

The external relations of the Pskov region of the Russian Federation

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*Gulnara Roll / Tatiana Maximova / Eero Mikenberg**

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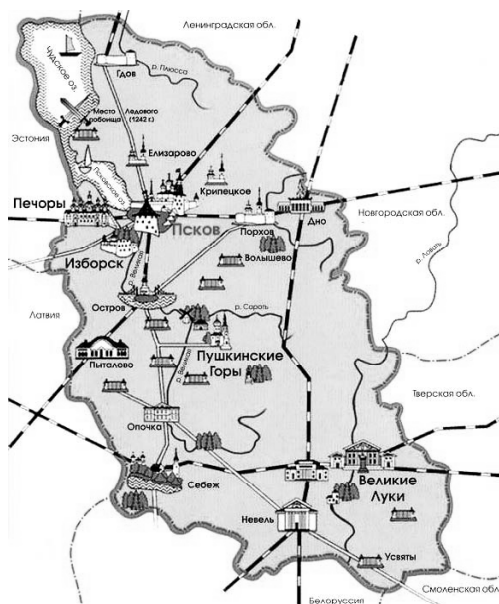
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Appendix: Useful contacts in Pskov

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Geographical location of the Pskov Oblast

The ancient Pskov was mentioned in transcripts in 903. Then Pskov was a town-state and a fortress on the north-western border of Russia. Pskov was built on the bank of the Velikaya River and was connected to European states through the river, Lake Peipsi (Lake Chudskoe in Russian) and further through the Narva River and the Baltic Sea. Today Pskov Oblast is a region in the Northwest of the Russian Federation with an area of 55.3 thousand km², including 2.1 thousand km² of lakes. The region stretches 380 km from north to south, and 260 km from east to west. The region's total area surpasses the size of Denmark, Switzerland, Estonia, or the Netherlands. Administratively, the region is divided into 24 districts, with 9 of them lying adjacent to the border; the Oblast has 14 towns.¹ The Pskov oblast capital and the largest town in the region, the town of Pskov is located 280 km or 4 hours by train from St. Petersburg and 689 km or 12 hours from Moscow.²



Pskov has remained an agricultural periphery of Moscow and St. Petersburg. Pskov Oblast of Russia has internal borders with two economically rather highly developed regions of Northwest Russia – Novgorod and Leningrad oblasts. The other neighbouring Russian oblasts are Tver and Smolensk oblasts that belong to the Central Russian Economic Area.

The region has a 305 km long international border with the Republic of Belarus; roughly 500 km with future European Union member states, i.e. 270 km with the

1) Pskov Online. 2001. Official website of the Pskov Oblast at www.pskov.ru/region/geo/index.html.

2) Pskov Online. 2001.

Estonian Republic and about 214 km with the Latvian Republic.³ When the neighbouring Estonia and Latvia will become a part of the European Union, Pskov Oblast will regain its historical position of a *forepost* on the border of Russia with Europe. This renewed border of Europe promises more peace and prosperity to Pskov than centuries ago when (in the 14th century) the Pskov Kremlin – a fortress with thick walls – was constructed and helped Pskov people to defend the state from invaders (see photo). Today the walls of the Pskov Kremlin are the major tourist attraction of Pskov.

In the process of the EU enlargement, Estonia and Latvia undergo radical economic reform and modernisation which are expected to boost economic development in these countries. The Pskov Region can hope for an increasing support from Estonia and Latvia to its modernisation after these countries become EU members. According to Günter Verheugen, EU-Commissioner DG Enlargement, "for the EU immediate neighbours, Russia among them, enlargement offers significant advantages. ... Geographical proximity offers a host of opportunities: the stepping-up of cross-border co-operation, easier access to the EU's internal market, improved conditions for direct investment".⁴

However, the benefit for Pskov Oblast from its location on the future European Union border is not as straightforward as it may seem. The EU enlargement process brings risks to the economic and political stability in Pskov region associated with a further increase of economic and social asymmetries on the future EU border. "The EU is taking on a double function in this context. It is seen as a guarantor of economic stability and modernisation. At the same time it defines its integration area in the inside, and establishes common outer borders through the creation of common asylum, immigration and visa law. ... Western decision-makers are faced with the dilemma of divergent interests between asylum, immigration and visa policy on the one side, and foreign and security policy aspects on the other."⁵

The EU TACIS Cross-border Co-operation (CBC) Program supports cross-border co-operation projects between the EU and the NIS, and between the EU accessions states and the NIS with the aim to ensure stability on the current and future external EU border, where the difference in living standards on either side of the border is extreme, and where co-operation between the communities on either side can lay the foundation for sustainable economic and social development and encourage business development. This EU policy supports development of efficient border crossings, using modern methods, trade and investment, increase revenue collection for the state, reduce criminal activity,

3) The same source

4) Verheugen, Günter. 2001. "Changing the History, Shaping the Future"; Speech of Commissioner DG Enlargement Günter Verheugen at University of Tartu, Estonia, 19 April 2001 (www.europa.eu.int/comm/enlargement/speeches)

5) Kempe, Iris, and van Meurs, Wim. "Regionalpolitik zwischen Estland und Russland"; Aktuelle Analysen, Bundesinstitut für ostwissenschaftliche und internationale Studien Nr. 44/1998, 5. November 1999, p. 34.

and improve the local environment.⁶ In 1998, the EU adopted its "Northern Dimension" external and cross-border policy for the European Union northern territories and the neighbouring areas in Northwest Russia aimed at promoting security and stability in Europe that should be realised through strengthening "positive interdependence between Russia, the Baltic Sea region and the European Union".⁷ Practices of implementation of the TACIS CBC projects showed that in a number of cases projects were implemented by EU consultancy without sufficient involvement of local stakeholders and did not leave tangible results for project beneficiaries.⁸

The enlargement of the EU potentially has benefits for Pskov, however, how the advantage of the Oblast's geographical location will be used, will depend on the EU as well as Russian policies. The situation at the external border is one of the challenges EU enlargement is faced by and will be a test on the flexibility and effectiveness of the EU and its policies. Cross-border co-operation on the EU external borders should be extended and broadened as the EU enlargement process develops; the "enlargement towards the east should be shaped in as open manner as possible".⁹ Russia should develop new approaches to using the new geographical location on the EU border. Undoubtedly, the development of these new approaches to cross-border co-operation is a difficult task as it will require a change in public perception of external borders from the ideological Soviet-time notion of borders being a wall which protects Russia from the hostile "others" living beyond the border.

Demography and natural resources

Population

The Pskov Oblast population has decreased from 832,400 in 1996 via 830,000 in 1999 to 827,100 in 2001. The Pskov share in the total population of the Russian Federation is approximately 0.5 per cent. The population of the capital of Pskov oblast, the City of Pskov, was 206,000 in 2001. The second-largest town, Velikie Luki, has 117,000 inhabitants, followed by Ostrov (29,700). The decrease of the population in Pskov Oblast can be explained by several factors. Firstly, in Pskov, the share of the older generation is higher than in most of the Russian regions: this was caused by an intensive migration of the economically

6) TACIS 1998 Annual report COM (99) 380.

7) European Commission, 2001. The European Commission External Relations. The Northern Dimension (www.europa.eu.int/comm/external_relations/north_dim/index.html).

8) E.g., in 1999–2000 a TACIS CBC project in Pskov aimed at facilitating cross-border co-operation; the major share of the budget was for the costs of a six-month stay of an EU consultant in Pskov and two conferences. The consultant tried to develop his own cross-border cooperation system for Pskov instead of building on existing initiatives; no new projects or any mechanism for CBC resulted from the project. Also in a number of other cases, the advice of EU experts invited to Pskov were simply irrelevant under the local conditions.

9) Kempe, Iris, and van Meurs, Wim, p. 34.

active population from the Pskov Region to metropolitan areas. Second, the birth rate in the oblast remains low. One of the reasons for the high level of emigration from the oblast is the lack of jobs in the region. Moreover, the peripheral location towards the economic development centres such as Moscow and St. Petersburg makes it less attractive to economically active persons. The share of population in the working age is 54% of the total population of the region (2001). According to the statistics department of the Pskov Regional Administration, in November 1999, 11.8% of the economically active population of the Pskov Region was officially registered as unemployed. However, hidden unemployment is up to 20%¹⁰ of the economically active population; it is high especially in the rural areas where people usually do not register their status as unemployed. Sociological studies conducted in the eastern part of Pskov Region in 1997-1999 indicated that most of the rural population relies on subsistence agriculture and fishing as the main sources of income.¹¹

More than 94% of the population are ethnic Russians. Among other ethnic groups living in the region, there is a Finno-Ugric ethnic group of Setu people who live in the southwest of the Oblast. Setu are ethnically related to the Estonians. However, whereas the Estonians are mostly Lutheran, the Setu are Russian Orthodox. Today, the historic Setumaa is divided administratively between Estonia and Russia; before 1944, this area was a part of Estonia. As a cultural belt it has had Russian influences like the Orthodox religion and several features in material culture, but the people have preserved their own language, Setu, a dialect of Estonian. There were 20,000 Setu at the beginning of this century, which was the peak in the recent history. Among other ethnic groups inhabiting Pskov Oblast are Ukrainians and Belarussians; Estonians in the Pechory district and Latvians in the Gdov district¹².

According to the Radio Free Europe Research Institute Regional Index¹³, the Pskov Region was the fourth in 1998 after Vologda and Kostroma Oblast and Chuvash Republic, in terms of the decrease in the population's disposable income, adjusted to inflation. The income decreased 18% compared to the year 1997. In 1999, consumer price grew 39% compared to 1998. This kind of rampant inflation resulted in the further decrease of the population's disposable income. In 1999, the average monthly income was in the Pskov Region 907 roubles (about 35 USD) per capita. 51% of Pskov Oblast population has an average income, which is lower than Russian official subsistence level; the average percent for the whole of Russia is 30%¹⁴.

10) Kempe, Iris, and van Meurs, Wim.

11) Berg, Eiki, Ed. 2001. *Negotiating Borders of Multiple Meanings*. Tartu, Peipsi CTC.

12) Pskov Online. 2001. Official website of the Pskov Oblast at www.pskov.ru/region/geo/index.html.

13) RFERL Newslines: OMRI Daily Digests 14 April 1999, Volume 1, Number 7.

14) Blank, Vladimir. 2001. Presentation at a Peipsi CTC seminar "Prospective of the Estonian-Russian cross-border co-operation in the light of the EU enlargement", 2 – 3 April 2001, Pskov, Russia.

Natural resources

Pskov Oblast is not very rich in natural resources, apart from are fish and forests. Lake Peipsi is one of the best in Europe for commercial fishing. The main commercial fish types are lake smelt, ruffe, roach, bream, pike, vendace, and pikeperch. Commercial and small-scale fishing for subsistence on Lake Peipsi is an important source of income for the local people in the lake area of the Pskov Region. Forest covers 2.4 million hectares, which is about 40% of the region's territory. Therefore, there is potential for forestry development. Currently only 25 – 30% of the commercial forest resources are utilised¹⁵. The most obvious impediments to the development of forestry are the absence of roads in remote forested areas and general economic depression in the region. Other natural resources of Pskov Oblast are sapropel¹⁶, clay and mineral waters. Rich wetland areas around Lake Peipsi are an important resource of biodiversity on the European as well as the global level and are protected by an international Ramsar Convention. The region's unique natural heritage gives opportunities for the development of ecological tourism in the area.

Current trends of development, including present political peculiarities

Economic development context

Agriculture

Pskov Oblast was and is an agriculturally oriented region. During Soviet times it contributed almost a quarter to the agricultural product of the Russian Northwest. Flax growing and dairy farming were important directions of agriculture. In the 1990s instead of the old collective farms, 261 private farms and 32 agricultural co-operatives were formed. About 70 collective and soviet agricultural farms of the old style were preserved. Agricultural production in the Pskov Region continues to be in a recession and people deal with agriculture mostly for subsistence purposes only. During 1988-1996, the number of dairy cows and pigs at farms of the Pskov Region decreased by one half.¹⁷

The Pskov regional administration, lacking the resources to support industrial modernisation, extensively supported agriculture. It was the only way to somehow support the oblast's economy because industrial production, especially machinery and heavy industry, deteriorated even more during the 1990s. The

15) Pskov Online, 2001

16) Sapropel is an unconsolidated sludge consisting of the decomposed remains of aquatic organisms that accumulates at the bottom of lakes and oceans and can be used as an agricultural fertilizer (Maastik, A. 2000. EnDic2000).

17) BBCS: Baltic Basin Case Study. 1999. Towards Sustainable Baltic Europe. Stockholm University, Sweden. Report on Concerted Action Project to EU FP5 Program.

industrial production index fell to 35 % of the level of the year 1990.¹⁸ The regional budget was redistributed from the oblast's capital to rural municipalities and this resulted in intensified conflicts of interests between urban and rural authorities. These differences played an important role in the further development of the regional political landscape in the Oblast.

At the end of the 1990s, private agricultural enterprises and farms produced about 63% of the overall agricultural production of the region. The production was mostly consumed in the region. Altogether, agriculture remains to be of low intensity, and most of the enterprises processing agricultural products use out-dated technologies. In the near future, when Estonia and Latvia enter the EU and receive considerable subsidies to their agricultural development, agricultural products produced in Pskov can hardly compete with the products in these two neighbouring states.

Industry

The main industries in the Pskov Region today are engineering, metalworking, construction materials production, and food and light industries. Five comparatively small power plants - the largest is Pskov hydroelectric power plant (430 MW) - produce energy that satisfies the needs of the region. Energy is also exported to Belarus. There are about ten banks active in the region and about 200 large and medium sized industrial enterprises produce mostly electrical machines and equipment. The low level of industrial development can be explained by the fact that industrialisation in the Pskov region took place much later than in other parts of Russia. Before the Second World War, Pskov was a border to independent Estonia and Latvia (that were incorporated into the Soviet Union in 1940) and for that reason, from the perspective of the Soviet Union's national security, Pskov Oblast was not a region suitable for establishing strategically important industrial enterprises.

This situation repeated itself after 1991 when Pskov turned out to be on the external borderline of Russia with Estonia and Latvia. Being located comparatively far away from its external borders, was helpful during Soviet rule to develop the machine industry in the region, including production of machines and equipment for the Russian Ministry of Defence. Constructed after the 1960s, industrial metal processing and machinery enterprises that belonged to the heavy and defence industry were managed directly from Moscow-based government departments; they did not produce any final products but were just segments in the industrial chain of the Russian planned economy. The heavy industry enterprises have always been dependent in terms of raw materials, market, and technological processes, on other enterprises in different regions of the former Soviet Union that also belonged to the same production chain. With the planned economy ending, these geographically dispersed production chains were interrupted. Most of the enterprises stopped operations, as they were unable to get hold of raw materials or did not have markets for their production

18) Ohota, Alexandrova, 1999, p. 437.

any more. Pskov Oblast enterprises had to go through a difficult process of reorienting their production to the available resources and markets without having any external financial support.

From January to October 1996 total regional industrial output was 17% less than in the same period in 1995. Since 1996, the amount of the production produced for the Ministry of Defence decreased by 39%. The same tendency of abrupt decrease in production appeared in the regional paper and pulp industry.¹⁹

Transport and communications

For Pskov Oblast as a border area, an important modern resource is transport and communication infrastructure. Pskov has a sufficient road and railway network connecting it with Moscow, St. Petersburg, Lvov, Odessa, Tallinn, Riga, Murmansk and Kaliningrad. The Pskov Oblast Customs Office has road and railway checkpoints. Near the town of Pskov an airport opened for international operations and can serve airplanes of a weight up to 250 tons. Since 1999, the opening of border checkpoints at Lake Peipsi ports is under considerations, however, until at present these crossings that would allow tourists to travel across the lake and transport of goods, first of all wood, have not been established. Three mobile telephone companies, which offer both analogue (NMT-450) and digital (GSM-900) services operate in the Oblast. The regional administration and municipalities use electronic communications. The regional administration has an informative and regularly updated official website, although only in Russian language (www.pskov.ru).

Having a good transport and communication infrastructure, Pskov Oblast has some potential for further strengthening its position as a transit hub between Russia and Europe. However, transit through Pskov (to and from Estonia and Latvia and beyond) may not guarantee a stable income, as the issue of using the Baltic States and their ports as a gateway for import and export is disputed among Russian politicians due to economic and political considerations (i.a. the treatment of the Russian speaking minorities in Estonia and Latvia). Some radical politicians even demand exerting economic pressure on the Baltic States in order to keep them in the Russian sphere of interest. The military newspaper "Krasnaya Zvezda", for example, published an interview with a member of the Russian Duma, Victor Alksnis, who called upon the Russia government to stop transit through the Baltic States completely. According to Mr. Alksnis these states generate high revenues from transit, which it is said to represent 30-40% of their GDP.²⁰

At the end of the 1990s, the economic situation in the Pskov Oblast showed some signs of stabilisation. An increase in industrial production was registered: In 1998 it reached 102% of the 1997 volume. In 1999 as compared to 1998 the

19) Website of the Pskov Regional Administration – www.win.pskov.ru.

20) Kaldre, Peeter. 2001. Alksnins: Baltic States is a weapon into the heart of Russia. Comments to an interview to a newspaper "Krasnaya Zvezda". In Estonian newspaper "Postimees", 4 August 2001, p. 7.

respective figure was already 120%. As a result of the started industrial restructuring, Pskov Oblast increased its exports; in 1997 Pskov Oblast had exports to 37 countries. Estonia stably occupies the leading position in exporting from the region: its share in 1999 was 20% and in 2000 it has increased to 36%.²¹ Other major countries where Pskov Oblast exported goods were Belarus – 22%, Germany - 16%, Latvia - 13% and Ukraine - 11% (data are for 1998). As concerns imports, Germany is in the first place, Latvia second, and Estonia third. Among the main partners in external economic relations of the Pskov Region are Germany, Latvia, Estonia, Lithuania, as well as Sweden and Finland. The major export articles of the Pskov Region are electrical machines, clothes, wood, black metal, and copper.²²

Transformation of the political regime in Pskov Oblast in the 1990s

The transformation of the political regime in Pskov Oblast was initiated from the federal Centre, as a result of the dissolution of the Soviet regime. Further, the process was shaped by the *urban - rural split* and was connected with its conflicts. After the gubernatorial elections of 1996 major actors formed and the legal basis was elaborated which became the formal framework for the political development in Pskov Oblast. The political transformation in Pskov Oblast in the 1990s can be divided into three periods.

First period August 1991 – February 1992: the crash of the old Communist Party regime, appointment of new regional government executives from representatives of democratic movements and entry into a period of uncertainty in the political regime;

Second period 1992 – 1995: the period of uncertainty, formation of actors and development of the political strategies and conflicts that further defined the political situation in the region; development of formal institutions;

Third period year 1996 - 2000: Development of a stable political regime in Pskov Oblast, elections, adoption of a law regulating the work of local governments. Political struggle using formal institutions and rules.

First period: Start of the political struggle and entry into a phase of uncertainty

In 1992, after the dissolution of the Communist Party and appointment by the Russian president of new executive government officials in the Russian regions, a representative of the Russian democratic movement and an envoy of the Pskov Oblast Council, Alexander Prokofiev, became the mayor of Pskov town.

21) Presentation of Yuri Ermolaev, Vice – Governor of Pskov Oblast at the conference "The Integrative Role of the European Union in the Development of Economic and Trade Relations between the Republic of Estonia and the Russian Federation" - see at www.ctc.ee/lib/pdf/eu_role_eng.pdf.

22) Presentation text of Mr. Vladimir Elfimov, Head of International Relations Department, Pskov Town government at an international meeting as a part of a project "Local Development and Cross-Border Co-operation in the Estonian–Russian Border Zone". Tartu, 3–4 May, 1999.

Prokofiev received political support from the representatives of new private business as well as from the heads of the old industrial enterprises. Earlier, in 1991, the President had appointed the general director of the Pskovnefteproduct, an oil refinery, Mr Anatoly Dobryakov, the first governor of Pskov. However, in May 1992, he was fired by a presidential decree for various violations of law, including the laws on competition, trade with the Baltic States and export licensing²³. By the recommendation of Mr. Prokofiev and with the support of the Pskov Oblast Council and the Russian presidential representative in Pskov, Mr. Dmitry Hritonenkov, Mr. Vladislav Tumanov was appointed the second governor of the Pskov Oblast in 1992. Similarly to Prokofiev, Mr. Tumanov came into politics at the beginning of the 1990s on the wave of the democratic movement. Thus, Mr. Prokofiev was the most influential politician in Pskov Oblast at the beginning of the 1990s and later on; he had support from All-Russian political movements such as the Union of Russian Cities and Congress of Municipalities of Russia, the local newspaper "Pskov News", and businesses. Mr. Prokofiev also enjoyed the support of the population who saw him as a young democrat. The change in power in Pskov Oblast took place through a compromise between the Communist Party's old elite and representatives of the new democratic movement without serious conflicts since the change was initiated from the federal Centre. Representatives of the old elite received some posts in the Pskov Oblast administration in exchange of losing the leading positions in the region. The democrats had a wide political support from the Russian political forces as well as the population that actively participated in the Russian democratic movement.

Second period: Development of political strategies and conflicts

The conflict developed between two major actors in Pskov Oblast: the regional administration, headed by governor Vladislav Tumanov and – later – Jevgeny Michailov, and Pskov town administration, headed by mayor Alexander Prokofiev. The question of how to distribute fund from the regional budget between Pskov town and the rural agricultural municipalities provided the issue of dispute. The two largest out of the 26 municipalities in the Pskov Oblast – Pskov and Velikie Luki – represented as much as one third of the oblast's population and generated most of the revenues collected by the regional budget. The municipalities were dependent on the oblast administration with respect to how they spend their budget (only the border municipalities Pechory, Gdov, Pytalovo and Sebezhe enjoyed some financial independence as they operated under the specific conditions of a federal experimental programme aiming at strengthening development in border municipalities). Based on its budgetary superiority the regional administration pursued a policy redistributing revenues from economically more successful municipalities to poor agricultural municipalities. In this permanent conflict the Pskov town government won the first round, but eventually will have lost at the end to the regional administration.

23) Pskovskaya Pravda, 8 May 1992

The Oblast's administration attempted to obtain additional transfers from the federal budget. Personal connections of Vladislav Tumanov to people in the Kremlin and the federal government played an important role in obtaining additional resources from the federal budget for the region's development. Tumanov supported international contacts aimed at starting new regional development and investment projects. Most of the industrial enterprises in the Pskov Region were privatised - more than 70% (1995); more than two-third of 163 large and medium sized companies had been registered as joint-stock companies, producing 87% of the total industrial output. The foreign sales for 1994 totalled 29.7 million USD, with the Baltic countries accounting for almost 50% of it. Almost 200 joint ventures and foreign subsidiaries were operating in the region. The following key investment areas were identified by the regional administration in 1995: construction, transportation, tourism, agribusiness, wood processing, foodstuff processing.²⁴

Ideas were generated for the creation of a regional centre for business support and development. A 1.3 million USD project with the support from the US Agency for International Development was started with the aim to support regional development and small business in the Pskov Region. The private international Pskov Volny University was established with the support of the Regional Administration that obtained good international connections with the USA and European states. An experiment on development of models of organization of local governments in the border municipality of Pechory (districts Kulei and Krupp) was initiated in co-operation with the Russian Federal Ministry of Nationalities and Federal Affairs. However, these initiatives could not bring quick improvements in the social and economic situation in the region and did not bring in short terms any serious economic improvement, partly due to the overall economic recession in Russia as a whole, partly due to the insufficient capacity and skills in the region to further develop kick-off initiatives, such as the regional development centre.

Third period: Development of a stable political regime in Pskov Oblast

The Pskov Oblast Council adopted a law regulating the functioning of local governments in 1996. The Pskov City representatives in the Oblast Council lobbied intensively for granting more autonomy to the municipalities. Also in 1996 the Pskov City mayor as well as the Oblast governor had to stand for election. Prokofiev was re-elected mayor but with much less political support – he received 31% of the votes. Vladislav Tumanov was leading in the Pskov governor election in its first round but lost in the second round of elections to Jevgeny Michailov who received 55% of votes. Tumanov neither enjoyed support by Pskov town nor by the rural municipalities.

According to the assessment of the Radio Free Europe Research Institute, the election of Michailov reflected the general dissatisfaction and frustration of the region's population with the economic situation; the election of a representative

24) Website of the Pskov Regional Administration – www.win.pskov.ru.

of the Liberal Democrats was also a response of nationalists in the region to the political processes in Estonia and Latvia: a "33-year-old politically unknown man from Zhirinovskiy's radical Liberal Democratic Party (LDPR), Michailov, has won a crushing victory over the Kremlin candidate (Vladislav Tumanov) to become the new governor of the Pskov Region. The elections were fought on bread and sausages."²⁵ However, the major reason for the victory of Michailov in the elections was the support for Michailov by the Communist Party leaders, to whom the LDPR promised high positions in the regional administration. Moreover, it can be argued that the victory was made possible not so much by sausages but more by ... vodka. Zhirinovskiy personally toured the municipalities of Pskov Oblast to support Michailov's election and after each meeting with the electorate, boxes with free vodka were handed out to the audience.

When Michailov won the elections, it was assumed that the LDPR would concentrate all its resources on Pskov Oblast trying to make it a model by which the nationalistic party could demonstrate to everyone in Russia how successfully it could manage regional affairs. Initially Michailov followed the LDPR policy and appointed to most of the senior positions in the regional administration LDPR representatives or those loyal to the party from all over Russia. 24 district organizations of the LDPR were formed in Pskov Oblast; they did not receive much popular support, though. Michailov kept his promise made to the regional Communist Party and invited Mr. Kuposov to become a Vice-governor, responsible for the beleaguered heavy industry in the region. Nevertheless, this did not give much real power to the Communist Party as the number of Vice-governors was increased simultaneously. Meanwhile Michailov waited for the LDPR to deliver, as promised, its support for the development of the region. However, the main gift from the LDPR was a tractor, presented by Zhirinovskiy personally to Pskov Oblast after the elections. The federal budget transfers decreased. Out of the 178 billion roubles promised by Moscow during the election campaign only 15 billion arrived in the first half of the 1997. Attempts to centralize the regional budget were unsuccessful as they were blocked by the Oblast Council, which consisted of a large number of deputies representing the interests of Pskov City. The conflict between the Pskov Oblast government and the Pskov City became more serious. This conflict was reflected in the regional media as well, whereas the regional daily newspaper "Pskovskaya Pravda" represented the interests of the regional government and the city newspaper "Novosti Pskova" (Pskov News) reflected the position of the municipality of Pskov.

In search of funds for the Oblast's budget, the regional administration introduced a monopoly for alcohol and a single alcohol producing company, to 100% controlled by the regional administration, was established. "Pskovalko" brought quick profit – 4 billion roubles during the first year of its work. Attempts to monopolize other resources in the region – production and sale of bread, fish, forest, and raw materials failed. These attempts were blocked by the federal antimonopoly agency and the natural resource management agencies. LDPR

25) London Observer, 96.11.18. and RFE/RL Western Press Review.

did not deliver the promised support for the region. As a result, LDPR representatives gradually lost their leading positions in the administration. After the election of Putin to the post of the President of Russia, Michailov became a leader of the regional branch of the pro-president political movement "Edinstvo" (Unity). He represented the Pskov region at its founding meeting in Moscow.

Meanwhile, Prokofiev lost his political and economic resources as he was not re-elected as the mayor of Pskov town. His former Deputy, Mr. Mihhail Khoronen, defeated him under the slogan of resolving conflicts with the regional administration (Khoronen's daughter worked there).

At the beginning of the new millennium, the political situation in Pskov was comparatively stable, with less visible contradictions between Pskov Oblast and Pskov town. In the Pskov Oblast administration, the Vice-Governors' positions were rotated. Tensions developed between different forces within the Pskov regional government, on the one hand the old pro-LDPR and Communist Party elites who supported the concept of the "Russian West" directed at international isolation of the region and non-cooperation, often in a hidden way, with the Baltic States, and on the other hand the new more democratic politicians who supported the development of external relations. The left-wing and the nationalistic, anti-West political groups seems to be stronger in the administration. At the same time, it is not quite obvious, as the power in the administration remains dispersed: currently the Governor of Pskov Oblast has 8 Vice-Governors.

Among the Vice-Governors, the one active most visibly is a young 34-year-old former businessman, Mr. Blank. Under his the management the Pskov Oblast Administration's investment policy was elaborated in 2001. Its aims are²⁶:

1. to make the region attractive to investors from other countries as well as to bring back "own" (Russian) businesses;
2. to increase the share of investments from the budgets of all levels of governance by cutting down expenses;
3. to stimulate legalization and repatriation of business;
4. to concentrate state efforts in the responsibility of the regional authority exclusively on major problems of social significance.

The investment policy pays special attention on restructuring and stabilizing the energy sector in the region by supporting energy saving activities. In 2001, the Pskov Oblast Council adopted a revised investment law; it created a more investor-friendly economic environment in the region. A portfolio of more than 30 investment projects was prepared; the projects include infrastructure development projects for energy, machinery, communication, tourism, light industry and food processing industries. The regional administration started a process of establishing a regional development agency and a foreign investments agency.

26) www.pskov.ru

The adoption of the investment policy and the investment law are doubtlessly a big step forward. However, the policy does not contain any specific plans of action for most parts of the stated policy goals (except the part on changes in the regional legislation). There is no indication of resources available implementing the policy. What the concrete results of the Pskov Oblast administration investment policy will be has to be seen in the future.

External relations in practice: current endeavours

Regional Administration

The "Decision on Developing an Order on how to Perform the Administration's International and External Economic Relations", taken by the regional administration on 29 June 1999, regulates the administration's involvement in external relations. The "international and external economic relations" as outlined in the Decision, include "trade, economic, scientific, technical, ecological, humanitarian, cultural and other relations of the Regional Administration with constituent entities of international federal states, administrative and territorial institutions of foreign states, authorities of foreign states; as well as participation (of the regional administration) in the work of international organizations." The Decision established an exclusive right for the Head of the Regional Administration or his "official representative" to conduct negotiations with foreign partners and sign with them co-operation agreements on behalf of the Pskov Regional Administration, and the decision established the administration's Committee on Foreign Relations and Tourism as the co-ordinating agency for the international and external economic relations of the Pskov Regional Administration.

The Pskov Oblast Administration Committee on Foreign Relations and Tourism has a wide range of functions, such as assessing analytically the possibilities for international activities of Pskov Region, organizing the work of official representatives of Pskov Region in foreign states and international organizations, and preparing international visits of administration representatives. Specifically the Committee's responsibilities are the following:

1. Formulation and implementation of a concept of external relations of Pskov Region.
2. Development of international relations as well as relations of the Region with other regions of the New Independent States.
3. Representation of interests of the Region internationally and promotion of exchange of delegations, scientific, cultural and sport co-operation with foreign countries and regions.
4. Participation in international negotiations that concern the interests of Pskov Region.

5. Interaction with foreign representations of the Russian Federation, Office of the Ministry of Foreign Affairs of the Russian Federation in Pskov, consulates and embassies of foreign states located in the Russian Federation.
6. Implementation of the border policy on the territory of the region.
7. Development of cross-border co-operation and co-ordination of co-operation activities of the border districts of the Oblast with border regions in Belarus, Latvia and Estonia.
8. Interaction of the Regional Administration with regional branch offices of federal authorities involved in the implementation of the border policy and cross-border co-operation.
9. Development and implementation of the administration's policy for the development of tourism, hotel and recreation business.
10. Regional planning with respect to matters of tourism, hotel and recreation business.
11. Advertising and promoting Pskov Region internationally.

The priority of administration's external relations policy is directed towards developing the cross-border co-operation with the neighbouring Baltic States. This includes activities aimed at promoting transit through the Pskov Region and at opening water cargo and passenger connections on Lake Peipsi with Estonia. Tourism promotion may be named as a main focus of the external activities of the Committee as it is expected to bring revenues into the region. The official website of the Pskov Oblast Administration states: "The Oblast has an extensive resource for developing international tourism, revenues from which can be comparable with revenues from industrial development." The Pskov Oblast Duma, proposed by the Committee, adopted a law on tourism development.

The Committee on Foreign Relations and Tourism conducts intensive work on attracting tourists into the region. It supported the establishment of a tourist information website (www.tourism.pskov.ru) in Russian and English language. The Committee supports a project on re-establishing a boat connection across Lake Peipsi/Chudskoe between Pskov and Tartu. Negotiations between the Russian federal and Estonian national authorities, in which the Oblast's authorities take part actively, continue since 1998. In 2001, the main impediment is that the Pskov port customs and border guards offices are not prepared for accepting tourists; this has to be done by relevant authorities on the Russian federal level, but is delayed for an indefinite period of time.

The Pskov Regional Administration supported cross-border co-operation of local authorities. In December 1995 the administration was a co-founder of the Association of Border Areas which united representatives of nine border districts of the Pskov Region. The mission of the Association was to promote the social and economic development of the border areas using their location directly on the

external borders of the region as well as of Russia.²⁷ The Association was registered as a non-profit organization. Currently it still exists but mostly on paper. By Statute, the funding of the Association was to be based on membership fees, i.e., from budgets of the local governments. However, since the local authorities were united into the Association by external force, they did not have an interest in supporting its work; besides, shortage of local budgets does not allow the local governments to pay their fees.

In 1996, on the proposal of the Council of Europe and with the support of the Russian Federal Government, the Pskov Regional Administration became involved in the organization of the Council for Co-operation of Border Regions of Latvia, Estonia and the Russian Federation. Representatives of local authorities of the three countries signed a Memorandum of Co-operation at a meeting in March 1996 in Karlskrona, Sweden. The Council enjoys the full political support of the Pskov Oblast Administration. Despite of this support and whilst the Council works successfully on the Estonian-Latvian border, its work on the Russian-Estonian border is almost non-existent due to a lack of funds and motivation on the side of municipalities of Pskov Oblast.

Until the end of the 1990s, the Oblast was a blank spot on the map of projects funded by the EU TACIS Programme or by other international donors. As concerns foreign investments the situation is almost the same, at least in comparison with the other regions of Northwest Russia. The regional and local organizations in peripheral Pskov lack the capacity to attract new co-operation partners and to prepare and implement international projects. They are unable to make use many of the existing opportunities for international co-operation. Another serious problem in the Pskov Region is the absence of funds for local co-financing of proposed projects. In 1999, with the support of the TACIS office in St. Petersburg and in co-operation with Pirkanmäa Environmental Center in Finland, the regional administration implemented a TACIS Micro Project on tourism development by organizing a respective conference. In 2000, a TACIS project was implemented that aimed at facilitating cross-border co-operation in Pskov Oblast. Within this project, a TACIS consultant worked in Pskov for 6 months, organized two conferences. However, since the consultant did not have sufficient information about what had been achieved in Pskov Oblast on the topic and seemed to have communication problems with the local organizations; the project did not achieve the expected results.

The Pskov Oblast has a twinning agreement with Dalarna County in Sweden. The agreement was already signed when Vladislav Tumanov was governor of Pskov; however, no actual co-operation with Dalarna County is taking place. A co-operation agreement was also signed with Tartu County Administration; the issues for co-operation include culture, education, and tourism activities; however, also this co-operation is not very active. A number of potential partners have visited the Pskov Regional Administration, intending to sign agreements of bilateral co-operation (e.g. representatives of the authorities from Zelena Gura

27) Bylaws of the Association of Border Regions. Adopted on 19.12.1995.

and Kales Voivodships of Poland, and Kaunas County of Lithuania). The visits did not yet result in any plans for formal co-operation.

Oblast Council (Duma)

The majority in the Pskov Oblast Council – the regional Duma - is interested in promoting external relations between Pskov and foreign partners, to bring into the region investments and tourists. The focus of the Duma is on developing the legal basis and favourable conditions for economic co-operation, public transportation system, and simplified procedures for crossing the borders with Estonia and Latvia. However, the influence of the Duma is rather limited as the regional administration effectively controls the resources available for the conduct of external relations.

Representative of the Ministry of Foreign Affairs of the Russian Federation

The office of the representative of the Ministry of Foreign Affairs of the Russian Federation (RF) in Pskov provides legal support for the external relations of the administration as well as to companies and organizations involved in international co-operation. The office issues travel documents for Russian citizens, invitations for foreigners coming to Pskov, participates in international negotiations and in signing international agreements that concern interests of the Pskov Region.

Usually the procedure for obtaining a Russian visa is a prolonged and expensive bureaucratic process. This fact has caused a situation where even some of the official delegations from the Baltic States travelled to meetings to Russia using tourist visas purchased from tourist companies. One of the most important results of the co-operation between the Pskov Regional Administration and the Pskov office of the RF Ministry of Foreign Affairs was the opening of a consular point at the Russian-Estonian border crossing "Shumilkino".²⁸ The consular point issues on the spot single-entry visas for organized groups of foreign tourists who want to visit Pskov Oblast from Estonia. The procedure of inquiring for these visas remains to a time consuming effort as all the passport data have to be send weeks in advance of the trip, however, the Pskov office of the Russian MFA has played an important positive role in making the whole process more convenient to foreign visitors.

Municipal / local authorities

The local authorities of the Pskov Region are involved in international projects to some degree. However, as a rule they do not initiate or lead the co-operation.

28) Cf. On creating conditions for a simplified crossing of the RF border for groups of international tourists, at www.sinaps.ru/opennet/intour/web1.html.

The initiative for co-operation usually comes from foreign partners or the federal or regional authorities, and from external consultants. The municipalities require external assistance in the preparation and implementation of international projects. Some municipalities have entered twinning arrangements with foreign municipalities on initiative of the latter. The town of Pskov has twinings with ten towns in foreign countries, such as Neuss and Gera in Germany, Arl in France, Nijmegen in the Netherlands, Perth in Great Britain, Minjan in the Korean Democratic Republic and Roanok in the United States. The actual co-operation, however, takes place with three twin-cities: Norrtälje in Sweden, Kuopio in Finland and Tartu in Estonia. Co-operation with Norrtälje in Sweden started in 1993. Since then culture, environmental protection, social issues, tourism and local development, education, mass media and the Internet have been the major topics of joint meetings and projects. The also more active twinning arrangements with Tartu and Kuopio concern two of the geographically closest municipalities in the neighbouring countries.

Among other Pskov municipalities with twinning arrangements may be mentioned Pechory rural district with 13,700 inhabitants and the rural municipality of Gdov with a population of 5,800 people.²⁹ Pechory has an active co-operation in the field of culture, sports and pupils exchange with the rural municipality of Räpina in Estonia. Gdov municipality signed co-operation agreements with two Estonian municipalities: Mustvee (3,000 inhabitants) and Kallaste (2,000). Both are geographically located on different sides of Lake Peipsi and try to re-establish lines of water transport of goods across the lake. In 1999–2000, Gdov municipality with its Estonian partner Mustvee was involved in an EU PHARE CREDO project on coastal zone management. The border municipality of Pechory participated in a TACIS CBC project "From Walls to Bridges" which aimed at defining strategies for local development for Pechory. The partners were Aluksne municipality in Latvia and South Holland municipality from the Netherlands.

Business

Business organizations in Pskov Oblast are interested in an economic co-operation across the border with Estonia and Latvia. There are big hopes for the re-establishment of the water connection that would allow Pskov enterprises to export wood and other products to Estonia and via Estonia further to the West. The tourism business is interested in the passenger transport on the waterways as well. The problems connected with the reestablishment of the waterways can only be solved with the help of the respective federal structures in Moscow.

Business training was conducted for representatives of tourist companies from the Pskov Region. The training program "From Planned Economy to Dynamic Management" was held at Management Centre, the Netherlands and was organized by the Netherlands Management Co-operation Program (NMCP) in

29) Population for year 2000 - data from Pskov Oblast statistics department.

1997. The NMCP is a non-commercial program aimed at assistance to small and medium enterprises supported by the Netherlands Ministry of Economic Relations and the European Union. The Chambers of Commerce of the municipalities of Pskov and Kuopio (Finland) organized a business-training program named "Business opportunities development programme" for Estonian and Swedish municipalities. In the project participated also Estonian municipalities and companies. The business opportunities project was supported by the EU TACIS and PHARE Cross-Border Co-operation (CBC) Program and was implemented in the whole Estonian–Russian border zone. The Estonian Foreign Ministry supported a training of businessmen and prospective staff of a Pskov regional development agency to be established – the regional administration and its Estonian partner – the Estonian Foreign Policy Institute, organized the training.

Since the Pskov region is mostly rural, there are examples of co-operation of Pskov agricultural companies with Estonian agricultural companies. The agricultural firm "Pobeda" that grows cucumbers sells 30% of its yield to Tartu; Ostrov dairy exports milk from Estonian Võru Cheese Company; Russian small companies from the border area with Estonia actively participate in an annual South-Estonian Business Fair in Vastseliina. Thanks to the fair, Pskov companies find co-operation contacts with Estonian partners.

In the current structure of foreign investments into the economy of Pskov Oblast joint enterprises present 70% of all investments done in the region, foreign enterprises 8%, and regional offices of foreign companies 22%. There are about 150 joint ventures that work in the Pskov Region in trade, construction work and machinery industry. Priorities for future investments established by the Pskov Oblast Administration in 1995, were in construction and wood processing industries; as well as development of border crossing and customs infrastructure.³⁰ Business co-operation was negatively affected by a crash of the Russian rouble in 1998. It decreased after the financial crises, but in 2000 started to grow again.

NGOs

There are very few non-governmental non-profit organizations involved in international and cross-border co-operation projects. Most of Pskov NGOs do not have a sufficient financial basis and capacity to participate in international activities. Pskov NGO "Lake Chudskoe Project" works in a partnership with a Tartu based NGO "Peipsi Center for Transboundary Co-operation" (Peipsi CTC) on cross border co-operation projects in the Lake Peipsi area (www.ctc.ee) that cover three main pillars: environmental research and management, civil society; social and economic development. One of the major projects, the Peipsi CTC/Chudskoe Project carried out in co-operation with Fynen County, the Danish Institute for Border Regions Studies, Frederiksborg County and the

30) Vladimir Elfimov presentation at a seminar "Cross-Border Co-operation in the Estonian – Russian Border Zone". Tartu, Estonia, 3 – 4 May 1999.

Association of County Councils of Denmark was on "Community Development and Cross-Border Co-operation in the Estonian/Russian Border Area". It was supported by the Danish Ministry of Foreign Affairs. The goals of the project were to strengthen the network of representatives of local governments and local Estonian and Russian specialists involved in joint projects and to assist them in developing skills in international project development and management.

Environmental projects

Most of the environmental projects in Pskov Oblast are connected with water protection in Lake Peipsi/Chudskoe which is a part of the Baltic Sea basin. These projects are supported mostly by the governments of the Baltic Sea states as well as by the EU. The Estonian-Russian intergovernmental transboundary water commission (established in 1998), the Russian Ministry of Natural Resources (that is the authority responsible for the Commission) and its Pskov Committee are the major institutions involved in the environmental projects in the basin of Lake Peipsi/Chudskoe within Pskov Oblast. The NGO Peipsi CTC is actively involved in transboundary environmental projects as well.

In 1995 – 1999, the Pskov regional environmental organizations participated in a Swedish-Russian-Estonian trilateral Lake Peipsi environmental monitoring project. The Swedish Environmental Protection Agency and the Swedish International Development Agency supported the project. Based on it new multilateral environmental education and research projects were started that linked Pskov regional environmental organizations, the Peipsi Center for Transboundary Co-operation, Pskov Regional Education Board and Pskov schools as well as local authorities and schools in Estonia, Sweden, and Latvia. Environmental education projects received support from the Estonian and Latvian Ministries of the Environment, the Swedish Institute and the Nordic Council of Ministers. These projects include environmental children's camps and arts competitions.

Pskov municipality and the region have benefited from Danish assistance that supported the construction of the wastewater treatment plants of the city of Pskov and a pig factory on the River Gdovka (Monkino village). In March 2001, DANCEE supported the project "Development and Implementation of a Management Plan for the Ramsar Site Lake Chudskoe/Pskovskoe". DANCEE also supported the preparation of a strategy for wastewater treatment in the Lake Peipsi basin.

The Danish and Swedish funding aimed mostly at water protection whilst the Dutch government has funded wetland protection and education projects. New projects on water management and protection in the Lake Peipsi basin are in the stage of preparation. Estonian and Latvian organizations and Swedish and Danish experts will participate along with Pskov regional environmental organizations, research and educational institutions and local authorities.

Support for the preparation of a comprehensive Lake Peipsi and River Narva Basin Management Plan is expected from the UNDP Global Environmental Facility. The preparation of the Management Plan in Pskov and Leningrad Oblasts is to be co-funded from a TACIS CBC Baltic Line 2000 program – the project to support management of the transboundary waters in the Lake Peipsi/Chudskoe Basin was approved by the European Commission.

Education

The private Pskov Volny Institute is today in fact the only educational institution in Pskov that is actively involved in international educational projects. Since its foundation at the beginning of the 1990s, the university has had exchange programs for students with American colleges, and international projects funded by a private Eurasia foundation and the Netherlands Embassy. Co-operation was developed with Tartu University in Estonia to organize joint research and educational exchange projects that were supported by the John D. and Catherine T. MacArthur Foundation and the Nordic Council of Ministers.

The political and conceptual basis of external relations of Pskov Oblast

It was a concern of many international experts and politicians in 1996, after the Pskov Region gubernatorial elections, that the new governor, a representative of the Zhirinovskiy Party, would use the opportunity to implement the party's ultra-nationalistic, isolationist and anti-Western policies in the Oblast external relations policy. The fears were not unfounded, but fortunately not to full extent. The governor Jevgeny Michailov kept a low profile promoting the LDPR ideology in international relations. In his speeches, Mr. Michailov declared a neutral attitude to the neighbouring countries. In fact, he is often seen as a "reasonable" and pragmatic governor at international meetings. The ideology of the Liberal Democratic and Communist parties was reflected in the international arena occasionally. On some occasions, the Regional Administration tried to interfere with international politics. When NATO started bombing Yugoslavia, soldiers of the Pskov military division were sent to Yugoslavia and the governor Michailov personally visited Serbia. Michailov also visited the "hot spots" inside of Russia – on October 23, 1999 he visited Chechnya where a Pskov elite division was fighting.

In the 2000 elections, Jevgeny Michailov participated as a representative of the Otechestvo – Vsiya Rossiya (Fatherland – All Russia) Party led then by the mayor of Moscow, Mr. Yuri Luzhkov. Luzhkov defined Otechestvo's ideological orientation as being based on western social democracy. Currently Jevgeny Michailov represents the public movement "Edinstvo", which is closely linked to the President and the Kremlin. This decision to change parties was made after

the defeat of Otechestvo and the victory of Edinstvo in the State Duma elections in 2000.

The left-wing political elite is strong in the regional administration; in the everyday policy this part of the regional elite "acts in accord with its political beliefs, stands for the isolationist policy ... and welcomes the protective customs barriers and the delay of negotiations on the border (with Estonia)."³¹ Opposing this anti-Western political elite, another group of the local elite says that it is genuinely interested to develop cross-border co-operation and "to promote trade and modernization" in the region. This group includes the majority of the legal branch of the regional government – Pskov Regional Duma. The local authorities and independent organizations that see the benefits of co-operation to the social and economic development of the region support this part of the political elite.

At the beginning of 2001, Pskov Oblast became more open to international co-operation as it became clear that such approach could bring considerable resources into the region. The Vice-Governor responsible for Investments, Mr. Vladimir Blank presented in his speeches at public meetings, conferences and multiple press conferences in spring 2001 an idea of creating a kind of "Euro-region" for the Lake Chudskoe area. This area would make the region of Lake Chudskoe economically competitive in the Europe of regions. This idea was intensively discussed at meetings and negotiations also with the Estonian state and regional authorities. In order to develop the program, Mr. Blank extensively travelled to Estonia and other countries to learn from the experiences in attracting investments in the neighbouring countries; and due to these activities received an image of a young progressive democratic leader among the Western diplomats and officials in the two Baltic States. At the same time, while speaking in Estonia about co-operation, back home Blank uses a different tone which reflects the internal situation of political tensions within the regional administration. In his interview to the regional mass media, he stated: "*Estonia attempts to penetrate our territory under the name of different programmes and with different kinds of initiatives... In the cross-border co-operation, Estonians promote the doctrine of 'soft security': they try to develop relations on the level of municipalities, as well as local businesses.*"³²

Serious differences in opinions and tensions within the high echelons of the regional administration on the role of the external relations remain. As a consequence of these internal contradictions, positive communication from the Pskov Oblast administration about opening the region for international activities is not consistent and from time to time is overruled by the radical anti-Western ideology.

There are certainly other reasons for the anti-Western and anti-Baltic moods. Originating mainly from Moscow-based radical left wing political forces and

31) Kempe, Iris / van Meurs, Wim, 1999.

32) Blank, Vladimir. 2001. Interview 24 July 2001 "Pskov Oblast enters a competition between regions" (cf. www.pskov.ru/region/invest/news/index.html).

accepted by the poorer rural population in the region, the anti-Baltic rhetoric about the so-called "rights of the Russian-speaking population" in these countries remains present in the press. A politically sensitive question is still co-operation with Estonia in the region of "Setuland" in Pechory locality. This geographical area belonged to the Republic of Estonia during its first period of independence. This part of Russia was occupied by the Estonian Army in 1919 and subsequently incorporated by Estonia. The Tartu Peace Treaty signed in 1920 declared this territory Estonian, although before the War of Independence between the newly independent Estonia and the Soviet Russia it was Russian. In 1945, after World War II, Russia retook the territory. All these steps still affect the relations of Russia and Estonia in general and Pskov and Estonia in particular. Currently, about 20% of the population living on this territory have both Estonian and Russian passports as Estonia granted citizenship to those who were born on the territory when it was still Estonian before World War II.

There are difficulties in the cross-border co-operation that stem from problems with the punitive double customs tariffs imposed on imports from Estonia. Most of these problems cannot be solved on the regional level. In fact, they require a political will on the Russian federal level. It is not always clear, whether it is a lack of political will or bureaucracy which forms the major impediment for quickly solving the problems existing for cross-border co-operation of Pskov Oblast with its neighbours.

The external relations of Pskov Oblast in the context of Russian federalism

The practice of engaging in external relations is not a peculiarity of Pskov. In more general terms, we will argue that subnational external relations are not something new in the international system. It is new enough, though, not to have been researched sufficiently. The external relations of Russian regions have been researched even less thoroughly, because it was only shortly before the collapse of the Soviet Union that they began to seek ways to interact with the outside world directly. In fact, forces of globalisation make an impact on all Russian regions, virtually forcing them to deal with foreign issues on a daily basis. However, the ways in which a particular region acts in the international system, depend on various factors, which are discussed below.

Russia, the successor-state of the Soviet Union has undergone a major transition during the last decade. Although Russia has begun to reform both its political and economic system, many problems still remain unresolved. One of the "burning issues" in contemporary Russia is the relationship between the federal centre and the 89 federal subjects. The foreign activity of these federated units is among the fields, where the rules are yet to be more clearly defined. However, it is already clear that the era of relative freedom in terms of subnational foreign activities that lasted during the Yeltsin period is, at least temporarily, over.

Although the topic of foreign activities of Russian subnational activity is controversial, only few publications are available on this subject.³³ The main reason for this relatively small number of publications is probably the fact that there was only one foreign policy in the Soviet Union. The oblasts, autonomous republics or even national republics could not act on the international arena independently from the Soviet foreign policy. Because of this, the Russian subnational foreign activities became a reality only in the last decade of the 20th century.

The emergence of regions as political actors

In the Soviet Union, the administrative units now known as "regions" were not engaged in the foreign policy process. In fact, the regions as entities had no political will and were not eligible to participate in political processes of any kind. The collapse of the Soviet Union introduced a new era for regional elites in terms of articulating their political interests. The start of this process was all but easy, however.

In Melvin's view, it was only in the last years of the perestroika period that a federal structure in the RSFSR began to emerge. To be more precise, it was the elections of the Russian Congress of People's Deputies in 1990 that marked a turning point in centre-periphery relations. From then on, subnational regional and local interests in general, and in terms of external relations in particular, were articulated more openly. Subsequently, Melvin argues, foreign policy became the subject of a power triangle, consisting of Soviet authorities, democrats in Moscow and regional political groups.³⁴

Löwenhardt analyses the behaviour of Russian regions before, during and after the breakdown of the Soviet Union. During the putsch in August 1991, only 30 per cent of the authorities of republics and other administrative units of the RSFSR openly supported the Russian President Yeltsin, whereas the rest was either opposed or preferred not to get involved.³⁵ After the collapse, the internal power balance in Russia changed fundamentally. With the economy deteriorating and the lack of financial resources in the capital, the relationship of the centre and regions had to be redefined. In his view, the legitimacy of the Soviet Union derived to some extent from the subsidies transferred for local needs. When the centre would no longer have the means to continue this practice, other sources of income need to be found.³⁶

33) Perovic, J. Internationalization of Russian regions and the consequences for Russian foreign and security policy. Regionalization of Russian Foreign and Security Policy Working Paper Series No. 1. Eidgenössische Technische Hochschule Zürich, 2000, p. 18. (Perovic).

34) Melvin, Neil. Regional Foreign Policies in the Russian Federation. London: Royal Institute of International Affairs (Post-Soviet Business Forum), 1995, p. 6. (Melvin).

35) Löwenhardt, John. The Reincarnation of Russia: Struggling with the Legacy of Communism, 1990-1994. Harlow: Longman House, 1995, pp. 100-101. (Löwenhardt).

36) Löwenhardt, p. 120.

Legal basis for involvement of regions in Russia's external relations

External relations of Russian regions are regulated by the Russian Federation Constitution and by federal laws such as Customs Code, Civil Code, laws "*On Coordination of International and External Economic Relations of the Constituent Entities of the Russian Federation*", "*On state regulation of external trade activity*", "*On state border*", "*On international investments*" and others.³⁷ According to Article 71 (j) of the Constitution of the Russian Federation its jurisdiction encompasses "the foreign policy and international relations of the Russian Federation, international treaties of the Russian Federation; issues of war and peace." According to Article 72 (n) of the Constitution, "the coordination of the international and external economic relations of the members of the Russian Federation, and the fulfilment of the international treaties of the Russian Federation."³⁸

Federal laws specify this definition of distribution of responsibilities between the federal government and subjects of the Russian Federation. The federal law "*On Coordination of International and External Economic Relations of the Constituent Entities of the Russian Federation*" adopted by the RF State Duma on 2 December 1998, refers to Article 72 of the Constitution and "establishes a general procedure for coordination of international and external economic relations of the constituent entities of the Russian Federation and contains legal guarantees to ensure rights and legitimate interests of the constituent entities of the Russian Federation in establishing and developing international and economic external relations." According to the law, the constituent entities shall have the right to negotiate with foreign partners and to conclude agreements with them providing for international and external economic relations but "informing in advance appropriate federal government bodies of executive branch on the start of negotiations to conclude the agreement." Draft agreements to be signed by subjects of the Federation shall be submitted for coordination with the federal government not later than one month before its signing to the Ministry of Foreign Affairs and other appropriate federal executive government bodies.

Economic co-operation has priority for Russia in terms of management and protection of the state economy, as well as political and economic security. One of the main elements of the external economic relations is external trade – entrepreneurial activities in the field of exchange of goods, works, services, and information. A federal law, adopted on 13.10.1995, "*On state regulation of external trade activities*", refers to the external trade as part of foreign policy of the Russian Federation. According to the law, formulation of the external trade con-

37) V. Lopatin, Deputy – Head of the International Department, Pskov Regional Administration. Information on basis of transfrontier co-operation with Estonian and Latvian Republics to an international seminar under a project "Community Development and Cross-Border Co-operation". May 1999.

38) Belyakov, Vladimir V. and Walter J. Raymond. Constitution of the Russian Federation: With Commentaries and Interpretations by American and Russian Scholars. Moscow: Russia's Information Agency-Novosti, pp. 40-44.

cept and strategy is in competence of the Federation. This includes development of the external trade policy, provisions of economic security, protection of the economic sovereignty and economic interests of the state, constituent entities of the Russian Federation, as well as Russian legal and physical constituent entities. Under the jurisdiction of the Federation are state regulation of handling hard currency, credits, customs, export control; definition of the policy of certification of goods in connection with their export and import; implementation of this policy through unitary measures of legal regulation, as well as establishment of standards and criteria of security and safety for people. Exclusive by the Federation is established and regulated the export of strategically important raw materials, import and export of treasure metals. The Russian Federation as a subject of the international law participates in activities of international economic, scientific and technical organizations, implementation of the decisions, establishes its trade representations internationally and at international organizations. The law grants the subjects of the Federation the right to sign international external trade agreements in limits of their jurisdiction. A considerable volume of activity of the federal authorities is concerning coordination of activities of regional authorities of the government in the field of external economic activities, including the export activities, formulation of regional and interregional programs, creation and functioning of free economic zones, regulation of border trade. This coordination function of the Russian federal authorities of the external economic activities is established in order to direct and motivate the regional authorities in the actual implementation of the federal policy of external economic relations.

Other federal laws that regulate external relations of subjects of the Russian Federation and especially affect external relations of the Pskov Region are the law of the Russian Federation of 1 April 1993 "*On State Border*" that establishes a regime of border crossing on borders of the Russian Federation; and the federal law "*On General Principles of Organization of Local Self-Governance in the Russian Federation*" adopted on 12 August 1995 that grants local authorities the right to perform external economic activities.

9 February 2001, the Government of the Russian Federation approved of the "Concept for Cross-Border Co-operation" and established an interagency governmental commission with the aim of elaborating the ways to implement the Concept. The Commission is to provide for coordination of activities of the federal government executive agencies and regional authorities in the development of cross-border co-operation. The concept of the Commission foresees that it would work in close co-operation with the Interagency Commission of the RF Security Council on Border Policy, the Government Commission on NIS Affairs as well as all relevant federal executive agencies and executive authorities of the border regions of Russia. The proposed list of commission members contains approximately the equal number of representatives of federal agencies and regional administrations. The Ministry on Affairs of the Federation and Nationalities is to be responsible for the organization of work of the Commission. The main goal of the Commission is to develop a concept for cross-border co-operation that should become a basis for the Federal Programme for Cross-

Border Co-operation. The commission should also develop coordinated approaches to the implementation of the government policy on immigration and monitor and analyse the situation with interethnic relations in border regions. To implement the concept, the Russian government also prepared a number of federal laws and governmental laws that include a federal law (under preparation) "On border territories of the Russian Federation".

The Russian federal laws establish the exclusive role of the federal centre in formulating the foreign policy and regulating all questions of strategy for the conduct of external relations of the subjects of the Federation. They grant the regions the right to participate in the implementation of the federal policy through signing concrete external relations agreements and participating in other regional external relations. In order to implement federal laws and coordinate the external relations of the regions, the federal government issues decrees that specify in detail the legal acts' implementation and create, if necessary, governmental and intergovernmental commissions with participation of representatives of the subjects of the Federation.

Federal laws do not allow regions to have a full control over the economic use of natural resources. The Decree of the President of the Russian Federation No.2144 "On Federal Natural Resources" of 16 December 1993 stipulates that transboundary water bodies shall be included in federal natural resources; according to the Decree, lake water, fish and land are under the Russian Federation management. The same provisions are determined by the Russian Water Code: "Russian Federation ownership covers surface water bodies, surface waters and basins located on the territory of several federative subjects, as well as transboundary water bodies." By these criteria resources of the Lake Peipsi basin within Pskov Oblast belongs to the federal ownership, which entails a number of legal consequences. It is federal level agencies and authorities that should manage and be in charge of such water bodies. The use of the natural resources in Pskov Oblast is under the control of Pskov regional departments of federal natural resources agencies: water and forest – under the Pskov Regional Committee for Natural Resources of the Russian Ministry of Natural Resources and fish – under the Pskov Lake Fisheries Department under the Russian Federation State Fisheries Committee. Article 36 of the Water Code resolves that federal ownership status shall be granted by the decision of the Russian Federation government together with the relevant executive authorities of a federative subject. According to paragraph 3 of the above-mentioned presidential decree, in 1994 the RF Council of Ministers, government of the Russian Federation, together with state authorities of federative subjects was supposed to develop and submit to the Presidential Commission of Legislative Initiatives a draft federal act on procedures to determine federal natural resources, distribution of authority and procedures to manage natural resources in federal ownership, and a draft list of natural objects in federal ownership, for their further approval in compliance with legislative procedures. However, neither the list of natural objects in federal ownership nor any other decision stipulating the federal ownership on the Lake Peipsi basin has been passed so

far. Thus, the Pskov Oblast administration does not have a full control over available natural resources that are under federal management.

Although the Constitution and federal laws are superior to the regional legislation, there was no uniformity as far as the conduct of external relations by different regions was concerned. In order to analyse this diversity of regional external relations, some theoretical questions need to be discussed.

Classification of regions

The classification of Russian regions using their foreign activities as the dependent variable is a complicate matter. The regions do not only differ in terms of their legal status in the federation, but also in their obedience to the federal laws, financial strength, ethnic composition, availability of natural resources for export etc.

The Russian federated units have different approaches in terms of foreign activities. Therefore, some authors have suggested dividing them into subgroups. Bradshaw uses foreign economic activity as an indicator for dividing them into (1) "gateway regions", based on important ports and their hinterlands, and (2) "resource-exporting" regions, big exporters of natural resources from Russia.³⁹ Makarychev thinks there should be three groups: (1) export-oriented regions, (2) ethnic republics, and (3) border regions.⁴⁰ Melvin focuses more on the legal aspects of the subnational foreign policy. He thinks the signing of the Federation Treaty created a hierarchy of the federated units' rights for the conduct of foreign activities. On the top of that legal hierarchy are the national republics, followed by the krajs, oblasts and autonomous provinces. The least privileged in terms of foreign activities are the autonomous *okrugs*.⁴¹

Reasons

The authors indicate several reasons why Russian federated units were interested in foreign issues. Melvin indicates two global incentives for Russian subnational units to become active in external relations. First, control over external issues, which grows in its political importance, especially in the fields of foreign trade and investments, and second, the rapid growth of links between subnational organisations, such as financial markets, multinational corporations, pressure groups and regional governments, in the last decades of the 20th century. In the case of Russia, Melvin argues, these two developments are com-

39) Bradshaw, Michael J. *Regional Patterns of Foreign Investment in Russia*. London: Royal Institute of International Affairs, 1995, p. 46.

40) Makarychev, Andrei S. *Islands of globalization: Regional Russia and the outside world*. The Russian Study Group Working Paper Series No. 2. Eidgenössische Technische Hochschule Zürich: Center for Security Studies and Conflict Research, 2000, pp. 16-24. (Makarychev).

41) Melvin-1995, p. 10.

bined with a highly unstable domestic environment, a fact that has virtually forced the Russian regions to become externally active.⁴²

Instruments

According to Melvin, the Russian federated units were fighting, in many cases successfully, for more freedom in terms of foreign activities during the Yeltsin period. They began to attempt to act in the international system; a development not always welcomed by Moscow. The socio-economic issues dominated the political agenda back then as the economy deteriorated in most parts of Russia. Regional elites could usually not count on the federal centre to bail them out. Consequently, they turned to foreign partners. Foreign trade and investments were a source of hard currency. Foreign trade, mainly the export of raw materials, became the main driving force behind most of the subnational foreign activities. Moreover, the federated units' administrations were lobbying the central government authorities in various foreign policy issues, in order to achieve the representation of their specific interests. For example, stemming the migration from the former Soviet republics was an important issue. Hundreds of thousands of Russians arrived from the CIS states and the Baltic States in the 1990s. These new settlers were not always welcome in the Russian regions, which were suffering from dense population and weak economic conditions. In many cases, the regions used the foreign policy issues in the internal power struggle with the federal centre or in regional election campaigns.⁴³

Types of foreign activities

In the 1990s, Russia was in danger of partial disintegration. What role did the foreign activities of federated units play in this context? Different concepts have been proposed to explain the dependent variable of this study, foreign activities of subnational units. Most of the authors have accepted the concept of *paradiplomacy* developed by Duchacek. Some authors, however, argue that we need more sophisticated concepts to analyse these activities. The following concepts have been proposed: *paradiplomacy*, *protodiplomacy*, *paradiplomatic action*, *segmentation* (formerly *fragmentation*), *international actorness*.

Duchacek developed the concept of paradiplomacy in the 1980s (then called "micro-diplomacy"). Duchacek sees no major differences between the traditional, central-state diplomacy and paradiplomacy in terms of its aims ("negotiating and implementing an agreement based on conditional mutuality"). Consequently, he defines paradiplomacy as a parallel, subsidiary or accessory form of diplomacy. The main difference between diplomacy and paradiplomacy is that the decision-making process on the paradiplomatic level is not democratic-majoritarian, but consensual, as there is no common superordinate authority to the participants of

42) Melvin, p. 1.

43) Melvin, pp. 2-3.

decision-making process on this level, Duchacek explains. In fact, both sides remain subordinated to their respective national centres only.⁴⁴

According to Duchacek there are three categories of paradiplomacy, which are based on the criteria of geography and territory.⁴⁵ The first category is called *transborder regional paradiplomacy*. This category includes transborder contacts between adjacent regions – institutional, formal and informal –, which are predominantly conditioned by geographic proximity and the resulting similarity in the nature of common problems and their possible solutions. The second category, *transregional or macroregional paradiplomacy* refers to relations and negotiations between subnational governments that are not a neighbour geographically, but whose national governments are. Transregional paradiplomacy is more formal in its nature than transborder paradiplomacy. This can cause conflicts with diplomatic protocol. The third category is *global paradiplomacy*: political-functional contacts with distant nations that bring non-central governments into contact not only with trade, industrial, or cultural centres on other continents but also with the various branches or agencies of foreign national governments.⁴⁶ Duchacek illustrates this by the Canadian province of Quebec, which has permanent missions in Paris, Brussels and Tokyo.⁴⁷ Global paradiplomatic initiatives are part of the transborder regional contacts in Europe, too. For example, German *Länder*, French regions and Belgian communities are engaged in global paradiplomacy with various partners.⁴⁸

The second concept from Duchacek is called *protodiplomacy*. Protodiplomacy refers to initiatives and activities of a non-central government abroad that graft a separatist message on to its economic, social, and cultural links with foreign nations. Here he uses the political criterion, i. e. the political will of a subnational unit to secede, expressed by protodiplomacy.⁴⁹

Soldatos proposes the concept of *segmentation*. There are two types of segmentation: (1) *territorial segmentation* (on different levels of government), and (2) *functional segmentation* (within the same level of government, as different departments and agencies are involved in international affairs). This concept explains how *objective segmentation* in a federated unit – specific characteristics of a unit, such as economic structures, geographic situation, and political, linguistic, cultural, and religious – leads to *perceptual segmentation*, i.e. segmentation of perception in the unit. The previous two levels of segmentation would, according to Soldatos, cause *policy segmentation*. Policy segmentation can cause *actor segmentation*, but not always. Especially, Soldatos argues, if a

44) Duchacek, Ivo D., "Perforated Sovereignties: Towards a Typology of New Actors in International Relations," in Hans J. Michelmann and Panayotis Soldatos (eds.), *Federalism And International Relations: The Role of Subnational Units*. Oxford: Oxford University Press, 1990, p. 16, 25. (Duchacek-1990).

45) Duchacek-1990, pp.15-27.

46) Duchacek-1990, pp. 26-27.

47) Duchacek-1990, p. 13.

48) Duchacek-1990, p. 27.

49) Duchacek-1990, p. 27.

federated unit is relatively well positioned in the federation it will – despite the policy segmentation – accommodate itself with the federal foreign policy apparatus and use it for its own advantage.⁵⁰

The second concept of Soldatos, the concept of *paradiplomatic actions*, uses the degree of co-operation between central government and federated units in the field of foreign activities as the criterion. Consequently, the paradiplomatic actions are categorised as *cooperative* or *parallel*.⁵¹

In more recent publications, new concepts have been proposed. Hocking, for example, argues that both *paradiplomacy* and *protodiplomacy* would indicate that these activities are simply imitations of diplomacy on subnational level. In the concept of Hocking, called *international actorness*, new criteria are used to evaluate foreign activities of subnational units. No longer the traditional criteria – sovereignty, territory, population, recognition, foreign policy capacity – but alternative criteria – aims and motivations, extent and direction of involvement, structures and resources, levels of participation, strategies – should be applied. This approach would, according to him, end the debate as to who are important actors in world politics.⁵²

These concepts can be applied in Russia too. However, we should not forget that the Russian Federation is a specific case. Its federal subjects have a different status, both *de jure* and *de facto*.

Especially the ethnic republics in Russia have engaged in *protodiplomatic* activities, i.e. preparing for an eventual secession. The future secession has not been openly declared, but nevertheless an option for some of these republics. The only military conflict broke out in Russia in the 1990s when the Republic of Chechnya indicated it wants to leave the federation. To avoid a possible domino effect, Moscow stroke back by sending its troops to restore calm.

As far as the *paradiplomacy* of subnational units is concerned, the federal centre has demonstrated remarkable tolerance in the 90s. Obviously, this tolerance was a by-product of the overall process of disintegration in Russia and things have changed since Putin succeeded Yeltsin.

Outcome

The regions have succeeded in changing the ways foreign policy is made in Russia. The central state institutions can no longer simply ignore the external

50) Soldatos, Panayotis, "An Explanatory Framework for the Study of Federated States as Foreign Policy Actors", in Hans J. Michelmann and Panayotis Soldatos (eds.). *Federalism and International Relations: The Role of Subnational Units*. Oxford: Oxford University Press, 1990, pp. 36-37. (Soldatos).

51) Soldatos, p. 38.

52) Hocking, Brian, "Patrolling the 'Frontier': Globalization, Localization and the 'Actorness' of Non-Central Governments," in Aldecoa, Francisco and Michael Keating (eds.). *Paradiplomacy in Action: The Foreign Relations of Subnational Governments*. London: Frank Cass Publishers, 1999, p. 21-35. (Hocking-1999).

interests of regions. Are these achievements of regions sustainable or of temporary nature? According to Melvin the external activities of the Russian regions will affect the Russian state in general and its foreign policy in particular in several ways. First, the degree of success of regions to establish direct foreign links is a helpful indicator, when analysing the nature of federalism in Russia: how much real power does the federal centre delegate to the subnational governments? Second, when Russian regions succeed in establishing a network of partners in various parts of the world, the abstract discussions about the nature of Russia (is it European or Asian etc.) would become less important. Third, foreign contacts would encourage the establishment of new economic groups outside the capital, whose reactions to the central government in foreign policy issues could be different.⁵³

Perovic argues that the Russian Federation has not collapsed only because the leaders of the federated units accept the "practical independence despite formal membership of the association of states". The federated units have become "international players" with own "networks of diplomatic and external economic contacts without regard for the centre", he is convinced.⁵⁴

The departure of Yeltsin and the arrival of Putin and his team have changed the situation in terms of subnational external relations. On July 26 2000, the Government of Kasyanov issued an order requiring all external economic agreements of regions to be registered with the federal Ministry of Justice. This order gives the federal government a useful tool to get rid of unfavourable agreements from the federal centre's point of view by simply not registering certain agreements. As of May 2001, only two such agreements had passed the process of registration. One of the two was the agreement between Pskov and the Republic of Belarus.

Certainly, now that the new Russian president Vladimir Putin has to a great extent succeeded in retaking control over the federated units, including over their foreign activities, some of the arguments used by authors in the nineties seem somewhat outdated. Nevertheless, the developments that took place during the Yeltsin period will have an impact on the future of federalism in Russia and should, therefore, be studied in detail.

Institutionalised channels for subnational foreign activities

The federal centre closely watched the emergence of subnational foreign activities in 1990s. How has Moscow reacted to the emergence of regions as foreign policy actors? How can regions make their voice heard in the federal foreign

53) Melvin-1995, p. 4.

54) Perovic, J. Internationalization of Russian regions and the consequences for Russian security and foreign policy. The Russian Study Group Working Paper Series No. 1. Eidgenössische Technische Hochschule Zürich: Center for Security Studies and Conflict Research, 2000, pp. 13, 15. (Perovic).

policy institutions? What kinds of institutions have been established to deal with this new feature of the Russian foreign policy?

Basically, the regions have 4 main channels for articulating their external interests. Firstly, they can use various Committees dealing with foreign and security policy of both the Federation Council and the State Duma. Second, the presidential administration had two councils, one for the republican leaders and the other for heads of administrations of non-republican federated units. Additionally, the administration had a plenipotentiary representative in every region and a special section, the Section for Work with the Regions. In order to avoid possible conflicts in terms of treaty making and jurisdiction, a Commission was attached to the President, the Commission for the Preparation of Treaties about the Distribution of Areas of Jurisdiction and Authority between the Federal Organs of State Power and the Organs of State Power of the Subjects of the Russian Federation. The third channel was the federal government, especially the Ministry of Foreign Affairs (MFA), the Ministry of Foreign Economic Relations (MFER) and the Ministry of Nationalities and Regional Policy. The MFA established in 1994, following a decree by the President, the Consultative Council of Russian Federation Components on International and Foreign Economic Relations. The other organ representing the interests of regions was the Council of Foreign Policy. The MFER had the Coordinating Council for the Regions. Additionally, both ministries had their local branches in some of the regions. The fourth channel available was the Interdepartmental Commission on Regional Issues of the Security Council.⁵⁵

Pskov Oblast administration officials participate in the implementation of the following agreements usually through participation in specially established commissions or working groups:

- In July 1993, the Estonian and Russian Federation governments signed an agreement on border crossing points at Estonian–Russian customs borders. In December 1996, an intergovernmental agreement on activities of border areas representatives was signed.
- On 4 May 1995, an intergovernmental "*Agreement on the Protection and Regulation of the Use of Fish Resources of Lake Peipsi, Lake Lämmi and Lake Pihkva*" was signed. A joint commission was set up consisting of a working group for technical questions, a working group for research, scientists, officials and fishermen.
- In August 1997, an intergovernmental agreement on the protection and sustainable use of transboundary water bodies was signed. The objects of this Agreement were transboundary waters of the Narva River watershed, including Lake Peipsi.
- In 1997, the "*Estonian–Russian Intergovernmental Commission on Trade, Economy, Scientific, Technical, Social, Humanitarian and Cultural Co-operation*" was established at the highest level to address problems in all fields of

55) For a comprehensive overview see Melvin, pp. 28-35.

bilateral relations. The issues covered in the agreements include transport - international access for automobiles and air transportation – customs and the return of Estonian nationals incarcerated in Russia and Russian nationals incarcerated in Estonia during Soviet times to serve their sentences in their own countries.

Practice shows Pskov Oblast does not have a large role in these commissions as decisions are made on the federal level. On the other hand, some authors question the impact of some of these institutions on the conduct of subnational foreign activities. Melvin doubts if the parliamentary commissions have at all articulated the regional interests in terms of foreign policy.⁵⁶ Perovic is convinced the ministerial institutions were of merely administrative nature, with no real leverage over the foreign activities of the regions.⁵⁷ However, Melvin points at an "emerging strategy" of the MFA to use the regions in its own interests. Especially when dealing with CIS states, the Russian MFA would use the regions as mediums for foreign policy goals. By assisting specific foreign initiatives taken by the regions, the MFA can effectively address issues it would not so conveniently address on the intergovernmental level. This practice would, in Melvin's view, enable the MFA both, open a new channel for articulating Russian foreign interests and control the regional foreign activities. This strategy would, on the one hand, enable Russia to become engaged with other states in a better-coordinated way. On the other hand, it would effectively bring the regions closer to Moscow again.

Melvin argues that, in fact, all the institutions that had been attached to the Presidential administration were the main platforms for the articulation of sub-national foreign interests.⁵⁸

In Pskov, the Russian Federal government has quite strong presence. Local offices of the border guard and customs federal agencies, Ministry of Foreign Affairs, Foreign Security Service are located in Pskov. Altogether, there are nearly fifty federal bodies in the oblast. In the situation of an overall political and economic instability in Russia, the federal government has not yet been able to coordinate work of its different agencies. Multiple federal agencies work with external relations on different levels of governance and in different sectors of the economy and the social sphere in Pskov Region; the uncoordinated work of the federal agencies creates multiple problems with border crossing and customs first of all to local people living in the Pskov Region. The Russian Federation government supports the interest of Pskov regional players in developing cross-border co-operation but only to an extent where it helps to implement the federal policy on maintaining security on its external border and to increase its influence to the Baltic States. As a rule, the federal government is not interested to assist local authorities and communities by solving problems of international and cross-border co-operation. The government supported the

56) Melvin, p. 31.

57) Perovic, p. 39.

58) Melvin, pp. 32.

petition of the Pskov Region Administration to open the following elements of the border infrastructure (that have been opened and are presently functioning in the region): a consulate office at the Shumilkino border-crossing checkpoint, the consulate of the Latvian Republic, and the consular office of the General Consulate of Estonia in St.-Petersburg.

Assessment / outlook

The geographical location of the Pskov Region on the border with two Baltic States and in the Baltic Sea Basin is favourable for the development of international and cross-border co-operation with Europe in general and Estonia and Latvia, which will join the European Union soon, in particular. There are unused potentials in the Pskov Region for the development of its external relations and there is an unstable balance in the Pskov Region between those parts of the regional elite that are for and those that are against international co-operation. The balance will be changing and it will depend on the positions of the major players and stakeholders in Pskov Oblast as well as of external actors – the Russian Federation governments, the EU and the neighbouring states - Estonia and Latvia. Depending on the role of the above-mentioned actors, the following hypothetical scenarios of development of the external relations of Pskov Oblast can be outlined.

Scenario 1: "Major breakthrough"

The federal government will change its mind about subnational external relations in general and give its political support to initiatives on the regional level aimed at promoting external relations in Pskov. All the necessary decisions on the federal level will be made efficiently. Moscow will look at subnational external relations as a useful tool for reaching its own foreign policy goals by bringing in new actors, which could interact with foreign partners using a different foreign policy paradigm.

In Pskov, the political rhetoric on the issues of discrimination of Russian-speaking persons in the neighbouring states and the dangers of NATO enlargement will be gradually replaced by a more business-like attitude. Economic and political pragmatism will prevail over politically explosive issues. External relations will still be used in the context of elections, but in a totally different way. No longer the possible dangers from the West will dominate the agenda but benefits from cross-border co-operation with the (future) EU members of Estonia and Latvia.

As a result, the Lake Peipsi ports in Pskov and Gdov will be opened for Estonian businesses. The punitive double customs taxes imposed on goods imported via and from Estonia will be abolished. The EU TACIS cross-border co-operation program will expand considerably and give priority to the modernization of the regional infrastructure and capacity building projects.

Pskov Oblast administration will be dominated by democratically minded politicians who will find a consensus on the issues of external relations on all levels of government, but also obtain the necessary support from NGOs and under-represented groups of the population (women's groups, youth, etc.). The Pskov Oblast administration Committee for External Relations and Tourism will provide support and advice to cooperative efforts of local actors in Pskov Oblast and coordinate efforts of these actors in accordance with the regional concept of external relations and a detailed working plan. The Pskov Oblast Regional Development Agency and Foreign Investments Agency, having highly qualified experts with knowledge of languages and investment strategies will facilitate the inflow of international projects and investments as well as assist the international partners in tackling the administrative, logistics' and tax issues while they work in Pskov. Extensive retraining programs will be offered to specialists in the region to prepare them for more challenging jobs; this will help to overcome a potential danger of structural unemployment in the region which otherwise might be connected with the start of new, innovative economic activities in Pskov Oblast. This will result in the long run in a wide inflow of international funds into the region, in considerably higher living standards of the population, more political and economic stability.

Different international activities will be initiated in connection with the EU enlargement process. The enlargement of the EU will be seen as a challenge, not as a threat to the interests of Russia in general and Pskov in particular.

Scenario 2: "Clash of civilizations"

The border between the Western and the Orthodox civilization will cut Lake Peipsi in two halves – indeed, somehow in line with the predictions by Samuel Huntington in his famous book. The EU's eastward enlargement will result in the emergence of new dividing lines. Cross-border co-operation by the EU will be reduced to an absolute minimum and the remaining TACIS cross-border co-operation projects will be inefficient: priorities stated by local project beneficiaries will not be taken into account and only international consultants from the EU who work on the projects will gain financial benefits. The "fortress Europe" will be established as the EU will make its border protection and migration policies more stringent. The EU will be perceived by the regional population as a kind of NATO-in-the-making because of the further development of the EU's Defence Identity and Common Foreign and Security Policy.

Structures of management in the Russian Federation, including Pskov Region, will change from the old Soviet system of management very slowly and this will develop an increasing contrast with the effective and logical management style in Europe. The system of organization and decision-making will remain as inefficient as it was during Soviet rule. This will create objective difficulties for local actors in the Pskov Region to understand and adopt the "rules of the game" of European partners and thus will create a serious challenge to the development and successful implementation of external relations' plans. Many difficulties in cross-border co-operation persist, mostly problems with customs and border

crossing in the Pskov Region, which will be serious impediments to economic and business contacts of the Pskov Region with the European Union. The Russian federal government will not be able to coordinate work of its different agencies. Multiple federal agencies will continue to handle external relations on different levels of governance and in different sectors of the regional economy and the social sphere. The uncoordinated work of the federal agencies will create multiple problems with border crossing and customs first of all to the local people living in the Region. Pskov Oblast will remain an under-developed and impoverished periphery of Russia, a sparsely populated agricultural border with a low social and economic development level and high political instability.

Disputes and conflicts with Pskov's western neighbours will continue and even intensify. Although these conflicts will be carried out on the political levels, sporadic occurrence of violence cannot be ruled out. Cross-border activities will be considered a security risk and dealt with mistrust. Any anti-Western rhetoric from Moscow will be amplified in Pskov. The income gap with Western neighbours will increase, reaching levels comparable to those between Finland and Karelia, for example. This inequality will further reinforce hostility.

It will be very hard to break this vicious circle, and a 'Balkanisation', with inter-ethnic conflicts, of the Baltic region cannot be excluded. This development will possibly create another area of turbulence on the map of Europe.

Scenario 3: "Status Quo"

The volume of international activities will inevitably grow in Pskov Oblast, but the region will hardly benefit from it. Estonia and Latvia will become EU member states, and the income gap will grow. On the European Union level the contradiction between EU cross-border external relations development policies and migration and border protection policies will make the co-operation of Pskov Oblast with the EU and its member states rather complicated.

The Russian Federation government will pay lip service to supporting the interest of regional players in developing cross-border co-operation. In reality, however, the main priority of Moscow in terms of cross-border co-operation will remain the implementation of the federal policy of maintaining security on Russian external borders. In case of Pskov, the external relations will be instrumental to increasing the leverage over the Baltic States. Lobbying efforts of the Pskov Oblast Administration will result in some positive decisions that support cross-border co-operation, but hardly any visible actions will follow. Involvement of local actors – municipalities, NGOs – in the external co-operation remains marginal due to the insufficient capacity of the organizations and absence of financial support.

Travel activities of both the regional officials abroad and foreign officials in the region will grow. Different seminars and workshops will be organised to discuss the issues of subnational external relations. No real actions will follow, however, despite the mutual assurance of the importance of co-operation. The existing

international projects will gradually be replaced by new projects, although both the number of these projects and their volume will be reduced.

The regional population will lose interest in the issues of cross-border co-operation and rather take care of their own well being. The outside world will be perceived neither as a source of threat nor as a saviour of the regional economy. The regional media will rather reflect the events affecting Russian interests in the world than the events right across the border. As Moscow will remain the main source of financial support, the interests of the country as a whole will be considered much more important than narrow regional interests in terms of external relations.

Conclusion

The Pskov region, the westernmost part of the Russian motherland, has certainly not been among the most active Russian regions in terms of external relations in the last decade. Moreover, it has been rather reluctant in the process of cooperating even with those foreign partners, which have indicated their interest in the region. Nevertheless, in recent years, the negative attitude has changed somewhat.

There are several reasons why the regional administration has begun to promote, at least verbally, regional external relations. First of all, the new Russian president, Putin, has often underlined the need for a closer relationship between Russia and the European Union. Second, the growing income gap between Pskov and its Western neighbours is virtually forcing the regional administration to act. Third, new forces have entered the regional power structures, most notably some regional oligarchs, which have clearly defined business interests abroad that need to be taken care of.

Despite all these positive changes, a large number of obstacles to successful external relations remain. The federal and regional bureaucracies still prefer keeping the status quo, which guarantees them both a rather convenient *modus operandi* and a better control over external relations. Any changes are perceived as sources of threat to the current political equilibrium in the region and must therefore be postponed, if not prevented.

We consider, therefore, under current circumstances, the third scenario, "Status Quo" the most probable scenario, followed by the "Major Breakthrough" and, the least likely, "Clash of Civilisations". However, this is the most likely development only for the period until the accession of Estonia and Latvia to the EU. After this has happened, let's say in 2004, the external behaviour of Pskov will most probably change and the first scenario, "Major Breakthrough" will become more likely.

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