

## Kaliningrad Oblast closer to its ever-distant masters

One of the consequences of Russia's invasion of Ukraine and the Western sanctions that followed has been deteriorating economic situation in Kaliningrad Oblast. The Russian semi-exclave on the Baltic, already affected by the COVID-19 pandemic and travel restrictions, has suffered from disrupted supply deliveries, closure of external markets and peaking transportation costs.

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Despite statements made by Russian government officials, blaming the West for all problems, the Oblast faces challenges that are predominantly related to policies pursued by the Kremlin, focused on keeping the semi-exclave fully dependent from the federal centre. Kaliningrad Oblast will thus continue to bear the price of decisions made in Moscow and will constitute an even more tangible threat to security and stability in the Baltic Sea Region.

### Existing to threaten

Created in 1945/1946 as Stalin's war trophy, Kaliningrad Oblast is one of the best examples of Soviet and Russian strategical thinking. It constituted the northern part of East Prussia – first province of pre-war Germany's that the Red Army entered and took its revenge. Königsberg, today's Kaliningrad, was completely destroyed during two British air raids in August 1944 and a two-and-a-half-month siege half a year later. Other towns and villages shared its fate along with the inhabitants, 90% of whom fled in early 1945.

The first post-war years showed what role the region was supposed to play. To Stalin, it was merely a military harbour on the Baltic Sea, close to Germany and Western powers. For the first few years, the Oblast was subject to looting and pillaging by the military administration as the civilian one was still not in charge. Up until 1948, there were no comprehensive plans to rebuild the region. The last Germans left only in early 1950s, mostly because the Soviets needed their skills to run basic installations, such as sewage and water, and factories.

It was around that time when the Soviet authorities started a campaign of stoking the fear for foreign agents operating in the region that was still presented as a foreign and ominous. For the first

time in its post-war history, Kaliningrad Oblast became a besieged fortress. Such atmosphere had also a tangible practical dimension. The Oblast was a special zone within the Soviet Union. Its harbours were inaccessible to foreign vessels up until May 1991. On top of that, it formed one economic zone with the Lithuanian SSR, partly because of the Kremlin's aim to make Vilnius more dependent.

### Growth despite the circumstances

The post-Soviet crisis years were marked with attempts of the regional authorities to open up to foreign investors and concerns of the Kremlin about losing control over the semi-exclave. Kaliningrad Oblast served as a transit hub for the Red/Russian Army's soldiers withdrawing from the Central Europe. As the neighbouring countries quickly opted for Euro-Atlantic integration, the Oblast's geostrategic role rose sharply. There was little field for giving it more liberty as it would mean striking closer ties with the rapidly expanding institutional West. Hence ideas such as making Kaliningrad a free port, supported by first governor Yuri Matochkin, were bound to fail.

The price was paid by the inhabitants: the Kaliningrad Oblast's economy suffered a higher blast than Russia's on average during the 'wild 90s' (*likhye devanostye*) and required foreign humanitarian aid. The crisis especially affected the province where state-owned enterprises and farms closed down in high number. Ever since it has been suffering from population decline, in some areas reaching 30% compared to 1990.

Most of those who left moved to Kaliningrad. Officially, the city is 475,000 people big. In reality, more than 600,000 people live there which only increases disparities within the region.

Nevertheless, Kaliningraders found themselves among the most entrepreneurial parts of the country. Thanks to their activity, periods of economic growth were also more intensive in the region than in the rest of the country. The population of the Oblast was also rising contrary to Russia as a whole and exceeded one million in 2018. Most people coming to here chose to settle either in Kaliningrad city or in the nearby coastal towns. They came mostly from the already depopulating Far North or were part of the Federal Compatriots' Resettlement Programme, in force since 2007.

### Bad exposure

An important element of everyday life in the Oblast has been the proximity of the European Union. Kaliningraders are perhaps the only citizens of the Russian Federation that find it normal to travel to Poland, Lithuania or Germany on a regular basis, much more often than to Moscow or St. Petersburg despite heavily subsidised plane tickets. It was the case until March 2020 when the anti-COVID measures in EU Member States made it almost impossible.

For the Kremlin, such exposure to the European neighbourhood has always been a challenge. On one hand, federal authorities understood a certain degree of openness is needed to keep the inhabitants satisfied. In 2009, when heavy import duties were imposed on cars, Kaliningraders took to the streets to protest against Moscow-imposed governor Georgy Boos. Even in 2011-2012, Kaliningrad was in the avant-garde of the protest movement after a series of forged regional and federal elections.

On the other hand, success story of Poland's and Lithuania's transition from centralised to market economy and from communism to liberal, albeit flawed, democracy might seem appealing to many Kaliningraders. Higher availability and quality of many goods and services, competitive prices and more vibrant civil societies so close to Russia might evoke undesired demands.

### A new narrative emerges

The federal centre treated such attitude as a threat to the primary role that Kaliningrad Oblast was supposed to fulfil – that of Russian military outpost on the southern Baltic shores. When Vladimir Putin came back to the presidential seat in 2012 and launched the so-called neo-conservatist project, the Oblast found itself at the forefront of the battle over traditional values and new narrative on Russian and Soviet history.

Those who expressed interest in the pre-war times were accused of *Königsbergization*. Quite a few cultural institutions were closed under various pretexts. A stream of federal funds was directed towards discovering and strengthening linkages between Russia and Orthodoxy on one hand and past and contemporariness of Kaliningrad Oblast on the other. This tendency gained steam after the 2014 events. Decision makers in makers gave concrete orders to merge the story about the semi-exclave with that of the whole country.

It would not be possible without dismantling the remaining traces of regional specifics. Anton Alikhanov, governor since 2016, is a young, ambitious technocrat with some family connections in Moscow. When he took the post, he was only 30 years old. Detached from the Oblast, his main goal has been to make it succumb to the already high centralisation pressure.

When the Russian invasion of Ukraine started, Kaliningrad Oblast had been struggling with the anti-COVID measures for two and with sanctions introduced after the annexation of Crimea and the war in Donbas for eight years. As much as they affected the whole country to a significant degree, exposing the shortcomings of Russia's fossil fuel-based, centralised and kleptocratic economy, they hit its semi-exclave even harder.

On a recent annual meeting of the Valdai Club, the first after February 24<sup>th</sup>, governor of Kaliningrad Oblast Anton Alikhanov called for establishing a maritime bridge between the semi-exclave and St. Petersburg. It was supposedly a response to Lithuania's blocking the railway transit a few weeks

ago. The bridge should make any further blockades impossible, creating a reliable connection with mainland Russia. In order for it to be created, Kaliningrad needs more than 20 ferries operating 24 hours a day.

### Negligence serves the purpose

Alikhanov's proposal is based on two main consequences of the strategy chosen by Moscow towards Kaliningrad Oblast many years ago: lies perpetuated by the Kremlin propaganda and the role that Russia's westernmost has been designed to play in domestic, foreign and security policy of the whole country.

With the lack of official data, it is difficult to assess the scope of the crisis fully and precisely in the region. We can still, however, base our assumptions on certain qualitative indicators. In this regard, Alikhanov's words from the Valdai Club meeting come in handy.

Before the invasion, Kaliningrad Oblast suffered from lack of cargo ferries and ship that could regularly operate between it and the St. Petersburg area. The ones in use were in a bad technical condition and required thorough renovation. It was also crucial to construct new ones. The process was dragging due to the problems in the general contractor, which points to possible corruption schemes. Only in May this year, the Marshall Rokossovski ferry began operating on the Baltic.

The event was portrayed by the Russian state media as a considerable success and a breakthrough in ensuring stable connection between the semi-exclave and the mainland. In fact, it points to the actual size of shortcoming and negligence. Even with Rokossovski in service, the estimated waiting times for shipments from Kaliningrad Oblast have amounted to two to three months which was openly admitted by a number of local businessmen.

It leads the authorities in Moscow to redeploy units from the Russian Far North, which is supposed to be of strategic importance in today's security situation. The Kremlin weakens its Arctic peripheries at a time when Finland and Sweden are about to join NATO and when Denmark has just dropped its EU defence cooperation opt-out clause. All these countries have vital interests in the Arctic. Ensuring a stable chain of supplies for Arkhangelsk and other cities in the area should be considered priority.

Another problem that Kaliningrad Oblast has due to growing centralisation, corruption and indolence is the lack of a modern ferry terminal. The existing ones in Baltiysk and Kaliningrad have obvious limitations related to the military status of the former and the river mouth location of the latter. Vladimir Putin has expressed numerous times quick construction of such a terminal in Pionerskiy. So far, it has been ready in less than 30%.

### Tanks instead of fridges

In this context, the propaganda angle of accusing Lithuania of blocking transit to Kaliningrad becomes obvious. Although Vilnius only implemented measures adopted by the EU as part of the fifth sanction package, both federal and regional authorities called this decision a threat to Russia's sovereignty over Kaliningrad.

It is likely that by doing so they seek to downplay the consequences of their own approach: the Oblast has first and foremost geostrategic importance, being wedged between EU and NATO states. In times of full-scale military actions in Ukraine and growing economic problems, elements such as raw materials or food supplies to one of Russia's regions are of secondary importance.

In doing so, the Kremlin seems to assume any economic problems will not translate into serious discontent of the local population. One might think it is a fair assumption given what has happened in the recent 10 years. The Oblast is completely dependent on federal subsidies. According to various sources, as much as 60% of the population relies on the army and state apparatus (military personnel, civil servants, subcontractors and their families). Regional authorities have no autonomy and no will of obtaining it. Thanks to intensive militarist and neo imperialist propaganda, Kaliningrad Oblast has once again become a besieged fortress.

### Conclusion

1. Two years of the COVID-related restrictions have served as a good preparation for a new level of isolation from the outside world and dependency on Moscow that has reached the levels experienced only in the Soviet times.
2. Today's Kaliningrad Oblast exists and functions as a Russian military outpost on the Baltic. The region's rich history, dating back to the medieval times, is only an uncomfortable reminder of other political entities existing on this territory. The well-being of the Oblast's economy and its population needs to yield before Kremlin's geostrategic interests.
3. Such a state of play has far-reaching consequences for NATO and EU states, including Poland and Lithuania. The upcoming years will even further reduce Kaliningrad Oblast to a military role. Together with other Russian Baltic regions, it creates a matrix of nine highly integrated countries taking advantage of cooperation possibilities, a highly developed harbour infrastructure and intense people-to-people contact opposed to a major troublemaker in possession of nuclear warfare, present also in Kaliningrad Oblast.
4. Consequently, there are limited possibilities to engage in any constructive dialogue on a regional level. The pre-2020 existing programmes, albeit already limited like the Poland-Russia and Lithuania-Russia Cross-Border CP, have no possibility to function in today's circumstances. There are also no effective tools to maintain contacts with the civil society in the Oblast given the confrontation rhetoric ubiquitously present in the Russian media space. In short, Kaliningrad Oblast is where its creator Joseph Stalin wanted it to be 77 years ago.

*Author: Miłosz J. Cordes, a post-doc researcher at Lund University, Sweden, a fellow researcher at the Danish Foreign Policy Society, and a lecturer at DIS – Study Abroad in Scandinavia (DIS Copenhagen). He holds a PhD in Cultural Studies. His research interests cover identity politics in the Baltic Sea Region and in Central and Eastern Europe. Until 2021, he was a career diplomat in the Polish foreign service, having been posted to Brussels (EU), Malta, and Russia. He has published in numerous European and US academic journals on matters related to the history and contemporariness of Central and Eastern Europe and Russia.*

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