Economic and geographical structure of the Baltic Sea region
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The Baltic Sea region is one of the most developed transnational regions. It is comprised of the coastal areas of Russia, Germany, and Poland and the entire territories of Sweden, Denmark, Finland, Lithuania, Latvia, and Estonia. New spatial forms of international economic cooperation are emerging in the region. The region is not homogeneous in terms of socioeconomic development, thus there are certain differences in dimensions and intensity of international cooperation. The author sets out to identify structural characteristics of the Baltic Sea region. This requires studying practices of transnational and transboundary cooperation and possibilities for their adoption in other regions of the world. An important characteristic of the Baltic Sea region is a considerable difference between its coastal territories, the fact that affects the development of multilateral relations. This article examines the most pronounced socioeconomic differences that should be taken into account when forecasting cooperation trends in the region, including those between the Baltic territories of Russia and their international partners.

Key words: Baltic Sea region, coastal areas, international cooperation, internal structure of region, Russian in the Baltic region, economic cooperation development

Introduction

Increasing regionalisation is one of the consequences of globalisation. National regions develop within individual countries and international regions emerge to bring together different states and/or their parts. Regions develop at different hierarchical levels into macro-, meso-, and microregions. The Baltic region is one of the world’s dynamic international macroregions.
For many centuries, navigation routes have united peoples living around the Baltic Sea. Historically, periods of cooperation between the Baltic Sea countries alternated with the periods of confrontation. Since the early 1990s, the region has served as a platform for active transnational (between countries) and transboundary (between neighbouring regions of different countries) cooperation, which is strengthening internal ties to ensure Baltic cohesion. However, differences between the constituent parts of the region are rather considerable and the continuous movement towards integration has often faced certain difficulties, primarily, in the relations between the European Union and Russia and NATO and Russia, which can be observed today. There are other substantial economic and sociocultural differences within the region.

This article will examine the composition of the Baltic region and its internal structure, as interpreted by Russian authors.

Composition of the Baltic Region

The Baltic Sea is surrounded by nine states: Russia, Germany, Poland, Sweden, Denmark, Finland, Lithuania, Latvia, and Estonia. These countries will be further referred to as the Baltic region states.

The Baltic Sea has a varying effect on the development of states and territories situated on its shores. It has a decisive impact primarily on smaller Baltic (Lithuania, Latvia, Estonia) and Nordic (Sweden, Denmark, Finland) states. For larger states — Russia, Germany, and Poland, — the Baltic Sea is one of many geographical directions of economic ties. The Baltic Sea has a significant effect only on their coastal territories. The countries and parts of countries situated on the Baltic Sea coast and heavily dependent on the sea for its resources, especially in terms of external economic ties, comprise the Baltic region.

Regions can be classified based on two different principles. Regions can be homogeneous, if their development followed the principle of territorial homogeneity (they are often called zones in Russian literature), or coherent, if they are identified based on the existing internal connections between their elements. (There is a popular idea that a researcher can call any area under consideration a region. However, this approach is never used by Russian scholars). The Baltic region is a coherent region, i.e. it is identified based on a diversity of internal ties that bind together its constituent parts.

The term Baltic region has gained international currency in the early 1990s, although the region’s geographical boundaries are still a matter of discussion.

The physiographic identification of the Baltic region based on the basin principle interprets it as the territory of the basins of rivers flowing into the Baltic Sea. In this case, the region includes the part of North-West Russia bordering on the Baltic — Saint Petersburg, the Pskov and Kaliningrad regions, most of the Novgorod region, part of Karelia, small areas of the Arkhangelsk and Murmansk regions — and the Tver region, which lies in Central Russia. The Baltic region comprises the whole territories of the Baltics.
(Lithuania Latvia and Estonia), almost the whole territory of Poland, major parts of Sweden and Finland, more than a half of Denmark and almost half of Belarus, North-West Germany, and small parts of Ukraine, the Czech Republic, and Slovakia. This interpretation of the Baltic region is used by the Baltic University international programme initiated by the Uppsala University (Sweden) and bringing together 225 universities from 14 countries [20].

As a solution to the problem of territorial planning, the Vision and Strategies around the Baltic Sea (VASAB) international programme interprets the Baltic Sea region as a territory comprising Denmark, Sweden, Norway, Finland, the Baltics, Poland, Belarus, German regions (Schleswig-Holstein, Mecklenburg-Vorpommern, Brandenburg, and the cities of Berlin and Hamburg), and parts of the Russian Federation (Saint Petersburg, the Leningrad, Pskov, Novgorod, Murmansk, and Kaliningrad regions, and the Republic of Karelia) [19].

Some researchers [1; 6; 12; 13] argue that the Baltic region comprises a smaller number of territories, namely, Denmark, Sweden, Finland, the Baltics, the German states of Mecklenburg-Vorpommern and Schleswig-Holstein, Poland's Pomeranian and Western Pomeranian voivodeships, and Russian territories — Saint Petersburg, the Leningrad, Pskov, Novgorod, and Kaliningrad regions. We believe that such interpretation is more acceptable, since the development of the above territories is very closely connected with the Baltic Sea. We will use this interpretation of the Baltic region below.

According to the interpretation above, as of 2016, the Baltic region has an area of 1231 thousand km² and it is home to 46 million people, which below 1% of the total dry land area and 0.6% of the world population. The region accounts for 2% of the global gross domestic product. Here, GDP per capita generation is three times the global average whereas the population density is 0.625 times the global average (2015 data)1.

Within this framework, the Baltic region has the following common characteristics immanent in its constituent parts:

— geographical cohesion of the territory united by the Baltic Sea;
— developing economic, social, demographic, cultural, and other internal ties;
— formation of spatial forms of international economic cooperation — euroregions, growth triangles, transboundary clusters, and transboundary regions — within the region;
— a shared (to a degree) historical background;
— joint work within regional international organisations;
— similarities in material and spiritual culture;
— regional identity, which has developed to a varying degree in different part of the region.

It is indicative that taking regional identity to a new level has become a major issue in the Baltic.

1 Based on [9; 10; 15; 17; 18].
Peter Unwin, ex-UK ambassador to Copenhagen, wrote:

The Baltic individuality is a prize worth having. It does not preclude the sense of belonging in Europe. It will not replace national individuality and love for one’s country. However, it encompasses the truth that there is something special about the Baltics. That reality survived during good and bad times. Its persistence is one more reason to feel confident about future of the Baltic Sea region [7, p. 3].

This approach should not be interpreted as a solely Western European phenomenon. The Director of the Institute of History of the Russian Academy of Sciences, A. Chubaryan, puts forward a question of the existence of a special Baltic civilisation, albeit without giving a precise answer to it [14]. We believe that such questions are still premature. An understanding of the neighbourhood of all territories around the Baltic is characteristic of many residents of this region. A survey conducted by the staff of the IKBFU in 2015 in the Kaliningrad region demonstrated that, out of 1,600 respondents, 1.8 % saw themselves first as residents of a Baltic Sea state and 6.5 % chose this affiliation as second most important.

A crucial element of the emerging system of international relations in the Baltic region is the problem of economic cooperation and its political conditioning. Here, traditions have a positive effect on the development of Russian ties with the Baltic Sea states. A significant contribution is made by the cultural connections of Saint Petersburg — the city that first became the political centre of Russia in the reign of Peter the Great and remained such for two centuries.

### Baltic Region in the Structure of Russian International Trade

The countries of the Baltic region do not play a major role in Russian international ties. Today, it is even less significant than in the Soviet period. There were two socialist countries in the region, the GDR and Poland. Each of them accounted for more than 10% of the USSR’s external trade. The FRG and Finland were also among important trade partners. In total, the Baltic region countries accounted for 29% of the USSR external trade [8, p. 643], which is comparable to the proportion of the Baltic region states (whose composition changed in the late 1980s/early 1990s) in the external trade of the Russian Federation after the collapse of the Soviet Union. In 1994, they accounted for 23% [13]. In 2012—2013, their proportion ranged from 18.1 to 18.6%, decreasing to 17% in 2015. The contribution of each country of the region to Russia’s external trade declined in 2015. Russia’s bilateral trade with the Baltic region countries reached only 61.5% of the 2014 level (62.4% with the EU and 67.0% with all the countries of the world) [11]. The table below shows changes in Russian trade with the countries of the region.

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2 The question was formulated as follows: ‘Which of the below groups suits best your understanding of the category “us”’? One of the eight options was ‘residents of Baltic Sea states’ [3]. The materials were provided by Dr. Alimpieva and are published with her permission.


## Proportion of the Baltic Region States in Russia's External Trade

<table>
<thead>
<tr>
<th>Country</th>
<th>Proportion in Russia's external trade, %</th>
<th>Bilateral trade with Russia, % of the 2014 level</th>
<th>2015 bilateral trade per capita, USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRG</td>
<td>8.9</td>
<td>8.7</td>
<td>65.3</td>
</tr>
<tr>
<td>Poland</td>
<td>2.9</td>
<td>2.6</td>
<td>59.7</td>
</tr>
<tr>
<td>Finland</td>
<td>2.0</td>
<td>1.9</td>
<td>61.2</td>
</tr>
<tr>
<td>Sweden</td>
<td>1.0</td>
<td>0.8</td>
<td>53.3</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.6</td>
<td>0.5</td>
<td>62.5</td>
</tr>
<tr>
<td>Latvia</td>
<td>1.7</td>
<td>1.4</td>
<td>55.1</td>
</tr>
<tr>
<td>Lithuania</td>
<td>0.7</td>
<td>0.6</td>
<td>58.9</td>
</tr>
<tr>
<td>Estonia</td>
<td>0.7</td>
<td>0.5</td>
<td>50.4</td>
</tr>
<tr>
<td>Total for the eight countries</td>
<td>18.5</td>
<td>17.0</td>
<td>61.5</td>
</tr>
<tr>
<td>EU</td>
<td>48.1</td>
<td>44.8</td>
<td>62.4</td>
</tr>
<tr>
<td>World</td>
<td>100</td>
<td>100</td>
<td>67.0</td>
</tr>
</tbody>
</table>

Calculated by the authors based on [11; 18].

The FRG is a special case in terms of bilateral trade with Russia; it accounts for more than a half of Russia’s total trade with Baltic region states. The Baltics and Finland significantly outperform Germany in terms of bilateral trade per capita, followed by Denmark and Sweden. Poland is at the bottom of the list.

The decrease in Russian external trade, which is explained by the steep plunge in the rouble value in 2015, was more pronounced in the case of the Baltic region states than in that of the EU, and even more so in comparison with the country’s total international trade.

In 2015, the decrease was the smallest (also against the EU average) with Germany and the largest (twofold) with Estonia. The two other Baltic states — Latvia and Lithuania — also demonstrated a steep decline as compared to the Baltic regional average (see table).

A significant reduction in bilateral trade with the Baltics can be explained by Russia’s ban on food imports from the EU as a response to the sanctions imposed by the West, since food accounted for a significant proportion of EU exports to the Russian Federation. This factor also had a decisive effect on the reduction in Russian imports from Finland and Poland.

Russia’s programme documents in the area of foreign policy, including the *Concept of the Foreign Policy of the Russian Federation* [5] approved on February 12, 2013, are based on a global spatial and substantive approach. The Baltic region is mentioned only indirectly in this document:

Russia is developing progressive practical cooperation with North European countries, including the implementation of joint cooperation projects for the Barents/Euro-Arctic Region and the Arctic as a whole within multilateral structures while taking into consideration the interests of indigenous peoples. Rus-
sia’s participation in the activities of the Council of the Baltic Sea States plays an important role. Russia stands for the further fulfilment of the Northern Dimension project potential as well as that of its Partnerships as a platform for regional collaboration in Northern Europe.

In the three previous Foreign Policy Concepts, the relations with the Baltic region were described in more detail. The first post-Soviet version of 1993 of the document paid as much attention to the Baltic States as it did to the US. Over the 20 years between the adoption of the first and the most recent Concepts, all the countries of the region, including Germany, have started to play a less prominent role in Russia’s foreign policy. At the same time, remote Asian regions, Africa, and Latin American issues have once again become foreign policy priorities.

**Bilateral Trade in the International Trade System of the Region**

Germany ranks second in the Baltic region in terms of the territory and population and first in terms of the economic and external trade potential. The country has geographically diverse interests and its external ties are developing accordingly. In German external trade, the proportion of the Baltic region is smaller than in that of Russia (11.5% of the total international trade in 2011 [13]).

The third largest country with an outlet to the Baltic Sea is Poland. The Baltic region states accounted for 41% of the country’s external trade in 2011 (Germany for 27%, Russia for above 7%, and the other state for less than 7% [13]).

Today, Poland is both a Baltic and a Central European country. However, the Central European factor has dominated the foreign policy of Poland throughout the country’s history. Poland’s geopolitical and geoeconomic ambitions — both current and historical — spread far beyond the Baltic Sea and Eastern Europe. There is no foreign policy doctrine suggesting that Poland’s interests are limited to Poland. Poland’s historiography and political practices make it possible to distinguish between two major foreign policy paradigms — Piast and Jagellonian. The former suggests active relations with Germany based on either cooperation or confrontation and relative passivity in the East. The latter aims to create an independent periphery in the east and exert control over Lithuania, Belarus, and Ukraine. Therefore, Poland’s geopolitical interests go far beyond the Baltic region. Moreover, its orientation towards the US and the aspiration to be put on a par with the ‘old’ EU members do not contribute to the Baltic consolidation.

Consider an undeniable historical, sociocultural, and geographical unity of the region’s Nordic states — Denmark, Sweden, and Finland. Any official newsletter of the Nordic Council of Ministers has the following preamble defining Norden as a common designation of five Nordic countries — Denmark, Iceland, Norway, Finland, and Sweden and the autonomous territories of the Faroe Islands and Greenland (Denmark) and the Åland Islands (Finland). Such approach is also justified economically. The difference in
size between the economies of Iceland and Sweden is no smaller than be-
tween those of Germany and Estonia but, in the former case, there are
greater similarities in the economic models and industrial structure.

Lithuania, Latvia, and Estonia have significant sociocultural and eco-
nomic differences. The Lithuanians and Latvians are members of the Baltic
branch of languages, whereas the Estonians speak a Finno-Ugric language.
Most of Latvian and Estonian believers are Protestants, whereas Lithuanians
are Catholics. Moreover, due to a common geopolitical position and, to a
degree, historical background, they are collectively referred to as the Baltics.
Their external economic ties are oriented primarily at the Baltic region
states, which account for 60—70 % of the Baltics’ international trade.

Structure of the Baltic Region

Firstly, the Baltic region should be divided into the Russian and non-
Russian parts. The latter brings together EU and NATO member states, with
the exception of Sweden and Finland, which comprise a special subgroup of
Western Baltic Sea countries. Russia is a member of neither the EU nor
NATO and her relations with these structures have recently deteriorated.

As demonstrated above, based on a number of formal characteristics, the
Baltic region can be structured as follows:
1) the Baltic territories of Russia, Germany, and Poland;
2) the Nordic countries — Sweden, Denmark, and Finland;
3) Baltic States — Lithuania, Latvia, and Estonia.

However, a typology of the Baltic region states based on the current po-
litical and economic situation would differ significantly from the one given
above. The very first academic publications considering the region from the
perspective of social sciences, started the tradition of dividing the Baltic re-
gion into the eastern and western parts. For instance, this approach was used
in a 1996 work by U. Kivikari [4].

Later, asymmetries in the socioeconomic development of the Baltic re-
gion states and geographical diversity of their external economic and politi-
cal ties encouraged a number of authors to divide the region into three parts.
The first comprised of the Nordic countries and the Baltic states of Germany,
the second — the Baltics and northern regions of Poland, and the third —
Russian North-West.

Territorial differences in GDP per capita observed in 2014 made it pos-
sible to identify the following components of the Baltic region:
— territories with a high GDP/GRP per capita:
— Nordic countries (higher level);
— Schleswig-Holstein (FRG, lower level);
— territories with a medium GRP/GDP per capita:
— Saint Petersburg (Russian Federation), Mecklenburg-West Pomerania
  (FRG) (higher level);
— Leningrad region (RF), the Baltics (lower level);
— territories with a low GRP/GDP per capita:
— Kaliningrad and Novgorod regions (RF), Warmian-Masurian voivodeship (Poland) (higher level);
— Pskov region (RF) (lower level).

If the countries and territorial units of the Baltic region were divided only into two parts in terms of economic development, the more economically developed ones would include the Nordic countries, the German states, and Saint Petersburg, whereas the other territories would be classed as less economically developed.

Towards Internal Cohesion in the Region

Active transnational (between states) and transboundary (between regions of states) cooperation observed in the past twenty-five years has prevented the Baltic region from sustaining such considerable economic and political losses as it was the case in the other macroregions of Europe, where a transition from socialism to capitalism was taking place. Urpo Kivikari, a prominent Finnish scholar, identified the following economic and political achievements of the Baltic region in the 1990s [16]:

1) regional security initiatives focused on soft security — fight against terrorism, drug trafficking, and cyber threats — rather than military aspects;
2) the region demonstrated a high level of cross-cultural communication and inter-denominational tolerance;
3) already in the 1990s, the Baltic democratic institutions took leadership in bringing Europe together;
4) economic performance suggested a reduction in intra-regional disparities and living standards.

A relative success of the Baltic region is accounted for by the fact that, after the Cold War, there emerged of a qualitatively new type of territorial association — a transboundary region, which brought together both states and their constituent parts as actors. The essence of the transboundary region is a dense network of connections among these actors [2].

A large number of diverse ties and networks shaped by national, regional, and subregional actors results in the new quality of regional cooperation. Successful interactions among various networking organisations are a necessary condition for the development of regional cooperation processes. The coordinating role is performed by the Council of Baltic Sea States, which was established in 1992 to bring together the nine countries with an outlet to the Baltic Sea, Norway, Iceland, and the Commission of the European Communities.

The development of the Baltic region is accompanied by dynamic cross-border cooperation, the emergence of diverse spatial types of transboundary ties — euroregions, associations, international cross-industry clusters, and transboundary regions. This facilitates integration in the Baltic region, especially so in its EU part. Nevertheless, the Russian regions also contribute to the creation of new forms of international economic spatial cooperation (for instance, the Kaliningrad region is part of five euroregions and euroregions have been established across the borders between the Leningrad and Pskov regions and the neighbouring EU states).
Current internal disparities in the Baltic region remain considerable — these are the recently growing tensions between the economically and politically integrated EU states and the Eurasian Economic Union and between the NATO states and Russia with its allies.

The Baltic region today has a considerable impact on the development of the current system of international relations in Europe and the world. While during the Cold War, the Baltic Sea was considered by many Europeans as a European periphery, now it is involved in global trade and it plays an important role in the ‘new silk road’ concept proposed by China.

Renunciation of transit function by the Baltic States does not entail a loss of the region’s geoeconomic potential. Russia, Poland, and Finland are searching for their place in the new Asia-Europe transport routes.

The development of international trade, growth of cargo traffic, inclusion of new regions into the global economy, and integration will contribute to solving current economic problems. The formation and functioning of an international relations system in the Baltic region will place bigger emphasis on the existing traditions of cooperation between Russian North-West and the Nordic countries.

Economic cooperation and its political conditioning is an important element of the development of a system of international relations in the region. In this context, the factor of traditions affects the development of relations with the Baltic Sea states. Of special importance are the cultural ties between Russia’s North-West and the Baltics. In terms of territory, the latter are rather small states but they have developed in the region that became the political centre of Russia following the reign of Peter the Great.

Conclusions

The discussion above suggests the importance of Baltic studies in Russia. Unfortunately, a steep plunge of the Russian national currency value caused by plummeting oil prices and the Western economic sanctions against the Russian Federation and the counter-measures that followed resulted in a dramatic reduction in trade and other economic ties between the Russian Federation and the other Baltic countries. NATO-initiated trend towards growing military presence is observed the region. The social sphere — education, science, culture, etc. — has been least affected by the weakening of ties, although further development of cooperation is predicted to slow down. All countries of the Baltic region have been affected by dwindling cooperation.

In these conditions, Russia faces a complex problem of revising its political goals and formulating its national security interests at both global and regional levels. Identifying these interests is impossible without adjusting Russian standing on regional security and taking into account that of the Baltics.

Our key conclusion is that internal structure and historical background still create a considerable potential for development, for instance, through
strengthening transnational and transboundary ties. Main objectives that the region has now are using this potential to the benefit of all the countries of the region, overcoming the increasing political confrontation, and developing transnational and transboundary cooperation in different areas.

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