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Russia-European Union Borderlands: Transboundary Gradients, Interactions and Current Challenges

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ABSTRACT

Research on post-Soviet borders emphasizes the need to combine traditional and relatively new approaches to border studies. For Russia, of special importance are the European Union (EU) borders accounting for almost half of the country's international trade. The border districts of Russia and the neighboring EU countries have become natural drivers of regional integration processes. The post-Soviet history of the Russia-EU borderlands has shown dynamism and large dependence on the geopolitical situation, asynchronous changes in the border functions and regimes on different segments, dissimilar economic development rates, asymmetry in interactions between the parties, and a combination of debordering and rebordering processes. Over the past years, the deteriorating geopolitical situation and the economic crisis in Russia increased the risks of a stricter border regime and a significant reduction in border traffic. It is worth examining the correlation of stability and dynamism factors in the border situation. An important factor ensuring the persistence of current differences and problems is the inertia of the settlement system and territorial economic structure at all levels. These factors determine the fluctuations in demographic and socioeconomic indicators and thus contribute to the "difference of potential" ensuring border traffic. The authors analyze the impact of gaps in demographic and socioeconomic indicators on different segments of the Russia-EU border, as well as the asymmetry in transboundary interaction, on their stability in the period of increasing political tensions in 2014-2015. Special attention is paid to the effect of these interactions on the social development and everyday life in the Russian borderlands. It is stressed that, even in the conditions of a serious political crisis and reciprocal sanctions, the barrier functions of the Russia-EU border increased insignificantly. The driving force behind border interactions is pragmatism, which makes it possible for border districts to attract additional resources to solve local problems.

Keywords: Border Districts, Russia, European Union, Transboundary Interactions, Asymmetry, Asynchrony, Border Regime, Border Cooperation
JEL Classifications: F5, O5, R1

1. INTRODUCTION

Despite all differences between them, state and internal political and administrative borders comprise a single system – An object of a polyscale analysis necessary for understanding the changing role of spatial boundaries in the life of a society. Borders are a complex social category, a result of the process of reproducing delimitations by different social and political forces in the course of their social practices (bordering). In modern states, border regimes, functions,

and event outlines depend on not only the governments, but also other agents – Large businesses, ethnic movements, regional and local authorities, etc. The topics of border studies are determined by both new theoretical approaches and the very processes of globalization and regional integration (Newman, 2011).

The new territorial organization of society determines the development of special borders for different activities and agents. Contact and barrier functions are being constantly redistributed

between states border services and other agents – Airlines, municipalities, etc. The barrier functions of state borders (border, customs, and migration control, etc.) are often performed throughout a country. This phenomenon is studied using different research methods – Geographical, cartographical, economic, political science, sociological, and discursive ones (Kolosov, 2008). The topics of border studies are determined by both new theoretical approaches and the very processes of globalization and regional integration.

In the borderlands, studies show a pronounced shift towards interdisciplinary research, a transition from focusing on “material” landscape borders to analyzing cultural, religious, social, economic, and mental boundaries. A special research area is comprised of geographical and cultural-anthropologic studies of the adaptation of local communities to living in the vicinity of borders of different types, and their direct and indirect effect on various activities (Kolosov and Scott, 2013). Historians and geographers examining the origins of the modern border system have shown that space delimitation is a means to satisfy three basic needs of a society: (a) Development of an identity consolidating the society; (b) delimitation and establishing control over a certain territory by a political, social, or cultural group; (c) ensuring security – protection from external and internal threats (van Houtum and Naerssen, 2002; van Houtum, 2005). An increasing number of publications focus on specific border types – post-Soviet, “international” (between the European Union [EU] and North American countries), postcolonial, etc.

Post-Soviet borders have a number of specific features relating to their pivotal role in state building and the formation of a new identity of post-Soviet countries’ citizens. Research on post-Soviet borders stresses the need to combine traditional and relatively new approaches to border studies. On the one hand, understanding the current regime and significance of borders requires analyzing their origins and delimitation, as well as a comparison of the socioeconomic situation and border security mechanisms on the either side of the border. On the other hand, one should pay attention to studying the dynamic identity of borderland residents, their perception of the neighboring country and the geopolitical map of the world, and their attitude to the border regime (Russian-Ukrainian Border..., 2011).

The Russian borders have the longest stretch in the post-Soviet space and they are very diverse. Of special importance are Russian borders with the EU, which accounts for almost half of the country’s international trade (48.2% in 2014, 49.6% in 2013). The Baltic ports handled 35.8% of Russia’s total seaport cargo traffic, most of which was international cargoes¹. These borders are one of the most important interfaces supporting cooperation between Russia and the rest of the world. Although significant segments of the Russia-EU border are part of the Soviet legacy, some of them are new. Following the collapse of the USSR, the geopolitical position of the Kaliningrad region changed dramatically. The region turned into a Russian exclave surrounded by the EU (Klemeshev, 2009; Fedorov et al., 2013).

In all cases, the interactions between the Russian regions and their neighbors have a long history, which resulted in an intensive border traffic supported by Russia’s densest network of transboundary communications in the southern borderlands.

The border districts of Russia and the neighboring EU countries are natural drivers of regional integration processes. Cross-border cooperation (small-scale integration) is an important part of “large-scale” integration, its “testing site” (Perkman, 2002; Sohn, 2014). It has three components. The first relates to solving local problems and creating comfortable conditions for the population of border areas – supporting cultural and everyday connections, cross-border trade, joint solutions to utility and environmental problems, providing medical, educational, cultural services, etc. The second is a product of cooperation between border territories aimed at performing public functions in the field of transport and logistics, guarding borders, economic security, emergency response, etc. The third component relates to the direct and mediatory foreign economic, production, and investment activities of border regions (Vardomskiy, 2009; Anisimov et al., 2013).

At the same time, EU’s eastern enlargement, the processes of European integration, and the introduction of strict Schengen regime contribute to the barrier function of the border with Russia – A country perceived by European public opinion as a source of different threats. A rapid deterioration in Russia’s relations with the West following the Incorporation of Crimea, the political crisis in Ukraine, and reciprocal sanctions had a negative effect on cross-border interactions.

The post-Soviet history of Russia-EU borderlands shows dynamism, significant dependence on the geopolitical situation, asynchronous changes in the border functions and regimes on different segments, dissimilar economic development rates, and asymmetry in interactions between the parties. Until the late 1990s, the liberalization of border regimes – debordering – was taking place at the Russian-Finnish and Polish borders, whereas those with the Baltics – former Soviet republics – were becoming an increasing obstacle to interaction (rebordering). Over the past years, the deteriorating geopolitical situation increased the risk of a stricter border regime and a reduction in border traffic. This necessitates analyzing the correlation between stability and dynamism factors in the border situation. The crucial stability factors are the inertia of settlements and economic territorial structure at all levels. These factors determine fluctuations in demographic and socioeconomic indicators and thus contribute to the “difference of potential” ensuring border traffic. Public consciousness – The way people on the either side of the border perceive each other – is also very interesting. The effect of economic interactions cannot be given an unambiguous assessment. On the one hand, it strongly depends on prices for different goods, the economic “well-being” of the neighboring countries, and political factors. Moreover, it can destabilize partnership. On the other hand, the more intense cross-border cooperation, the more chances there are to support partnership even under unfavorable economic and political conditions.

This article aims to assess the influence of gaps in demographic and socioeconomic indicators on different segments of Russia-EU

¹ <http://www.morport.com/rus/news/document1559.shtml>.

border, as well as the asymmetry in transboundary interactions, on their stability in the period of increasing political tensions in 2014-2015. Special attention will be paid to the effect of these interactions on the social development and everyday life in the Russian borderlands.

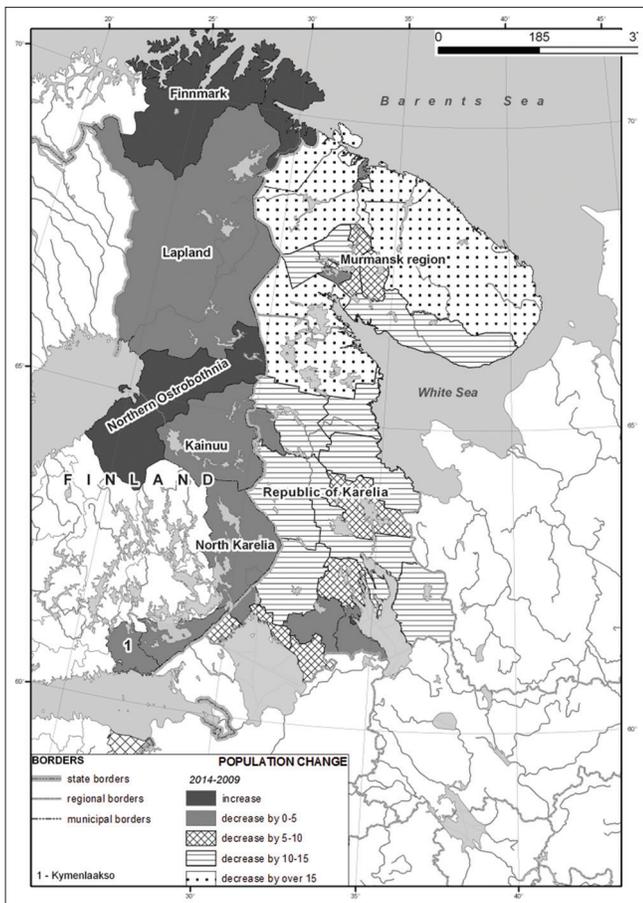
2. DEMOGRAPHIC AND SOCIOECONOMIC DIFFERENCES

Throughout the borderlands, socioeconomic processes take place against the background of a demographic crisis (Vardomskiy and Kolosov, 2015). The demographic situation is affected to a different degree by a low birth rate, high mortality rate, and negative net migration. In 1991-2015, due to both natural decrease and negative net migration, total population decreased by 36% in the Murmansk region, by 23% in the Pskov region, and by 20% in the Republic of Karelia.

The only exception is a group of regions comprised of Saint Petersburg and the Leningrad and Kaliningrad regions². Their population decreasing since the 1990s started to grow in the 2000s, despite a low natural increase rate, due to a positive migration

2 Saint Petersburg and the Leningrad region form a single socioeconomic system. Although not bordering on foreign states, Saint Petersburg is nevertheless considered a border region.

Figure 1: Population change in Russia's North-West and the neighboring Norwegian and Finnish districts, 2009-2014, %

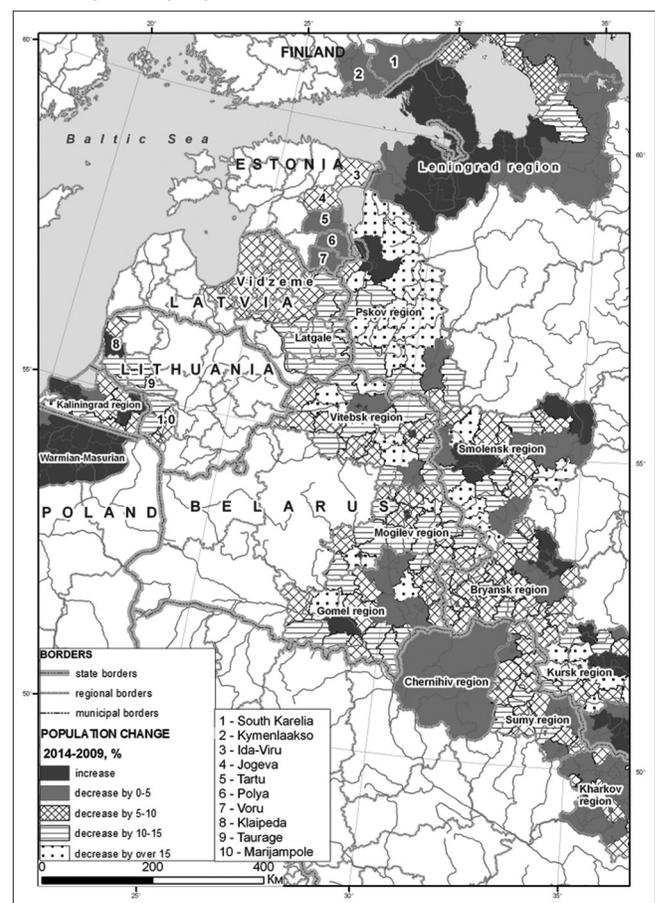


rate (Regions ..., 2014; Where is it..., 2015). These regions are classed as “International Development Corridors” (Klemeshev and Fedorov, 2005). Their foreign economic ties ensure a development rate above the national average.

In most neighboring EU countries, the demographic situation is also far from perfect (Figures 1 and 2). The natural decrease rate in almost all border districts was above the national average. In Latgale (Eastern Latvia), population was decreasing twice as rapidly as across the country. As a result, the region lost 10% of its population in 2002-2009. A complicated demographic situation is observed in the border counties of Lithuania, where the opening of the EU labor market led to mass emigration, which was accompanied by a natural decrease resulting in a 13% decline in population. Almost ¼ of these losses is accounted for by the three counties bordering on Russia. According to migration services, young people aged 20-29 comprise half of the immigrants (Golunov, 2013).

High depopulation rates are a result of the isolation and transformation of border districts into the economic, cultural, and political periphery of not only the country, but also the regions they constitute. Border regions' periphery position in relation to the economic growth centers contributes to out-migration from the borderlands of Russia and the neighboring countries and the border districts' economies reorienting inland.

Figure 2: Population change in Russia's North-West and the neighboring regions of the Baltics and Poland, 2009-2014, %



The economic and social decline in many border districts fits the general pattern of the “compression” of Russian space and increasing concentration of the economic potential in regional centers and several other towns. It is of interest that the major centers of relative demographic prosperity in Russia’s western borderlands are Saint Petersburg and some neighboring districts of the Leningrad region and the coastal part of the Kaliningrad region. In the Pskov region, the only territories not affected by a dramatic population decline are the regional center and the second largest town of Velikiye Luki.

The most drastic difference in demographic situation is observed between Norwegian and Finnish provinces and the neighboring municipal districts of the Murmansk region and Karelia. Urban population mostly living in small single-industry towns founded at the early stages of Soviet industrialization prevails in both regions (Features of..., 2015). Many of these towns are hit by severe crisis caused by the closing of or insufficient investment in the dominant enterprise specializing in mining, forestry, pulp and paper production, chemical industry, and non-ferrous metallurgy. In many small towns, the environmental situation is grave. The Murmansk region was also affected by the disbandment of military garrisons in the 1990s. Therefore, the severe northern climate conditions are not compensated for by sufficient income and comfortable living conditions. The only exception is the relatively young town of Kostomuksha in Karelia founded to accommodate the personnel of a large mining and processing facility (today, AO Karelsky Okatysh, part of the Severstal group). This modern facility produces raw materials for ferrous metallurgy. In 2014, exports accounted for 57% of its produce (2104)³. In Karelia, a more favorable demographic situation is observed in the Sortavla district, home to several Russian-Finnish wood-processing companies.

Against the background of many regions of Russia’s North-West and the neighboring Polish and Lithuanian regions, the demographic situation in the Kaliningrad region is rather favorable (Zotova et al., 2015). Due to the positive net migration rate, its population size has stabilized since the 1990s. Up to 60-70% of the net migration is accounted for by external migrants from Kazakhstan (43.8%), Armenia (14.3%), Uzbekistan (13.7%), and Kyrgyzstan (10.2%) who acquired Russian citizenship in the framework of the State Repatriation Programme.⁴ A study into migration flows, carried out by the Institute of Demography of the National Research University Higher School of Economics, the Kaliningrad region is in the top six of major attraction centres for internal migrants alongside Tatarstan and the Belgorod and Nizhny Novgorod regions (Karashurina and Mkrtyshyan, 2014). Migrants come to the Kaliningrad region drawn by mild marine climate, comfortable living conditions, and the vicinity of Europe

(Analytical Report, 2014). At the same time, the population concentration in the regional center and neighboring districts increased.

In general, the region’s demographic make-up is comparable with that in the neighboring Polish voivodeships, whose population size is also rather stable. However, a slight natural increase is observed in most powiats bordering on the Kaliningrad region, which compensates for the negative net migration rate (Local Data Bank, 2014). In the Kaliningrad region, a slight natural increase is covered by a positive net migration rate.

A significant gap in the demographic and socioeconomic indicators between the neighboring countries and regions poses an obstacle to equal partnership and distorts it to the benefit of a stronger partner. Moreover, it often takes several years for asynchronous changes on the other side of the border to affect the relations between the neighbors and, therefore, the asymmetry in transboundary interactions.

The Western borderlands of Russia have a steep transboundary gradient of economic development. As a rule, the socioeconomic performance of western neighbors is above that of Russian regions. Gross regional product (GRP) per capita is above the national average on in Saint Petersburg, the Leningrad and Murmansk regions. In the Kaliningrad region, it is close to the average, whereas Karelia and the Pskov region are outsiders in terms of economic development. The border districts usually constitute the periphery of their regions. GRP differences between Karelia and the Murmansk region, on the one hand, and Norway and Finland, on the other, are at least 3-fold. A less dramatic difference is observed at the border between the Pskov region and its Baltic neighbors – Estonia and Latvia.

Nevertheless, until the crisis years of 2008-2009, a rapid economic growth reduced the economic development gradient in the Russian north-western borderlands. Today, the Leningrad region’s economic performance is comparable with that of Estonia and is above Latvia, whereas the maximum gradients between the Kaliningrad region and its neighbors are maximum 1.5-fold. In the cases of a negative parity of indicators (the Russian-Polish, Russian-Latvian, and Russian-Estonian border segments), it is explained by the low level of development of border regions on the western side (Mezhevish, 2007). In general, the EU borderlands account for 11% of Russia’s total international trade and 42% of the total international trade of all Russian border regions (Regions..., 2015). The most active trade is observed in Saint Petersburg and the Leningrad and Kaliningrad regions. Throughout the Russian borderlands, the economies of EU-bordering regions demonstrate the highest level of openness in international trade (a ratio of total international trade to GRP). The credit for this goes to the leading regions playing an important role in Russian exports (the Leningrad region – 99% in 2012) and imports (the Kaliningrad region – 164%). The Leningrad region handles 20-25% of all Russian exports (including the transit of products from other Russian regions). The proportion of neighboring EU countries in the international trade of North-Western Russian regions is significant in the Murmansk region - approximately 50% in imports

3 http://www.severstal.com/eng/about/businesses/resources/iron_ore_mining/karelsky_okatysh/index.phtml.

4 The Programme was adopted on June 22, 2006. It is aimed at repatriating persons who found themselves beyond Russia’s borders after the collapse of the USSR and are willing to move to Russia. Since 2006, the Kaliningrad region has been one of the pilot regions accepting migrants. As of January 1, 2014, over 20,000 people came to the region in the framework of the Programme.

and 70% in exports (Statistical..., 2015) and Karelia – above 50% in exports and imports (General..., 2015). The Pskov region is characterized by significant imports from the EU and low exports into these countries: CIS countries account for 86% of its exports (The Pskov Region's..., 2015).

The border contacts with Norway, Finland, Poland and – to a lesser degree – the Baltics follow the “poor region – rich region” pattern. The exports of Russian border regions are dominated by raw materials and low value added products, whereas the imports by advanced finished goods. There are a few cases of manufacturing cooperation. Its progress is impeded by the poor development of border infrastructure, strict customs control and high customs duties, and institutional and legislation differences. In Karelian exports, round timber and lumber – low value added products sold in neighboring Finland – account for 40% (Strategy..., 2008).

Despite the positive effect of border cooperation on local development and favorable conditions for the formation of transboundary clusters – lumbering in Karelia, furniture in the Kaliningrad region, etc. – the asymmetry in cross-border relations persisted. The role of the Russian party is reduced to providing raw materials and workforce, whereas the western neighbors contribute technical solutions and hi-tech components. Joint Russian-Finnish lumbering and wood processing companies in Karelia are interested in the Russian raw materials and more lenient environmental security standards.

A lack of growth drivers and social development deficit can be aggravated by institutional differences between the neighboring countries. Therefore, there is a need for joint participation of neighboring regions and municipalities in cross-border participation programs and the establishment of other institutes capable of mitigating the effect of the political situation and subjective factors.

3. CROSS-BORDER COOPERATION PRACTICES: INSTITUTION-BUILDING

The regions bordering on the EU countries and Norway did not achieve much in establishing cross-border cooperation institutions. In the 1990s, the EU borderlands served as a platform for creating Euroregions with Russian participation. As of today, Russian North-western regions and their municipalities participate in nine Euroregions and similar structures. Russia was an equal partner in the European Neighborhood and Partnership Programme (2007-2013). Although the practical implementation of the EU-Russia agreement on cross-border cooperation “dragged on” until 2010, the transition to the program and project principles and co-financing of cross-border projects became a major breakthrough. The population of Russia’s North-West supports active cross-border cooperation. Surveys demonstrate that 75-80% respondents from the Pskov and Kaliningrad region sympathize with the idea of developing connections with the neighboring European countries and the EU in general (Korneevets, 2011). Russian regions also participate in the projects of the Council of the Baltic Sea States, Barents Euro-Arctic Council, and Northern Dimension initiative.

The cross-border cooperation in the North-West involves municipalities, NGOs, and business structures. It is a multi-tier process. Although, in comparison to Eastern and Central Europe, there are few towns in the Russian borderlands. Three of them – Ivangorod, Svetogorsk, and Nickel bordering on Narva (Estonia), Imatra (Finland), and Kirekenes (Norway) respectively – are members of the City Twins Association (Joenniemi, 2014). The term “twin cities” reflects their geographical proximity and commitment to cooperation in a number of areas, including the development of economic social connections, i.e., forging or strengthening inter-city functional connections (Ilyina and Mikhailova, 2015).

An important step in cross-border cooperation development was concluding local border traffic (LBT) agreements. Since May 2012, residents of the Russian towns of Nickel, Zapolyarny, Korzunovo, and Pechenega (the Murmansk region) and the 30 km border area on the Norwegian side (the Sør-Varanger municipality with the administrative centre in Kirkenes) have been able to cross the border using special LBT cards. Since 2012, the LBT has been functioning across the Kaliningrad region on the Russian side and in parts of the Warmian-Masurian and Pomeranian voivodeships on the Polish, including the cities of Gdansk, Gdynia, and Sopot. Residents of Saint Petersburg, the Leningrad region, and Karelia enjoy a simplified visa regime with Finland.

A successive initiative was introducing the LBT regime at the Russian-Polish border. Its success is explained by both the special condition of card use and the extension of the LBT regime to the whole Kaliningrad region and Tricity. It was a major achievement of Russian and Polish diplomacy, which could become a model for a Russia-EU visa-free zone.

In 2013, the LBT regime was introduced at the Russian-Latvian border. However, the area has not seen a significant increase in border traffic. The LBT area does not include the key local cities of Pskov and Rēzekne. The border districts of Latvia are classed as depressed, which explains a lack of interest in them from the residents of the Pskov region (Manakov, 2014). Whereas in approximately 200,000 LBT cards were issued in Kaliningrad, according to the Latvian consulate in Pskov, fewer than 3000 applications were submitted at the Latvian-Russian border (approximately 2-3 thousand on the Latvian and 300 on the Russian side)⁵.

Lowering the visa barrier creates prerequisites for the formation of several functional transboundary districts in the Russia-EU borderlands, especially that between the Kaliningrad region and the neighboring Polish voivodeships. Everyday activities of dozens of thousands of people and numerous – mostly small – businesses are based on transboundary interactions. The borderlands have developed social communities living on the either side of the border, whose regular seasonal, weekly, and even everyday travel requires crossing the border.

The factors consolidating transboundary communities include, firstly, the possibility of extracting rent from the border position,

⁵ An interview with the Latvian consul in Pskov, Irēna Putniņa, June 2015.

namely, regular transboundary travel to purchase goods for personal consumptions and reselling; secondly, family and friendship thirdly, small and medium businesses and professional contacts (Morozova, 2006; Kozyreva et al., 2015). Official Finnish statistics suggest that 29,600 Russian citizens live permanently in the country; as many people consider Russian their mother tongue (Laine, 2013). Most of them live either in the capital or in the regions bordering on Russia. 10% of the population of Norway's Kirkenes are Russophones (Joenniemi, 2014). Members of such "transboundary" communities are natural initiators of and active participants in joint projects.

4. TRANSBOUNDARY INTERACTION AND EVERYDAY LIFE

Regular transboundary interactions have a profound effect on the everyday lives of people in the Russian regions bordering on the EU. The neighboring districts of Poland, Finland, and Norway acquired an additional specialization – catering for the "consumption tourism" from Russia. Prices for basic goods and services in the neighboring European countries was, as a rule, lower than or comparable to that in the Russian borderlands, and their quality higher. On the either side of the border, residents actively used the location (border) rent, which mitigated the social consequences of the transitional period, making it possible to maintain usual lifestyle through engaging in small "informal" business and purchasing goods abroad. Moreover, a mass inflow of residents from the neighboring Russian regions became an impetus for the development of some border cities and districts in Finland and Poland. Large shopping malls were built in the periphery north-eastern Polish voivodeship bordering on Russia. The local infrastructure is being upgraded to accommodate Russian tourists, all signs and advertisements are duplicated in Russian. The personnel of numerous shops, swimming pools, and entertainment centers speak the language of the eastern neighbors. Language is not an issue for Russians coming to the border Finnish towns, to say nothing of the Polish and Baltic borderlands.

In the Kaliningrad region, the high vehicle per 1000 population ratio (0.33) made frequent travel to the neighboring Polish regions possible. The lowest EU food prices (61% of the EU average) and high quality of Polish goods attract Russians. According to the Polish Customs Service, Kaliningraders spend at least 10-11 million rubles in the shops, restaurants, and hotels of the neighboring Polish voivodeships in 2014 (144% of the 2013 level) (Russians..., 2015). However, Polish citizens spent a comparable amount of money on petrol, which they regularly bought at a lower than Polish prices at Russian petrol stations located in the vicinity of the border.

Gradually, the sporadic speculative relations ("buy cheap – sell high") "gluing" together separated territories acquire new – but still asymmetric – forms (Kolosov and Scott, 2012). Russian citizens frequently travel to the neighboring EU cities to enjoy various services ranging from recreation and entertainment to medical research and treatment. A number of medical services, especially in the field of cardiology, surgery, and dentistry are hard to obtain in provincial Russian regions, whereas travelling to the capitals

is more expensive than abroad. Russians are increasingly using the opportunities of the higher education system of the European neighbors (The Universities of Gdansk, Klaipeda, and Joensuu). Studying in the neighboring country becomes a "brain drain" channel, especially, in Karelia, which has lost part of its population of Finnish and Karelian origin to Finland.

Residents of Russia's western regions bordering on the EU started to benefit from the favorable economic and geographical position, which makes it possible to reach the heart of Europe in several hours using the airports of neighboring countries operating flights by European "low cost" airlines.

As a result, the number of Russian tourists visiting the neighboring countries is several times as high as the number of the latter's citizens coming to Russia. For instance, in 2012, the difference was 5.7-fold at the Polish and Finnish, 9.6-fold at the Baltic, and 7.5-fold at the Norwegian borders (Stepanova, 2014).

The hopes of Russian regional authorities for a tourist inflow from the neighboring countries are not materializing. Most Polish, Estonian, and Latvian "tourists" do not go further than the nearest petrol station. In Ivangorod – A town of a 6000 population – six petrol stations were opened to meet the needs of clients from the neighboring country. Although, as experts stress, Estonian border services tend to restrict such journeys, there is a never-ending stream of cars with Estonian numbers stretching from the border to the petrol station (Sebentsov and Zotova, 2013). One of the reasons behind the asymmetry in tourist flows is the negative image of Russia cultivated in the neighboring countries over many decades and turning into a stable stereotype (e.g., Mezhevich, 2015; Kolosov and Vendina, 2014; Izotov and Laine, 2012; Laine, 2015; Schimanski, 2014). In the Baltics, the identity formation policy is based on the opposition to Russia (Kolosov and Borodulina, 2007).

One-way orientation of foreign economic ties in several fields resulted in a strong dependence of the consumer markets of several regions bordering on the EU on EU imports. In the Kaliningrad region, the EU accounted for 70% of the total dairy, 50% of fruit and vegetable, and 40% of chicken meat imports (Golunov, 2015).

The effect of everyday interactions with the neighbors is multifaceted. The "opening" of the Finnish border affected the economy and social life in Karelia so profoundly that it changed the major "axis" of the republic's development. It is not surprising, since the republics 635,000 population accounts for 2 million border crossings per year. With the main axis going along the Saint Petersburg – Murmansk communication line, the emerging "east-west" axis is improving the prospects of the periphery's development. Despite the existing difficulties and problems, border interactions simplify the process of innovation diffusion and knowledge and competence exchange. Many years' cooperation with the neighboring Finnish territories led to technology transfer and the relocation of production facilities to Karelia. This relates to such traditional areas of partnership as forest reproduction and timber harvesting, primary wood processing, and fuel briquette manufacturing. As a result, labor productivity in forestry increased almost 2-fold. Manufacturing of new construction and decoration

materials was launched in collaboration with Finland. Cutting-edge mechanical engineering facilities were established (Tolstoguzov, 2012). Private housing gained popularity. Academic exchanges with Finnish universities helped to upgrade university curricula.

Being a complex and interconnected system, borderlands react swiftly to political, socioeconomic, environmental, and other changes. The western regions were the first to be affected by the deterioration in Russia-EU relations, imposed sanctions, and the plummeting ruble. International goods and services became too expensive for Russians. For instance, the number of Kaliningraders visiting Poland decreased by 41% in January 2015 as compared to January 2014. Russia's brisk imposition of reciprocal sanctions against the EU in August 2014 put the region in a difficult position: Governor Tsukanov did not succeed in persuading the federal center to make an exception for the Kaliningrad region. The region's residents compensated for the high dependence of the local food market on imports through "and trade" and private shopping journeys to the neighboring Polish regions. These "measures" made it possible to easily survive the first reciprocal sanction months until the December fall of the ruble. December 2014 saw a steep increase in the number of shoppers from the Baltics, Finland, and Poland buying food and electronic appliances in Russia.

According to the border services of the Kaliningrad region and the Warmian-Masurian voivodeships, in the first 5 months of 2015, 1.4 million cars (12% below the 2014 level) and 2.3 million people (9% below the 2014 level) crossed the Russian-Polish border. According to the Polish expert Ewa Romanowska (Borussia Foundation), Russians will not abandon shopping in Poland, since they value the quality of Polish products. They are convinced that many Polish products are of better quality than those sold in the local market. Kaliningraders often visit Polish discount grocery stores⁶. As the ruble exchange rate relatively stabilized in spring 2015, the usual traffic to the neighboring Polish regions started to restore. Therefore, interactions are affected not only by the ruble exchange rate but also by its stability.

5. CONCLUSIONS

The nature of Russia-EU neighborhood is not very favorable for cross-border cooperation: Many border districts and regions are classed as periphery and even depressed areas, they are characterized by poor economic development, and they lose population. The unfavorable demographic situation can lead to gradual reduction in the social capital of cooperation, especially at the local level. However, cities located in the vicinity of the border can become natural bastions of cross-border cooperation. The highest regional integration potential is observed in relatively densely populated areas "headed" by large and medium-size cities located along major communication lines between the capital and other developed regions of Russia and the neighboring countries.

The 2014 events will inevitably slow down the regional integration processes and the development of cross-border interactions

6 <http://www.polska-kaliningrad.ru/home/10-newsfrompoland/5457-polshajvsjo-eshchjo-nevygodna-dlya-rossijan>.

between Russia, on the one hand, and the EU and Norway, on the other. Reciprocal sanctions are not highly compatible with extending the powers of local authorities in the field of international contacts and developing new cooperation programs, etc. The western party interrupted the protracted negotiation on simplifying the visa regime with Russia, which, in many cases, remains a significant barrier. The remilitarization of the border zone cannot be excluded. A model of transboundary interactions based solely on using the location rent is unstable. Apparently, its stability depends on deeper motivations and cooperation institutions.

However, even against the background of a major political crisis, reciprocal sanctions, and mutual accusations, the barrier functions of Russia-EU borders have increased insignificantly. The connections between Russian municipalities and their neighbors are not fully determined by foreign politics. Many experts stress that the relations at the Russian-Estonian and Russian-Polish borders remain good neighborly. Despite the cooling in Russian-Polish relations, the positive LBT experience contributes to the partners' commitment to solving serious problems and changing the quality of life in the border regions. As of today, EU sanctions have not affected cross-border cooperation and ENI programs. If, earlier, the Russian party implemented projects launched by the neighbors, now it is initiating joint projects. These are primarily small-scale endeavors of considerable municipal significance. The driver of cross-border interactions is pragmatism, which makes it possible for border districts to obtain additional resources for solving local problems.

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