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Sergey A. Kulik

RUSSIA IN THE BALTIC LABYRINTH

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ABOUT THE AUTHOR:

Dr. Sergey A. Kulik is a director for international development at the Institute of Contemporary Development in Russia (INSOR). Before joining the Institute in 2008 he was director of the Department for Relations with the European Union, Office of the Russian President (2004—2008) and deputy director of the Foreign Policy Department of the Russian President.

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Introduction

The few Russian experts calling for the development of an integrated Russian policy for the Baltic Sea region (BSR) openly admit the high complexity of such an endeavor. Discussion of the Baltic theme tends to shy away from answers to direct questions: why has the Kremlin not put forward an articulate and public strategy (or a concept) for the whole region? Is such a strategy really necessary, or are there other options? What are Russia's national interests in the Baltic mosaic and is it possible to systematize them in some fashion?

In turn, after the adoption of the EU Strategy for the Baltic Sea Region (EUSBSR) Russia's European partners in the BSR have started to suggest that the Kremlin ought to formulate its regional strategy.

For Russia Brussels' Baltic initiative has particular significance. Russia is now surrounded in the BSR by neighbors who have become EU members. It is only here that Russia shares a border with the EU. The Kremlin has been presented with a document whose successful implementation depends to a large degree on the actions of Brussels rather than Baltic capitals. Moreover, the EUSBSR, adopted without any special consultations with Moscow, has already been included in the agenda of regional structures and cooperation programs with Russia's participation and meaningful contribution. At the same time, EU documents underscore that without Russia's involvement implementation of many of the EUSBSR's plans is hardly feasible.

Brussels' move should provoke Russian politicians and experts to give some thought to the usefulness of structuring its approaches to the BSR. This would bring us closer to an answer, be it affirmative or negative, to the question of whether Russia needs an integrated "Baltic Strategy".

Chapter I. View from the Kremlin heights

1. Russia's Approaches

The Medium-Term Strategy for Development of Relations Between the Russian Federation and the European Union 2000—2010, adopted in 1999, and Russia's subsequent Foreign Policy Concepts indicate that the BSR cannot seem to come together in a cohesive form so as to warrant the Kremlin's development of a strategic vision of its policy here. This is contingent not only upon Moscow's different approaches to the individual countries of the region but also the priorities laid out in the official documents of Russia and the EU regarding their relationship — security, economics and democratic developments. Security has been number 1 priority for Moscow while only the third place on the EU agenda, where democratic developments come first. These differences, including the NATO membership of some countries and the neutral status of others, gave rise to the Russia's preference for “multi-speed engagement” (according to the official term) with partners in the BSR.

The diversity of colors on the Baltic map has reinforced Moscow's view that formation of any kind of applicable strategy for the BSR would be very problematic if not counterproductive. Thus the exhortations of some experts to outline integrated approach have not resonated much in the official corridors. In Brussels and EU capitals the difficulties for Russia have been well understood.

Moreover, in the joint approaches of Russia and the European Union following the 2004 enlargement, the BSR has gradually worked its way into new agreements on the creation of common spaces (economic; freedom, security and justice; external security; research and education, including

cultural aspects). The positions outlined in Russia's basic foreign policy documents and relevant for the Baltic region have been oriented on these "roadmaps" as well as on stimulating channels between Moscow and Brussels. Since the beginning of this century cooperation in the BSR in these documents has been more and more clearly envisioned through relations with the European Union and the new tasks appearing in the agenda of Russia-EU cooperation.

In contrast to the Foreign Policy Concept of 2000, the new edition of 2008 among the main goals placed an emphasis on "modernization of Russia and transition to innovative development." And further — on strengthening of "the legal state and democratic institutions, realization of human rights and freedoms." One of the main mechanisms — the formation of "modernization alliances" with the key focus made on the EU. However, the BSR was not given any special attention and one could not find any mentions of the "Baltic region" in the document.

In the Concept of the Foreign Policy of the Russian Federation adopted in February 2013 the European Union is again second behind the Commonwealth of Independent States in the list of regional priorities. In it for the first time the Northern Dimension (ND) in connection with the project-oriented principle is mentioned in the section about cooperation "with Northern European countries" as well as about the Council of the Baltic Sea States (CBSS). This has emphasized Moscow's special interest in supporting regional cooperation formats in which it is an equal partner.

One of the main objectives in relations with the European Union given special attention is "to promote creating a common economic and humanitarian space from the Atlantic to the Pacific." Moreover, the Foreign Policy Concept outlines the "long-term objective" of establishing "a common Russia-EU market."

It is important to note a Concept's call for a new framework agreement (NFA) on strategic partnership with the European Union to replace the outdated Partnership and Cooperation Agreement (PCA). The lack of an updated legal framework for Russia-EU relations with long-term benchmarks calls into question the effectiveness of efforts, if taken, to more closely align strategic approaches in the region.

The Concept includes a line about intentions to reinforce Russia's status as a key transit corridor between Europe and the Asia-Pacific region. This is seen as a signal to speed up the modernization of its own infrastructure in the Baltic region and also, where useful, to bolster cooperation with regional partners.

The document is focused on cooperation for creating an integrated European energy system. Thus some further obstacles in the EU energy policy may have negative impact on Russian perceptions about the prospects of cooperation outside this sphere as well.

For the first time the Concept makes specific recognition of the transnational nature of new challenges and threats and the need to counteract them. The ones in Russia's list which are applicable to the Baltic region are scarcity of essential resources, demographic problems, environmental and sanitary-epidemiological challenges, and climate change.

The provisions from previous basic documents which continue to have relevance together with the new developments and special emphases of Russia's current Foreign Policy Concept paint a picture of Moscow's plans and priorities on the European track and provide food for thought on its policy in various regions of the European Union. At the same time, experience gained in the moving toward goals of the previous Concepts and evaluation of the feasibility of provisions of the current Concept indicate that we should keep in mind the traditional peculiarities of interaction with the

European Union, the influence of two tracks — multilateral (Moscow—Brussels) and bilateral (with the separate member states). The duality of the European Union greatly complicates the process of forming its basic and feasible approaches to relations with Russia.

Furthermore, in recent times the EU has been undergoing dynamic changes, including due to the growing ambitions of the European Commission to regulate and coordinate general and regional processes. The desire of Brussels to expand the scope of the power has not excluded the BSR. The expansion of the functions of the EU's headquarters in the planning and management of processes in various regions of the European Union adds both new difficulties and opportunities for Moscow.

Russian experience indicates that the basic foreign policy documents have substantial clout as do the emphases therein. The Foreign Policy Concept also serves as a pillar for other Russian strategies concerning Moscow's actions on the international arena. For example, soon after the approval of the 2008 Foreign Policy Concept the External Economic Strategy was also adopted. It remains in force and puts a significant emphasis on relations with the EU. In turn, these documents are relied upon by the drafters of various internal strategic documents (like for the Northwest Federal District) concerning issues of cooperation abroad.

2. The EU's Baltic Strategy

In the documents for the EUSBSR there are at least two signals. Firstly, strategy is an “internal matter” of the European Union. Secondly, its implementation will be highly difficult without the engagement of Russia.

The “internal matter” was specified in the Action Plan. It included a significant number of projects which had already been launched before the

adoption of the EU Strategy. Some of them have been implementing through various mechanisms with Russian participation (CBSS, ND, HELCOM and others).

In turn, the areas indicated are largely leaned toward to the project-oriented principle, which is now more tied to the regional planning under the control of Brussels. Russia also with increasing persistence promotes this principle on the Baltic track. The question remains a matter of finding points of agreement to underpin the success of these projects, the expansion of Russia's participation in them and, importantly, finding a balance in the players' priorities in various areas of cooperation. In this regard, the documents of the EUSBSR do not instill great optimism.

For example, the ignoring of cooperation in innovation and research could be perceived in Moscow with a sense of disappointment as the former Russian President D. Medvedev placed a great emphasis on innovation policy. Russia has also been left out of the EUSBSR's plans for "improving access to energy markets," a theme which is at the top of Russia's agenda for relations with the EU.

Russia was however mentioned in a provision on external transport links. It concerns major transport links and cargo transport logistics. Here, as in the previous sections there, is a mention of problems related to cross-border infrastructure.

The EUSBSR can be seen as an important phase in the declared path toward a more cohesive European Union. It has served to strengthen the position of proponents of macro-regional strategy under the aegis of Brussels.

The problem is that the very concept of macro-regional strategies remains unclear and insufficiently specified — not only for Moscow but also, by all appearances, by Brussels too. Nonetheless, both regional

strategies of the EU — the EUSBSR and the Danube Region Strategy — have been adopted under the banner of “macro-regionalization.”

Nevertheless, the concept has clearly gained momentum. It is of interest to Russia in planning cooperation with the EU and in the Baltic region as well as in light of the formation of the EU Cohesion Policy 2014—2020.

Moreover, in 2010 the European Union adopted its basic Europe 2020 Strategy. A sort of hierarchy of documents has gradually appeared for implementing the EU’s strategic visions: at the bottom are the local strategic guidelines, followed by the national and regional plans and higher yet — the partnership agreements. The next level up is the macro-regional strategies, including the EUSBSR, and at the very top — the Europe 2020 Strategy with national targets and objectives. One of the challenges is to adjust the EUSBSR Action Plan’s targets and indicators to the Europe 2020 Strategy.

Despite certain shortcomings the EUSBSR at least provides useful information on Brussels’ approaches to macro-regional developments. In these approaches the significance of the BSR with its potential unquestionably grows. The degree of success of this endeavor will continue to be under the close watch of the EU, in part to the fact that the initial period of the EUSBSR has not been smooth.

It is not clear enough how the Strategy fits in with the established cooperation regime in the region and the present set of cooperation programs with Russia. So Moscow is still awaiting clearer answers in order to formulate an adequate reaction to the EUSBSR on both the conceptual and practical levels.

3. Moscow's Reaction

Russia has not introduced a new clear national development strategy to replace the now outdated one. Thus, it's very problematic to think about "synergy" of the basic approaches of Moscow and Brussels with its Europe 2020 Strategy.

One of the main problems for Moscow is how the EUSBSR, other macro-regional strategies and the Europe 2020 Strategy will affect the Russia's traditional multi-speed approach in bilateral relations with EU member-states and the BSR in particular. More uncertainties are emerging for Russia. Ambiguity remains with regard to the implementation of the EUSBSR, including the possibility of further changes to already approved plans, perhaps not immediately but in several years' time. Depending on their nature and scale these reforms could have various impacts on the mechanisms and priorities of cooperation with Moscow.

Moscow's official response took some time in coming. It was only in early 2012 that a relatively intelligible assessment was voiced by the Russian Foreign Minister. There is no hint of Russia aligning with the EUSBSR, and multilateral formats with Russia's participation would remain the preferred platforms for joint projects. This was followed by a proposal to discuss synchronization of the EUSBSR and the Strategy of Social and Economic Development of the Northwest Federal District through 2020 (NWFD Strategy), adopted in late-2011, within the formats of the ND and CBSS.

On the whole, a rather clear picture emerged of Moscow's preferences with regard to cooperation mechanisms that have been tasked with implementing the EU's Strategy. The most appropriate platforms are the CBSS, Northern Dimension, HELCOM, and existing Russia-EU dialogues. These platforms are also mentioned in the EUSBSR.

Efforts to synchronize views on the regional level are both necessary and timely. Among other reasons, this affects Russia because many of the programs with its participation in the BSR are largely driven by the EU and its members. With the adoption of the EUSBSR many of the established cooperation arrangements may change with an impact on functioning of existing mechanisms where Moscow has a voice.

Chapter II. Cooperation Mechanisms

Assessing cooperation mechanisms and structures in the Baltic region, Moscow often prefers to use the term “Northern Europe”. The term can be found in many basic foreign policy documents. This is no coincidence: Russia sees its interests and role in ensuring stability in Northern Europe on the whole. This in turn creates difficulties in the creation of an integrated policy for the BSR.

The fundamental architecture for cooperation is considered by Moscow to comprise the CBSS, the Barents-Euro Arctic Council (BEAC) and the Arctic Council (AC). The ND is also seen as having a significant role (as well as the Nordic Council of Ministers (NCM)). Other specialized organizations, unions and associations, using the official language, “complement” the work of these structures.

1. CBSS

A key and productive body for cooperation in the BSR in Moscow’s view is the Council of Baltic Sea States. Via the CBSS a number of Russian regions, with this body’s guidance, continue to quite successfully engage with other structures while trying to avoid redundancies in their activities.

With high expectations of the Council, in Moscow some share suspicions that there is an effort to blur the identity of the CBSS, turning the Council into an instrument for implementing the EUSBSR.

With the launch of the Project Support Facility in March 2013, the CBSS has acquired a mechanism for financing projects with mandatory contributions from all members. A substantial portion of these funds will be

spent in Northwestern Russia, including in the Kaliningrad region. Importantly, the Pilot Financial Initiative of the Council is for the first time receiving a platform for attracting partners and funds for programs to support innovative small- and medium-sized enterprises (SME), public-private partnerships (PPP) for municipal and regional infrastructure, etc. The success or lack thereof of this new initiative will impact the assessment of cooperation prospects in the region. In Russia there is substantial interest in expanding the PPP format in the BSR.

For Russia the role of the CBSS will remain if not increase. Despite criticism, the Council truly appears to be an important platform for addressing and resolving the region's problems and for planning activities with Russia's participation. Also the Council has a positive impact on bilateral relations between Russia and other BSR countries as well as on efforts to ease the regional "institutional overburden".

2. Northern Dimension

One of the successful and appealing to Russia regional projects is the Northern Dimension. In November 2006 a high-level meeting between Russia, the EU, Iceland and Norway transformed this "dimension" into a joint and, importantly, relatively equal four-party project.

Moscow has started to perceive it as a sort of testing grounds for the long-term and mutually beneficial cooperation on equal footing with the European Union in addition to the existing Russia-EU mechanisms and agreements. The ND is also considered as a regional application of efforts to create four Russia-EU common spaces. This has substantially increased the clout of the project.

The experience with the ND has shown that there are possibilities for engaging mechanisms of bilateral relations with individual EU countries in negotiations between Moscow and Brussels. The realization of the Northern Dimension has positively influenced other major Russia-EU projects, namely the Partnership for Modernization (PM).

Given Moscow's positive stance toward the ND there may very well be concerns that some of the advocates of the EUSBSR do not wish to see a further strengthening of the role of the Northern Dimension in Brussels' policy or as an important platform for cooperation.

Also of note is the fact that the zone of the Northern Dimension is much broader than the BSR. Moscow (as its partners Norway and Iceland) right now are paying more attention to the Arctic region, the role of which is rising in the global agenda.

3. Cross-border Cooperation

The European Union has always paid particular attention to the Russian track for cross-border cooperation in the BSR, sometimes more so than Moscow. Six Russian provinces are within the zone of the Northern Dimension. Certain areas of official contacts among local government bodies intersect with cooperation programs of the CBSS, ND, HELCOM and others.

The programs of the European Neighborhood and Partnership Instrument (ENPI) cover the same main list of cooperation areas as with the BEAC, ND and others — ecology, healthcare, culture, transport, energy and tourism. Russia is engaged in ENPI as an equal partner, financing its share in five different programs.

Under these programs, approved in agreements between Moscow and Brussels, there are various formats for varying levels of cooperation — partner regions, euroregions, partner cities, separate projects between official bodies, NGOs and other structures. They function on the basis of agreements and other documents.

It would be beneficial to use these mechanisms in the future to strengthen cooperation and trust at the local level. Russia's readiness to expand the participation of its provinces in them is one of the main indicators in assessing the country's real desire to achieve a new level of engagement in the BSR.

In turn, the initiatives of Russia's partners, arising out of their interests and aimed at constructive relations with Russia, should not be brushed off but rather objectively and impartially evaluated. This concerns the number of programs and horizontal actions of the EUSBSR directly or indirectly involving cross-border cooperation with Russia.

The topic of cross-border cooperation in the BSR poses a lot of questions for Moscow. The task of fleshing out the legislative basis for such cooperation has remained unfinished for a long time.

For now the legislative file includes the Concept of Cross-Border Cooperation of the Russian Federation, approved in 2001, which leaves a number of ambiguities for practical actions. The federal law from 2003 about "the state regulation of external trade activities" offers a selective approach to cooperation, limiting it to cross-border trade.

In 2002 Russia ratified the European Outline Convention on Transfrontier Co-operation. This step to a certain degree has stimulated the progress in this area on the part of Russia's regions and districts.

In the previous decade Russian authorities promised to deal with the issue of the legislative basis for cross-border cooperation, but work on this

has been slow. Horizontal ties between provinces serve as a powerful generator of good neighborly relations and trust in the region, and they should be stimulated by eliminating the unnecessary legal obstacles.

The NWFD Strategy lists the problems and provides recipes for resolving them, some of which directly or indirectly concern the strengthening of cross-border ties. Some of them are brought up in the EUSBSR, including in the horizontal actions. Thus, in any possible new efforts to align the EUSBSR with the NWFD Strategy the issue of cross-border cooperation should not be ignored.

Chapter III. Toward Reconciliation of Positions

1. Priorities in Regional Planning

The agenda of dialogues on common spaces and the Partnership for Modernization between Russia and the European Union is not only broader than the objectives set out in the Europe 2020 Strategy but also largely coincide with its priorities. This is also true for the EUSBSR. So these dialogues based on already tested mechanisms provide substantial opportunities for overcoming barriers in regional cooperation, for finding acceptable solutions and for planning joint programs and activities. Moreover, many issues related to cooperation in the BSR are addressed within Russia-EU mechanisms.

The PM is being implemented through the engagement of “sectoral” and other dialogues on common spaces. Thus work on these common spaces and on the PM is being carried out as “communicating vessels.” At the same time, the PM’s activities with its Partnership Work Plan seem to be closer to the EUSBSR with its Action Plan.

Both sides are getting closer to the important threshold in planning cooperation in the region beyond 2013. Brussels and the EU members in the BSR have a number of questions for Moscow, of both a tactical and long-term nature. Russia has also accumulated no small number of questions, including of a systemic nature. For example, what corrections could be made in activities along Russia-EU channels in light of macro-regionalism trends? What influence would these plans without sufficiently defined contours have on long-term planning in the region?

Another question is also of significant importance for Moscow: how and to what degree will the priorities of the Europe 2020 Strategy and the

EUSBSR be taken into account in practical work with Russia in the region? Despite the fact that a substantial amount of time has passed since the adoption of the EUSBSR, it remains difficult to provide a definitive answer to this question.

Much here depends on the assessment of the implementation process of the EUSBSR, on the political commitment of the European Union to carry through with its announced plans and to no small degree on the effectiveness of the Russia- EU mechanisms, in particular the PM. In regional planning it would be prudent to pay closer attention to these mechanisms and carry out more meticulous reviews of their work for the benefit of strengthening cooperation in the BSR.

It should also be taken into account that Russia's Ministry of Economic Development, which for a long time has been responsible for national social-economic and external economic strategies, oversees the Partnership for Modernization from the Russian side. It is as the intersection of strategies dealing with internal national developments and external economic and trade activities.

2. Northwest Russia

Attempts to compile various documents of the EU for the BSR are largely based on the pyramid scheme, where the Europe 2020 Strategy is at the top followed by the EUSBSR. So far Russia is in more difficult position to construct a similar pyramid, even if it wanted to. This is where additional complications arise in efforts to align the EUSBSR and the NWFDP Strategy. Furthermore, recent experience suggests that some strategic documents could undergo nonscheduled updates together with changes in the lists of associated plans.

In August 2013 it was announced that the NWFD Strategy adopted in November 2011 would be reviewed. This was officially explained by the establishment of new specific development indicators for Russia in the May 2013 presidential decrees and the need to make certain corrections to the Strategy. At the same time a new draft of Russia's Transport Strategy-2030, adopted in 2008, has recently emerged, which once again complicates long-term planning of cooperation in the BSR.

Nonetheless, the current NWFD Strategy outlines the main problems in the Northwest Russia and proposes some solutions. This substantially contributes to the study of Russia's priorities in the Baltic region and the search for common ground on cooperation. The document offers useful information for future cooperation planning in the BSR.

Among the problems in the economy, the strategy lists: the low level of infrastructure, insufficient growth in the services sector, disproportionate presence of the natural resource and the military-industrial sectors, and a deficit of investments. In the transport sector — underdeveloped international transport corridors, poor quality and dilapidation of road infrastructure. With regard to the environment — increasing human impact on ecosystems, slowing of the propagation of nature and recovery of renewal natural resources.

In terms of the strategic objectives of economic development, the main emphasis is on innovation and modernization. The theme of cooperation with the European Union is present in provisions on the scientific and innovation complex. The list of factors necessary for the development of this complex includes international cooperation on innovation, joint R&D and transfer of technologies, establishing a system for the exchange of scholars and specialists with the leading European (primarily with Scandinavian)

scientific centers, joint academic and educational projects with the leading universities of Central and Eastern Europe and Scandinavian countries.

Thus work in the external arena is largely connected with modernization of the scientific and technological basis and the activation of innovation policy. Certain of highlighted areas and factors coincide with the priorities of Russia's Strategy for Innovation Development, drafted by the Ministry of Economic Development and adopted in late-2011.

With regard to external economic activities, the top priority is the expansion of trade with neighboring states and also the creation of "advantageous conditions" for cross-border cooperation. It is quite important, in light of the declarations of the EUSBSR, to note the task of improving customs and logistics infrastructure close to Russia's borders.

As for transport policy top priorities include preserving leading positions in transit for external trade cargoes, increasing international transshipment and normalization of transport standards, as well as acquiring key positions in transport and logistics services.

In contrast to the EUSBSR, the corresponding Action Plan emerged only a year after the approval of the NWFD Strategy — in mid-October 2012. The vast majority of the "actions" involve just the "development of a set of measures" or "development of proposals." Some of them are of a quarterly nature while others look years ahead. Despite its revision, the Plan will likely retain its time parameters. This provides both difficulties and opportunities for efforts to align the EUSBSR and the forthcoming new NWFD Strategy.

Chapter IV. Synchronizing Priorities: Transport and Innovation

In the list of priority areas of cooperation of Russia in the BSR, transport and innovation are at the top (in addition to energy, which has been discussed in detail in other works of the Institute of Contemporary Development). Their consideration is of prime significance for the formation of a common vision of policy in the region over the long term. Moreover, their priority ranking by Moscow and its partners in the region differs. If transport cooperation is to about a similar degree of interest, joint innovation programs attract less attention from Russia's neighbors, what we can see in the Action Plan of the EUSBSR.

1. Transport: A Difficult Partnership

Not long ago work on the adequate planning of Russia's transport infrastructure and cooperation with regional partners was seriously hampered by severe political disagreements, primarily with the former Soviet republics on the Baltic. Russian experts' complaints to authorities on the deficit of clearly formulated interests and action plans in the region for a long period were based on analysis of mainly three problems: the rights of the Russian-speaking population of Latvia and Estonia; Russia's transit dependence on these countries and Lithuania; security threats stemming from Poland and the above three countries' membership in NATO. Moscow's attention was focused on the southern coast of the Baltic as the most problematic for it.

However, already in the first Transport Strategy of 2005 there was a call for Russia's participation in efforts for "a common strategy for developing a network of international transport corridors" in the European

and Asian directions and “in the framework of the formation of new transit arterials of continental significance.” Despite the clear difficulty of achieving such an objective, Moscow sent out the invitation, and it was noticeably oriented toward the BSR.

Also, it clearly outlined the priorities for the Northwest Federal District: modernization and creation of new port complexes on the Baltic, White and Barents seas and the development of rail, automotive and pipeline approaches to them; the formation and sustainable functioning of transport links between the Kaliningrad region and other regions of Russia. These priorities were elaborated with specific measures, whose actual execution turned out to be more difficult.

The emphasis on the expansion and modernization of Russia’s infrastructure on the Baltic was quite understandable. However, during the period for which the Transport Strategy was intended it became apparent that in the foreseeable future the rate of the expansion and modernization would not be able to keep up with the anticipated growth in cargo flows. Thus two interrelated questions emerged: about acceptable niches for Russian external partners and how to create appropriate conditions for clients to increase transit potential.

The answers to these questions largely depend on the correct definition of the nature, areas and scale of cooperation with external partners, including for meticulous calculations in the development of long-term documents. Also of importance is the analysis by these partners of the problems and prospects for the transportation services market. Such analysis is useful in finding common ground in overcoming one’s own difficulties.

In 2008 the most recent edition the Transport Strategy of the Russian Federation through 2030 was adopted. Just like with the NWFD Strategy, a decision was made in mid-2013 to review this strategy. However, this

document provides useful information on priorities, problems and the possible solutions.

The text notes that the development of Russian ports and associated infrastructure is uneven. The operational and technological lag of Russia's transport system compared to that of developed countries is recognized as a critical challenge. The system is not prepared for the widespread use of modern technologies, namely, in container infrastructure. At the same time, some of the problems listed in the Transport Strategy are poised for Russia in the EUSBSR, in particular with regard to container transport.

In order to assess Russia's priorities it is useful to consider the Strategy for Development of Marine Port Infrastructure of Russia through 2030, which was approved in 2013. The document recognizes the failure to achieve the desired results in addressing bottleneck problems and raising the effectiveness and competitiveness of Russia's ports and associated infrastructure. Thus the objectives put forward are to improve services, lower administrative costs, implement balanced tariff policy, improve government management of port infrastructure, etc.

Now we can compare these objectives with the positions and plans of the EUSBSR and the proposals of our partners in various cooperation formats. The EU's stance implies addressing and overcoming, among others, the purely Russian difficulties through Russian efforts and with the help of international experience. Naturally, one cannot forget about a factor of competition, but also about the significance which Russia's transport infrastructure has in the BSR for the interests of its partners.

Considering the problems which Russia itself has admitted, the EUSBSR essentially sends to Moscow some timely signals. Among them: coordination of national strategies for transport and investments in infrastructure; particular attention to cooperation with Russia on overcoming

difficulties not directly connected with infrastructure limitations (such as cross-border problems); improving the competitiveness of port infrastructure of the EU coastal members; modernization of infrastructure along the East-West corridor in order to widen the “gateway to Asia”, etc. In general, in the strategic documents of the European Union for the BSR one can sense an aspiration to find a balance in relations with Russia in this sphere.

In assessing the opportunities for “synchronization” it should be remembered that together with the expected updates the routine work on the realization of the current Transport Strategy through 2030 is being conducted under the Federal Target Program “Development of Russia’s Transport System (2010-2015)”. However, the main phase of the Strategy comes in the subsequent five-year period when important projects both already drafted or still in the works will be launched and when, according to the calculations, construction and modernization of major infrastructure facilities should be accelerated. It should be noted that the most realistic horizon for predicting cargo flows is five years. It follows that the focus should be on synchronizing not so much the strategies as the development programs for the near future, even taking into account possible changes in the new edition of the Transport Strategy.

In turn, the alignment of positions should be more oriented on the formation of joint projects — starting with joint efforts to reinforce the region’s positions in this area and extending to specific infrastructure programs. All the while, it should not be forgotten that Russia and the EU are working in the framework of the Transport dialogue, the Partnership for Modernization, regional cooperation mechanisms, and others.

2. Innovation Challenges

The level of interest of Russia in cooperation with the EU in this sphere has been reflected in the latest documents. Russia's Strategy for Innovation Development reflects a less optimistic attitude than seen earlier.

In contrast to the External Economic Strategy of 2008 with its specification of cooperation priorities, primarily with the EU in technology and innovation, this time the prospects are not painted in such rosy hues and the role of the European Union is not so prominent. The changes are a result not only of the experience in this particular area of Russia-EU Partnership for Modernization as the first and experimental platform for "modernization alliances," but also the recognition of Russia's own problems hindering innovation breakthroughs and the re-evaluation of the degree of interest of the country's elite groups in the innovation trajectory.

At the same time in Russia's documents of the federal and local level on the country's development and its northwest region the innovation theme continues to be prevalent and accompanied with an emphasis on expanding international cooperation. Thus, the absence in the EUSBSR of even a hint at the possible engagement of Russia on innovation cooperation has not perceived as a good sign. Moreover, Russia is not mentioned in connection with the theme of supporting SME, which play a substantial role in the sphere of innovation.

Along several of the bilateral tracks there remains a high level of interest in continuing cooperation. This can be seen both in the development of the Partnerships for Modernization between Russia and separate EU members and the progress in cooperation outside these bounds. This is also relevant for the BSR.

Moscow does not forget about the fact that January 1, 2014, marks the start of the new Horizon 2020 Program, which brings together all of the EU's framework's programs. It reflects at least three new realities: Brussels' serious intention of changing the tradition rules of the game with regard to science and innovation; the Horizon 2020 is aligned with the Europe 2020 Strategy; due to the significant potential of the EU member-countries in the BSR this region's role in the successful implementation of plans will be given heightened attention.

In turn, 2014 marks the start of the second phase of the implementation of Russia's Strategy for Innovation Development through 2020. The document outlines three scenarios for Russia — innovation-based development, catch-up development and inertial development. It is clearly shown that the abandonment of close cooperation with European partners would make inertia option unavoidable and irreversible with its subsequent impact on Russia's prospects. It seems unlikely that the European Union, which has made such an emphasis on strengthening innovation cooperation, would be happy about such prospects for Russia.

This once again highlights the glaring absence of innovation cooperation with Russia in the EUSBSR. If an effort is to be made to align positions and preferences, then it would be useful to take up the Strategy for Innovation Development. This document seems to be the most holistic with regards to the interdepartmental interaction than Russia's some other long-term strategy documents.

One of the important outlying questions is to what extent will established channels and agreed plans of cooperation between Russia and the EU be affected by a more coordinated policy of the European Union and possible corrections to programs. With regard to the BSR in particular, how will the feasibility of Russia's strategy documents be affected?

Our scientific and technical ties are more or less based on equal footing. However, considering the objectives put forward, including in the Strategy for Innovation Development, in certain areas there is no reason for Russia to shy away from the position of “leader-follower”, particularly in cooperation with a number of BSR states. One of these is the formation of clusters. In order to implement effective state policy in the realm of innovation it is important to study the experience of other countries in the BSR on the creation of “development agencies”. They are connected to the difficulties in the realization of another major project — the creation of “technological platforms”.

The specifics of innovation policy as such does not allow for Russia to have a separate strategy in this area for the BSR. In all appearances, even the specialists who still expect Russia to develop a policy vision for this particular region do not have in mind a separate strategy for this area of cooperation.

Moscow has sufficiently specified its aims, objectives and priorities for engagement with the European Union in its Strategy for Innovation Development, the agenda of the Partnership for Modernization and the profile Russia-EU dialogue. The question lies in how to reanimate a specific discussion on this theme is light of the perceptions in the EU of Russia’s own problems and limitations. One of the main tasks is to achieve a balance of interests and priorities across the entire list of cooperation topics for the BSR, where Russia’s heightened interest in innovation cooperation would find its rightful place in the agenda for the BSR.

Conclusion

Russia has always had difficulty formulating its policy in the Baltic Sea region — if the necessity for such ever existed. Very well-supported explanations of Russia's foreign policy stance can be found in the official position papers and in Moscow's behavior in the Baltic arena.

Security issues remain at the top of Russia's list of priorities. Here the region is divided into two groups of countries — NATO members and the neutral Sweden and Finland — which Moscow views differently. The military-political factor impacts dialogue on a common Russia-EU security space and bilateral relations with individual EU member-states, most of which are also members of NATO. The common border with NATO in the BSR makes this area particularly sensitive for Russia.

However, NATO is seen to be gradually becoming less of a noticeable factor in the formation of Russia's plans in the region. Right now Moscow is more concerned about policies of the European Union and the endeavors of several BSR states in post-Soviet space. This is reflected, albeit in a somewhat veiled form, in the country's foreign policy documents.

There are discrepancies among Baltic countries on many issues concerning engagement with Russia but the issues of democracy remain their common platform (with differing accents and priorities). This is often interpreted in Moscow as an attempt to interfere in internal affairs and creates obstacles to the objective perception of the proposals coming from the European Union and its members.

Despite the fact that some of the Russian problems and bottlenecks described in the EUSBSR are also admitted in Russia's official documents, the Strategy's lack of attention to the issues of particular interest to Russia (such as, for example, innovation programs and support of SME) dampens

enthusiasm with regard to the intentions and plans of the European Union in the BSR.

The project-oriented approach, which has recently been clearly emphasized by Moscow for the region, reflects a drive to move past general discussion in the regional “institutional overburden” toward more earthly and feasible cooperation programs. However, this approach should in a most serious manner take into account the associated Russian problems arising from the low level of effectiveness of the existing mechanisms, from administrative to judicial and legal, and be based on addressing them with own resources and with the help of cooperation with regional partners.

The EUSBSR with its aspirations with regard to Russia (or absence of certain aspirations) provides useful signals to Russia for further analyzing its own shortcomings. Here Moscow should rather take a fresh look at the situation.

Taking a fresh look is also important in light of the gradual changes in the EU’s regional policy. There is no reason to expect a rapid and full-scale macro-regionalization of the European Union. However, to one degree or another, this course will affect cooperation formats in which Russia participates and the attempts to strengthen the “vertical power” in Brussels. This is something which Russia would be forced to take into consideration both in the BSR and on the general Russia-EU track.

One of the obvious challenges in the changing rules of the game is the likelihood of the reformatting of relations in the European arena away from bilateral cooperation mechanisms between Russia and individual states of the EU. Macro-regionalism and the expansion of the authority of Brussels could hinder the development of bilateral relations, requiring Moscow to focus more and more attention on Russia-EU channels. Correspondingly, Moscow may very well have to sooner or later deal with changes in the

negotiation agenda and formulate new approaches, at least for the areas which have been outlined in the Europe 2020 Strategy and other strategic documents of the EU.

The inclusion of the EUSBSR in the agenda of regional mechanisms with Russia's participation is not something which Moscow can ignore. Due to the fact that the main burden in the programs and plans of these mechanisms is borne by the European Union and its regional members, even just Brussels' ambition to report its success in the fulfillment of the Strategy may increase its clout in these formats.

Moscow's apprehension toward the EUSBSR could dampen interest in expanding the work of mechanisms in which Russia participates or to the contrary increase this interest due to the need to reinforce the mechanisms. In the case of the later, it is important to find acceptable compromises on the clout of the EUSBSR in the agenda of the CBSS or the Northern Dimension. Otherwise Moscow's gaze will drift further north to such formats like the Arctic Council, BEAC and others.

Russia's willingness to continue dialogue on synchronizing the EUSBSR and the NWFD points to a desire to search for solutions in the new conditions now emerging. However, such dialogue should be approached with caution. It faces additional uncertainties, for example, arising from negotiations between the EU and US on the Transatlantic Trade and Investment Partnership. Discussion of linking the NWFD Strategy and EUSBSR is seen as an experimental platform for aligning positions in joint long-term planning.

At the same time experience shows that Russia's sector and regional strategies are relative quickly replaced or substantially corrected. What seems most important here is that these documents be referred to in order to identify and systematize the most important, topical and feasible priorities

with regards to external engagement in the BSR. For the planning of areas of cooperation it would also be prudent to review several outdated documents which nonetheless contain important issues of a long-term nature.

In order to develop cooperation in the region, a very important role in the aligning of positions will be played by Russia-EU channels and regional structures with Russian participation. They are useful for balancing positions about plans in the BSR.

The Partnership for Modernization is quite applicable for cooperation in the BSR for innovation as well as to assuage the concerns outlined in EU documents with regard to the low effectiveness of Russian mechanisms and so on. Sector dialogues, in turn, already have substantial experience and an adequate regime for discussion of discrepancies on issues.

Russia's participation in various structures whose scope covers not only the BSR but also the zone of the Northern Dimension seems important for agreeing cooperation programs from the southern coast of the Baltic to the Arctic. Various projects, including transport projects, circumventing the BSR should not incite nervousness among our partners in the region. Thus, active joint work within the framework of these mechanisms should be focused on the realization of projects for the common good.

The European Union remains a leading partner of Russia in various spheres. Our relations are constantly complicated by troubles of various scale (such as, for example, Ukraine integration crossroads). Nonetheless, the signals from Moscow, seen in its strategic documents, continue to be aimed at removing unnecessary barriers and the formation of a forward-looking agenda. This attitude will be seriously strengthened by the pending renewal of the basic framework agreement foundations of our relations which will help eliminate many uncertainties, including in the formation of a joint approach to cooperation in the Baltic Sea region.