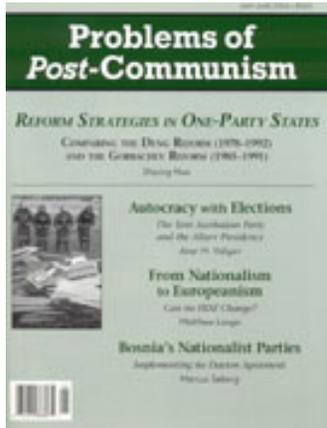


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Paradiplomacy as a Capacity-Building Strategy

The Case of Russia's Northwestern Subnational Actors

Pertti Joenniemi and Alexander Sergunin

In response to the harsh reality of declining EU–Russia cooperation, the subnational actors of Russia's Northwest are employing paradiplomacy as a resource for problem solving and ensuring their sustainable development.

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Cross- and trans-border cooperation (CBC–TBC) has become a widespread phenomenon elsewhere in Europe, including in former socialist countries like Russia. In the post–cold war period, the CBC–TBC is developed not only by states/national governments but—increasingly—by subnational/nonstate actors such as regions, counties, cities, companies, nongovernmental organizations (NGOs), and so on.

In a terminology reminiscent of sports (Olympic and Paralympic games), the concept of paradiplomacy is used to distinguish international activities of subnational and nonstate actors that have limited capabilities and legal powers in the foreign policy sphere as compared to national governments.

Russian regional and local actors regard this type of external policy as an adequate and preferable response to numerous challenges that they face in their day-to-day life. It is viewed by many Russian regions and municipalities not only as an efficient instrument for solving local problems but also for ensuring their sustainable development. These actors believe that border-related resources can be utilized more effectively with cooperation extended beyond state borders, although the efficiency and scale of CBC–TBC projects vary across Russia's border regions and municipalities to a considerable degree.

We should note that Russian northwestern regions and municipalities are especially active in developing outside contacts—in both the quantitative (number of

international partners and projects) and qualitative (diversity of methods and forms of international cooperation as well as its intensity) senses. This is explained by their economic status (their foreign neighbors see them as relatively advanced and promising international partners) and geographic proximity to the European Union (EU), which generally favors CBC–TBC in its “new neighborhood” (Commission of the European Communities 2011).

This article examines how Russian northwestern subnational actors use paradiplomacy as a resource for problem solving and ensuring their sustainable development. In particular, the discussion focuses on three specific questions: What are the basic motives laying behind subnational actors’ international activities? Which strategies, instruments, and institutions are available for them to implement their foreign policies? What are the implications—negative and positive—of paradiplomacy for Russia’s domestic and international positions?

Past Research

The paradiplomacy of Russian subnational units is a relatively well-studied topic. The literature on the paradiplomacy of the Yeltsin period is especially abundant, because in the 1990s Russian subnational units enjoyed significant autonomy and—for this reason—were especially active in the international arena (Fedorov and Zverev 2002; Gel’man et al. 2002; Makarychev 2000, 2002; Roll et al. 2001; Romanova 1999; Sergunin 2000; Sharafutdinova 2003; Vardomsky and Skatershikova 2002).

Given the recentralization trend under the Putin and Medvedev administrations and the significant decrease in subnational actors’ international activities, the paradiplomacy of this period received much less attention from the academic community than that of the Yeltsin era (Gutnik and Klemeshev 2006; Kim 2008; Kurilla 2007; Lankina and Getachew 2006; Reddaway and Ortung 2005; Vardomsky 2009).

Clearly, with the recentralization of the Putin–Medvedev regimes the paradiplomacy of Russian regions has lost its attractiveness as a subject for research for many scholars and has been viewed as a marginal phenomenon. This article, however, argues that even under the Putin regime paradiplomacy is still important for both subnational units and Moscow’s foreign policy, even though it has become more routine and less publicized. Moreover, the 2000s introduced some interesting forms

of CBC–TBC, such as Euroregions and twin cities, that did receive some attention in the scholarly literature (Fingenschou 2011; Foss and Henningsen 2011; Joenniemi and Sergunin 2011, 2012, 2013a, 2013b; Kurilla 2007; Mikhailova 2013; Nyseth and Viken 2009; Reut 2004; Sergunin 2006).

We should note that the paradiplomacy of Russia’s subnational actors is a vexed question in the research literature. One group of authors prefers to focus on the “dark side” of paradiplomacy (Blum 1994; Herd 1999; Kirkow 1998; Lapidus 1995; Melvin 1995; Nicholson 1999). For them, the paradiplomatic activities of subnational actors are synonymous with the further disintegration of the Russian Federation and/or the rise of kleptocratic and authoritarian regimes in the Russian regions (especially in the Yeltsin period). Gloomy prognoses regarding the country’s future were especially popular amid financial and political crises, such as those of 1998 and 2008–2010. Paradiplomatic activities are described as uncoordinated with central authorities, chaotic, unsustainable, ill-advised, and short-sighted.

In contrast, other experts believe that subnational units’ paradiplomacy indicates that democracy and federalism are still alive in the country and that these activities can check the growing authoritarianism in Russia’s domestic and foreign policy under the Putin regime (Joenniemi 1999; Kuznetsov 2009; Sharafutdinova 2003). These authors tend to focus on the positive implications of paradiplomacy for Russia’s domestic and international positions.

A relatively small group of political analysts tend to interpret paradiplomacy in “objective terms”: for them, this phenomenon in Russia does not differ from the global trend of subnational units’ growing international activities (Joenniemi and Sergunin 2012, 2013a; Kurilla 2007; Kuznetsov 2009; Makarychev 2000, 2002; Romanova 1999; Sergunin 2000). These authors examine the interplay of domestic and international factors that affect subnational actors’ paradiplomatic activities as well as specific cases of Russian regions and municipalities. These works, however, pay little attention to the systemic analysis of methods and instruments of paradiplomacy as well as to the institutional dimensions of the substate actors’ external policies. Most of these works are purely empirical rather than analytical/theoretical. The present article aims to fill the gap by setting forth a complex multidisciplinary approach to the problem and focusing on the three aforementioned research questions.

Data and Method

The data for this study were drawn from the following sources:

- official documents produced by international organizations and regional and local governments;

- interviews with regional and local government officials conducted during field trips to Kaliningrad (2000–2001, 2006, 2012), Kirkenes (2007–2008), Murmansk (2007–2008), Novgorod (1999–2012), Pskov (2000, 2006, 2012), and St. Petersburg (2008–2013);

- local mass media, which provided plentiful and valuable empirical material on specific regions and cities; and

- scholarly monographs, analytical papers (produced by individual experts and think tanks), and articles.

As with any study of sensitive politico-ideological issues, it is difficult to compile a set of reliable data. Information is often contradictory, misleading, or not fully reported. Research is also complicated by differences of opinion among scholars as regards methods of assessment and interpretation of sources. Moreover, research techniques and terminology vary. Therefore, the exercise of judgment and comparison of sources are important methods in compiling our database.

Since the study entails not only data collection but also data assessment, three main research principles were implemented with regard to the selection and interpretation of sources. The first is validity—that is, data should represent the most important and typical trends rather than occasional or irregular developments in EU–Russian relations. The second, informativeness, means that sources that provide valuable and timely information are given priority. Third, innovativeness leads us to prefer sources that offer original data, fresh ideas, and nontraditional approaches. These research techniques/methods help overcome the limitations of the sources and make it possible for us to compile substantial and sufficient data to complete the study.

Theoretical Framework

A number of social science theories proved helpful for this study, among which *paradiplomacy theory* has been the most important. According to Panayotis Soldatos (1990) and Ivo Duchacek (1986, 1990), who introduced the term into the academic debate and theoretically substantiated it, paradiplomacy is an aspect of worldwide globalization and regionalization, through which sub- and nonstate actors play an increasingly influential

role in world politics. Regions, units of federations, cities, companies, NGOs, and so on seek ways to promote trade, investments, cooperation, and partnership on the international scene and account for a significant portion of contemporary cross- and transborder contacts. The phenomenon of paradiplomacy raises new theoretical questions concerning the role of the state and of substate and nonstate actors in international affairs as well as challenges to the existing state system and international law on which the international political order in the Westphalian era has been based (Hobbs 1994; Hocking 1993).

In the post-cold war era, paradiplomacy theory has dynamically evolved in several directions. One group of subtheories aimed at explaining factors that cause the rise of subnational units as international actors: the decentralization of the nation-state and the emergence of a “postsovereign” state, the crisis affecting “classic” models of federalism, the spread of networks, the replacement of the international relations system with the paradigm of global governance, the emergence of globalization/fragmentation, and so on (Aldecoa and Keating 1999; Brenner 1999; Castells 2000; Habegger 2002; Risse-Kappen 1995; Rosenau 1997; Smith 2001; Watts 1999).

Another subgroup, based on *geographic diffusion theory*, has attempted to explain the successful democratic transformation of some post-communist countries and regions by citing Europe’s spatial proximity, which facilitates the diffusion of Western resources, values, and norms to transitional countries and subnational units (Kopstein and Reilly 2000). The literature on leverages and linkages develops this line of argument by describing methods and instruments that were used by the West to influence the democratic transformation of the post-communist countries (Way and Levitsky 2007). These subtheories suggested that intensive CBC–TBC and Western aid have contributed to more profound and successful market and democratic reforms as well as the Europeanization of Russia’s northwestern regions as compared to interior provinces (Lankina and Getachew 2006). These subtheories, however, have been criticized for overemphasizing the role of external factors and representing post-communist countries and their subnational units as passive objects of Western manipulation rather than decision makers with agency. In contrast to this view, “classic” paradiplomacy theories underline that in reality there is always an interplay of foreign and domestic factors that generate and affect subnational units’ international activities.

Other subtheories have tried to develop a *typology of paradiplomacy*. For example, following Ivo Duchacek (1990, 16–18), Robert Kaiser (2005) differentiated among three types of paradiplomacy:

—transborder regional paradiplomacy, which includes cooperation between neighboring regions across national borders (cross-border cooperation);

—transregional paradiplomacy, which comprises cooperation with regions in foreign countries (transborder cooperation); and

—global paradiplomacy, defined as international contacts with foreign central governments, international organizations, business, interest groups, NGOs, and so on.

José Magone (2006, 8) suggests one more type or level of paradiplomacy—a transnational variety structured by national governments, within which different local and regional governments, companies, universities, mass media, and so on play a key role in implementing common projects. Three examples include the Euro-Mediterranean Partnership, the Northern Dimension, and the Eastern Partnership.

Our study demonstrates that Russia’s northwestern units participate in all these types of paradiplomacy.

Duchacek (1990, 14–15) identified six major *methods/instruments of paradiplomacy*: (1) the establishment of permanent offices in foreign capitals or centers of commerce and industry to represent a regional government abroad; (2) regional leaders’ foreign trips that are widely covered by local and international mass media; (3) short-term, professional fact-finding missions sponsored by subnational units; (4) trade and investment exhibitions that feature technology, tourism, investments, and other advantages of a region or city; (5) the establishment of free trade zones; and (6) participation of the representatives of regional or local governments in international conferences or official delegations sponsored by the national government. This typology is further developed and elaborated in our article.

Marginality theory, first developed by Noel Parker (2000), and later applied to border subnational units by Christopher Browning and Pertti Joenniemi (2003), is also relevant to our study. We argue that marginally/peripherally located actors can successfully play with their unique position both domestically (in relation to the center) and internationally (with similar marginal and/or central actors). Marginal actors can make use of their geographic location by acquiring, for instance, the role of mediator or “bridge” between countries. They can turn their marginality from a disadvantage to a resource

and transform themselves from remote and provincial territories to attractive places hosting intense international flows of goods, services, capital, technologies, and people. On a more general plane, paradiplomacy contributes to debordering and desovereignization in a globalizing world.

Familiarity/unfamiliarity theory, which was developed for historical and cultural studies, contributes to our work the assumption that paradiplomatic actors differ in terms of their history and current status. This difference can affect the outcomes of interaction either by intensifying the relationship or by problematizing the encounter. Differences may create curiosity, fascination, and nostalgia that promotes CBC–TBC, but if they are perceived as too great, they can lead to aversion, resentment, and avoidance. These differences can promote a sense of familiarity or unfamiliarity. The success or failure of CBC–TBC largely depends on the interplay of familiarity and unfamiliarity among actors (Scott 2013; Spierings and van der Velde 2008, 2013a, 2013b). Familiarity relies on the utilization of a shared cultural heritage and experiences of cooperation, combined with a downplaying of negative historical memories related to conflicts, although familiarity may include an intensified recall of past negative experiences. Unfamiliarity, in contrast, is associated with a view of cooperation as something entirely new and previously unexplored. If it manifests itself as fear of the unknown, unfamiliarity may impede the construction of a cross-border sense of community, but it can also evoke fascination through the seductive attraction of the relatively unknown. We argue that the most important question here is how the past is interpreted, including which view of any given encounter prevails on both sides of a border that is significantly changing its meaning.

In sum, this multidisciplinary approach provides a reliable theoretical basis to study the complex and multifaceted problem represented by the paradiplomacy of Russian northwestern subnational actors.

Subnational Units as New International Actors

During the cold war, when Westphalian principles prevailed, international relations included little space for actors other than states. Subnational entities (such as regions and municipalities) were expected to remain exclusively within the sphere of the “domestic.” But as states have gradually lost their prerogative to insert divisive borders, various substate actors have managed

to establish independent ties, at times without decisive supervision exercised by their respective states. Subnational actors can thereby contribute to the emergence of transnational spaces.

European regions and municipalities in the 1990s were motivated above all by idealism and aimed at depolarization, mutual understanding, and the creation of friendship ties across the East–West divide. Cooperation was initially symbolic, rarely driven by pragmatic concerns. So long as contacts remained primarily symbolic, they amounted to not much more than meetings between regional and local leaders, handshakes, cultural events, and festivals. In a few cases, though, they included aid deliveries to postsocialist partners and the establishment of somewhat more permanent ties.

The harsh realities of the 1990s also provided the initial thrust for Russia's northwestern subnational actors to make connections with the outside world. During the Yeltsin presidency, many Russian northwestern territories saw themselves as abandoned by the federal government, dependent on themselves for survival. They regarded foreign aid and investment as efficient instruments for keeping local economies afloat. Given the broad autonomy enjoyed by all regions of the Russian Federation under Yeltsin, the northwestern regions managed to develop rather diverse international contacts.

Over time, as the socioeconomic situation in Russia has improved under the Putin regime, subnational entities have come to regard international cooperation as an integral part of their sustainability strategy rather than an emergency or survival strategy. This paradigmatic shift in subnational units' motivation has wrought a radical change in their attitudes toward paradiplomacy. The romanticism of the earlier phase has waned; subnational actors have become more pragmatic and rational. Given the scarce resources available and the changes to the EU's CBC program financing since Brussels introduced a 50 : 50 matching funds rule, collaborative projects have become less ambitious and more realistic, directed at meeting the partners' practical needs.

These days, regions and municipalities work together across borders to solve concrete and shared problems, for their own reasons and with their own inherent capacities. They aim to increase their strength by crossing various borders—conceptual, identity-related, or spatial. Toward that end, they join forces in various regional endeavors or lobby in various broader contexts. The idealistically motivated and mainly citizen-driven endeavors of the 1990s—which emphasized peace, friendship, and mutual understanding—have turned into far more mun-

dane and elite-oriented projects driven by self-interest and spurred by economic, social, cultural, and environmental concerns.

Paradiplomatic activities have become less chaotic and more prioritized, subordinated to the long-term developmental strategies of subnational actors. These actors have also had to adapt to restrictions imposed by the Putin administration as it strives to tighten federal control over regional and local government policies toward the outside world. In some cases, Moscow's restrictions have scuttled promising international projects: for example, the creation of an industrial park along the Finnish–Russian border between Imatra and Svetogorsk or the establishment of the Pomor Special Economic Zone (SEZ) on the border between the Sør Varanger community (Norway) and Murmansk oblast (Russia) (Cherednichenko 2008; Joenniemi and Sergunin 2013b, 154).

Additional motives for paradiplomacy include the desire of some Russian regions to take part in federal deliberations before a final decision has been reached or an international treaty signed. For example, Kaliningrad and Murmansk oblasts have sought to play a role in preparing international agreements that affected them (visa or transit regimes, delimitation of maritime spaces, establishment of SEZs and customs zones, etc.) (Joenniemi and Sergunin 2013a, 2013b).

Furthermore, the line of argument has shifted to the EU (i.e., has become transnational) instead of remaining state-oriented (binational). In this sense, we agree with geographic diffusion theory that proximity to the EU has been decisive in shaping the paradiplomacy of Russia's northwestern subnational units. With certain financial resources available to Euroregions, twin cities and other forms of cooperation offered by the EU and the funds associated with such projects, the profile of these subnational actors has become quite Europe-oriented. Previously closed spaces (such as Kaliningrad or many towns in the Russian North)—regions/cities at the edge of a state's space are inevitably seen as peripheral—have opened up as these border areas seek to benefit from cross-border networking. Moreover, subnational actors have, for a variety of reasons, become subject to increased competition, which has forced them to devise active responses. They seem to have acquired the self-confidence necessary to develop such plans and to act in accordance with their self-understanding and specific needs.

On a more general note, although the networking of subnational actors is, first and foremost, based on competition and their interest in conducting local “foreign

economic policies” (Wellmann 1998, 11), the consequences of such moves reach far beyond the economic sphere. The currently ongoing “economization” of inter-regional and intercity ties implies that these actors follow a rationale of their own in linking and networking with one another. They seem, in fact, less state-oriented. Instead, through various forms of CBC–TBC, they seek out new transnational roles and identities.

In sum, both practitioners and experts identify—in a quite pragmatic way—a set of benefits from paradiplomacy: economic and business development; better service delivery and problem solving; an improved transportation infrastructure; greater freedom of movement for people, goods, services, and capital; access to EU and other financial institutions for funding; enhanced community well-being; stronger community partnerships; increased global and European awareness; more intense regional/local government staff development and training; additional resources for developing education and culture; greater tolerance and understanding; and more attention paid to youth and women’s activities (Gurova 2000; Handley 2006, 6–8; Ivanova 2012; Romanovsky 2000).

These obvious benefits provide subnational units with serious stimuli to continue to develop their paradiplomatic activities.

Paradiplomacy: Strategies and Methods

Unlike previous typologies (Duchacek 1990; Kuznetsov 2009), we identify two main types of paradiplomatic methods: direct (in which cities and regions develop their own foreign ties) and indirect (in which they influence federal foreign policy).

Direct Strategies/Methods

Creating a Legal Foundation

This tactic held particular importance for subnational units in the Yeltsin era, when paradiplomacy was in its infancy and needed legitimacy. The regional and city constitutions or charters and the laws of the 1990s aimed at legitimizing foreign policy activities by substate entities. Some local legislation conflicted with federal law (as in the republic of Karelia and in Kaliningrad and Novgorod oblasts). In other cases, local legislation forestalled federal lawmaking—for example, by encouraging foreign investment and landownership. Novgorod’s 1994 Law on the Protection of Foreign Investment preceded federal laws in this area (Sergunin 2000; Verk-

hodanov 2012). In this way, the regional elites set their own policy, hoping to become more independent from Moscow (part of the marginality strategy implemented by Russian subnational units).

In the early Putin period, however, regional and local laws were streamlined and brought into line with federal legislation (Gel’man et al. 2002; Kim 2008; Makarychev 2002; Mikhailova 2013; Reddaway and Ortung 2005).

Using the Power to Make Treaties

For the last two decades, this strategy has been at the heart of the heated debate on the treaty-making powers of the federal center, regions of the Russian Federation, and municipalities. Despite Moscow’s resistance, since the early 1990s many Russian borderland substate actors have concluded direct agreements with international partners at the same level. Since some agreements have been signed without approval from Moscow, this practice has led to conflicts between the federal center and regions. In 1995, Moscow even annulled a trade treaty between Kaliningrad oblast and Lithuania because it conflicted with federal legislation (Joenniemi 1996, 19).

The compromise worked out between the center and local actors declared that such agreements should not have the status of full-fledged international treaties (still considered a prerogative of the federal center), should be concluded with same-level partners (not foreign governments), and should be prepared in consultation with the Ministry of Foreign Affairs.

In the post-Soviet period, Russian regions and municipalities have concluded hundreds of international agreements. In line with geographic diffusion theory, the northwestern border regions have been particularly active in developing international contacts. Size and socioeconomic and cultural potential have a significant impact on the intensity of treaty making by subnational actors. For example, Novgorod oblast (considered a medium size) has partnership agreements with Moss (Norway), Uusikalpunte (Finland), Bielefeld (Germany), Nantes (France), Watford (United Kingdom), Rochester (New York, United States), and Zibo (Shandong Province, China). In the 1990s, the EU program Technical Aid to the Commonwealth of Independent States (TACIS) financed a 100,000 ECU pilot project to support the Novgorod government’s efforts to develop its international contacts (Freidman 1999).

To give another example, Pechenga raion (Murmansk oblast), which is relatively small, has only one international agreement—with the Sør-Varanger community

(Norway). The document (signed in 2008) includes a pilot project on twinning between the mining towns Nikel and Kirkenes, on the Russian–Norwegian border (Joenniemi and Sergunin 2013b).

Meanwhile, St. Petersburg, a huge metropolitan area with a population and economic potential the same as or even larger than the neighboring Baltic and Nordic countries, has dozens of cooperative agreements with foreign partners. For example, the “Venice of the North” has agreements with six cities and three provinces in Finland alone (St. Petersburg Committee on External Relations 2014a). Due to its special status, St. Petersburg has been allowed to sign agreements not only with foreign subnational units but also with national governments (Prokhorenko 2013). For example, St. Petersburg has concluded agreements with the governments (or specific ministries) of Austria (2011), Belarus (2012), Lithuania (2010), Tajikistan (2010), and Turkmenistan (2011).

Despite periodical collisions with Moscow, many regions and municipalities continue to see the quasi-“treaty-making” strategy as an effective instrument both to build their capacities and enhance domestic and international prestige.

Establishing Representative Offices in Foreign Countries

To facilitate direct cooperation with foreign countries and increase familiarity between partners, some Russian regions set up trade and cultural missions abroad. Because the Federal Law on Foreign Trade of 1995 stipulates that regions and municipalities must fund their own representative offices, however, it seems that few regions can afford to establish missions abroad. For example, the city of Kaliningrad had an office in Brussels in the late 1990s but closed it because of insufficient funds (Gurova 2000). The Kaliningrad regional government had an office in Vilnius in the 2000s but had to close it after the London Arbitration Tribunal issued a distraint order on Kaliningrad’s property abroad because the region had failed to pay its debt to the Dresdner Bank (“Predstavitelstvo” 2009). For these (financial) reasons, the vast majority of subnational actors prefer to rely on federal structures—embassies, consulates, and trade missions—to pursue their international policies.

Unlike other northwestern subnational units, St. Petersburg prefers to develop its own network of information-business centers in foreign countries. Presently, it has thirteen such centers throughout the world (including one in Melbourne), eight of which are locat-

ed in the Baltic and Nordic countries that St. Petersburg sees as its most valuable partners (St. Petersburg Committee on External Relations 2014b).

Attracting Foreign Investment, Promoting Joint Projects

Several northwestern regions have succeeded in creating favorable conditions for foreign investment (Novgorod, St. Petersburg, Leningrad oblast, and Kaliningrad). For example, lured by low taxes and enthusiastic local officials, foreign investors were attracted to Novgorod oblast in the 1990s and the early 2000s. In investment dollars per capita, Novgorod was second only to Moscow (as noted by Johnson’s Russia List, no. 2183, on May 18, 1998). Total foreign direct investment in the region increased from \$153 million to \$600 million between 1994 (when the local law on protecting foreign investment was adopted) and 1999 (Economic Committee 1999). At that time, 49 percent of the oblast’s gross domestic product (GDP) derived from foreign investment. Foreign or joint enterprises provided twenty thousand jobs and accounted for 62 percent of the region’s industrial output (Trojanovsky 1999). The situation changed in the mid-2000s, when President Putin’s recentralization led to a decline in foreign investment. By 2010, Novgorod oblast was only ninth in terms of foreign investment per capita (“Reiting regionov Rossii” 2011).

In contrast, Kaliningrad and St. Petersburg have managed to attract foreign investment despite the Putin regime’s poor image abroad and two economic crises in 1998–1999 and 2008–2010. For example, Kaliningrad oblast has exploited its marginal/exclave location to secure from Moscow special status as a free economic zone (1991), then a SEZ (1996, 2006) (Joenniemi and Sergunin 2013a). With foreign investment from Germany, South Korea, the United States, and elsewhere, Kaliningrad has built a large cluster of car factories that accounts for 15 percent of car production in Russia (“Nadezhnoe partnerstvo Avtotot–BMW”). St. Petersburg has one of the best investment ratings among Russian regions and earned the highest rank (1A) in 2013. In that year, St. Petersburg attracted \$8.9 billion in foreign investment, 50 percent more than in 2012 (St. Petersburg Committee on Investment 2014).

Constructing a Positive Image Abroad

To attract foreign investors and provide local reform projects with national and international support, Russia’s northwestern subnational actors have launched a

rather aggressive public relations (PR) campaign. For example, they arrange exhibitions, hold “cooperation days” or festivals with sister towns, take part in international fairs, and advertise in partners’ media. Regional and municipal leaders undertake regular foreign trips for the sake of PR. Some regions and towns maintain bilingual periodicals and Web sites oriented to foreign audiences. The main goal of such PR campaigns is to overturn the image of marginality and present regional/local actors as creative and innovative platforms rather than remote, depressed areas. Moreover, Russian border regions such as Karelia, Kaliningrad, Leningrad, Murmansk, and Pskov have tried to persuade both Moscow and foreign partners that their place on the margins gives them an important role to play as bridges between nations, cultures, even civilizations. In this way, they can not only overcome the “curse of marginality” but also contribute to debordering—both physically and spiritually.

Cooperating with International Organizations

To demonstrate the competitive advantages of marginality and confirm their status as global actors, many of Russia’s northwestern regions and cities try to develop relationships with international organizations. For example, they cooperate with the United Nations Organization for Education, Science, and Culture (UNESCO), the United Nations Industrial Development Organization (UNIDO), the EU, the European Congress of Municipal and Regional Governments, the Council of Europe, the Council of the Baltic Sea States (CBSS), the Barents Euro-Arctic Council (BEAC), and Nordic institutions. These multilateral institutions have enthusiastically supported Russian subnational actors, demonstrating that their marginal geographic location does not preclude them from being attractive international partners.

It should be noted that cooperation with international organizations is important for subnational units not only in terms of overcoming a “marginality complex” and getting additional leverage in the power struggle with Moscow but also in terms of opening these units up to worldwide processes of globalization and regionalization.

Increasing Familiarity

Although St. Petersburg enjoyed intense international contacts even in the Soviet period, and the era of openness imposed no particular frustrations on its inhabitants, the rest of the Russian Northwest remained behind

the Iron Curtain during the cold war and needed time to familiarize itself with its neighborhood. In some cases, the familiarization occurred so quickly and intensely that it led to the emergence of transnational spaces. For example, the town of Kirkenes (in northern Norway), seven thousand inhabitants and growing, has been a major location for Russian–Norwegian contacts since the 1990s. It is multicultural in the sense that, in addition to the Norwegian majority, its region has a Sami population, a considerable number of Finnish speakers, and an increasing number of Russians. Russians account for about 10 percent of the city’s population (Rogova 2008, 29).

As Anastasiya Rogova (2009) has noted, a considerable number of Russians living in Murmansk oblast now view the Norwegian–Russian border as a shared borderland. The border has become far less divisive in terms of culture and identity as well as politics and administration. Rogova (2009, 31) claims that a borderland has emerged “which is neither Russia nor Norway to the full extent.” Russians visiting Kirkenes do not have the feeling of being abroad, as indicated by Kirkenes being called “Kirsanovka” or “Kirik,” which carries connotations of a small, local, nearby entity or village in the language used in Murmansk oblast. People often visit to shop or to fly out of the Kirkenes airport.

As mentioned above, the familiarity strategy largely depends on shared historical memories. In one respect, the Norwegian–Russian CBC and familiarity strategy can draw on the (somewhat idealized) legacy of Pomor trade. These coastal trading contacts, which lasted for nearly three centuries before dwindling after the Russian Revolution of 1917, were quite important for the development of the northern areas. The legacy is frequently invoked, with today’s cooperation and border crossing presented as a return to traditional customs.

Still another memory with a special impact on local attitudes involves the considerable number of German troops who were stationed in the region, pursuing quite repressive policies, until the Red Army freed the area in 1944. Without question, the cold war period, with its insistence on enmity, influenced people’s views of Russians. The negative views have, however, gradually faded. For instance, joint anniversary celebrations of the liberation of Murmansk oblast and East Finnmark from Nazi occupation in October 1944 have become traditional, as recorded in *Pechenga gazeta*, the local newspaper.

Along the Finnish–Russian (Karelian) border, the re-

assessment of regional histories also promotes a sense of a shared cross-border space. Although this process is politically and economically motivated, equally important are the uses of history and cultural landscapes to produce familiarity between Finns and Russians based on a shared past (Spierings and van der Velde 2013a, 3). Memories of Finnish–Russian confrontation are still alive among older generations of Finns, but the perception of Russia and Russian Karelia as something threateningly unfamiliar has decreased considerably. While the landscape has changed, intercultural dialogue—as a result of tourism driven by nostalgia and curiosity, for instance—has contributed to a shared notion of the cross-border region. The case of Karelia is a positive case of mutual rediscovery and exploitation of historical commonalities, but it is not immune to the vicissitudes of security policy, strict border and visa regimes, and the ups and downs of EU–Russia regulations (Scott 2013).

Twin cities have become one of the most successful and interesting forms of CBC–TBC to which geographic diffusion, marginality, and familiarity/unfamiliarity theories apply. Twin cities are a new urban form. As an aspect of regionalization, twinning shows that national borders are losing their capacity to impose order even as it turns marginality from a disadvantage to a competitive advantage and increases familiarity. Northern Europe has demonstrated unusual success in its experiments with twinning. In this region, twinning is one method used by cities aspiring to create a distinct, visible, and favorable profile; in this sense, it forms part of their marketing and branding in a context of increasingly intense and transnational regionalization.

To coordinate and institutionalize twinning, the City Twins Association (CTA) was established in December 2006. Altogether, the CTA includes fourteen cities, including four pairs in northern Europe: Valka–Valga (Latvia–Estonia), Imatra–Svetogorsk (Finland–Russia), Narva–Ivangorod (Estonia–Russia), and Tornio–Haparanda (Finland–Sweden) (City Twins Association 2010).

These pairs differ in terms of experiences and effectiveness. Tornio–Haparanda can be seen as a success story, Valka–Valga and Imatra–Svetogorsk as relatively successful pairs, but the Narva–Ivangorod duo exemplifies, if not complete failure, something close to it (Joenniemi and Sergunin 2012).

The onset of the world economic crisis in 2008, followed by the Eurozone crisis and combined with the renewed Schengen Zone expansion initiated in 2007, appears to have put the twinning project on hold in northern Europe (except for the Tornio–Haparanda pair). Against

this backdrop, the joint Kirkenes–Nikel initiative to launch a twinning project (2008) and join the CTA looks like a bold attempt to revive the idea and the spirit of twinning.

Although twinning may be still in its infancy and is often oriented toward the short rather than the long term, it will probably consolidate itself over time. If it does, it will require additional theoretical insights as well as empirical study, because local experiments in testing the fixity of identities and questioning the divisive effects of borders could have far-reaching consequences.

Several of Russia’s northwestern regions and municipalities are involved in *Euroregion projects*. Euroregions are in essence administrative-territorial units designed to promote CBC between neighboring local or regional authorities in countries that share land or maritime borders. In fact, they constitute well-known mechanisms of cooperation between regions. For example, Kaliningrad oblast currently belongs to five Euroregions—Baltic, Saule, Neman, Lyna-Lava, and Sesupe (Sergunin 2006). Karelia and Pskov oblast have participated in Euroregions with Finland, Latvia, and Estonia. The projects implemented under the Euroregions’ auspices aim at developing regional transportation, energy, and border-crossing infrastructures; monitoring environmental risks; training municipal officials; and establishing cultural, educational, youth, and other people-to-people contacts. In this respect, the Euroregions foster Europeanization, debordering, demarginalization, increased awareness, and familiarization.

We should note, however, that despite some successes, the overall results of the Euroregion projects remain rather modest. Moreover, the Euroregions are often reduced to what Russians call “bureaucratic tourism,” by which they mean exchanges between municipal officials. Only the Baltica, Saule, and Karelia Euroregions promote cooperation and horizontal links at the people-to-people, company-to-company, or NGO levels (Scott 2013; Sergunin 2006). The Euroregions concept, although a potentially important tool for CBC–TBC, thus does not work properly.

To improve the Euroregions’ performance, Russian and international experts recommend (1) clarifying the legal status of Euroregions in Russian and European law; (2) providing Euroregions with a sustainable financial base through EU and national long-term funding schemes; and (3) through local and regional budget allocations, publicizing the activities of Euroregions to facilitate lobbying in national and international agencies (Lepik 2009; Perkmann 2003; Sergunin 2006).

Indirect Methods

Influencing Federal Legislation

Local laws legitimize outside contacts of regions and municipalities and have an impact on federal legislation. As mentioned previously, the State Duma used Novgorod's 1994 Law on the Protection of Foreign Investment as a basis for similar legislation, and Kaliningrad's experience proved helpful in developing federal laws on special economic zones.

Capitalizing on National Diplomacy

Since the federal law envisages Russian regional and local governments' participation in international activities that affect them, subnational actors have tried to influence national diplomacy. For example, the Murmansk authorities assisted the Russian Ministry of Foreign Affairs in negotiating the Russian–Norwegian Agreement on the Delimitation of Maritime Territories in the Barents Sea (2010). The Murmansk and Kaliningrad authorities helped Russian diplomats and border guards prepare the Russian–Norwegian (2010) and Russian–Polish (2011) agreements establishing visa-free regimes for borderland residents.

We should note that subnational units' international cooperation projects do not exist in isolation but instead form part and parcel of a broader Russian strategy of cooperation with Europe. In sum, national diplomacy and paradiplomacy reinforce and complement rather than contradict each other.

Preventing and Resolving Conflict

Over time, the federal authorities have realized that regionalization and its concomitant familiarization can serve as ways for Russia to solve problems with neighboring countries. Kaliningrad's close cooperation with Lithuania, Poland, and Germany has impeded the rise of territorial claims by these countries and has dampened their concerns over excessive militarization in the region. Moscow and Kaliningrad worked hand in glove in negotiating the 2011 Russian–Polish agreement governing local traffic along the border. Cooperation between Finland and Karelia was also conducive to the eventual solution of the Karelia issue.

Exploiting the National Parliament

Russian regions use the Federal Assembly to lobby for their foreign policy interests. The Federation Council (the upper house), made up of regional representatives, is the most popular site for such lobbying. Senators from

the border regions try to persuade the federal government that, being marginal territories and facing numerous problems, these subnational units need special status and privileges to ensure their sustainable development. The senators often use their official foreign trips to find new partners for their home regions and promote them in the international arena.

Capitalizing on the Federal Infrastructure

Border regions also exploit the institutional structure created by Moscow on the periphery to influence federal foreign policy. For example, the Ministry of Foreign Affairs has established a special unit on interregional affairs. In addition, ministries and federal agencies such as the Ministry of Industry and Commerce, the Customs Committee, and the Federal Border Service have established offices in the regions engaged in intensive international economic and cultural cooperation.

Theoretically, these agencies should coordinate and control regions' international contacts. In reality, however, they often serve the regions by putting additional pressure on Moscow rather than acting on behalf of the center, because their staff depends on local authorities for housing, salaries, professional advancement, and so on. Moreover, the agency employees are usually locals with close connections to the regional elites. The growing dependence of the "power agencies" (military, police, special services) on subnational authorities—even under Putin—casts doubt on their loyalty to the center.

Here, too, this regional strategy demonstrates how marginality can be turned from a problem to a competitive advantage.

Exploiting International Organizations

Regions use international organizations, too, to pressure Moscow. Kaliningrad has skillfully exploited the EU, the CBSS, and the Northern Dimension to secure such privileges as SEZs, more liberal customs regulations, a visa-free regime with the Polish borders, missions abroad, and European faculty for its university. The northern areas of Russia have seats on the Barents Regional Council (BRC) and direct ties with the neighboring regions of Finland, Norway, and Sweden. Again, border regions use their marginality/peripherality as a means of obtaining privileges and elevating their domestic and international status.

In real life, subnational units usually combine direct and indirect methods, which are complementary rather than mutually exclusive.

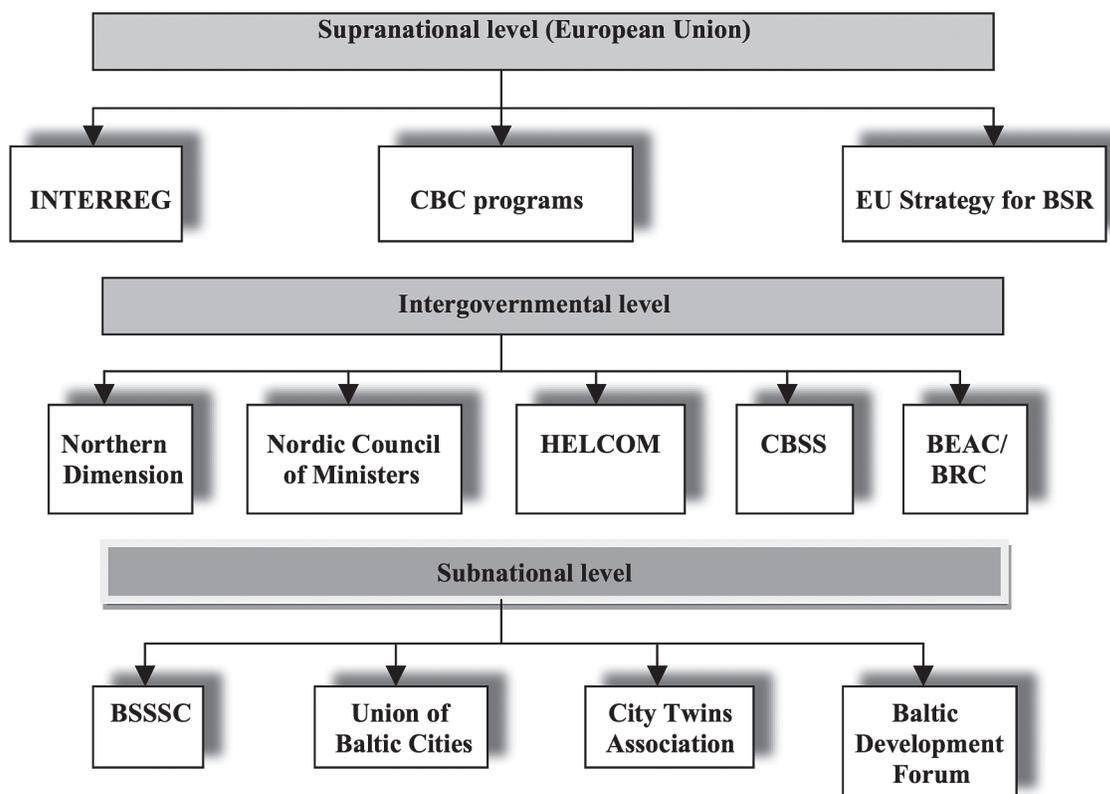


Figure 1. Institutional Network in the Baltic Sea Region and Northern Europe

Institutional Framework

The theories we have been discussing (especially the geographic diffusion and marginality theories) suggest that paradiplomacy, to be efficient, should be placed in a favorable institutional setting. Without proper institutional support, paradiplomacy is likely to fail, whereas the presence of a supportive institutional framework allows subnational units to be both more active and successful in their paradiplomatic initiatives. The Baltic Sea region and northern Europe have one of the densest institutional networks in the world, which may explain why Russian northwestern substate actors were inclined toward and relatively successful (compared to other regions) at international cooperation.

The Baltic Sea/northern Europe institutional network includes several layers (Figure 1).

The *supranational* level includes institutions set up by the EU, the largest regional actor. European Territorial Cooperation (ETC), previously known as INTERREG Community Initiatives, has been part of EU policy since 1990, providing a framework for the implementation of joint actions and policy exchanges among national,

regional, and local actors from different member-states and neighboring countries. The ETC has grown from a relatively small program to a full-fledged element of EU regional policy with its own regulatory framework for the 2014–2020 period. The three strands of ETC (cross-border, transnational, and interregional) will be maintained for the next financial period. With luck, this setup will facilitate implementation and the use of the experience already obtained.

To avoid unnecessary duplication, it will be important for ETC to define its responsibilities and strength its links to other EU programs. There needs to be a guarantee that the priorities identified by the European Commission are sufficient to address the needs of CBC–TBC. A delicate balance must be established between greater regional flexibility and the need to achieve results with the scarce resources at hand—a result that can be achieved only if all parties to the negotiations regard one another as partners.

As Danuta Hübner (2012) emphasizes, ETC needs support in the form of money as well as words. The European Parliament (where various regional interests are better represented) has consistently pushed for a 7 per-

cent target for all internal and external components of ETC in the financial period governing 2014–2010.

Several institutions represent the *intergovernmental* level. The Northern Dimension (ND), now a system of equally funded partnerships between the EU and three neighboring countries (Iceland, Norway, and Russia), is the most important of these. Currently, the ND includes four partnerships (on the environment, transportation and logistics, public health and well-being, and culture) that appear to be promising venues for CBC–TBC with Russia. Since 2007, when the ND was transformed, it has implemented dozens of projects in Kaliningrad, Karelia, Murmansk, and elsewhere in the region. International financial institutions such as the European Bank for Reconstruction and Development, the Nordic Investment Bank, and the Nordic Environment Finance Corporation supported these projects.

The Nordic Council of Ministers (NCM) is another important regional actor of the intergovernmental type. According to the “Guidelines for the Nordic Council of Ministers’ Cooperation with Northwest Russia, 2009–2013,” priority areas include (1) education, research, and innovation; (2) the environment, climate, and energy; (3) economic cooperation and trade through legislative cooperation, anticorruption measures, and the protection of intellectual rights and patents; (4) support for the ND partnerships, especially on public health and the environment; and (5) the promotion of democracy and civil society through cooperation on local government and good governance, among parliamentarians, with the media, and among NGOs (Nordic Council of Ministers 2009, 2–3). The NCM has several information offices in northwestern Russia.

The problem with the ND partnerships and the NCM is their multifocused agenda: their activities cover the Baltic as well as the Barents and Arctic regions. These institutions should avoid duplication and establish a more efficient division of labor between them—especially important given the scarce resources available to regional actors.

The intergovernmental Helsinki Commission is the leading institution in terms of EU–Russian cooperation on the Baltic region’s environment. Recent initiatives that merit attention are the projects to introduce green agricultural technologies to Kaliningrad oblast and to increase preparedness in all countries of the region to respond to major spills of oil and hazardous substances in the Baltic Sea. As with the ND and the NCM, the need to coordinate the various Helsinki Commission projects with similar regional programs is obvious.

The CBSS, another Baltic-focused intergovernmental institution, plays an especially helpful role in projects on the economy, trade, environment, tourism, youth, and education. Its modernization program for the south-eastern Baltic area, with its focus on the Kaliningrad region, deserves mention (Council of the Baltic Sea States 2011). To extend the positive experience gained from this program to Russia’s northwestern regions, the EU and Russia need to harmonize their approaches to the very concept of modernization. Whereas Russia identifies European investment and high-technology transfers as the main priorities, the European side pushes a more general vision of modernization, including Russian implementation of far-reaching legal and sociopolitical reforms (Makarychev and Sergunin 2013, 321).

The CBSS is also the main venue for cooperation in the fields of education and youth development. For example, the CBSS launched EuroFaculties, an educational project aimed at adapting higher education in the Baltic states and Russia to meet modern research and teaching standards (the Bologna process). Successful projects have been run in Kaliningrad (2000–2007). Pskov State University has been developing a new EuroFaculty since 2009 (Makhotaeva 2013).

If the CBSS is to remain a helpful instrument for Baltic cooperation, it must overcome its identity crisis, caused by the EU enlargement of 2004. Since the CBSS member-states (except for Iceland, Norway, and Russia) have joined the EU, both Brussels and the Baltic “newcomers” have lost interest in the council and tend to see the Baltic Sea as the “EU’s internal waters.” The EU Strategy for the Baltic Sea Region (2009) ignored Russia and the CBSS as significant regional players. The CBSS underwent a rather painful transformation, redefining its strategic goals and missions and strengthening its institutional foundation. Moreover, Moscow argues that the CBSS is too dependent on outside funding and should receive direct financial support from its member-states (Makarychev and Sergunin 2013, 5).

In institutional terms, the northern Europe “flank” is covered by Barents Euro-Arctic cooperation. In addition to the interministerial Barents Euro-Arctic Council, the Barents Regional Council includes thirteen regions of Finland, Norway, Sweden, and Russia (five in the Russian North). At its Kirkenes meeting on June 3, 2013, the BRC adopted a new Barents Program for 2014–2018, intended to promote creative businesses and fast-growing enterprises in the region; increase CBC to achieve economies of scale and improve quality of life; support joint projects to manage and preserve natural resources; ad-

dress climate change; enhance innovation and research cooperation by increasing critical mass; focus on missing cross-border links in the transportation infrastructure; foster mobility across borders for workers, enterprises, tourists, and students; focus on cultural cooperation to improve mutual understanding and regional development (Barents Euro-Arctic Council 2013). Given the numerous overlaps with subnational “sister” institutions (the Northern Dimension, the Nordic Council of Ministers, the Arctic Council), the BEAC and the BRC seek to synergize with them. These councils have managed to establish cooperation at the project level on climate change research and the elimination of Barents environmental hot spots. There are also prospects for a potential interface between the BEAC and the CBSS.

Beneath the supranational and intergovernmental levels lies a *subnational* layer represented by Baltic Sea States Subregional Cooperation (BSSSC), the Union of Baltic Cities, the City Twins Association, and the Baltic Development Forum, among other institutions. These organizations play a vital role in encouraging paradiplomacy in the Baltic Sea region and northern Europe because they express the concerns of the subnational units that created them. In contrast, EU agencies and/or national governments control the upper institutional levels, which as a result focus on macro- rather than mezzo- and microregional issues, neglecting Russian substate units.

These organizations need a proper division of labor. For example, BSSSC could be especially useful in developing and implementing joint projects with Russian regions and municipalities in maritime policy, climate policies and energy security, science, and education. In certain areas—youth policy, public health and quality of life, transportation and infrastructure—BSSSC could be a valuable complement to intergovernmental institutions (the Northern Dimension, the Nordic Council of Ministers, and the Council of the Baltic Sea States) (Baltic Sea States Subregional Cooperation 2011). The Union of Baltic Cities and the City Twins Association can share best practices in urban development and solve common municipal problems. The Baltic Development Forum is good at developing public–private partnerships and raising funds for specific projects.

In sum, almost all the agencies involved more or less clearly understand that their task is to establish a foundation for further cooperation in the Baltic Sea region and northern Europe.

The Implications of Paradiplomacy

The paradiplomacy pursued by various Russian northwestern substate actors has had quite a mixed record in terms of its impact on the policies of the federal center. On the one hand, the aspirations of subnational actors and the center have often overlapped, resulting in a number of success stories. They share an interest in promoting cross-border trade, attracting foreign investment and knowhow, developing cross- and trans-border transportation infrastructure, easing visa requirements for the residents of border regions, and supporting environmental projects, tourism, youth cooperation, and cultural and academic exchanges.

On the other hand, the federal center experiences a certain discomfort when Russian regions and municipalities establish international ties. Such efforts defy the state-centric logic of constructing political space, provoking fears of separatism and unwarranted outside influence. This discomfort has been particularly conspicuous in the case of Kaliningrad. In general, the center has expressed its reservations through distrust and the withholding of financial and administrative support from regions and cities intent on bolstering their international contacts and cooperation. Some city-twinning projects (e.g., Narva–Ivangorod) and most of the Euroregions have remained mere promises. They are interesting as initiatives but have failed to develop and mature. From the opposite perspective, regional and local actors have on a number of occasions expressed dissatisfaction with and distrust of the policies pursued by the center, which they regard as ineffective at best. As evidenced by the mass protests in Kaliningrad against the regional and federal governments’ crisis management policies in 2010–2011, the critique contributed to Moscow’s decision to reinstall the old system of popular gubernatorial elections.

In general, subnational actors increasingly believe that the philosophy governing center–periphery relations should no longer apply to foreign contacts, because it has proved to be quite inefficient. The federal side must improve its record if it is to cope properly with the challenges that substate entities are facing in the context of glocalization and in their pursuance of paradiplomacy. Federal policies should undoubtedly align with and complement, rather than conflict with, the policies of subnational actors. In short, the search for better coordination and an optimal combination of the international strategies of regional/local and central governments’ international strategies is bound to continue.

Conclusion

There has been a clear shift in subnational units' motivation as regards paradiplomacy. Whereas in the Yeltsin period paradiplomacy was a survival strategy as well as an additional arm in the center–periphery tug-of-war, in the Putin and Medvedev eras it has become a means to ensure substate units' sustainable development and improve their international image and attractiveness. Paradiplomatic activities have become less anarchical and destructive, more pragmatic and skillful, better organized and coordinated with federal diplomacy. Although clashes periodically occur, both center and periphery now tend to see paradiplomacy as a common resource rather than an area of contention.

Subnational actors have managed to develop an arsenal of specific methods of paradiplomacy that fall into two categories—direct (seeking legitimacy and international recognition via the adoption of local laws, signing partnership agreements, establishing representative offices abroad, attracting foreign investment, improving a region's international image, cooperating with international organizations, city twinning, participating in Euroregions) and indirect (influencing federal legislation, exploiting the national parliament, capitalizing on federal diplomacy and infrastructure in the regions, exploiting international organizations). A combination of direct and indirect strategies offers the best guarantee of paradiplomacy's success.

Russian substate units have managed—with and without Moscow's help—to exploit an institutional network shaped by supranational, intergovernmental, and subnational agencies and made available to the Baltic Sea region and northern Europe. This rather dense network needs better coordination, organization, and division of labor to eliminate bottlenecks, bureaucratic procedures, parallelisms, and duplications.

Paradiplomacy can, however, have negative implications for Russian domestic and foreign policies. These consequences include the further disintegration of the single economic, financial, administrative, and cultural space; the rise of interest group politics expressing parochial interests; the emergence of self-propelled, outwardly oriented local elites; the partial regionalization and privatization of security and military structures; an inconsistent international strategy caused by regional elite intervention in decision making; and even—theoretically—the rise of separatism and secessionism, which could (hypothetically) result in the disintegration of the country.

Even so, growing international activities by subnational actors also bring a number of positive changes. First and foremost, paradiplomacy encourages the further democratization of the Russian administrative system. Here we tend to agree with geographic diffusion theory that intensive CBC–TBC and Western aid have contributed—with rare exceptions—to the democratization and Europeanization of Russia's northwestern regions.

Paradiplomacy, being part of devolution, has also helped discredit the “top-down” model of Russian federalism and encouraged its replacement with a “bottom-up” model with lively grass roots. Devolution of power in Russia has boosted subnational units' foreign contacts and made them real international actors. Moreover, international cooperation has helped many regions—especially remote and border regions—not only to survive the transition period but to turn their marginality into an asset. This outcome proves our hypothesis that marginality theory retains its explanatory power and can be effectively used in paradiplomacy studies.

With the help of paradiplomacy, Russia's northwestern subnational actors have managed to utilize the positive historical/cultural heritage of the borderlands while downplaying the negative historical memories related to conflicts with their neighbors. This finding supports our expectation that familiarity/unfamiliarity theory can be helpful in explaining the successes and failures of CBC–TBC.

Being based on the increased familiarity and trust, paradiplomacy offers a means of problem solving with respect to Russia's relations with neighboring countries. In this regard, paradiplomacy also has an important integrative function: it prevents Russia's marginalization or international isolation and helps bridge different civilizations.

This analysis demonstrates not only that paradiplomacy offers opportunities for developing Russian democracy, but also that paradiplomacy already has an infrastructure and positive results. This phenomenon will undoubtedly continue to play an important transformative role in Russia's future. Paradiplomacy does not cause the further disintegration of the country. Instead, it can serve as a catalyst for successful domestic reforms and international integration.

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