹ See LMFA Archives. Lithuanian Ministry of Foreign Affairs answered to those Russian notes only on 14 March. It was stated in the note of the Lithuanian Ministry of Foreign Affairs to the Embassy of the Russian Federation that transportation of military cargoes was regulated by the November 1993 agreements.

On 19-20 February 1994, an incident occurred on the border of Lithuania. Without due permission to do so, Russia sent a train with military cargoes. The train was detained by Lithuanian officials. As early as 28 February, the head of the Lithuanian negotiating team Ambassador Virgilijus Bulavas informed that Lithuania was going to prepare its own regulations on military transit while in the interim the procedure which was previously valid in respect of the Russian Army withdrawn from Germany was to be applied²².

On 9 March 1994, pending the approval of the regulations on transporting dangerous and military cargo, the Lithuanian Government adopted a decision pursuant to which, such transit transportation was in the interim to be regulated by the 18 November 1993 agreement and protocol on Russian military transit transportation from Germany via Lithuania. The Russian side found such position unacceptable.

Instead of agreeing with the general regulations on transporting dangerous and military cargo proposed by Lithuania, Russia continued demanding a special political agreement tailor-made for Russian military transit to Kaliningrad. Thus in June 1994, at a meeting of the working groups, the head of the Russian delegation tried to convince the head of the Lithuanian working group for talks with the CIS states that Lithuania had to abandon the attitude based on emotions, use propaganda to convince the society, and sign a "political document" with Russia. The Russian side argued that on this occasion Russia could not decide the issue in the same way as it dealt with the withdrawal of the Army, i.e. without an agreement²³.

The requirement of Russia to sign a political agreement was met with a particularly strong resistance on the part of the political opposition in Lithuania. The opposition believed that by signing a political agreement with Russia on military transit, Lithuania would automatically be included into the Russian military-political sphere of influence and find itself under certain political commitments in respect of Russia, while the Lithuanian freedom of manoeuvre on international scale would be considerably more restricted and far more dependent on Russia than before. Under the pressure of the right parties, the Lithuanian Government also decided to give up political agreement and just limit itself to adopting unilateral technical transit regulations. Seeing the lack of support to its proposal on the Lithuanian side, Russia in its turn started finding fault with the technical regulations proposed by Lithuania.

Thus no definite agreements were reached in the first half of 1994. In pursuit of its own goals, Russia continued postponing the ratification of the economic agreement signed on 18 November 1993, and started issuing threats that it would limit gas and oil supply and apply other measures of economic pressure. The doubling of taxes on import to Russia could be attributed to the latter. The Lithuanian Prime Minister Šleževičius characterised such economic policy of Russia as aggressive and hinted about a possibility of limiting electric power supply to KO. Double taxation applicable to the export of Lithuanian goods to Russia was disadvantageous not only for Lithuania but likewise to Russia itself. On 19 August, the Moscow Mayor Jurij Luz-

²² Stankevičius, (reference 17), p. 73.

²³ At the same meeting the regulations on military transit prepared by Vilnius were presented to the Russian delegation. The Russian officials in essence approved them though concurrently put forward several requests of their own: passage of 2-3 trains a year with army conscripts through the territory of Lithuania; military transit by road; no customs control for military transport.

hkov visited Vilnius and promised to encourage the Russian Government to renew relations with Lithuania. The Mayor expressed his concern about the notable decrease in the exports of relatively cheap Lithuanian goods to Moscow brought about by double taxation. The same was reiterated by Vladimir Shumeiko, the Chairman of the RF Federation Council who visited Vilnius on an official two-day visit on 5 September. He acknowledged Russia's delay in granting Lithuania the most-favoured-nation status in trade. He maintained that the document would have to come into effect before the agreements on visa-free travel and military transit were signed.

In the summer of 1994, Vilnius prepared the final version of the regulations on military transit and sent it to be evaluated by foreign experts who concluded that Lithuania's position in unilaterally establishing regulations on the military transit could be justified by the fact that it was requesting no military transit through the territory of the Russian Federation²⁴. On 16 September, a meeting of the Lithuanian and Russian delegations which was also attended by the President of the Republic of Lithuania Algirdas Brazauskas was held in Vilnius. The head of the Russian delegation, the Deputy Foreign Minister S. Krylov noted that Moscow was awaiting for the draft agreement prepared by Lithuania and would welcome an expedited completion of the work. The President expressed a similar attitude by stating that the agreement on military transit was expected to be prepared without delays and lengthy discussions.

On 29 September 1994, the Lithuanian Prime Minister Šleževičius announced that the regulations on transit transportation of dangerous and military cargo through the territory of Lithuania were prepared by the Government. On 3 October, these regulations were approved by the Government Resolution No. 938²⁵. The discussion process of the issues of military transit was accompanied by constant reproaches of the opposition to the Lithuanian Labour Democratic Party (LLDP) concerning a possible loss of independence and the "ambiguous" position in respect of Moscow. The opposition maintained that the ambiguity of the Government's political position on this issue and the confidentiality of negotiations, where vital decisions for Lithuania were taken just by a narrow circle of persons, presented a great danger. "Still the question remains", spoke the leader of the opposition Vytautas Landsbergis in the conference held by the Conservative party on the issues of transit on 12 November 1994, "how far have the leaders of Lithuania gone with their obscure promises and commitments"²⁶.

It was most probably late in the autumn of 1994, that Lithuania's position in negotiations finally took shape, the essence of which could be described as follows: military transit should not be stopped, negotiations should continue, however, entering into any binding agreements with Russia should be avoided, and the regulation of transit should be submitted to the rules established by Lithuania on sovereign grounds. Such attitude of Lithuania was also supported by the US Deputy Secretary of State Lynn E. Devis who visited Vilnius on 26 October 1994. During her visit she

²⁴ See, LFMA archives.

²⁵ Government of the Republic of Lithuania Resolution "On the Approval of Regulations for Transportation of Hazardous and Military Cargo of Foreign States through the Territory of the Republic of Lithuania". 1994.

²⁶ Landsbergis V., "Derybos vienam atsiklaupus?" [Negotiation with One Party on his Knees?], *Lietuvos Aidas*, 01 12 1994.

stated, "I believe that whatever is the decision, it would not prevent Lithuania from becoming a full member of European political and military organisations, nevertheless the issue ought to be resolved in such a way that it would not impair the sovereignty of your country [Lithuania]"²⁷.

It is, however, necessary to note that the attitude of other Western countries towards the Russian military transit via Lithuania was different from the American position. Thus, on 21 December 1994, the German Embassy to Lithuania promulgated a statement on behalf of the European Union states where the official Vilnius was invited to conclude an agreement with Russia²⁸.

The following day after L. Davis's statement, Šleževičius announced that the regulations adopted by Lithuania were to come into effect on 1 January 1995, and "they were not subject to negotiation with any foreign state"²⁹. On 28 October, this position was reiterated by Algirdas Brazauskas.

Nevertheless, Russia continued to press Lithuania into signing an agreement on military transit, and refused to acknowledge the regulations established by Lithuania on 3 October. On 11 November, the Russian negotiation delegation headed by Isakov visited Lithuania. Nevertheless no agreement was reached at that time either. On 17 November, Šleževičius repeatedly announced that the unilateral regulations on transit established by the Government of Lithuania were to come into effect on 1 January 1995³⁰.

The next round of negotiations was held in Moscow in late December 1994. The Lithuanian negotiating group was headed by Albinas Januška, the Secretary of the Ministry of Foreign Affairs, and the head of the Russian negotiators was S. Krylov, the Deputy Minister for Foreign Affairs. It looked like no agreement would be reached that time either. The Russian side based their arguments on the fact that military transit from Germany was over, and demanded a new agreement to guarantee that the order of transit would be changed only by means of bilateral negotiations. The Lithuanian delegation refused to accept such a position. Vilnius offered an outcome from the impasse by suggesting a return to the idea of the exchange of notes. Thus it would enable to continue applying the old transit procedure established by the agreements of November 1993, which meant postponing the enforcement of the October 1994 regulations, concurrently rendering unnecessary any formal bilateral agreement.³¹ After this suggestion, the Russian delegation asked for an adjournment of the negotiation.

Finally, in the aftermath of the negotiations of the Lithuanian Foreign Minister Povilas Gylys held in Moscow on 18 January 1995, it was announced that the Lithuanian Government extended for the benefit of Russia the period of validity of the military transit rules established on 18 November 1993 by the agreement between the Governments of both countries on the transit of Russian Army and military cargoes withdrawn from Germany via Lithuania. According to Gylys, those rules were expected to be effective until the end of 1995, subject to prolongation. The

²⁷ Stankevičius, (reference 17), p. 75.

²⁸ *Ten pat*, p. 77.

²⁹ *Ten pat*, p. 76.

³⁰ Vitkus G., "Lietuvos ir Rusijos santykiai 1990–1996m." [Relations between Lithuania and Russia in 1990–1996], *Politologija*, 1 (9), 1997, p. 89

³¹ LMFA archives.

Lithuanian Foreign Minister maintained that it was a victory for both sides. He insisted that differences between the regulations in force from January 1995 and those adopted by the Government in the autumn of 1994 were only of technical character. The new regulations were expected to be more specific and provide for the possibility of transit by air. Flights over the territory of Lithuania were allowed exceptionally upon special permits. In explanation why the new transit regulations did not come into effect on 1 January, P. Gylys stated. "It was not a categorical attitude of Lithuania, just a negotiating position"³².

In response to the concession made by the Government of Lithuania in extending the validity of the so-called "German" regulations, Russia finally allowed the implementation of the most-favoured-nation regime in trade with Lithuania. On 18 January 1995, the Lithuanian Ambassador to Russia R. Kozyrovičius received two notes of the Russian Ministry of Foreign Affairs. One of them informed about the coming into force of the agreement on trade and economic relations signed on 18 November 1993, effective on the date of the presentation of the note concerned. By its other note, the Russian Ministry of Foreign Affairs notified about Russia's consent to the proposal of the Lithuanian Government to further apply the existing procedure of transporting dangerous and military cargoes through Lithuania. Practically since the beginning of 1996, Russia's military transit has been conducted by regulations which were approved by the Lithuanian Government; for every transportation of military cargo and military staff Russia must ask for permission in advance³³.

The agreement established in the notes of 1995 could be estimated in two ways. This agreement could be treated as a compromise. This kind of assessment could be supported by the fact that Vilnius did not manage to make Moscow accept the regulations on military transit adopted by Lithuania, while Moscow was not able to make Vilnius sign a political treaty on military transit. At the same time, the exchange of notes could be regarded as a victory of the Lithuania diplomacy. It is worth to stress that notes were based on the agreement of 18 November 1993, which fixed military transit of the Russian Federation from Germany and did not legitimize the military transit through the territory of Lithuania to/from KO. This means that with the completion of the "German" transit, Moscow had no legal ground to claim that the Russian military transit via Lithuania was legitimized permanently³⁴. Thus it is necessary to note that the agreement of November 1993 *conditioned temporariness*, as it referred to the transit of Russian troops withdrawn from Germany. It is important to emphasize that there is no legal treaty between Lithuania and Russia to legitimize the Russian military transit to/from KO via territory of Lithuania. After all, the entire practice of the Russian military transit via Lithuania testifies that Moscow approved of Lithuania's unilateral decision to temporarily permit military transit. (Moscow did not object to the changes Vilnius made in the regulations of military transit which were related to the process of the Euro-Atlantic integration.)

³² "Ministrui – lanksti politika, o opozicijai – vėl apgaulė" [Flexible Policy for the Minister, Deceit again for the Opposition], *Lietuvos Rytas*, 19 01 1995.

³³ Stankevičius, (reference 17) p. 78.

³⁴ Laurinavičius Č., Lopata R., Sirutavičius V., *Rusijos federacijos karinis tranzitas per Lietuvos Respublikos teritoriją* [Military Transit of the Russian Federation through the Territory of the Republic of Lithuania], Vilnius: Eugrimas, 2002, p. 30.

It is clear that Russia was seeking to formalise the military transit by a political treaty thus actually retaining Lithuania in its sphere of influence. Moscow tried to realise this endeavor by relating it primarily with economic issues and procuring a sufficiently strong support in Lithuania itself. Taking into consideration President Putin's foreign policy course towards the cooperation with the West (and especially the US) it is hardly probable that Russia will make an attempt to direct any hard pressure upon Lithuania on the military transit issue. Of course this doesn't mean that the Kremlin abandoned its strategy to legitimize military transit by a political treaty. It is worth to stress that Moscow holds chances to raise the question of military transit in the context of the EU and NATO enlargement. On 17 January 2001, the European Commission stated that the current military transit was regulated by special agreements between Lithuania and Russia and underlined the necessity to review those agreements within the context of the enlargement, having in mind the Lithuanian commitments within the framework of the implementation of the EU directives on the transportation of hazardous cargo. (The EU does not introduce any definite requirements, and the issue of military transit is not included in the negotiations chapters³⁵.) So there exists a possibility that the West would recommend to Lithuania to arrange the legal side of military transit of the Russian Federation through its territory. In such context Moscow could again raise the idea of a political treaty with Lithuania.

4. Kaliningrad issue in the context of the EU enlargement

Contrary to NATO, the EU enlargement eastwards, according to the official position of Moscow, poses no threat to the national interests of Russia. In fact, most of researchers acknowledge that in Russia, the positive or "positively neutral" image of the EU and its enlargement is essentially based on the belief that a united and strong Europe is capable of forming one of the world pillars for creating a balance against hegemonic ambitions of the US, as well as on the conviction that the EU is a civilian-economic block of wealthy and liberal European states (military-political factors are still, by inertia, dominating the spectrum of threats to the Russian statehood). However with the EU accession negotiations of the Baltic States and Poland gathering momentum, attention of the international community was shifted towards the issue of Kaliningrad Oblast as a potential Russian exclave surrounded by the EU member states.

The EU enlargement is inevitably related with side effects on third countries, including Russia and KO as its integral part. In the light of the future membership of Poland and the Baltic States (prominently Lithuania) in the EU, the threat of Kaliningrad's socio-economic lagging behind the neighbouring states becomes especially relevant. Two scenarios for the development of the Oblast are usually mentioned as the most likely³⁶: KO may become a "double periphery" (both in regard to the EU and the Russian Federation) – with Poland and the Baltic States enjoying the benefits from the elimination of restrictions on internal trade and the freedom of movement, KO would find itself isolated from its neighbours, as Common Market countries, and

³⁵ Laurinavičius etc., (reference 34), p. 68.

³⁶ Joenniemi P., Dewar S., Fairlie L. D., "The Kaliningrad Puzzle: a Russian Region within the European Union", *COPRI Working paper 6*, 2000, www.copri.dk/copri/downloads/2000/6_2000d.doc.

subsequently from Economic and Monetary Union and Schengen Treaty members. However, if Russia and the EU will manage to cooperate effectively in order to minimise possible negative effects of the EU enlargement to KO, the Oblast might even turn into a bridge between the EU and Russia.

An underlying prerequisite for the realisation of the optimistic scenario is active and constructive cooperation of the EU-Russia both in minimising possible negative effects of the EU enlargement to KO (with the help of various technical mechanisms) and comprehensively supporting economic development of KO (thus helping to use positive opportunities created by the EU enlargement). And this inevitably requires a certain degree of flexibility from both sides as well as firm resolution to change the existing practice³⁷. Anyway, Kaliningrad's extraterritoriality as well as the position at the crossroads of Russia and the EU forces Moscow and Brussels to search for a common solution of the problem (hereby stimulating the development of a closer relationship). At the Russian Federation-European Union Summit in October 1999, both parties underlined that KO is potentially capable of turning into a model of successful cooperation between Russia and the EU to be emulated by other Russian regions. In other words, KO could become a "pilot region", and the success of its realisation would determine further evolution of the EU-Russia relations to a large extent.

However, even researchers cannot come to an agreement regarding the position, importance and at the same time 'mission' of KO in the relationship between Moscow and Brussels. Following one position, a geographical location of KO in the context of the EU enlargement has a potential to contravene the routine practice and procedures and by itself represents a unique opportunity (a historical chance) to unify Europe *de facto*. In solving the Kaliningrad problem, a new practice is being developed, when Russia is converted from the object of the EU policy into a partner involved in the designing of the European architecture³⁸. Therefore, there are growing expectations that this will eventually result in the implementation of the vision raised just at the end of the Cold War that the EU (former EC), as a civil power, unifying wealthy liberal European states, is able to undertake a leading position in the changing European environment, in which military powers are not relevant any more³⁹. More than that, the project of the integration of Western Europe itself was launched from an attempt to address safety problems by means of economic integration. Having in mind that the relationship with Europe bears strong symbolic implications for Russia, sharing of the responsibility for KO with Brussels would encourage a settlement of the discussion of the attachment of Russia to Europe in a positive way, and at the same time that would facilitate answering questions related to Russian identity, value system, selection of a vector for economic and political development⁴⁰.

³⁷ Joenniemi P., Lopata R., Sirutavičius V., Vilpišauskas R., "Impact Assessment of Lithuania's Integration into the EU on Relations between Lithuania and Kaliningrad Oblast of the Russian Federation", *Lithuanian Foreign Policy Review. Supplement*, 2 (6), 2000, p. 25–26.

³⁸ Sergounin A., Joenniemi P., "Russia and the European Union's Northern Dimension", Paper presented at the Conference of the International Peace Research Association (IPRA) "Challenges for Peace Research in the 21st Century. A Dialogue of Civilizations", Tampere, Finland, August 5–9, 2000, <http://www.copri.dk/ipra/18th-conf.htm>.

³⁹ Hill Ch., "Closing the capabilities – expectations gap?" in Peterson J., Sjursen H., eds., *A Common Foreign Policy for Europe?*, London, 1998, p. 18–38.

⁴⁰ Лешуков И. «Россия и Европейский Союз: стратегия взаимоотношений», см. Тренин Д., ред., *Россия и основные институты безопасности в Европе: вступая в XXI век*, Москва, 2000, с. 26.

On the other hand, one may notice 'competition' between the entire Russian North-West region (particularly Pskov, Leningrad area, already bordering on the EU) and KO for a status of a pilot region⁴¹. Having in mind strict conditionality of the financial support of the USA as well as disagreements of Moscow with Washington because of the predominance of the latter in the international policy, Moscow naturally seeks for closer cooperation with the EU as well as its member states. The attractiveness of the partnership with Western Europe is determined, *inter alia*, by already existing commercial Russia's dependency and the need for investments. Meanwhile, the attention paid (by both Brussels and Moscow) to KO within this context is far from being primary - first of all because of the peripheral importance, both in geographical and economic terms (and at the same time because of the peripheral position held in the range of priority interests). Thus, in the opinion of 'sceptics', the success of the realisation of a pilot region in KO will not make a decisive impact on the relations between Russia and the EU, therefore, these states do not feel committed to break the routine practice and the established mechanisms for the good of the development of KO. Respectively, the probability is rather negligible that 'the Kaliningrad issue' will result in a positive outcome and the region itself will become a laboratory for cooperation between the EU and the RF, which will establish new quality of relationship between Brussels and Moscow and overcome the division of Europe into the West and the East.

There is a clear link between the importance of the resolution of the Kaliningrad issue for the interests of the key actors and the realisation of the successful development scenario of the Oblast in the expanding Europe. If the resolution of the Kaliningrad issue fails to become a significant interest/value of priority importance, it is hardly possible that the Oblast will manage to escape the crisis – turning into a "double periphery", separated from the neighbouring regions by socio-economic backwardness.

5. Raising of the Kaliningrad issue on the agenda of Russia and the EU

Lithuania started to raise the Kaliningrad issue in the context of the EU enlargement in various discussions and seminars quite a long time before the opening of the EU accession negotiations. During the last decade, KO underwent transformation in the foreign policy of Lithuania: from the main threat to security into an advantage – an opportunity to play an independent role of the leader in the south-east of the Baltic Sea region, truly contributing to promotion of stability in the area.⁴² Lithuania's active and positive policy towards KO became one of the fundamental elements in the relations between Lithuania and Russia. At the beginning of 2000, on Lithuania's initiative, an agreement was concluded with Russia on several projects of regional cooperation within the framework of the Nordic Dimension (in the areas of gas supply, transport, environment). During the last decade, the active policy of Poland and especially of Lithuania, directed at retaining close cooperation with KO and

⁴¹ Alexseev M. A., Vagin V., "Russian Regions in Expanding Europe: The Pskov Connection", *Europe-Asia Studies* 1 (51), 1999, p. 43–64; Morozov V., "The Baltic States in Russian foreign policy discourse: can Russia become a Baltic country?", *COPRI Working paper* 8, 2001, www.copri.dk/copri/downloads/8-2001.doc.

⁴² Kretinin G., "The Russian-Lithuanian Relationship: the Regional Aspect", *Lithuanian Foreign Policy Review* 2(6), 2000, p. 113.

preventing its isolation, became an integral part of the foreign policy, aimed at ensuring security and stability in the region⁴³ (in the foreign policy of Poland and in the Warsaw-Moscow relations, KO takes an important but not an outstanding place⁴⁴: the efforts of Poland, as a “stability exporter” are primarily directed towards the Ukraine, and to some extent to Belarus⁴⁵).

The attitude of Russia towards KO, as its eventual exclave in the territory of the EU, mostly held a responsive character in the initial stage of 1998-1999: in 1998, Russia had nothing against KO being involved in the Northern Dimension Initiative. In 1999, Russia (together with Lithuania) even put forward a suggestion to discuss the issue of KO at the meeting of European foreign ministers on the Northern Dimension⁴⁶.

The break-through came in October 1999, when in Helsinki summit, the Russian delegation, headed by the then Prime Minister of the Russian Federation V. Putin, presented the Medium-Term Strategy for the Development of Relations between the Russian Federation and the European Union and its Position on the Northern Dimension. The Russian position on the Northern Dimension in principle expressed approval of the Initiative and even called for a closer cooperation than the EU was ready to offer⁴⁷. Russia expressed a request for the application of the conditions for regional cooperation (including the experience of Euroregions), valid on the Russian-Finnish border, in respect to regions bordering with Poland and the Baltic States as well (even before their EU membership). The countries participating in the Northern Dimension Initiative were requested to soften the Schengen regime towards Russia.

The focus of the medium-term EU-Russian Relationship Development Strategy was put on ensuring Russian interests within the expanding EU, including Kaliningrad's interests: “within the framework of the contacts with the EU, to concentrate on guaranteeing the interests of Kaliningrad Oblast, as an entity and integral part of the Russian Federation, and an active participant in the regional cooperation process, by creating the necessary external conditions for the functioning and development of the Oblast”⁴⁸. In the sphere of trade, Russia even expressed its interest in concluding a separate agreement to safeguard the interests of KO in the context of the EU enlargement, and to transform it into a pilot region.

The turning point in the EU political attitude towards KO was the Enlargement Strategy Paper published alongside the Regular Reports on the progress of the candidate countries, which stated that KO would experience a particular impact of the EU enlargement by turning into a Russian enclave within the EU. The document also provided for the development – in cooperation with Russia, Poland and Lithua-

⁴³ Ignatavičius E., “Domestic Aspects of Direct Neighbourhood. A Lithuanian Perspective” in Kempe I., van Meurs W., eds. *Strategies of Direct Neighbourhood for the Baltic Sea Region and Northwestern Russia. CAP working paper*, June 1999, <http://www.cap.uni-muenchen.de/bertel-smann/english/neighbour.html>

⁴⁴ Ziolkowski M., Speech delivered at the Conference on the Northern Dimension and Kaliningrad: European and regional integration, Copenhagen, May 17–18, 2000.

⁴⁵ Кучинская М., «Новая парадигма польской восточной политики», *Pro et Contra* 3, 1998, с. 16, www.carnegie.ru.

⁴⁶ “Nida Joint Statement”, *Lithuanian Foreign Policy Review*, 2(6), 2000, p. 227–228.

⁴⁷ Joenniemi P., “Kaliningrad: a Pilot Region in the Russia–EU Relations?”, *Draft COPRI Working paper*, 2000.

⁴⁸ *Medium-Term Strategy for Development of Relations between the Russian Federation and the European Union (2000–2010)*,

nia – of a strategy to ensure better prospects for Kaliningrad's prosperity within the context of Lithuania and Poland joining the EU.

By then, the EU treated the issue of KO as part of its foreign policy with respect to Russia. Both the Partnership and Cooperation Agreement, which came into force in 1997, and the 1999 EU Common Strategy on Russia⁴⁹ were based on the notion of Russia as a non-differentiable territory. These documents did not recognise the specifics of KO and there was likewise no special policy envisaged in regard to the Oblast, thus ignoring the fact that the development of the region is affected not only by bilateral agreements between the Russian Federation and the European Union, but also by the processes in Poland and Lithuania related to the preparation for the EU membership and the accession negotiations with the EU.

In the framework of the Northern Dimension (even though it is based on the recognition of the uniqueness and importance of northwestern Russia, including KO, for regional cooperation), KO was regarded as a separate region, but the responsibility for the development of KO was left in the remit of the Oblast itself by indicating that Kaliningrad's ability to take advantage of the possibilities presented by the EU enlargement will depend upon the quality and speed of the internal adaptation of the Oblast (especially in the sphere of customs and border control, combating organised crime and corruption, structural reforms and public administration).⁵⁰ The Northern Dimension Action Plan viewed the problem of KO as the issue of adaptation not negotiation, thus ignoring any possible negative EU enlargement effects on the Oblast or the need of reducing thereof.

Which reasons made the EU to avoid raising the Kaliningrad issue in the context of the enlargement? First of all, this clearly reflects a fully understandable wish of the EU to avoid opening the 'back door' in the EU accession negotiations for Russia. Taking into account the existing asymmetry in the relations between Lithuania and Poland on the one side and the European Union on the other, such a tendency restricts capability of both Lithuania and Poland to participate in the resolution of the Kaliningrad issue. However, situation with Russia using 'Kaliningrad card' in the EU accession negotiations would be even more unfavourable for the candidate countries. Therefore, though issues of transit between KO and the rest of Russia finally moved to the plane of negotiations between Moscow and Brussels only after Lithuania and Poland had closed justice and home affairs chapter in the accession negotiations, discussions on KO took place within the framework of two separate mechanisms even before that: with candidate countries – on the basis of the Association Agreement, and with Russia – on the basis of the Partnership and Cooperation Agreement. Candidate countries took part in resolving issues of transit as future EU member states (thus – partners in negotiations within the EU), but not as a separate party at the EU-Russian negotiating table.

⁴⁹ *Agreement on Partnership and Cooperation. The EU and Russia*, http://www.europa.eu.int/comm/external_relations/russia/pca_legal; *Common Strategy of the European Union on Russia*, <http://www.europarl.ep.ec/dg7/summits/en/kol2.htm>.

⁵⁰ Joenniemi P., "Kaliningrad: a Pilot Region in the Russia–EU Relations?", *Draft COPRI Working paper*, 2000.

Secondly, the dynamism of the EU in resolving the Kaliningrad issue (despite the pragmatic interest to involve the Oblast into the process of regional integration: the increasing volume of energy imports from Russia forces to consider Kaliningrad's inclusion into the European infrastructure and transport networks) is significantly restrained by equally cautious position of the EU in its relations with Russia: the EU, recognising the sovereignty of Russia in KO, avoids emphasising the necessity to pursue a policy towards KO different from that applied with respect to Russia as a whole. And the project of pilot region in itself presupposes the need for "special" regional decisions.

6. The EU enlargement as a challenge for Kaliningrad region

The EU enlargement principle, which states that the Union may not expand at the expense of deepening, determines the fundamental condition for the EU membership, requiring candidate countries, even before they become actual members, to fully transpose the EU *acquis communautaire*, which regulates, *inter alia*, free movement of goods, people and services within the internal market, as well as between the EU and third countries. Despite several precedents existing in various areas of the current member states, new member states will not be entitled to get permanent derogations or to freely choose desirable policy areas for integration.

Pursuant to Article 234 of the Treaty Establishing the European Community⁵¹, the provisions of the *acquis* may not affect the rights and obligations arising from agreements concluded between a member state and any third countries before the membership. On the other hand, member states are obliged to take all appropriate steps to eliminate the incompatibilities with the *acquis*. In practice, this is implemented by negotiating for amendments in agreements with third countries or withdrawing from such agreements⁵². Consequently, the agreements, which belong to the exclusive competence of the Communities, are denounced or their administration is transferred to the European Commission (as in case of fisheries' agreements).

In the specific case of KO, the adoption of the *acquis* would mean that the present visa and trade regimes, introduced on the basis of bilateral agreements to ensure the link between the Oblast and the remaining part of Russia, and its openness for relationship with the neighbouring states, will be denounced or modified on Lithuania and Poland becoming EU members. Precisely due to its exclave situation, KO may be affected by the consequences of the EU enlargement to a greater extent than the remaining regions of Russia situated on the border with the expanding EU⁵³. In other words, the specifics and importance of the "Kaliningrad issue" in the context of the EU enlargement is determined by two interrelated factors: ex-territorial status of KO and its location on "the crossroads" between Russia and the European Union⁵⁴.

⁵¹ *Europos Sąjunga: steigimo dokumentų rinktinė*, Vilnius, 1998, p. 394–395.

⁵² Jääskinen N., "The Status of the Kaliningradskaya Oblast in the Lithuanian Accession to the EU", unpublished paper prepared in the framework of SEIL sub-project, 2000.

⁵³ Šengeno *acquis* perkėlimo atveju tokią galimybę pripažįsta ir Europos Komisija: European Commission, *Communication from the Commission. The EU and Kaliningrad*, 2001, p. 3.

⁵⁴ Joenniemi P., "Kaliningrad: a Pilot Region in the Russia–EU Relations?", *Draft COPRI Working paper*, 2000.

Maintenance of Kaliningrad's openness for contacts with the outside world is an important interest of the Baltic Sea region states. However, the application of the *acquis* may significantly impede the relations not only between KO and the neighbouring states (future EU member states), but with Russia as well. Bearing in mind the unique geographical location and an exceptionally high level of dependence on the import of products⁵⁵, as well as close private contacts with neighbours⁵⁶, guaranteeing the unimpeded movement of persons and goods, including energy supply, between KO and the remaining part of Russia ought to be regarded as the interest of vital importance for KO when Lithuania and Poland become EU member states.

With the Amsterdam Treaty coming into force in 1999, visa policies and border control were transferred to the competence of the Communities, and the Schengen system (providing for the removal of free movement barriers within the Schengen area and a more stringent control of external borders) became a part of the EU *acquis*. Due to this reason, even though the Schengen membership is conditioned by the requirement of conformity with additional criteria and subsequent conclusion of a separate agreement, the major part of the Schengen *acquis* is already mandatory for candidate countries. Russia is included into List I of the Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement, which means that its citizens require visas to cross the EU border⁵⁷. The Regulation provides for the visa requirement for both entry for an intended stay in a member state or in several member states and entry for transit through the territory of a member state or several member states, except for transit at an airport. Therefore, Lithuania and Poland, as the EU candidate countries, have to cancel the visa-free regime for the citizens of the Russian Federation, including the inhabitants of KO. Implementing the negotiation commitments under the chapter of Justice And Home Affairs⁵⁸, on 1 October 2002, Lithuania's Government decided to denounce the Provisional agreement between Lithuania and Russia on the travel of both countries' citizens (thus cancelling the existing visa-free transit regime for train passengers). From 1 January 2003 (when this resolution comes into force) to 1 July 2003, citizens of Russia, permanently residing in KO, will be allowed to cross Lithuania's border, travel by transit through its territory and to stay on the territory of Lithuania for 30 days without visas. Poland will denounce currently existing privileges for Russian citizens from 1 July 2003.

While becoming the EU member states, Lithuania and Poland will have to join the EU Common Trade policy. This means mandatory adoption of customs

⁵⁵ Samson I. *Kaliningrad 2000–2010. The Diagnosis of a Crisis. Concepts and proposals for future development*, <http://espace-europe.upmf-grenoble.fr/gtd/dossier/Kaliningrad>.

⁵⁶ Смородинская Н. В., «О преобразовании Калининградской области в пилотный российский регион в рамках сотрудничества России и ЕС в 21 веке», Предпроектное исследование для Института Восток–Запад, Программа трансграничного сотрудничества в России, 2001, с. 7.

⁵⁷ Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement, http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=32001R0539&model=guichett.

⁵⁸ *Nacionalinis Šengeno acquis priėmimo veiksmų planas*, <http://www3.lrs.lt/cgi-bin/preps2?Condition1=172908&Condition2=> .

tariffs, trade protection instruments and agreements with third countries. Trade relations between Russia and the EU are regulated by the Partnership and Cooperation Agreement signed in 1994. From the day of their membership in the EU, Lithuania and Poland will have to accept this Agreement as an integral part of the *acquis*, and will have to apply with respect to Russia a higher common external tariff than is currently applied in Lithuania. In addition, having in mind low competitiveness of Kaliningrad-produced goods, the advance of proximity of the EU market towards KO will in itself not only fail to improve the situation in the Oblast but is even likely to make it worse: the Russian export (including that from KO) will be negatively affected by non-tariff barriers of the EU technical norms and standards.

The fact of Lithuania and Poland joining the Community Customs Code and the common transit system is not expected to affect the existing bilateral agreements with Russia, as the Partnership and Cooperation Agreement provides for transit through the EU territory exempt from customs or any other transit duties (except for transportation and administration charges). On the other hand, it is feared that, due to the currently existing problem of the low capacity of border crossing points⁵⁹ as well as the inability of Russia to finance the development of its part of transport corridors⁶⁰, transit flows are quite likely to by-pass KO.

Another problem is the supply of KO with electric energy. At present, about 90 per cent of the electric energy consumed in KO is supplied by transit through Lithuania. With Lithuania seeking to join, via Poland, the Central Europe electric energy grid, which, in its turn is connected to the main European power grid, there emerges the problem of electric energy supply to KO. Possible technical solutions include the development of capacities for autonomous electric energy production; preservation of the connection to the Russian power grid; or joining the Central European power grid.

Apart from these problem areas, which are the main issue of the current EU-RF negotiations, in the context of the EU enlargement, the augmenting threat of Kaliningrad's socio-economic backwardness in comparison with its neighbouring states drawing benefit from the EU membership is becoming increasingly evident. This threat is indirectly related to the EU membership requirements; therefore, it is not subject to elimination by technical or procedural agreements. The tightening of customs procedures and border control may undermine the shadow economy, which is estimated as accounting for over 60 per cent of the region's gross domestic product, and will inevitably reduce the citizens' income⁶¹. The situation is complicated by the fact that KO fails to exhibit any relative advantages which are necessary for socio-economic adaptation to new conditions (being encircled by Europe), while Russia does not have the necessary resources for the economic modernisation of the region⁶².

⁵⁹ Хлопецкий А., Федоров Г., «Калининградская область: регион сотрудничества», Калининград, 2000, с. 204–205.

⁶⁰ Joenniemi P., Lopata R., Sirutavičius V., Vilpišauskas R., “Impact Assessment of Lithuania's Integration into the EU on Relations between Lithuania and Kaliningrad Oblast of the Russian Federation”, *Lithuanian Foreign Policy Review. Supplement*, 2 (6), 2000, p. 23–24.

⁶¹ Смородинская Н. В., «О преобразовании Калининградской области в пилотный российский регион в рамках сотрудничества России и ЕС в 21 веке», Предпроектное исследование для Института Восток–Запад, Программа трансграничного сотрудничества в России, 2001, с. 8.

⁶² *Ibidem*, п. 6–10.

7. Meeting the challenge: positions of main regional actors

7.1. Negotiations on the visa regime

Currently, the negotiations between Moscow and Brussels are mainly focused on the issue of cancelling the visa regime for KO residents and especially for Russian citizens, travelling to/from KO by transit.

In October 2000, Russia submitted to the European Union a Letter of Concern⁶³ on the impact of the EU enlargement on KO. In the letter, Russia emphasised the vital necessity of ensuring free movement of persons, goods and services between KO and the rest of Russia by air, land and sea through the territories of the “neighbouring EU states”. According to the Russian position, the visa-free regime must be retained for the movement of KO inhabitants to Lithuania, Poland (or Northern Poland), Latvia (and possibly also to the territories of other “neighbouring EU states”).

Following the recommendations of the EU Enlargement Strategy Paper and in response to the Russian Letter of Concern on the possible direct effects of the EU enlargement, on 17 January 2001, the European Commission approved the Communication “the EU and Kaliningrad”⁶⁴. In this document, the Commission for the first time recognised that, due to the exceptional geographical location of KO, it may experience greater effects of the EU enlargement than other Russian regions or other third countries. Nevertheless, the Commission stated that no exemptions of the *acquis* might be applicable to KO. The same visa and border control regime will be applied in respect of KO as that applicable to Russia as a whole. The Commission emphasised that introduction of visa regime in itself should not impede the movement of people between KO and the rest of Russia, as well as the EU candidate countries. The Commission suggested that the problems related to the movement of persons were resolved by means of technical measures provided for in the *acquis* and belonging to the national competence of member states: by issuing long-term multiple visas, determining low prices thereof, by establishing new consular representations, improving the capacity of border-crossing points. A certain flexibility was indicated only in regard to small border traffic – the European Commission pointed out the preparedness of the EU to develop *acquis* regulating this area. The European Commission also committed itself, while taking into account the unique geographic position of KO, to explore a possible impact of the current transit *acquis* on the region and possibilities to use special mechanisms provided for in the *acquis*.

..... A t the time of the meeting of the Sub-committee for Partnership and Cooperation Agreement in Moscow on 6 March 2001, Russia submitted to the EU its response to the Communication of the European Commission in the form of a revised position paper entitled “Possible Solutions for the Problems of Kaliningrad Oblast, Related to the EU Enlargement”⁶⁵. The Russian suggestions embraced a demand for ensuring un-

⁶³ *EU Enlargement and Kaliningrad: the Russian Concerns*, Position paper of the Ministry of Foreign Affairs of the Russian Federation, 2000.

⁶⁴ *Communication from the Commission. The EU and Kaliningrad*, 2001.

⁶⁵ “Kaliningrad citizens should get free Schengen–visa for Poland, Lithuania and Latvia”, *Uniting Europe* 136, 19 03 2001, p. 7.

restricted transit between KO and the remaining territory of Russia (principle measures proposed by Russia were the visa-free transit regime for Russian nationals, non-residents of KO, travelling by trains, buses or private cars through the territory of Lithuania, Poland and Latvia along the previously agreed routes). Changing its previous position on the visa-free regime for Kaliningrad residents, Russia asked that Schengen visas be issued free of charge for Kaliningrad inhabitants for the duration of one year to enter the territories of Lithuania, Poland and Latvia.

On 19 March 2001, the Russian Foreign Minister I. Ivanov submitted to the European Commission the "Comprehensive Analysis of the Communication" as Russia's official reaction to the EU proposals on Kaliningrad⁶⁶. In this new document, Russia reiterates the suggestions of 6 March concerning the visa regime and underlines Moscow's concern over the border crossing regime not only for the inhabitants of KO, but likewise in respect of other Russian citizens in their movement to and from KO, because KO, as an integral part of the Russian Federation, cannot be separated. In April 2002, Russia presented the European Commission a document analysing modalities of the practical implementation of the idea of "corridors", through which, free movement of goods and persons between KO and the rest of Russia would be ensured.

In other words, Russia seems to have easily abandoned its request for the provision of visa-free travels for Kaliningrad inhabitants to Lithuania and Poland: the priority of Moscow has clearly shifted from the emphasis on avoiding the isolation of the Oblast from the neighbouring countries to preventing Kaliningrad's isolation from the rest of Russia. The EU and candidate countries' response to the Russian demands was clear: no visa-free corridors; no 'grey zones' between Russia and the area of the Schengen treaty in the future; the implementation of the *acquis* in the area of movement of persons (introduction of the visa regime for Russian citizens) is an integral part of requirement for candidate countries, preparing for the membership in the EU; in order to address the Russian concerns, it is necessary to increase capacities of border-crossing posts and to make full use of the visa regime flexibilities, provided for in the *acquis*. On 13 May 2002, General Affairs Council adopted a common line, on the basis of which, citizens of the countries included into List I of the Council Regulation (EC) 539/2001, must be in possession of visas attached to valid travel documents, when crossing the external border of the EU member state (this requirement applies for transit as well)⁶⁷. However, before becoming members of the Schengen treaty, Lithuania and Poland will issue national visas to third country nationals, and will be able to make use of flexibilities allowed by the *acquis*, including multiple entry visas, free visas or low visa fees for certain categories of travellers, as well as exemptions from the visa requirement, for example, for the holders of diplomatic passports.

After Lithuania and Poland closed the chapter on Justice and Home Affairs in the EU accession negotiations, and the deadline for implementation of commitments with regard to the introduction of the visa regime for all citizens of the Russian Federation made in the course of negotiations was approaching, several EU member

⁶⁶ "Russia's official reaction to EU proposals on Kaliningrad", *Uniting Europe* 138, 02 04 2001, p. 6–7.

⁶⁷ *Communication from the Commission to the Council. Kaliningrad: Transit*, September 18, 2002.

states started demonstrating support for higher flexibility than provided for in the common line, and as the EU-Russia summit failed to reach any progress, in summer 2002, Moscow strengthened its pressure on both the existing and future EU member states. A threat to boycott the EU-Russia summit meeting to be held in November 2002, if no solution to the problem is found by that time, promises to restrict transit through Lithuania and denounce the Molotov-Ribbentrop Pact, links with the ratification of the state border treaty, speculations in relation to the 'illegal' attachment of Klaipėda region to Lithuania – these are just a few manifestations of the pressure. In August 2002, the EU member states got a letter from the President of Russia V. Putin, proposing to start discussions on a reciprocal visa-free travel regime for Russian and EU citizens. Until such a regime comes into force, Russia proposed a transitional period to maintain and adjust simplified arrangements for railway and automobile transit of Russian citizens from KO and back through Lithuania as a future member state's territory. The issue of securing free communications between Russia and KO will determine not only conditions of vital activities of KO as an integral part of Russia, but to a considerable extent a further vector for Russia's relations with the enlarging EU. Therefore, V. Putin proposed to sign a Memorandum of Intentions at the November Russia-EU summit in Copenhagen, which would solve the issue in a mutually acceptable way.

At the beginning of September 2002, D. Rogozin presented Russian proposals for the Memorandum of Intentions described by Russian diplomats as "a maximum effort of flexibility and willingness to compromise"⁶⁸. In the proposed Memorandum of Intentions, Russia finally withdrew its request for the visa-free transit through the territory of Poland and the visa-free transit by car through the territory of Lithuania. However, as regards Lithuania, the EU was invited to establish a simplified procedure for the movement of Russian citizens to and from KO by railway and bus. Following the document, the EU and Russia should increase their cooperation in facilitating the movement of people and goods to and from KO, in particular through providing the EU financial and technical assistance to Russia in equipping border-crossing points, making air and ferry transportation between KO and the rest of Russia less expensive.

On 18 September 2002, in response to this Russian initiative, the European Commission's Communication "Kaliningrad: transit" was announced, in which the European Commission proposed a free-step strategy in solving the problem of visa-free movement between KO and the rest of Russia⁶⁹.

At the initial stage, after the abolition of currently valid advantages for Russian citizens travelling between KO and the rest of Russia by railways and trains, 'facilitated transit documents' (essentially equivalent to multiple-entry transit visas) would be issued by consular authorities of the EU or candidate countries. Lists of Russian citizens who frequently travel between KO and the rest of Russia (and would be eligible for this procedure) would in advance be provided by Russian authorities; however, transit countries would retain the right to disqualify persons applying for the facilitated travel documents.

⁶⁸ "The EU and Russia on collision course over Kaliningrad regime after enlargement", *Uniting Europe* 199, 09 09 2002, p. 1–3.

⁶⁹ *Communication from the Commission to the Council. Kaliningrad: Transit*, September 18, 2002.

The EU will be ready to further examine the Russian proposal on the visa-free transit by non-stop trains only at the second stage, i.e. after the accession of Lithuania. Once the technical obstacles have been overcome, any decision on this option could only be taken by the enlarged EU on the basis of a thorough evaluation. Adoption of a positive decision would not imply that Russia would obtain extraterritorial rights analogous to the 'corridor' concept. Lithuanian authorities must retain the right to refuse entry and carry out controls during transit. The EU would need to provide legally binding guarantees to Lithuania that the acceptance of any of the above proposals would in no way present an obstacle for Lithuania to join the Schengen Treaty as well as to lift internal EU border controls.

In response to the Russian proposal to start discussions on the visa-free travel regime between Russia and the EU, the European Commission suggested the eventual establishment of the visa-free travel regime at the third stage (by linking such an option with progress in cooperation in the areas of fighting against illegal migration and crime).

On 30 September 2002, the EU foreign ministers in principle agreed to the European Commission's proposals, which were evaluated as providing adequate basis for further discussions with Russia⁷⁰. However, taking into account the claim of France, Italy and Spain to start a feasibility study with regard to visa free non-stop trains immediately, the EU Common Affairs Council obligated the European Commission to discuss a possibility to prepare such a study even before the enlargement with Lithuanian authorities. Besides, foreign ministers made a reference to the possible amendments to the Schengen *acquis* taking into account the unique situation of KO. However, the foreign ministers underlined the need to set political and legal guarantees to Lithuania that any development of the Schengen *acquis* would not delay or prevent full participation of Lithuania in the Schengen regime, including the lifting of internal border controls.

Lithuania's position with regard to the Commission's Communication was based on emphasising the need for political, legal and financial guarantees and calling for horizontal application of measures proposed by the EU (i.e., all measures should be applied by all member states, not only by Lithuania). Feasibility studies of the non-stop train idea might be prepared only after Lithuania's accession to the EU. The initial Moscow's reaction to the proposals of the EU was emphatic: introduction of the visa regime is not acceptable for Russia in any form (in the form of neither electronic ID cards nor facilitated transit documents), while the only reasonable concessions from the side of Russia would be a conclusion of readmission treaties and strengthening of Russia's southern border controls. However, at a later stage, Moscow softened its position, by recognising the facilitated transit document as an interim solution of the problem⁷¹.

The Brussels European Council of 25 October 2002, stressing the need to respect the sovereign right of any state to safeguard the security of its citizens by controlling its borders and the movement of people and goods into, on and through its territory, but also acknowledging the unique situation of KO⁷², approved the

⁷⁰ 2450th General Affairs and External Relations Council session on External Relations, Press release, Brussels, September 30, 2002, <http://ue.eu.int/pressData/en/gena/72321.pdf>.

⁷¹ BNS, *Rusijos ir ES viršūnių susitikime gali būti priimtas tarpinis sprendimas dėl Kaliningrado, mano Rogozinas*, 12 October 2002.

⁷² *Presidency conclusions. Brussels European Council*, October 24–25, 2002, <http://ue.eu.int/pressData/en/ec/72968.pdf>.

solution of 22 October proposed by the General Affairs Council. The foreign ministers proposed⁷³ that from 1 January 2003, Lithuania should implement national regulations for border control in a flexible manner (in compliance with the common line of 13 May 2002). The facilitated transit document should be available as of 1 July 2003 for all forms of direct transit. After an agreement with Lithuania on terms of reference of the feasibility study on non-stop trains is found, the EU and Lithuania will make a decision to launch a feasibility study in 2003. Russia was recommended to conclude readmission agreements with candidate countries as soon as possible. The EU decided that the issue of the establishment of the visa-free regime between Russia and the EU should remain “separate from the discussions on Kaliningrad, and will be considered as a long-term issue”⁷⁴. The EU confirmed its intention to include in the Accession Treaty with Lithuania binding guarantees that: 1) the EU will provide assistance to Lithuania for additional costs of the implementation of any Kaliningrad-related measures, 2) a decision on the non-stop trains option will be taken only after Lithuania’s accession to the EU. Besides, the EU committed itself to assist Lithuania in fulfilling the conditions for full participation in the Schengen regime in order to secure that Lithuania will be among the first group of candidate countries to participate fully in Schengen. Any development of the Schengen *acquis* to take account of the specific situation of KO would not, in itself, delay or prevent full participation of Lithuania in the Schengen regime, including the lifting of internal border controls.

While summarising the course of the negotiations between Brussels and Moscow with regard to transit, the following trends become apparent: first, Moscow demands may be characterised as unilateral and one-legged. Despite overstated statements, the Kremlin failed to make any essential concessions. Abandonment of the initial request for the visa-free transit regime for all Russian citizens travelling through the territory of Lithuania by car can hardly be considered as an example of last-ditch efforts to reach a compromise (presently this privilege is valid only for residents of KO; Moscow is not interested in retaining any special privileges for this region). Even more so, in reducing the pressure on Poland (transit of Russian citizens through Poland makes up only a few per cent). Meanwhile, the approach of the European Union demonstrates significant changes.

In the summer, the European Commission categorically rejected the idea of visa-free trains as non-compatible with the *acquis*. Whereas the new Communication provides for that the EU will be ready to explore technical and legal conditions for the implementation of the non-stop trains’ idea after Lithuania’s accession to the EU. Besides, the Communication makes a reference to the inclusion into the *acquis* of the exemption from visa requirement in case of transit at the airports as an important precedent for KO. Taking into account the claim of France, Italy and Spain to start a feasibility study with regard to visa-free non-stop trains immediately, the EU Common Affairs Council obligated the European Commission to discuss with Lithuanian authorities a possibility to prepare such a study even before the enlargement. Besides,

⁷³ 2459th General Affairs and External Relations Council session on General Affairs, Press release, Luxembourg, October 22, 2002, <http://ue.eu.int/pressData/en/gena/72877.pdf>.

⁷⁴ Presidency conclusions. Brussels European Council, October 24–25, 2002, <http://ue.eu.int/pressData/en/ec/72968.pdf>.

the foreign ministers made a reference to the possible amendments to the Schengen *acquis* taking into account the unique situation of KO. In the conclusions of the General Affairs Council of 22 October 2002, there is no clear commitment of the EU regarding legally binding guarantees for Lithuania. Apart from the promise to include financial guarantees into the Accession Treaty, there is only the political commitment of the EU member states to assist Lithuania in fulfilling the conditions for full participation in the Schengen regime as well as assurance that any development of the Schengen *acquis* taking account of the specific situation of KO would not, in itself, influence the date of the full participation of Lithuania in the Schengen regime. However it is evident that implementation of the idea of visa-free trains would imply much more efforts from the side of Lithuania to meet the requirements of the Schengen *acquis*. In other words, from the legal point of view, the decision with regard to non-stop trains is related to Lithuania's accession to the EU, rather than membership in the Schengen treaty; the outcome of Lithuania's request for the principle of horizontality of the Schengen *acquis* is still unclear as regards simplified transit documents.

The European Commission started mitigating its position, after it lost a unanimous support of the EU member states. Therefore, the Russian diplomacy, from the very beginning undertaken with individual EU member states at a bilateral level, rather than with the abstract Brussels, produced tangible results. The Kaliningrad issue demonstrated once again that the member states tend to 'nationalise' issues that require common decisions, after they face the necessity to make a complex choice. Although the flexible position of Southern European states hardly means anything else than an inadequate perception of the problem, a competition with regard to strategic partnership with Moscow, but at the same time an attempt to protect themselves from becoming a peripheral region in the EU enlarged towards the East.

Secondly, it seems that Russia will finally assent to the proposal on facilitated transit documents in return to the continuation of discussions on non-stop trains (before Lithuania's accession – by preparing a feasibility study, and in 2004, by making the final decision). Lithuania has indicated a possibility to delay the introduction of the visa regime until 1 July 2003 (when facilitated transit documents will come into force), if Russia would sign the Readmission treaty and ratify the Border treaty. For Lithuania, it is essential to delay any discussions on visa-free trains until after 2004 as well as to get definite legal guarantees with regard to the participation in the Schengen treaty (it is evident that the initiative of Lithuania's participation in the Schengen regime in advance is not realistic).

7.2. Other issues

In the Letter of Concern over the Impact of the EU Enlargement on Kaliningrad Oblast of October 2000⁷⁵, Russia singled out several major problems related to the prospective EU membership of the neighbouring states, including, first of all, the vital necessity of ensuring free movement of goods and services between KO and the rest of Russia by air, land and sea through the territories of "the neighbouring EU

⁷⁵ *EU Enlargement and Kaliningrad: the Russian Concerns*, Position paper of the Ministry of Foreign Affairs of the Russian Federation, 2000.

states". Russia expressed hope that, for the sake of ensuring such transit, the following measures would be introduced: simplification of the customs and border crossing procedures, opening of the Gołdup-Grodno route for cargo transport; modernisation of the infrastructure of border-crossing points; as well as reconstruction of Via Hanseatica motorway. In addition, it is necessary to ensure free transit of oil, gas, fuel and electric energy through pipelines which cross the territories of "the neighbouring EU states". It is equally essential to guarantee tele-communication with KO. The Letter also underlined the "objectively existing" need for financial aid (inter alia, by means of the instruments previously applied exclusively in respect of candidate countries, i.e. PHARE and structural funds) to the region in order to avoid a socio-economic gap between KO and its neighbouring states, as well as compensate negative consequences of the EU eastward enlargement⁷⁶. The outcomes of the EU-Russian dialogue on KO ought to be implemented by a special document, binding on both parties. In the Communication "EU and Kaliningrad" of 17 October 2001⁷⁷, the European Commission made a distinction between issues of the EU enlargement impact on all Russian regions (and all third countries), and specific issues related to the consequences of the future Lithuanian and Polish membership in the EU on KO (first of all in the spheres of movement of goods and persons, and electric energy supply). In addition, the Commission examined possible ways of cooperation between the EU and Russia in resolving issues which are not directly related to the EU enlargement: environmental protection, combat against crime, health care and economic development. According to the Commission, both Russia and the oblast itself are responsible for the future of KO, nevertheless, the EU and its future members are willing to facilitate a smooth introduction of changes conditioned by the membership requirements – first of all by fostering cooperation with KO in resolving a range of regional problems.

In the sphere of free movement of goods, the European Commission underlined the positive effect of the EU enlargement: geographical proximity of the Oblast will create particularly favourable opportunities for the access to the EU (including that of the future members – Lithuania and Poland) market. Nevertheless, it was also emphasised, that in order to derive the maximum benefit from the opening prospects, KO ought to be interested in the adoption of the EU norms and standards. In response to the proposal of the Medium-Term Strategy for the Development of Relations between the Russian Federation and the European Union regarding the introduction of any special trade regime for KO, the European Commission underlined that KO is an integral part of Russia; therefore, the introduction of a special trade regime would cause an entire range of political and legal problems. Especially because Russia does not seem to be ready to grant KO a necessary degree of autonomy.

One aspect of movement of goods, which will require attention, is the need to strengthen border-crossing posts, by modernizing the infrastructure (in the areas of customs, border control, phytosanitary, veterinary and health care) and improving coordination. The European Commission singled out a possibility to use PHARE and TACIS funds for these aims. General conditions for transit of goods between KO

⁷⁶ МИД РФ, *Памятная записка о возможных последствиях вступления Литвы в Европейский Союз для российско-литовских торгово-экономических отношений*, 2000.

⁷⁷ *Communication from the Commission. The EU and Kaliningrad*, 2001.

and the rest of Russia will not worsen, because Russia's transit through the EU territory will be exempt from customs or any other transit duties (except for transportation and administration charges). Transit activities will even be facilitated by improved border crossing procedures as well as upgrading of transport corridors I and IX. As regards energy supplies, the European Commission did not foresee any problems which could not be solved by technical means: KO could either maintain its link with the Russian electricity grid or switch over to the Central European grid. The Commission did not foresee any possible or enduring negative consequences for KO in the sphere of movement of goods or electric energy supply. However, Brussels indicated its readiness to implement a number of practical measures intended to improve border control efficiency, expedite border-crossing procedures, ensure transport communication and electric energy supply.

Thus in the Communication, the Commission focused exclusively on the issues of direct impact of the EU enlargement on KO by indicating a different level (depending on the scale such decisions would mean a deviation from the common practice) of preparedness in separate areas to deal with problems by technical-procedural means. The awareness of the threat emanating from KO determined the "general [of EU and Russia] interest" in the issues not directly related to the EU expansion: ecology (including the storage of nuclear waste), health care, combat against crime, economic development. However, the role of the EU in these areas was limited to its readiness to share expertise and give financial assistance through the existing TACIS, as well as bilateral programmes of member states on technical assistance.

In the document of 6 March 2001 called "Possible Solutions for the Problems of Kaliningrad Oblast, Related to the EU Enlargement"⁷⁸, Russian suggestions embraced several key areas: transport and transit (the focus in this area should be on ensuring the unrestricted transit between KO and the remaining territory of Russia, thus creating conditions for KO to remain a part of the Russian internal market; principle measures being an air traffic corridor over the territory of Lithuania, cargo transportation by rail without submitting it to customs procedures on the EU border), electric energy supply (Russia expected to be allowed to build pipelines for the supply of oil, gas and electric energy to KO through the territories of Lithuania and Poland), and performance of agreements (all business agreements between Kaliningrad inhabitants and candidate countries, as well as agreements concluded between Kaliningrad administration and representatives of the local authorities of candidate countries, were expected to be valid until the time of their expiry, even in case of incompatibility with the *acquis*).

In the "Comprehensive Analysis of the Communication", submitted to the European Commission on 19 March 2001⁷⁹, the EU was invited to concentrate not only on the resolution of potential problems arising in the context of the EU enlargement process, but likewise on the realisation of opportunities created by this process (if adequately managed). Having in mind such a positive attitude, Russia's response to the EU suggestion to discuss, within the framework of a relevant sub-committee,

⁷⁸ "Kaliningrad citizens should get free Schengen-visas for Poland, Lithuania and Latvia", *Uniting Europe* 136, 19 03 2001, p. 7-8.

⁷⁹ "Russia's official reaction to EU proposals on Kaliningrad", *Uniting Europe* 138, 02 04 2001, p. 6-7.

the impact on KO of the change in the trade regime is surprising: Russia has no specific concerns related to the enlargement impact on economic relations of KO, and is inclined to start consultations concerning the enlargement impact on Russia as a whole. Once more this indicates that Moscow is not planning to provide the Oblast with any special status in the relations with the EU. A similar conclusion might also be drawn after the 4 October 2001 meeting of the Government of the Russian Federation, where the Programme for the Development of Kaliningrad Oblast until 2010 was approved, which identified the main aims of federal policy towards KO (maintenance of the Oblast as an integral part of Russia, development of integrating ties with other regions of Russia, exploitation of Kaliningrad's enclave location in the common European economic area, turning of the region into the export-producing zone), but did not provide for adequate financial resources⁸⁰.

In the Memorandum of Intentions, Moscow only expressed the necessity to strengthen the cooperation of the EU and Russia in facilitating movement of people and goods to and from KO in particular through the additional EU financial and technical assistance and to start elaborating technical procedures for regulating transit of Russian goods to and from KO, which would not lead to a higher cost of cargo transportation and contribute to retaining and developing the economic ties between KO and neighbourly countries⁸¹.

The Communication of the European Commission proposed to address the issue of goods transit by using simplified procedures provided for in the existing international conventions⁸². Any decision to waive formal procedures for Russia's transit of goods would be incompatible with the *acquis*. The European Commission is of the opinion that the customs transit regime, which will be applied after the enlargement and will ensure free movement of goods to and from KO without customs duties, except for transport and administration charges, is a proper one.

To sum it up, it is important to emphasise that as negotiations for the EU accession are about to be finalised, the remaining problems obviously pale in the background of the discussions on transit issues related to people (and partially, goods). Both parties – Russia and the enlarged EU – focus on addressing problems arising from direct procedural effects of the EU enlargement, while the issue with regard to the necessity to take advantage of the positive effect of the EU enlargement is basically not being raised.

Conclusion: is a response to the challenge adequate?

As “the Kaliningrad issue” is emerging as a side effect of the EU enlargement, a successful unilateral resolution of this problem is not possible and requires constructive cooperation of regional actors. The EU enlargement changes the essential parameters of Kaliningrad's political and economic environment, thus creating a

⁸⁰ *О мерах по обеспечению социально-экономического развития и жизнедеятельности Калининградской области*, Заседание Правительства Российской Федерации 22 марта 2001, <http://www.government.gov.ru/2001/03/22/985266143.html>; *О проекте федеральной целевой программы развития Калининградской области на период до 2010 года*, Заседание Правительства Российской Федерации 4 октября 2001, http://www.government.ru/data/news_text.html?news_id=3387&he_id=15.

⁸¹ “EU and Russia on collision course over Kaliningrad regime after enlargement”, *Uniting Europe* 199, 09 09 2002, p. 1–3.

⁸² *Communication from the Commission to the Council. Kaliningrad: Transit*, September 18, 2002.

pressing need for rapid in-depth modernisation of the Oblast, for the implementation of which Russia is not ready and lacks capacity. It seems that the scenario of 'double periphery' is not acceptable for both Russia including KO and (because of the danger of spill-over) the EU (including candidate countries). Due to this reason, mitigation of direct effects of the EU enlargement as well as overcoming of the socio-economic lagging behind the neighbouring countries should be an important interest for all regional actors. Nevertheless, a review of their position reveals several tendencies.

On the assumption that Russia and the EU are actors, capable of effectively resolving the issue of KO (i.e., having adequate political power), the range of conditions for the realisation of the optimistic scenario of the development of the Oblast, may be narrowed to several most important circumstances: adequate perception of the problem and readiness to share responsibility in solving the issue 'in essence'.

The assessment of the evolving situation by both Moscow and Brussels does not seem to be adequate. At the beginning of the negotiations, Moscow defined the consequences of the EU enlargement on KO in terms of economic costs and separation of the Oblast from "big Russia", though, a certain conflict between the values of prosperity and territorial integrity seems likely to be resolved in favour of the latter: the most important interest of Moscow is unrestricted transit between KO and the rest of Russia. In Moscow, the attitude towards the scenario of the development of KO as an "economic bridge" between the East and the West is not homogeneous: there is a fear that fast economic development of KO and strong ties with foreign countries could weaken Moscow's influence in the region⁸³. In addition, "the special resolution" of the Kaliningrad issue will also inevitably lead to a "special status" and a greater autonomy for the Oblast, and for such a development Moscow is clearly not ready.

Brussels acknowledged the uniqueness and importance of the Kaliningrad issue comparatively recently, likewise the possible negative impact of the enlargement on the Oblast. Besides, the EU is likewise faced with inevitability of a political choice between the interests of internal and external security. The Oblast, turning into a "double periphery", and separated from the neighbouring states by socio-economic backwardness, contradicts the EU external security interests. On the other hand, the aim of the border control measures, introduced by the Schengen *acquis*, is to protect the EU territory against the new type of "private" threats (illegal migration and crime)⁸⁴, emanating from unstable neighbouring territories.

Both Russia and the EU, even though they have monopolised the decision-making process (because of fundamentality of reforms needed by KO as well as asymmetry of the EU accession process, scope and effectiveness of the initiatives offered by Lithuania and Poland to a great extent become dependent on the framework conditions determined by the decisions of Moscow and Brussels), clearly decline from taking responsibility for the development of the Oblast, surrounded by the enlarged European Union. In Moscow's opinion, the EU enlargement in respect of KO is an external development, therefore it is the responsibility of the EU to cover

⁸³ Joenniemi P., "Kaliningrad: a Pilot Region in the Russia-EU Relations?", *Draft COPRI Working paper*, 2000.

⁸⁴ Grabbe H. "The Sharp Edges of Europe: Security Implications of Extending EU Border Policies Eastwards", *Occasional papers of the Institute for Security Studies (Western European Union)*, Paris, 2000, p. 2-3.

the costs of adjustment and ensuring of “normal” communication between the Oblast and the remaining part of the Russian territory. According to Brussels, KO is an integral part of Russia, therefore, responsibility for the development of KO should be taken by Russia.

Consequently, there is disagreement about the agenda, aims and tools. Addressing the issue ‘in essence’ would undoubtedly imply not only mitigation of negative direct effects of the EU enlargement by mechanisms of procedural/technical nature, but also creation of preconditions for successful development of the region in the ambience of the enlarged EU (including exploitation of benefits emerging as a result of the EU enlargement). Naturally, it would require some flexibility from both parties and determination to change the established practice. It is the lack of this kind of willingness that determines the fact that the EU-Russian negotiations focus on technical/procedural aspects of the *acquis* application, failing to raise the issue of in-depth modernisation of KO as well as its adaptation to the altered economic environment. Despite the recognition of the Kaliningrad uniqueness and the Kaliningrad issue in the context of the EU enlargement as regards the suggested decisions, the Oblast remains within the sphere of functioning of the principles and mechanisms regulating the general relations between the EU and Russia. In other words, by limiting themselves to the problem of mitigating negative effects, Russia and the EU intend to preserve *status quo*, thus ignoring the fact that in the context of the EU enlargement, KO can either resort to modernisation or turn into a double periphery (a further “conservation” of the problem in fact will lead to gradual deterioration of the economic situation in the Oblast).

There exists a clear link between the importance of the resolution of the Kaliningrad issue for the interests of the key actors and the realisation of the successful development scenario of the Oblast in the enlarging Europe. The fact that, despite the expected deterioration of the socio-economic situation in the Oblast, strong political determination to decide the Kaliningrad issue *in essence* (by resorting to unconventional tools for breaking the *status quo*) does not exist, enables to draw a conclusion that the problem of successful adaptation of the Oblast is not placed high on Moscow’s and Brussel’s agenda. And in that case, the intensity of the diplomatic pressure by Moscow to the member states and the EU allows to make a hardly deniable assumption that the issue of Kaliningrad Region is not a goal in itself, but a means of Moscow to influence the process of the EU enlargement.