

BALTIC RIM ECONOMIES

ANDRIUS KUBILIUS
Belarus: Yesterday
and tomorrow



TOM DODD
The UK in
Europe: Context,
present and future



**MARKO
PALOKANGAS**
Security
implications of
the situation in
Belarus



OLGA DRYNDOVA
Protests in
Belarus: Why
now and what
is different this
time?





BALTIC RIM ECONOMIES

The Pan-European Institute publishes the Baltic Rim Economies (BRE) review which deals with the development of the Baltic Sea region. In the BRE review, public and corporate decision makers, representatives of Academia, as well as several other experts contribute to the discussion.

Pan-European Institute

ISSN 1459-9759

Editor-in-Chief | Kari Liuhto
(responsible for writer invitations)

Technical Editor | Aurora Härkönen

University of Turku
Turku School of Economics
Pan-European Institute
Rehtorinpellonkatu 3
FI-20500 TURKU, Finland
Tel. +358 29 450 5000

www.utu.fi/pei

bre@utu.fi

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ANDRIUS KUBILIUS

Belarus: Yesterday and tomorrow

Expert article • 2753

Stolen and lost elections

On 9 August, the People of Belarus have cast their vote in hope for change. However, the elections were stolen from the People of Belarus: main opponents were either imprisoned, barred from registration or driven out of the country. The opposition was “robbed” of members of local electoral commissions, observers, even the rallies. Lukashenko had stolen the advance voting by inflating the number of “voters”.

Despite stealing the elections, Lukashenko not only lost them but also triggered the emergence of the new civic nation, which made clear it wants change. Svetlana Tsikhanouskaya became the symbol of the birth of this nation. She is not pretending she wants to be the President. She only takes upon herself the task to return to Belarusians what has been stolen from them – free and fair elections, and freedom to political prisoners.

Lukashenko continues to try to remain in power by deploying the brutal and inhumane power of OMON and the military, pogroms and torture.

Despite the protests in Belarus proceeding seemingly without any clear leadership, they are very effective, constantly changing their tactics in an organized fashion and achieving crucial results.

As a result of elections, the question of legitimacy of Lukashenko himself arises. According to the official Constitution of Belarus, his current term ends on 5 November.

The secret “new inauguration” on 23 September (even this “inauguration” was organized against the Constitution of the country) does not legitimize Lukashenko. On the contrary: the secrecy simply confirms that Lukashenko himself understands that he is nobody more than an illegal usurpation of power, sustained only with the use of military force. This should be treated as a coup.

After “inauguration”, Lukashenko also lost his legitimacy from the point of view of the international law, as confirmed by statements of many Western European governments. This means that any dialogue or engagement with Lukashenko is no longer possible. Other state institutions and officers who had not raised objections to such an unlawful inauguration simply become accomplices of Lukashenko.

What must international community do?

Western democracies are now showing solidarity with the Belarusian civic nation, while Putin does not hide his support for the regime of Lukashenko. Putin's support is becoming the only factor allowing Lukashenko to hold on to the post, thus potentially leaving Putin himself “toxic” in the eyes of the Belarusians.

Thus, the democratic World and international organizations should engage more actively with regard to events in Belarus in several ways:

1. Clearly declare Lukashenko's presidency illegitimate and impose sanctions on him and his accomplices.
2. Demand new transparent and fair elections without the compromised officials
3. Political prisoners must be immediately released.
4. An international inquiry into the pogroms and torture perpetrated by the OMON.

The OSCE may be best placed to take action to address the current “Belarus crisis”. OSCE is the only political organization on the European continent of which Belarus is a member.

However, in order to counterbalance Russia's efforts to use the role of the OSCE to Lukashenko's advantage to buy time, the West should have a clear position: the role of the OSCE in resolving the “Belarus crisis” is solely needed to ensure transparent and democratic elections. It would be a mistake to enter into an indefinite OSCE-led negotiation process regarding any loosely defined “transitional period”.

Further, the Western community must oppose the plan announced by Lukashenko and promoted by Lavrov and Putin – to draft a new Constitution for Belarus, and postpone the new elections to after it has been adopted. The Kremlin will seek to turn this procrastination plan into an OSCE-backed process.

Marshall Plan for Democratic Belarus

Economy of Belarus will pose some of the most difficult challenges, as it is deeply integrated into the Russian economy. As a result, one of the top priorities for EU in the near future will be to help diversify the Belarusian economy at the same time reducing its dependence on Russia. For that, we need a much larger support package of EUR 3.5-4 billion, which we could call the Marshall Plan for Democratic Belarus.

On the other hand, it must be fully clear that even the minor EU support (around EUR 53 million) that the EU has allocated to Lukashenko's Belarus up to now will continue to be provided to Belarus' civic organizations, communities or businesses while circumventing the Lukashenko regime. The EU must clearly indicate right now what the EU support will look like when Belarus fully bids farewell to Lukashenko's regime.

The new civic Belarussian nation must know that the EU will offer them the same opportunities that were enjoyed by other Eastern Partnership countries following their democratic changes. These include the visa-free regime agreement, the free trade agreement and finally, the Association Agreement and vastly increased and tangible financial support.

We are witnesses to historic events. We are even participants to some extent. “For your and our freedom” – this means that Belarus' freedom is also our freedom. I hope that soon it will also be Russia's freedom. This is worth fighting for. Not only on the streets of Belarus, but also in the corridors of the West. ■



ANDRIUS KUBILIUS

Member of the European Parliament
Former Prime Minister of Lithuania

TOM DODD

The UK in Europe: Context, present and future

Expert article • 2754

The people of the United Kingdom of Great Britain and Northern Ireland voted in 2016 to leave the European Union. The UK left on 31st December 2019, and entered a period of Transition; EU rules apply to the UK until 31st December 2020. As I write, negotiations continue between the UK Government and the EU Commission, representing the 27 Member States, on the Future UK/EU Relationship. Both are committed to seeking a negotiated outcome.

The UK's EU exit process has been a major issue in European politics in the last decade. The UK always had a distanced relationship with European integration. The UK chose not to sign the Treaty of Rome at inception. Membership in 1973 under a Conservative Government was secured with a very narrow Parliamentary majority with resistance not just from the Opposition, but also amongst Conservative MPs. The 1975 referendum confirmed UK membership of a Common Market. The subsequent struggles of the Maastricht Treaty, establishing the EU, in the UK Parliament in the 1990s were illustrative. As a Member State the UK, like others, opted out of a range of European initiatives – Schengen, other JHA measures and the Euro.

Such ambivalence drew on much longer history. In the Middle Ages, the British Isles were tied to the continent by trade, politics and religion, but an island location away from the heart of the continent dictated a particular social development. The emergence of the common law was a major cultural and psychological step which forever differentiated from the book legal tradition, and helped the very early adoption of concepts of legal rights. With the reformation, England and Scotland were two of the few Protestant states. Capitalism drew both into increasing levels of trade beyond Europe, cemented by the creation of Great Britain in 1707, and the establishment of Empire. The free market basis of the industrial revolution led the UK in a wholly different social and political direction in the 18th and early 19th centuries: not least the evolution of institutions independent of Kings, the concept of a sovereign, representative Parliament, a variety of close global relationships, and a deep commitment to free trade.

Britain's distinctive history is well known, but worth reiterating to help explain the approach of the UK Government to its European neighbours. The importance placed by PM Johnson on respect for UK legal sovereignty and the rights of the UK Parliament have long origins. Similarly, the concept of free trade between states based on mutual recognition has deep roots. Finland and the Nordics in terms of culture, religion and geography have similarities with the UK's European experience. Their peoples and governments have reached different, and perfectly valid, interpretations of where their national interest lie, in this case within the EU/EEA. But the EU itself houses different mansions, both in terms of variable geometry of institutions, and differing economic and social perspectives. It remains the case that Finland and the Nordics/Baltics have closer views to the UK on many issues than they do to other EU Members.

It is also clear that what unites Europe is greater than what divides. European national institutions, societies and businesses operate from a common basis. The UK remains geographically part of Europe. Whatever the politics of UK/EU negotiations and the outcomes, the key challenges of the 21st century: health, economic and climate, and the increasing threats posed by autocratic powers can best be addressed in collaboration between nations. The UK Government is firmly committed to such co-operation and to European security, especially via membership of NATO and the maintenance of a broad spectrum of defence capabilities funded by defence spending of 2% of GDP. The UK Government, in concert with Italy, will host the COP Conference in Glasgow in November 2021. This is not quite the last chance saloon for the planet, but certainly the next, best opportunity to address the mitigation of climate change with real impact.

The EU is only 25 years old. Modern European integration barely dates 60 years. The distinctiveness of the UK's European relationships is based on its own past, but cannot hide the essential role that UK has played within Europe in the last three centuries. The UK has always been a key partner in business and innovation for the continent. The UK has been the inspiration for many in terms of the development of rights, laws and policy. The UK was the balancing power in 18th and 19th century security, and later the key European state in countering militarism and totalitarianism in the 20th. As we approach a new structure governing relations between the UK and EU, relations as Europeans remain vital. What sets us in common is much more important than what set us apart. I hope that we can seize the opportunities. ■



TOM DODD

Her Majesty's Ambassador to the Republic of Finland

PIOTR RYCHLIK

Strategic investments in Baltic Sea area – the Polish perspective

Expert article • 2755

Recent years have shown new dynamics in large scale investments at the Polish Baltic Sea coast. Some of the projects aim at strengthening the energy security i.e. increasing the number of channels through which energy sources are transported to Poland and its partners as well as constructing modern facilities that produce renewable, clean energy. Others are oriented at creating new possibilities in trade and transport sector. Below you may find short overview of selected investments that are currently in progress or have been lately concluded.

LNG Terminals

In 2006 the Polish Council of Ministers decided to build Liquefied Natural Gas Terminal in Świnoujście (western end of the Polish coast) that would open the Polish and Central European market for gas transported by sea even from very distant providers. The Terminal named after the late Polish President, Prof. Lech Kaczyński was launched in 2016. Currently, the annual regasification capacity of the plant amounts to 5 billion m³. Moreover, there are two cryogenic tanks for LNG process storage located at the Terminal. Their combined capacity is 320000 m³. Construction of the terminal was a commercial success as its capacity in 2020 will be fully used. Therefore, there is a merit in its further development. From the geopolitical perspective, the LNG Terminal contributes significantly to diversification of natural gas import and enhances both energy security and predictability of supplies.

Regarding the plans for the future, another LNG Terminal at the Polish coast is considered: Floating Storage and Regasification Unit (FSRU) may be constructed in the Gulf of Gdansk in the next 6-7 years.

Baltic Pipe

The goal of the project is to create an alternative natural gas supply for the Central European countries. The pipeline will be constructed in 2022. It will allow transport of gas from Norway to Poland and Denmark as well as to clients in neighboring states. Baltic Pipe consists of 5 main components in the North Sea, Denmark, Baltic Sea and Poland. It is being constructed by two companies: Danish Energinet and Polish Gaz-System. The key component, is the offshore part in the Baltic Sea spanning 275 km that will pass through marine areas of Denmark, Sweden and Poland.

Among the main objectives of the Baltic Pipe are increasing competitiveness in the gas market and enhancing security of gas supplies. The capacity of the pipeline amounts to 10 billion m³ per year.

Crosscut through the Vistula Spit

Vistula Spit is the strip of land in the eastern part of Polish coast. It separates Vistula Bay from the Baltic Sea. There is a border between

Poland and Russia in the spit which complicates or even makes shipping from the Polish Port of Elbląg impossible. The length of the channel will be approximately 1 km long and its depth will be 5 meters. The investment should be completed in 2022.

Deepening and widening of the Świnoujście-Szczecin fairway

The project will have significant importance for the development of the Port of Szczecin. It will improve the access to the Port for larger ships. The investment will be undertaken along the 62-kilometer fairway where technical depth will be increased to 12,5 metres. Together with doubling the reloading capacity of the Port, it will have a major impact for the entire region. The investment will be completed in 2022.

Offshore wind energy

Another major project is offshore wind energy development. The Polish government is committed to expand installed renewable energy generating capacity by approximately 30 GW by 2040. Because of favorable conditions for wind generation in the Polish Exclusive Economic Zone i.e. shallow waters and stable wind of an average speed of 8.5 – 9.0 meters per second, offshore wind power is one of pivotal sectors for national plans to greener electricity output. In the first phase, the offshore wind energy is expected to add 5.9 GW to the domestic network by 2030. The offshore wind projects will be able to apply for fixed-price contracts for difference for a period of 25-year which will enable their investors to secure funding and create business plans. An important angle of offshore wind development is regional cooperation between Baltic Sea states. Their representatives plan to sign the Baltic Sea Offshore Wind Declaration which emphasizes the role of offshore wind in an European strive for carbon neutrality.

The Baltic Sea was always important for Poland in geopolitical, ecological and also economical terms. The above mentioned list of projects and initiatives is not an exhaustive one. One could supplement it with for example the ongoing development of ports or the transportation system's upgrade. However it is enough to prove that the region is on the verge of a change and Poland is determined to sustainably utilize its potential in full. ■



PIOTR RYCHLIK

Ambassador of Poland to Finland

CHEON JOONHO

How Korea turns a pandemic into an opportunity

Expert article • 2756

The OECD recently adjusted its South Korean economic growth forecast for this year to negative 0.8 percent from negative 1.2 percent in its updated OECD Economic Surveys: Korea 2020. While it is not that bad compared with that of other hard-hit countries, the forecast of negative growth paints a gloomy picture of South Korea's already sluggish economy.

South Korea has achieved remarkable economic growth over the past several decades, becoming the seventh country to join the 30-50 club (nations with per capital gross national income surpassing USD 30,000 and a population of over 50 million in 2017). However, as Korea's economy matured, the country began to see a decline in its growth rate. The average annual growth rate reached 6.9% in the 1990s but it declined to 2.9% in the 2010s deepening income polarization.

In the face of the COVID-19 pandemic, the Korean economy has encountered two major challenges: aiding recovery from an economic downturn while addressing structural transformation. Tackling with those tasks, the Korean government is looking to globally emerging trends of economy-digitalization and green growth. While the increased use of 'untact' services has accelerated a digital economy, aggravating climate change has demanded a strong green economy.

The Korean New Deal was created against this backdrop to serve as a national development strategy. On July 14, President Moon Jae-in officially unveiled the Korean New Deal Initiative to support the country's recovery from the pandemic crisis and lead global action against structural changes. The policy revolves around two core pillars of the Digital and Green New Deal, and a "human" feature, Stronger Safety Net. The government is supposed to commit approximately \$94.5 billion into New Deal projects in five years and Korean companies and local provincial and city governments would invest another \$37.2 billion.

The vision is clear: from a fast follower to a first-mover economy, from a carbon-dependent to a low-carbon economy and from a socially-divided to a socially-inclusive society. It has 10 key projects: 3 Digital projects (Data Dam, AI Government, Smart Healthcare), 4 Digital and Green projects (Green and Smart Schools, Digital Twin, Digitalization of SOC, Smart and Green Industrial Complexes), 3 Green projects (Green remodeling, Green Energy, Eco-friendly Mobility of the future).

The Digital New Deal aims to foster 'untact' industries promoting the use and integration of data, the 5G network, and AI throughout all sectors. This is well-aligned with the suggestions of the OECD. South Korea has been a leader in 5G, with an outstanding digital infrastructure and a dynamic ICT sector. The New Deal is expected to build on this lead by implementing 5G infrastructure and cloud computing for the government, while also continuing to promote the industrial convergence between 5G and AI. In full swing is the AI national strategy, announced in 2019, which aims to bolster the development of AI domestically.

To fight against global warming, the Korean government plans to move towards a net-zero society by supporting ongoing policies, such as the 2030 target to reduce greenhouse emissions by 37% against BAU and to have a renewables account for 20% of the country's generation capacity. Korea also aims to have 1.13 million electric vehicles (EVs) and 200,000 hydrogen cars on the roads by 2025. In line with the green new deal, the Korean government recently unveiled a more ambitious long term plan to have 8.3 million electric vehicles and 2.9 million hydrogen cars by 2040.

The New Deal program also intends to provide more jobs and better social safety systems along with increased levels of investment in human resources. Recent statistics show the number of unemployed has risen to 4.5% due to pandemic. From the above measures and the funding of €157 billion in five years, 1.9 million jobs would be created in Korea.

Unveiling the initiative, President Moon said that "The Korean New Deal will set the foundation for Korea's next 100 years." Crisis breeds opportunity. South Korea is taking advantage of crisis as a positive opportunity to take a new leap.

Finland has a lot in common with South Korea when it comes to its strong digital and green economy. With strong IT sectors and a sense of urgency for climate change, both countries look to digitalization and green economy as a vehicle to refuel their economies, creating a huge opportunity for cooperation. Last year's agreement to jointly develop a 6G network between South Korean research Institute ETRI and the University of Oulu is a clear sign of potential for this cooperation, not to mention the historic European Green Deal is what inspired the Korean Green new deal. ■



CHEON JOONHO

Ambassador of South Korea to Finland

YOUNGHOON KWAAK

My visioning and implementing efforts for Korea's miraculous development between 1969 and 2019

Expert article • 2757

There was MVIP, Master Vision and Implementation Plan made for Korea's development and it was conceived in 1969. Today, I going to take you my 50 years "Back to the Future" to introduce this PLAN simply to show how it functioned Korea to develop so miraculously.

Dreaming started right after the Korean War of 1950-1953, my elder brother and I had been thinking what to do for our destroyed and poorest country. It became our dream. In 1962, I had an opportunity to see President Kennedy at the White House as a youth delegate of V.I.S.T.A., Visit of International Students to America. His inaugural speech rang around my ear: "Ask not what country can do for you, but what you can do for your country." It was simply reinforcing echo to my family's determination.

In 1964 another opportunity came unexpectedly. I was invited to speak at the American National Red Cross Annual Convention in Manhattan Hilton Hotel which just opened. After the speech, a young high school student audience called Debbie came to the stage took me to New York World's Fair site in Brooklyn by subway. At that spot, I made up firmly my young mind, "Someday I will host the World's Fair in Korea." I also realized Tokyo was hosting Olympic Games in that same year, I said to myself, "Why not in Seoul someday."

1. MVIP and a Masterly Stroke of Grand Axis of Developing Korea and Visioning

With all these consecutive inspiring experiences, I coined a new word '**insperience**.' With personal **insperience**, I had pursued necessary learning by meandering through my tailored curricula and disciplines.

As I was graduating from MIT in 1969, I gained relevant episteme; knowing what I knew. I was happy to conceive MVIP to satisfy my own expectation: one masterly stroke brushed throughout the Korean Peninsula connecting 5 cities. And for the 5 cities, I decided to deliberately vitalize.

The line connects Jian, Pyongyang, Seoul, Daejeon and Yeosu: Jian was capital in Koguryo's time thousand years ago; Pyongyang is the Capital of North Korea; Daejeon is in the middle of South Korea and Yeosu is in the Southern Coastal Region with archipelago like Turku.

With the five city nodes drawn on the Grand Axis of Deliberate Vitalization, I had assigned Olympic Games to Seoul, Expo to Daejeon city and another major global event to Yeosu city. Yeosu, although small city ended up hosting both Expo in 2012 and WCO Silk Road Mayors Forum 2013! The city has become most visited city in Korea today over 10 million a year.

I had conceived the three main themes to guide the South Korea efforts to be long-ranged and comprehensively purposeful. They are shown in the following map and diagram.



2. Implementation Strategy for the Vision Realization over the past 50 years

The topic to cover the past 50 years of implementation history is overwhelming. I can only introduce you a tetrahedral policy analysis model which I employed for synergy dynamic for Korea's development.

Thinking together with the **Prime Movers model** and **Bureaucratic Process model**, I had persuaded successfully all the previous 8 Presidents of the Republic. They were rather easy to persuade and receive administrative support, partly because my elder brother was well known and respected for his academic excellence and decent leadership. It was also possible, because I was successfully stayed out of every partisan government position. I was asked two times to become Minister of Construction and one time Prime Minister. One does not get mired in the zero sum game like political partisanship.

Social Milieu model was already functioning pervasively in Korea. There was '**Ppali Ppali**' can-do spirited milieu was there. This generation worked on Monday, Tuesday, Wednesday, Thursday, Friday, and Friday. Especially, Koreans were eager to work for the '**Ppali Ppali**' development of their country. Korean women also very uniquely contributed. They went all the way and sacrificed their lives for their children's education.

Entreneursip model which I had applied was uniquely Korean. I had many personal meetings with most of the chairmen of **Jaebul**, Korean style of business conglomerate and I had to "**keynergize**" them with frontier entrepreneurship, and they were always shown new mega business projects. Korean Jaebul groups like Samsung, Hyundai, LG, Korean Air, Lotte, Shindongah, Buyoung Housing etc., were all suggested and engaged to construct mega infrastructures and supra structures.

Korean express train KTX like TGV, Subways like Metro, Comprehensive Han River Park like Seine and Thames, 63 storied building, 123 storied skyscrapers, LG Twin Towers, Daedeok Science Town and other technopolis network, etc. are all outcome of Seoul Olympiad, Daejeon Expo and Yeosu Expo and Silk Road Mayors Forum of **M.V.I.P.**

As I am writing for BRE Review, I warmly remember my Baltic Rim friends who had given me practical assistance for the Implementation. As an example of KTX, I had to receive assistance from Pierre Henin of Alstom. I took TGV from Gare d'Lyon, Paris to Lyon. Dr. Antonio Belcastro of Atlas Copco arranged meetings to see TBM at work in Stockholm and Helsinki. I still remember visiting an attractive underground Church downtown Helsinki. As Korea is mountainous country and high speed needs many tunnels, so I had to introduce TBM.



YOUNGHOON KWAAC
 Founder President
 KWAAC ESPRI
 South Korea

3. Impact and Consequences in Korea Today

Don't be surprised to learn where Korea is today: and in 2019, Korea is no.5 or 6 in terms of total amount of export and import. In terms of GNP ranking, it is between 10th and 12th. Korea was no.150th-160th country in 1969. Last year, Trump visited in Korean National Assembly and spoke about his surprise to learn that Korea is a rich country. Naturally many people say that it is a miracle.

It is a history now, and Berlin Wall was broken in 1989, right after 1988 Seoul Olympic Games with the very theme of the Ideological Wall between East and West to be Broken. 2018 Pyungchang Winter Olympic was hosted and North and South Korea tension was thawed. Korean conglomerates and Korean technology groups are topping many areas, while cultural fields have excelled as well. The Academy Award 2019 was chosen Korean movie "Parasite," for the first time outside of America, and BTS, Korean Singing group is now rated globally the top of Bill Board Chart.

However, there was no miracle. It is Korean people's hard work. I hope that MVIP dreamt in 1969 and personal dedication helped. I remember 1969 was historical year. Humanity successfully landed on the Moon as promised by America's late President Kennedy.

Today Korea has plenty of troubles all over and we could not avoid the environmental deterioration, tawdry housing blocks, and socio-economic injustice problems. Most alarming matter is the highest suicidal rate among the OECD countries, and partisan politics are dividing the country. Democracy is waning while prime movers have been only interested in their own legacy while economic Jaebul group were only interested in amassing money, while intellectuals are not acting beyond their functional roles.

Material mattered but now mind matters! We have to learn how to live together. We have to unlearn prejudices and arrogance. We, citizens beyond borders, mind to help evolve Global Village Civilization to be more harmonious, just and sustainable! ■

JIN KYO SUH

The way forward for WTO reform

Expert article • 2758

The rule-based multilateral trading system is facing a substantial crisis. The WTO negotiations including Doha Round got stalled for a long time. The WTO's dispute settlement function is at risk of collapsing. On November 30, the terms of one remaining Appellate Body member will expire. WTO members doubt even the survival of the multilateral trading system. To navigate the crisis, we need to deeply consider following issues.

First, how can we resolve the Appellate Body (AB) impasse? For roughly five years, the United States has blocked the appointment of new judges to the WTO's AB due to complaints over judicial activism at the WTO and concerns over U.S. sovereignty. The U.S. argues that the AB is guilty of judicial overreach, interpreting WTO agreements in a manner which they were never intended to apply. Effort to reform the dispute settlement system in response to U.S. demands and pave the way for new appointment to the AB have been unsuccessful.

To resolve this situation, the EU and 15 other WTO members have reached an arrangement to arbitrate as between themselves trade dispute under Article 25 of the DSU (Understanding on Rules and Procedures Governing the Settlement of Disputes). This arrangement, called a 'Multi-party interim appeal arbitration arrangement' (MPIA), functions as a stop-gap measure to replace the AB for the time being as it remains inoperative. On 31 July, the participants in MPIA notified the WTO of the ten arbitrators who will hear appeals of WTO panel reports under the MPIA.

MPIA shows commitments of the WTO members to uphold the rule-based system under WTO agreements, but not all the Members are ready to bind themselves to the arbitration agreement and give up their right to appeal at the AB. Typically the U.S. has refused to join MPIA. Interestingly, MPIA will now create a separate category of appellate reports since the arbitration awards are not required to be adopted by the DSB. This is an unresolved issue since the WTO has not expressed its support or otherwise to MPIA till date.

Second, how can we strengthen WTO notification requirements? Notifications have been a part of the multilateral trading system since its inception. It is a complement to the general requirement for transparency and the publication of measures, obliging countries not only to make their measures known via government gazettes or other domestic outlets but that they also provide information to their trading partners via the WTO. However, the chronic low level of compliance with WTO notification requirements is not news. More than half of the WTO members had not made any notifications as of end of March 2020.

It is a mandatory for WTO members to report all kinds of agricultural subsidies, regardless of whatever they are permitted or not, while industrial subsidies are, in general, notified to the WTO only when they are classified to be prohibited or actionable. Most developed members, including the U.S., Japan, and EU have continuously complained about China's industrial subsidies resulting in over-supply in global markets.

In this respect, a first step could consist of countering subsidy notification failures, namely by ensuring that WTO members comply with the requirements on subsidy notifications. However, we need to understand that the issue would be framed in the big picture of

systemic trade distortions. Beyond a mere procedural reform of the subsidy notification system, what the U.S. wants is to bridge the gaps in multilateral rules that allow distortions such as Chinese subsidies to state-owned enterprises. Therefore, notification of industrial subsidies is also closely related to so-called China's state capitalism.

Special and differential treatment (S&DT) for developing members is another big issue. When it comes to the S&DT issue, in fact, all developed countries, including the U.S., EU and Japan, have continuously raised objections against excessive benefits being provided for developing countries in the Doha Round. There is still significant dissent within the WTO surrounding how the economic superpower China remains classified as a 'developing country' by the WTO, thus allowing it certain S&DT privileges.

It is true that the current distinction between developed and developing countries within the WTO no longer reflects the reality of the rapid economic growth in some developing countries. Clearly, there is a wide range of heterogeneity among developing countries. This lack of nuance, and its consequences with regard to the S&DT question, has been a major source of tensions in the WTO and an obstacle to the progress of negotiations. Developing countries, of course, should be allowed the assistance and flexibilities that they need to meet their development goals. However, change is needed in terms of ensuring that flexibilities are made available to those countries who actually need them. Graduation mechanisms with proper grace periods and assistance measures could be a reasonable solution to the S&DT issue.

Amid faltering multilateralism and growing frustration of trading states, 'WTO reform' has become a focal point of the global discussion. The future of the global trading regime substantially relies on how this reform discussion unfold for the next couple of years. It is clear that simply continuing as before is not possible. Neither is there one size that fits all. We know that the WTO is not perfect, but we know it is good and we seek to make it better. ■



JIN KYO SUH

Senior Research Fellow
Korea Institute for International Economic
Policy
South Korea

Email: jksuh@kiep.go.kr

JANNE SUUTARINEN

The EU must sort out its foreign policy mess

Expert article • 2759

The ongoing year has been thick with twists and turns in global politics. Especially the European Union's eastern neighborhood has been stirring up. Revolutionary activity in Belarus, the significant reform of Russia's constitution, and the poisoning of the most notable Russian opposition leader, Alexey Navalny, have been important talking points during the last months. Military activity in the Baltic Sea and Arctic waters has accelerated as if reflecting the Belarusian tensions up north. Overall geopolitical alertness has been on the rise.

Regarding Russia's constitution change the most international attention was directed to the fact that now President Vladimir Putin has the option to stay incumbent until the year 2036. Yet, more far-reaching consequences will emerge from the contents that open the legislative way for the Kremlin to make interventions to foreign countries in case it is interpreted that things are not going well for the Russian countrymen. "The Russian Federation supports compatriots living abroad in exercising their rights, ensures the protection of their interests and the preservation of the Russian national cultural identity", says the amended constitution.

We need to recall that Russia's annexation of Crimea in 2014 was conducted on the grounds of defending the interests of the Russian population of the peninsula. Over half of the Crimean people were and are ethnic Russians, so this was a low-hanging fruit for Kremlin. Many of the ex-Soviet countries have considerable Russian minorities, which means that many countries should now more than before be cautious of the Kremlin's geopolitical schemes.

The amended Russian constitution places Russian law ahead of international law. Already the two aforementioned amendments send a strong message that Russia is further positioning itself as a realpolitik-driven superpower.

This has everything to do with Europe. The reactions from the most important regional institution, the EU, have been familiarly modest and vague. The Navalny case would offer a great opportunity to send a clear message of discontent to Moscow. However, the possibility of a unanimous EU decision of sanctions against Russia seems in this situation unlikely. Many member countries are in an economic slump and have shared business interests with Russia. Just as unlikely would seem a decision by Germany to stop the Nord Stream 2 gas pipeline project, even though calls for it have been voiced.

All in all, the EU which represents the so-called European values community does not have what it takes to pressure Moscow. This is dangerous because Moscow has no such institutional obstacles but instead has a growing economic capacity to pressure Europe. The inability of the EU to set justifiable sanctions as well as Germany's reluctance to risk its gas supply are unnerving evidence of this. Kremlin's unwillingness to announce even a symbolic investigation could be a sign of defiance in line with the new constitution. It remains to be seen if this analysis written in mid-September ages well.

More generally, the situation sheds light on the chronic weakness, or perhaps the impossibility, of coordinated EU foreign policy even at the most basic level. The heavyweight Russia expert Mark Galeotti has bluntly said that he does not believe the Kremlin thinks the EU even exists. Through the Moscow lens, the union looks more like a competing arena for national states; a facade from which notable European powers promote their interests. The regulatory power of the EU does not read as real power in the Kremlin playbook.

It seems that whereas Russia and several European nation-states are strengthening their individual geopolitical positions, any EU level regional foreign policy tools remain merely as theories.

The recent divisions among member countries of the EU regarding the 750-billion-euro recovery package might come across just as another desperate struggle in a doomed federalistic project. However, this political gamble with the union's future might in the best of the best scenarios bring about more unity. That is a requirement for effective or at least functioning union-level foreign policy.

At the end of 2018, the European Commission proposed that the union member states could make foreign policy decisions on sanctions, human rights positions, and civilian missions by qualified majority voting instead of a unanimous decision. It is hard to imagine success for this proposal, as so many member countries have foreign political interests that would be at risk in the EU majority decision making. Issues with Russia also divide member states, mainly because its potential threat is perceived differently in different parts of Europe.

Nevertheless, the regional divisions and world political tensions continue to rise, and the EU is in a hurry to conjure up credibility in hard diplomacy. In the future, the entire sense of the EU project will be tested in its ability to act as a strong opposition and an alternative to the authoritarianism and even totalitarian tendencies that are looking to expand not only from Russia but from China and the Islamic world as well. ■



JANNE SUUTARINEN

Journalist
Kauppalehti
Finland

Email: janne.suutarinen@helsinki.fi

ÜLARI ALAMETS & MERIKE NIITEPÖLD

Central Baltic result orientation!

Expert article • 2760

The Central Baltic (CB) programme decided to go for result orientation from 2014. Creating public policies with clear, measurable, realistic yet ambitious objectives is not an easy task. It is a balancing act. And it is double challenge if you are applying it for programme which is covering several countries.

Let us first visit the time when current programme was born – 2013. The basis for achieving results is a result based strategy: objectives described with help of result indicators making clear what is the starting point and where we would like to be at the end. The second challenge is the implementation. If result orientation is not in the intervention logic, you just have to keep fingers crossed and hope that good projects will show up and bring acceptable results.

We started asking what can be achieved with available resources (ca 100 MEUR) during a programme period (7+ years) in the programme area (with ca 10 mln inhabitants)? Then we used result indicators with baseline and target values to make the changes (specific objectives) measurable.

Good preparation and knowing the chosen themes are key in getting the balance right between narrow focuses and demand. One simple activity we used was collecting project ideas from potential partners already during the preparation process.

We ended up with 11 specific objectives within 4 programme priorities. Examples of objectives are „more exports by the CB companies to new markets“, „reduced nutrients, hazardous substances and toxic inflows to the Baltic Sea“, „improved services of CB small ports“ and „more aligned vocational education and training programmes“.

How about achieving results so far? It's not yet time to count all results as many projects are ongoing but we can conclude that we have mostly exceeded the target values. Some objectives were easier to achieve than others. If the objectives were described in detail, there was less room for interpretations and misunderstandings and if a clear methodology was missing it was difficult to get comparable results.

The new programme preparation process started early this spring. Our stakeholders again emphasised most important principles, such as result orientation and focusing, simplification and good division of work with other programmes.

The process was designed to move from general choices towards more specific ones. We use existing strategic documents and development plans, compiling a regional analysis to identify main challenges, involve regional and national experts into preparation via a working group and thematic seminars in all countries.

Then, immediately after kick-starting the process, Covid 19 arrived. Our experience is that most of the work can be done combining online meetings with written inputs. But building trust, negotiating and finding consensus are „area of real human interaction“. What helps, is existing trust credit from programme stakeholders achieved during current programme preparation and implementation.

We succeeded to use the narrow window this summer for country based thematic workshop. Real people participated and gave input for determining the programme specific objectives (the changes) for the programme.

We are still in the process of identifying where CB programme should intervene in the next period (2021-2027). We have narrowed down the potential themes to following:

- Innovative business development & improved digital services;
- Improved quality of environment & circular economy & improved intermodal mobility to decrease CO2 emissions;
- Labour market & skills development;
- Strengthened connections between people, civic society and public sector.
- The above listed themes are still too broad. To proceed further we must ask:
- Is there value added by cross-border cooperation and is the CB scale right?
- Are interests joint and relevant for member states, regions and potential project partners?

By the end of the process we aim for perhaps 5-7 specific objectives. We want them to reflect tangible and measurable changes. We want that they are realistic but ambitious and there will be good projects with their cumulative results to achieve programme specific objectives.

We see the following critical aspects for improvement:

- Division of work between different cross-border and transnational programmes;
- Describing programme specific objectives clearly and in good detail;
- Better attracting projects with good match to the programme specific objectives;
- Better enforcing result orientation during project implementation.

We have learnt that we need a good, focused programme strategy. We must implement it with full energy and commitment. And then critically evaluate the results, learn and use that for improving the programme strategy for new programme cycle and implement again with passion! ■

ÜLARI ALAMETS

Project Manager
Central Baltic programme
The Regional Council of Southwest Finland,
Finland

MERIKE NIITEPÖLD

Head of Managing Authority
Central Baltic programme
The Regional Council of Southwest Finland
Finland

www.centralbaltic.eu

MARKO PALOKANGAS

Security implications of the situation in Belarus

Expert article • 2761

The anti-government protests have continued in Belarus and the democracy movement has strengthened. At the same time, the security forces have violently dispersed the protests. The events also have security repercussions for the Baltic Sea region. The escalation of the internal crisis in Belarus would affect the security environment of the entire Baltic Sea region, and thus also of Finland. Therefore, Finland cannot remain indifferent to the events of the near-future in Belarus. These events are also a major concern for other Nordic countries and the Baltic countries.

Russia's role is central to the crisis. Belarus' geostrategic position is an essential issue for Russia. Currently, President Lukashenko's unstable regime is trying to avoid a foreign intervention. An escalation of the crisis could lead to a violation of Belarus's sovereignty and human casualties. For Belarus, the biggest risk would be a strong Russian intervention and a regime change organized by its neighbor. The use of military force is possible but unlikely, as Russia and Belarus are both members of the Collective Security Treaty Organization. Its purpose is to collectively deepen the military and political co-operation of the member states. Under the agreement, the Member States will refrain from using force against each other, and an act of aggression against one Member State is an attack on all of them. The people of Belarus consider Russia to be a reasonably friendly country. Therefore, a large-scale or a direct military intervention is not the most likely scenario.

The position and situation in Belarus are reflected in Russia's internal and external military policy. As an ally, Belarus generally appears to be a sovereign state in Russia's foreign military policy. As a border country, Belarus's position is primarily defined by the perceived threat posed by NATO, but at the same time its sovereignty is at least partially limited. Russia may see the area of Belarus as important simply because of its vicinity to Kaliningrad, and Kaliningrad's defence. In the event of a possible crisis establishing a land connection via Belarus to Kaliningrad may be essential to Russian interests. Belarus is an important area for Russia: both as part of Russia's strategic deterrence, and as a part of Russia's internal military policy. Belarus's position in Russian military policy is primarily determined by the threat posed by NATO.

The countries of the Baltic Sea region have also reacted to the destabilization of the security environment. For example, at the end of August 2020, Sweden raised its defense readiness due to increased Russian training activities, and due to the unstable situation in Belarus. The situation is actively monitored in all of the Nordic countries with the aim of analyzing the situation in case possible readiness actions need to be taken. At the same time, NATO has increased its presence in the eastern part of the Alliance. Four multinational battlegroups have been established in Estonia, Latvia, Lithuania and Poland. Multinational battlegroups led by the United Kingdom, Canada, Germany and the United States are in high combat readiness. The

increased presence of NATO forces in the Baltic countries is a sign of increased deterrence. The combined strength of all of the four battle groups is about 5,000 soldiers.

A successful transfer of power in Belarus in the near future, and maintaining the security balance in Eastern Europe would be a significant step towards stability. In the long run, a stable and democratic Belarus would be a factor in enhancing European security. The problem is the short-term, as continued instability and the increased military presence and growing troops strength of different actors in the Baltic region are a threat to the foundations of the entire Western security architecture.

The future of the Baltic Sea Region does not mean constant change. The future includes quite an extraordinary number of permanent phenomena, issues, and actions. It is especially important to identify those things that will remain the same when anticipating changes. The changes come in second place. An image of the world of the future can be built based on these. At the heart of the change are the various threat perceptions and the opportunities to reduce them. The threat picture is not necessarily a state, but it can be any factor interpreted to be a risk factor. The threat perceptions and changes in them place demands on the actors on how to prepare to combat the threat. In the future, increasing economic interdependence will force the countries of the Baltic Sea Region to tighten their partnerships and alliances, and to move to a more holistic operating culture. Interdependence is not only economic, but also political and military in nature. ■



MARKO PALOKANGAS

Military Professor (Military Theory and Warfare)
Lieutenant Colonel
National Defence University
Finland

REIN OIDEKIVI

Address: Belarus, Europe

Expert article • 2762

Belarus's long-standing president, Alexander Lukashenko, was an outspoken man. When he came to power in 1994, he brought back a slightly redesigned flag and coat of arms of the Byelorussian SSR. He was a Soviet man by mentality. The collapse of the communist empire was a personal disappointment to him. In addition to professional skills, Soviet universities taught almost the same amount of Lenin's works. Lenin corrected Marx and argued that building up communism was possible in a single country, not just globally; it could be exported later. Lukashenko hoped that the reconstruction of the USSR could start with one region, Belarus, and then expand – or, rather, return – to others. Large industry remained the property of the state in Belarus and the collective farms survived in rural areas. The name of the KGB was not changed and the organisation retained its nature and methods. Lukashenko did not bring any kind of “collective leadership” to Belarus – it seemed rudimentary. Well, what kind of collective leadership existed under Comrade Stalin?

Without Russia's involvement, the Soviet Union will not be rebuilt. Russia had to join Belarus. Lukashenko worked diligently to this end from the very beginning. This year, on 24 June, when he went to Moscow as a guest at a spectacular military parade, he shouted to the people gathered in Red Square: “We arrived in the capital of the homeland!” If a student from the Gori Theological Seminary was able to become the leader of the USSR, why in the new century can a graduate of the Belarusian Agricultural Academy in Mogilev Region not repeat this success?

Lukashenko was insulted by Moscow when it became clear that he would not be allowed to be president of a federal state in any form. He accused the Kremlin of dishonest cooperation, began to search demonstratively for new partners, and declared himself a guarantor of Belarusian sovereignty. This was a personal expression of deep resentment. Lukashenko as a fighter for national independence sounded ridiculous. He has never been a carrier of Belarusian identity; he has always been deeply Soviet. He brought his country to the Kremlin's doorstep for the eventual unification of the two countries.

There were never free elections in Belarus under Lukashenko. The pattern was the same: criminal proceedings were begun against any serious rival or they were immediately put behind bars. The authorities always performed tricks with ballot papers. However, there were also a number of people who supported Lukashenko. In 2020, however, there was widespread elimination of competitors and falsification of election results and patience run out. People went onto the streets to protest.

Lukashenko's job as president of Belarus ended on the day in August when he asked Putin to set up a military reserve unit to suppress Belarusian protesters if necessary. Lukashenko handed control of Belarus over to Moscow. It is significant that Lukashenko refused to answer phone calls from European leaders, who then had no choice but to talk to Vladimir Putin about the situation in Belarus. The West effectively stopped treating Lukashenko as a head of state. Moscow also only needed him to carry out a few ongoing tasks. For Putin's Russia, it is crucial that heads of state in the post-Soviet space are not changed through popular demonstrations or via genuine, free elections.

Putin has never seen Belarus as an independent state or treated Belarusians as having their own national identity. In Moscow's eyes, Belarus – like Ukraine – is an integral part of Russia, with small regional cultural differences.

The coming months will show to what extent the people of Belarus have the will and luck to regain their sovereignty from Moscow. Their fight for their freedom and against lies has been impressive. A strong foundation has been laid for the rapid development of civil society.

The leaders of the protests in Belarus tried, especially in the first few weeks, to avoid anything that could annoy or provoke Moscow. Unlike in Ukraine, the EU flag was not brought onto the streets. It was emphasised that the close partnership between Belarus and Russia would not be abandoned. Positive signals were sent to the Kremlin even after Putin had congratulated Lukashenko on his election victory and thereby approved his actions in suppressing the protest.

Moscow has no reason to be afraid that, with the emergence of new national leaders in Belarus, it will lose control and influence. The economies, security structures, media space and culture are so interrelated that this cannot be quickly dismantled. Whoever becomes Belarus's new leader, his or her hands will be tied.

Putin's Russia sees democracy, human rights and the free will of the people as a real threat to remaining in power. The protesters in Belarus cannot therefore count on his support. On the other hand, a nation that has driven one dictator out may not be interested in falling under the control of another, in Moscow.

The Coordination Council set up by the protesters in Belarus included Nobel Prize winner Svetlana Alexievich. Her book *The Unwomanly Face of War* is a bold and painful stories about women and their fate in World War II and its aftermath, written in a style that contrasts with the official, pathos-laden version prevailing in Russia and Belarus today.

However, the peaceful protests in Belarus following the rigged elections on 9 August had a female face in particular – the face of a brave and beautiful woman who stands up for the dignity of all Belarusians. This is something of a phenomenon in Belarus and inspires faith and hope for the future of the Belarusian people and state.

The rest of the world, especially the West, must step out of its comfort zone of thinking about Belarus as an inevitable Russian satellite, a vassal state. Events in the country during the summer of 2020 have shown that people living in the geographical heart of Europe deserve much better than to live under post-Soviet dictators.

REIN OIDEKIVI

Research Fellow

ICDS

Estonia

DAVID R. MARPLES

The Belarusian awakening

Expert article • 2763

The August 9, 2020 elections were the sixth for President Aliaksandr Lukashenka, who became president of Belarus in 1994. The previous election in 2015 had been largely boycotted by the opposition political parties and was the smoothest to date for the regime. Moreover, as earlier, each stage of the election was carefully stage-managed: from the gathering of 100,000 signatures to the vetting of candidates by the Central Election Commission headed by Lidziya Yarmoshyna.

Yet Lukashenka badly miscalculated. First, two candidates emerged from the elite: Viktor Babaryka, former chair of Belgazprombank, and Viktor Tsapkala, former head of the Hi-Tech Park and former Belarusian Ambassador to the United States. Added to the mix was popular vlogger, Siarhei Tsikhanouski, whose YouTube site has around two million viewers.

Second, in early 2017, Lukashenka introduced a law to punish so-called “parasites” who worked less than six months per year. The result was angry, spontaneous protests in several Belarusian cities. The law was eventually shelved but the bond with the people was lost.

Third, the president dismissed Covid-19 as a psychosis, advising the population to go the countryside and ride tractors, drink vodka, and visit the sauna. As the virus took root, local governments prepared for mass hospitalization and use of ventilators. Lukashenka had relinquished his role as protector of his people.

Fourth, Belarus’ relationship with Vladimir Putin’s Russia had deteriorated. Frustrated with the lack of cooperation on issues such as a new Russian air base in Belarus, Russia imposed duties on oil and gas exports and ended its former subsidies.

Babaryka gathered most signatures and led in the polls. One online poll calculated Lukashenka’s support at only 3-6%, leading to the derisory slogan “Sasha 3%.” Tsikhanouski encouraged followers to bring slippers to his rallies to “crush the cockroach.”

The response from the authorities was swift. Large-scale arrests took place, including that of Tsikhanouski. Babaryka and his son Eduard were arrested and charged with tax evasion and money laundering. Tsapkalo fled to Russia. All three major challengers were refused registration. Tsikhanouski’s wife Sviatlana offered to run in his stead and was accepted, ostensibly because she was a political neophyte.

On June 8, Tsikhanouskaya joined forces with Tsapkalo’s wife Veranika, and Babaryka’s campaign manager, Maryya Kalesnikova. The three campaigned together in a number of cities and in late July they addressed more than 60,000 people in Minsk’s Banagalore Square. The crowd, of all ages, sang songs and waved the white-red-white national flag that was used in 1991-95, but banned thereafter.

Tsikhanouskaya proved a charismatic challenger who became very popular. Her platform promised only the release of all political prisoners and new elections. Politically, she leaned neither to Russia nor Europe. But Belarus was changing. The formerly passive population was passionately interested in the campaign. And it was manifestly not supporting Lukashenka.

Nevertheless, on August 9, the Central Election Commission announced that Lukashenka had received 80% of the votes with Tsikhanouskaya at 10%. Russia promptly recognized the results; the Western Powers demurred. Mass protests followed. On the two

Sundays following the election, over 200,000 flooded the streets of Minsk, with thousands more in smaller cities. The regime responded with violence, mass arrests, and brutality using OMON troops, KGB troops, and police forces both in and out of uniform, but all masked. At the prison on Akrestin Street, detainees were made to lie face downward on top of each other without access to food or water.

More protests followed, with women leading on Saturdays—generally they were treated less brutally than the men—and en masse on Sundays. At several factories, workers went on strike. The regime was severely weakened but did not fall. When Belarusian Television workers resigned, Lukashenka replaced them with Russians. Those on strike were threatened with job losses. University students were targeted, along with their families. Russia did not intervene directly, but in Sochi on September 14, Putin offered Lukashenka a \$1.5 billion loan and promised further support.

The Belarusian Awakening remains undaunted but faces a difficult future. Tsikhanouskaya fled to Lithuania, Tsapkala to Russia, and Kalesnikova is in a Minsk prison, having been abducted off the street. A Coordinating Council put in place by Tsikhanouskaya to find a way out of the impasse has seen all its Executive Committee members fleeing the country or arrested with the exception of the Nobel Prize winning author Svetlana Alexeevich, who has been guarded at her home by European diplomats.

Lukashenka’s future is in doubt, but he has vowed to remain. The final outcome is unclear, but nothing will ever be the same in Belarus.

DAVID R. MARPLES

Distinguished Professor
University of Alberta
Canada

OLGA DRYNDOVA

Protests in Belarus: Why now and what is different this time?

Expert article • 2764

A wide and rapid pre-election politicisation of Belarusians, followed by the largest political protests in the history of independent Belarus both in Minsk and the regions, came as a surprise for many experts and politicians. The public discontent did not come out of the blue, though: there are a number of long term reasons and short-term triggers that led to a revolution attempt.

The legitimacy of president Lukashenka was based on a so-called “social contract” for many years: the state would provide for a relatively stable well-being and security (i.a. low criminality and the absence of war conflicts), while most Belarusians would stay politically inactive and support the status quo. This unwritten contract has been deteriorating for some time already, while polls show that the share of supporters of Lukashenka among pensioners, rural inhabitants and “normal” citizens dropped from 68 per cent in 2006 to 32 per cent in 2016.

The real well-being of Belarusians was gradually raising for 15 years starting after 1996, which was enabled to a large extent by low prices on crude oil from Russia, combined with the export of refined products to Europe. The decline of well-being in the last 7-8 years was accelerated by the pandemic. Polls showcased the biggest downshift in feeling regarding the current economic situation since the beginning of 2000s: over 60 per cent saw their economic situation as bad in March, 2020.

Economic uncertainty was supplemented by an inconsequent information policy during the pandemic. Firstly, it led to a decline in trust to authorities and personally to Lukashenka. According to polls, Belarusians assessed their government's reaction on COVID-19 as highly insufficient, they did not feel secure about their health and lives. Secondly, this caused an unprecedented wave of solidarity and self-organisation: business cooperated with civil society to provide hospitals with the needed equipment, while people gathered huge sums for solidary actions through crowd-funding platforms. This solidarity and the newly learned self-organisation skills were directly transmitted into the electoral campaign.

Finally, new faces in politics outside the classical party opposition, which was neither popular nor well-known in Belarus, introduced new political messages. The “new opposition” without any political experience focused on a belief in people and their ability for collective action and changed the narrative from “authorities are bad” to “people are good”. They encouraged people to use all possible legal methods to “fight” the system (gathering signatures, filing complaints, observing elections etc.). As a result, a critical mass of Belarusians, most of whom were not politically active before, was mobilised and faced the malfunction of the judicial system.

Even more people developed protest moods due to a disbelief in the official 80 per cent for Lukashenka. Possibly, for the first time in the Belarusian history he de facto lost elections. After-election violence, unprecedented even for the Belarusian authoritarian reality,

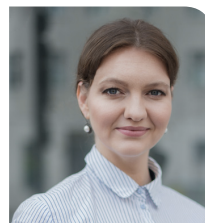
crossed the point of no-return for further social groups.

After-election protests during the first month did not have a clear and structured coordination centre, which made them difficult for the state to suppress. People self-organised spontaneously via personal contacts and social networks (especially Telegram), which became popular long before elections. Cases of solidarity became countless: f. ex. IT-companies helped resigned policemen financially and with a job-search. Political humour during the pandemic and the protests became an important solidary tool, while solidarity on various levels contributed to a feeling of an emerging nation among many. Horizontal community contacts (city, city district, courtyard, etc.) were strengthened significantly, which might become a base for a new strong civil society and self-government in Belarus.

New social groups joined the protests in different forms, f. ex. workers of state-owned plants, sportsmen and employees of state-controlled media (all former core electorate of Lukashenka). While peaceful solidarity chains of women with flowers played an important role in reshaping the protest dynamics. They made the non-violent nature of protests obvious both for national and international public, attracted new groups of protesters, who were afraid to participate in night protests before, made protests visible in public space during the day time and gave women a new resisting role.

Protests did not contain any geopolitical element: neither pro-EU nor anti-Russian moods could be identified. Belarusians were rather united under the slogan “Anybody but Lukashenka”, their voting being thus a protest one. According to recent polls, Belarusians prefer to have good relations with all neighbours, while half of population does not see itself either as a part of the Western or the Eastern world. This does not mean, however, that popular moods cannot change. Should Russia further support Lukashenka, or try to obviously intervene with its security or military forces, or push for a deep integration within the Union State, it could rapidly loose a strong support and a potential for its soft-power within the Belarusian society. However, the EU could as well put the advantages of its values-based foreign policy under question in Belarus, should its internal problems further hinder a proper EU-reaction on repressions and an unprecedented violation of human rights in Belarus. ■

The article was received on 15.9.2020.



OLGA DRYNDOVA,
Editor “Belarus-Analysen”
Research Centre for East European Studies
University of Bremen
Germany

Email: dryndova.olga@gmail.com

ANNA MARIA DYNER

Consequences of the presidential election in Belarus

Expert article • 2765

Although Alexander Lukashenka officially received over 80% of the votes in the presidential election, he has been the biggest loser. The rigging of the results and brutal pacification of post-election protests has meant he has lost the support of even those who had recently voted for him. Moreover, the phone calls to Vladimir Putin, during which Lukashenka asked the Russian president for help, were an admission that the Belarusian president is not in control of his own state. This has opened the door to Russia to subordinate Belarus to an even greater extent than before. What is more, the Belarusian government's actions will harm it internationally, which will deepen the country's economic problems.

The scale of the mass protests ongoing in Belarus since the end of the presidential elections on 9 August confirms that Lukashenka has lost the support of many Belarusians. The demonstrators demand his resignation, as well as the cessation of the use of violence by the security forces.

In May when the Belarusian parliament set the date of the elections, it seemed that they would be only a formality for Lukashenka and the incumbent authorities. The campaign revealed growing tensions in Belarusian society and the actions of the authorities during the campaign and after the elections indicate that they misjudged the public mood. The dissatisfaction and protests are the result of multiple factors. First is the deteriorating economic situation—GDP decreased by 1.7% year-on-year in the first half of 2020, and the country's currency income, mainly from the sale of petroleum products, decreased by 17.4% in January-May compared to the corresponding period in 2019. Second is the lack of action by the authorities to prevent the spread of the COVID-19 pandemic—although a mandatory quarantine has not been introduced, many sectors of the economy have suffered significantly. And third is the fatigue with Lukashenka, the authoritarian leader who has been ruling for 26 years.

Although the public's opposition to the regime will probably persist or increase, it is difficult to predict whether it will lead to changes in domestic and foreign policy in the near future (in the next several months). Lukashenka is concerned about any political changes that could weaken his power. The possible implementation of economic reforms would mean a temporary drop in living standards, which could adversely affect his position; for example, privatisation would mean a loss of political control over the largest Belarusian enterprises. What is more, Russia will not allow Belarus to change its foreign policy to a more pro-Western vector for ideological and military reasons. However, it cannot be excluded that the current regime will erode in the long term, although it will continue as long as the authorities are able to satisfy the interests of the nomenklatura. But if any of the power groups (especially representatives of the so-called power ministries and special services) concludes that their interests are at risk, political changes may occur.

What is more, by falsely accusing Poland and Lithuania of inspiring the protests, Lukashenka has undermined good neighbourly relations. By pointing to a threat from the outside and ordering military drills in the north and west of the country, a scenario that resembles the Zapad manoeuvres, especially those of 2009, disturbs the security situation in the whole region.

All this favours Russia, which is trying to keep Lukashenka in power. The Russian authorities will use his weak position within the country and outside to pursue their interests in Belarus. Russia's negotiating position will be strengthened by disagreements over the prices of hydrocarbons and ending contracts for oil and gas. At the same time, there are many indications that Russia will be actively involved in enacting the constitutional changes announced by Lukashenka and may expect quick parliamentary and new presidential elections. It will also try to avoid any international mediation between the Belarusian authorities and the society, clearly pointing out that the country is within Russia's "area of responsibility". Russia may also try to change the president to one more useful to it, using Lukashenka's announcement about the reform of the constitution and possible presidential and parliamentary elections to make the switch. Regardless of whether Lukashenka remains in power or a new pro-Russian politician becomes president, Russia will want to finalise the project of creating a fully-fledged military base in Belarus and deepening economic integration.

To sum up, as of the beginning of September there is still no optimism for significant change in Belarus. ■



ANNA MARIA DYNER

Analyst

The Polish Institute of International Affairs
Poland

KAMIL KLYSINSKI

Belarus after elections: The subjects become citizens

Expert article • 2766

When the presidential electoral campaign in Belarus started in May, nobody was aware of great importance of this event for the future of the country. More capable experts announced forecast about “some disturbances” due to a high risk of growing social discontent (this was mentioned only as a risk not real growth because of the lack of independent sociological surveys on political issues), caused by the government ignoring the threat of the COVID-19 epidemic, which has led to a huge number of infections, as well as the ineffective measures it took to protect people harmed by the deepening recession in the Belarusian economy. This means that the anti-government sentiments among the public are also driven by the feelings that neither their health nor their social security is secure.

Meanwhile this “disturbances” can be viewed as a trigger of the beginning of the process of the political emancipation of much of the Belarusian society, which was a big surprise for citizens as well as for authorities, deeply concerned about changes in social moods. So far the Belarusian regime holds all elections as a ritual, which should be only a confirmation of the strength of the political system in the context of a permanently weak opposition. To achieve this aim, the regime needs only passive “subjects”, voting in favor or against Lukashenko, but without any hope for the possibility of real change. In this regard, the authorities weren’t interested in an active society, involved in political issues, which ask difficult questions or makes demands. At the same time, by providing another “elegant victory” of Lukashenko, the Central Electoral Committee exaggerated voter turnout, putting pressure on workers of the public sector or just adding signatures at the end of voting “on behalf of” the citizens who didn’t vote. Of course the results of all elections in this way can only be seen as pure manipulation and certainly do not reflect the true political views of Belarusians.

However this year, even the conduct at the preliminary stage of the presidential campaign, focused on collecting signatures of support for potential candidates (necessary to register formally) clearly showed, that this elections would be completely different from the previous ones. From the very beginning, the activities of alternative candidates attracted large groups of citizens who expressed their true feelings of President Alyaksandr Lukashenko, who has been in office for 26 years. People, asked by journalists, explained that they are fed up with the arrogance of authorities and their clear inability to meet basic needs of society. Growing social discontent was visible throughout the whole campaign, when thousands of citizens took to the streets to protest against repressions imposed by the regime towards the main opponents. Much bigger crowds (even over 60.000 protesters) gathered during campaign rallies of Sviatlana Tsikhanouskaya - the most popular counter-candidate of Lukashenko.

In this context of growing tension, the 9th of August, the final day of the presidential election, turned out to be a turning point in the process of the eruption of Belarusians frustration at the regime.

Electoral fraud on massive scale, pressure on disloyal members of electoral commissions and finally the announcement of another great victory by Alyaksandr Lukashenko at the traditional level of 80%, this time was too much for usually the most patient nation in Europe. The general perception such high “official” result of incumbent president was not only inadequate to the real mood of society but also was recognized as an arrogant answer to all expectations and needs of its citizens.

As a result of the growing social anger of the previous months, culminated in the evening of the 9th of August into a massive, unstoppable protests across the country. Even the unprecedented brutality of security forces was not able to suppress and discourage many demonstrators from taking to the streets every day in many cities and towns across Belarus. Furthermore, enormous cruelty of the militia and stories told by demonstrators released from jails after several days and (what is crucial for a better understanding of the reasons of widespread anger) random people detained during demonstrations, only fueled anger and the determination of a Belarusians to oppose the regime. The social mood was worsened arrogant and by completely inadequate statements of Lukashenko, who not only refused to punish the most brutal soldiers of security forces but also insulted his opponents and call them “rats”. He also suggested that they were inspired from abroad, mostly from a “hostile and two-faced” West. Society’s reactions have been unprecedented demonstrations, which were organized every Sunday in Minsk, which estimates ranging between 100.000-200.000 participants.

All the events organized after the election, have shown Belarusians’ great potential for expressing civil disobedience based on the belief that they have the right to be treated with respect and to peacefully defend their interests. During the meetings with the local nomenklatura, people have openly presented their demands, insisting, for example, on recounting the votes and releasing the detained. Thus, we can see a process of rapid civil emancipation and a growing sense of dignity, which have less and less in common with the standards of an authoritarian regime. In other words, the subjects have finally become citizens. This has been accompanied by a rapid growth of national awareness of many Belarusians, which means the beginning of the very delayed, compare to other nations, process of nation building in Belarus, which is the biggest challenge for Lukashenko in his next and probably the last term as president. ■



KAMIL KLYSINSKI
Expert on Belarusian Affairs
Centre for Eastern Studies
Warsaw
Poland

THOMAS M. BOHN

“Long live Belarus!” and “Go away!” - slogans of the white-red-white revolution

Expert article • 2767

The mass protests against fraud in the presidential elections of August 9, 2020, brought to long overdue public attention to Belarus. Although once described as the “last dictatorship of Europe,” it is more often perceived as a “white spot” on Europe’s political map. At last, this spot has been filled with color, a color that can be seen in the streets and squares of the country. “Long live Belarus!” (Zhyve Belarus!) and “Go away” (Ukhodi!) are the slogans of those who carry the white-red-white flag through the streets of the country’s cities. However, should the People’s Republic, that was proclaimed in 1918 during World War I under German occupation and whose symbols were used by the People’s Front Party during the phase of glasnost and perestroika, be revived? Once we realize that one slogan is in the Belarusian language and the other in Russian, we have to answer this question in the negative. In the streets and squares there is no search for a national identity, but a proclamation of democratic goals. It is about the search for an alternative to Alexander Lukashenko, who for over a quarter of a century has been the authoritarian ruler of Belarus under the red-green flag that dates back to the Soviet era.

The situation is complicated. Belarus is a region that was under Polish-Lithuanian influence for 400 years, but only 200 years under Russian-Soviet rule. The historical landscape of Belarus took on its present form when the Grand Duchy of Lithuania ceded large parts of today’s Ukraine to the Kingdom of Poland in the Union Treaty of 1569. However, the idea of the Belarusian nation only took shape when Francišak Bahuševič described Belarus geographically as the settlement area of Belarusian-speaking people in the preface of his collection of poems “Dudka bielaruskaja” (Belarusian bagpipe) from 1891. Historically, this region was a transit zone for foreign armies and a transit country for grain trade. In the course of history, its cultural assets have been repeatedly destroyed and transformed. Under these conditions, the doctrine of strong statehood advocated by Lukashenko was no longer to be elevated to the leading paradigm for the history of the Republic of Belarus, which was founded in 1991.

Rather, Belarus is to be understood as a contact zone between East and West. The essence of its history is articulated in the long existing interdependence of the lives of Belarusian farmers and Jewish traders as well as Polish landowners and Russian officials. Against this background, the Stalinist forced collectivization of agriculture and the National Socialist Holocaust continue to prove to be traumatic experiences to this day. In the face of enormous population losses and the catalytic function of Soviet technology, the country underwent a metamorphosis after World War II and took on the form of a model socialist republic. In the course of a phase-delayed modernization process, the transformation from an agrarian country to an industrial state took place. The price of this rapid progress was cultural Sovietization and linguistic Russification, and thus the abandonment of national identity. From an ecological point of view, the draining of

vast wetlands and the depopulation of traditional villages preceded the nuclear contamination of entire regions by the nuclear fallout from Chernobyl. The Belarus of the 21st century is no longer what it was when the People’s Republic was proclaimed in 1918.

By the fourth Sunday of the protests -- at the latest -- the red-white-red revolution, which took place under the banner of peaceful demonstrations and foreign policy neutrality, was on display and with it, the split between state and society. A public sphere is filled with a public opinion. As a result of the Corona virus, the Republic of Belarus has gained a chance to reinvent itself from within. It can do so by reconnecting with the socioeconomic transformation of the first half of the 1990s, which was prematurely reversed under Lukashenko, and by embracing its role as a political bridge between East and West. ■

**THOMAS M. BOHN**

Professor of East European History
Justus Liebig University Giessen
Germany

Email: Thomas.Bohn@geschichte.uni-giessen.de

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RIKARD JOZWIAK

Belarus sanctions – The EU's symbolic response

Expert article • 2768

Let's start by stating the obvious: the European Union's sanctions against Belarus are symbolic. They did not substantially change the behaviour of the regime in Minsk after the violent crackdown that followed the contested Presidential elections back in December 2010 and they are not very likely to alter the political calculations of the very same regime when the bloc imposed another set of sanctions in the wake of the violence against the population witnessed in the country following the rigged vote on August 9.

Yet, sanctions remain the sole foreign policy whip the EU possesses – and that is why it is being so touted both by media and politicians alike. While Brussels ideally would prefer to offer carrots, being a bloc of countries that largely strives to be a soft superpower, it would look rather foolish to offer the Belarusian President Alyaksandr Lukashenka and his associates any incentives now. That is why closer economic ties and political cooperation, as well as promises of visa liberalization in the future all are off the table. And that is also why promises of aiding the country financially comes with the caveat that no Euros should end up lining the pockets of those that run the country – a rather tricky demand considering that one is dealing with a dictatorship.

Since Brussels wants to aid and not hurt the struggling Belarusian population, sweeping sectoral sanctions of the sort imposed on Russia in the summer of 2014 after its annexation of Crimea and support for separatists in eastern Ukraine was ruled out back in 2010/2011 and will be so again this time around. The fact that EU-Belarus trade is miniscule compared to the economic transactions flowing between the bloc and Moscow makes such measures look rather blunt.

What is left is then asset freezes and visa bans to be slapped on various Belarusian officials. When the EU introduced such measures in early 2011, they covered well-over 100 people, including Lukashenka himself. The behaviour of the regime didn't change considerably to begin with. Many EU officials, however, tend to point out that all political prisoners eventually were released, leading to most of the sanctions to be lifted by the EU in 2016. And while the sanctions might have been a nuisance to the regime during those five years, analysts at the time pointed to pressure from Russia resulting in Minsk turning to the EU as the real reason why Lukashenka eventually showed a softer touch.

Just consider the weakness of the sanctions to start with. Most people listed don't have bank accounts in the EU and if they do, it is very likely that they managed to empty them as soon as they knew that Brussels were considering restrictive measures and well before those measures eventually were put in place. Many of the people are also unlikely to travel to the EU frequently and even if they do, there are ways to circumvent a travel ban. It is individual EU member states that are supposed to police the list, and as with most things in the Union, it is only as strong as its weakest link. That anyone on the list can ask for an exemption if they can prove that their travel is essential is another loophole that further weakens the whole set-up.

With the EU now busy constructing a new sanctions regime against Belarus, it is hard not to feel that the EU is stepping into the same river twice – only less forcefully this time. Some 30 officials will be listed but Lukashenka is spared, even though it is believed that the measures can be scaled up to include even the President depending on how Minsk responds to the initial action taken. My guess is that it will ignore them regardless of the scale – just like in 2010/2011. The threats of sanctions, that have been there since early August, have so far not tempered the ongoing crackdown in any way, quite the opposite in fact. Belarus clearly knows that they are symbolic.

And so does the EU, but it must be seen as responding with something else than just expressions of worries and regrets. A further complication however is that sanction decisions require unanimity. There is broad agreement among the 27 member states but like so much else in Brussels, this measure has been tangled up in other policy issues. Cyprus, backed by Greece, will not sign off on the Belarus measures until there are more EU sanctions on Turkey for its drilling activities in the eastern Mediterranean.

This might just postpone the decision by a couple of weeks at best but ultimately it does show that even when the EU manages to agree on a common foreign policy measure, it is a weak one susceptible to the whims of individual member. So, while the Belarus sanctions is the strongest message Brussels can send to its errant neighbour, the weakness of the measures is symbolic of the EU's limits as a geopolitical actor. ■

RIKARD JOZWIAK

Europe Editor

Radio Free Europe / Radio Liberty

Prague, The Czech Republic

AISHA JUNG

In front of every great man is a great woman

Expert article • 2769

Events in Belarus around the presidential election on 9 August have been extraordinary and unprecedented for many reasons. But perhaps none more-so than the role played by Belarusian women and the strategies they have employed in an effort to bring about demise of Alyaksandr Lukashenka whose current claim to presidency is increasingly untenable, as is much of the regime he has built.

In Belarus, gender roles still manifest along traditional patriarchal lines, notwithstanding small pockets of necessary subversion amongst feminist circles, liberal intellectuals and in the growing LGBTIQ+ scenes of younger, urban Belarusians. On the whole, chivalry and misogyny play a complex pas a deux in all walks of life and, despite the Soviet legacy of encouraging and enabling a large female workforce, the higher echelons of post-Soviet political life in Belarus, have been dominated by men loyal or, at least, obedient to President Lukashenka, who does little to conceal his misogynistic views.

Yet, in a matter of just weeks, it is Belarusian women who have posed the greatest challenge to his entrenched political regime after 26 years and many failed attempts to defeat it. They have succeeded not through adopting the strategies or emulating the qualities of the patriarchs they rival but by promoting the traditionally female qualities that patriarchy allocates to them in order to achieve the change they seek. Not even the most insightful pundits could have foreseen that the greatest challenge to Lukashenka's dogged 26-year grip on power would come from a self-identifying housewife nor that it would be women in white bearing flowers that would, at least initially, render impotent the brutal strength of Belarusian law enforcement.

Svyatlana Tsikhanouskaya chose to run as president in lieu of her husband, the popular blogger, Syarhei Tsikhanousky, who was one of two men prevented from registering his candidacy after he was arrested on trumped up criminal charges during the election campaign period. Tsikhanouskaya took the country by storm despite claiming, from the outset, that she didn't want power but the restoration of justice. She also claimed that, as a mother, she sought a safe country for her two young children and, as a wife, she wanted to ensure the release of her husband (and other political prisoners). She went as far as to express a desire to go back to cooking cutlets in her kitchen. This very simple, at times quotidian messaging was a far cry from the politicking of opposition presidential candidates in the past and with promises that her victory would secure a free and fair repeat election, it struck a chord with Belarusians. By bringing her private, domestic life, historically relegated to the margins of public discourse, into the heart of her campaign, Tsikhanouskaya challenged notions of what constitutes 'political' and irrevocably disrupted the status quo, and emboldened Belarusian women, across generations, to do the same.

In a powerful act of political unity, that male opposition presidential candidates in Belarus have historically failed to exploit, Tsikhanouskaya combined her campaign with those led by two

other women. Maryia Kalesnikava had taken the reins in lieu of her colleague, Viktor Babaryka, also in detention on trumped up criminal charges and Veronika Tsepkala, like Tsikhanouskaya, took over from her husband, Valery Tsepkalo, after he fled Belarus with his children in fear of their safety. Together, they created an all-female coalition whose potency Lukashenka underestimated, blinded by his misogyny and even going as far as to refer to them as "plywood puppets". Using a heart, a victory sign and a clenched fist as their campaign symbols, this collective of women promoted love and peace alongside power in stark contrast to anything seen or heard in previous presidential elections. The dislocation of their campaign personas and narratives from more traditional patriarchal forms of political debate in Belarus paradoxically and intentionally subverted that very debate and inspired the biggest political movement in Belarus' post-Soviet history.

Displaying vastly inferior political insight, Lukashenka claimed a landslide victory and millions of Belarusians have since taken to the streets to contest it. The Ministry of Internal Affairs documented the detention of 6,700 people in only the first four days following the election. Reports and images of widespread police brutality and torture, which many survivors referred to as "hell on earth", shocked Europe and the world. In pursuit of accountability, local and international human rights groups continue to document harrowing accounts of torture committed against women and men, who describe being stripped, beaten, humiliated and raped with police batons. Under duress and following threats to her family, on 11 August Tsikhanouskaya fled to neighbouring Lithuania, where she remains.

Within days, Belarusian women rallied in their thousands and with arms linked to face the egregious violence of the security forces dressed in white and armed with flowers and lullabies. Buoyed by the seismic political shift in the country, their presence on the frontlines of the mass protest movement remains steadfast with weekly women's protests drawing tens of thousands of participants. Across the country human chains of women, bearing flowers, many with their young children still in prams alongside them and some even knitting have become a trademark symbol of the Belarusian people's remarkably peaceful retort to continuing state oppression. As Tsikhanouskaya before them, they are securing Belarus' contribution to what has been observed as the 'feminisation' of politics globally. Here, the parameters of what constitutes feminism are being redrawn, not betrayed.

Initially it was clear that such irrefutable acts of peaceful assembly disarmed Belarus' riot police, with some seen lowering their riot shields in response and even reciprocating hugs. However, at the time of writing violence towards dissenting and protesting women has intensified dramatically, exemplified by the attempted forcible exile to Ukraine of opposition leader, Maryia Kalesnikava on 9 September. She has since related via her lawyer that she was told she would be removed from Belarus "alive or in bits." In tearing her passport at the border she prevented her expulsion and demonstrated a courage and tenacity which has come to epitomise her fellow countrywomen.

Expert article • 2769

Behind the scenes also, across all sectors of society, where active opposition to Lukashenka has spread like wildfire amongst a people that commonly refer to themselves as having “woken up”, women are at the forefront of efforts to ensure that these unprecedented and extraordinary times are documented in all their horror and glory and to secure the changes that the people are demanding. Given the complex geopolitical forces at play, whether they succeed remains to be seen and Belarus’ political future is hanging in the balance. But one thing is now certain, for women in Belarus, cooking cutlets and leading peaceful revolutions need no longer be mutually exclusive pursuits. ■

AISHA JUNG

Senior Campaigner
Eastern Europe and Central Asia Regional
Office
International Secretariat
Amnesty International
London
UK

Pan-European Institute

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JAKOB WÖLLENSTEIN

At a turning point: Konrad-Adenauer-Stiftung in Belarus

Expert article • 2770

At the time of writing this article in mid-September 2020, the political crisis in Belarus which followed the presidential elections of August 2020 has reached a stalemate. The mobilization of society is still in full swing but Aliaksandr Lukashenko renounces any substantial dialogue and relies on force and support from Russia. Although it is not clear how the situation will develop in the medium term, things won't be as they were before. These fundamental changes severely affect the work of foreign organizations and foundations, such as the German Konrad-Adenauer-Stiftung (KAS).

The German political foundations which are financed by state budget and were originally designed to buttress democracy in Germany, but today complement the country's foreign policy by means of political networking, civil society cooperation and track-two-diplomacy. For the KAS, the foundation associated with the Christian Democratic Union (CDU), the promotion of democracy, rule of law and social market economy is among the key values. However, the operational work "on the ground" varies from country to country, depending on the given circumstances and possibilities.

In Belarus, this "room for manoeuvre" had reached new heights since 2015. Minsk's positioning regarding the Ukraine crisis and the release of political prisoners had become the starting point for an overall thaw in relations with the West, which had been frosty since 2010. Minsk developed a new self-image of a donor of regional security, the government liked to talk about a new Helsinki process and some even started dreaming about foreign policy neutrality. Belarus increased its footprint within the framework of the EU's Eastern Partnership, mostly focusing on practical progress and economic aspects and also some domestic political liberalization began. The KAS took a proactive role in these years to improve the relations and significantly increased its presence in the country despite not being able to open an office in Minsk. The foundation's work consisted of educational and advisory programs, dialogue between Belarus and the EU on all levels from students over experts to decision makers as well as international conferences, workshops, seminars, scholarships and publications. In cooperation with local partners, a special focus was put on foreign and security policy as well as economic cooperation.

The positive trend of the security and foreign policy emancipation of Belarus was abruptly halted after August 9th. Lukashenko had not just falsified another election but this time, according to all available evidence, he had lost to a contender who didn't even want to be president but just ran on the simple promise to restore democracy. He promised his security forces impunity for whatever they deemed necessary to suppress protests – and they went on a rampage against civilians. The brutal detention of thousands of people, hundreds of accounts of abuse and torture, several fatalities and the overall blunt contempt for the rule of law let to an unprecedented public outcry and accelerated mass mobilisation. Not being able to regain control of the situation, neither by force nor social handouts, Lukashenko turned

to Russia – although the relations with the Eastern neighbour had been in a free fall throughout the last one and a half years. During the campaign he had even blamed the Kremlin more or less directly for undermining the country's sovereignty but after the West criticised the election fraud and Putin congratulated, he made a U-turn towards Moscow. Both now blame the West for "organising a colour revolution" – they just cannot accept the reality that there is a genuine peaceful domestic uprising by the people who are not simply a post-soviet mass looking to the authorities for orientation but a modern society standing up for dignity and their constitutional rights.

In such a situation, it usually doesn't take long before actors like the Konrad-Adenauer-Stiftung are falsely "identified" as unfriendly foreign agents and their local partners come under political pressure. Fortunately, this has not yet happened – possibly as a result of five years of constructive cooperation and trust building. However, the foundation's activities in the country had already been limited because of COVID-19 and are now reduced to a minimum. For the time being, the role of KAS is mostly one of a think tank with the main goal to analyse the situation and develop policy recommendations for Germany and the EU in close contact with experts from Belarus. Those include using diplomatic channels to Russia to work out a solution which represents the will of the Belarusian people but doesn't contradict the interests of the neighbours, offer humanitarian aid to all those who have fallen victim to repressions and police violence and support those who want to engage in a true dialogue within the society. In the medium and long term, international attention must be sustained and the EU should develop a generous stabilization package to support the Belarusian economy.

Hopefully, KAS will not only be able to restart its programmes soon but to expand our activities – since the foundation has a lot to offer for Belarus. Our network into politics, administration, economy and think tanks has repeatedly been estimated to be the best in the world and gives endless opportunities to provide insights into best practice for all fields of political life. With six decades of experience in international cooperation, the foundation stands ready to play its part in elevating the relations with Belarus to a new blooming. ■



JAKOB WÖLLENSTEIN

Director
Belarus Office (based in Vilnius, Lithuania)
Konrad-Adenauer-Stiftung
Germany

Email: jakob.woellenstein@kas.de

KONSTANTIN V. KOZADAEV & ALEXANDER V. ZHUK

From words to deeds

Expert article • 2771

Historically speaking, Belarus is located on the divide between Black and Baltic Seas watersheds, but has no direct access to neither of them. Nevertheless, our land has always felt the breath of both seas and the influence of cultures nurtured by these seas. Located in the middle of the ancient trade route “from the Varangians to the Greeks”, the ancestors of the contemporary Belarusians experienced all benefits of international communication and cooperation. However, this location had certain disadvantages: not a single major conflict between our militant eastern and western neighbors spared Belarus.

The Baltic vector has always been of particular importance to us. The Baltics is our closest high-tech region, ready to provide technology transfer and share sustainable development experience. Moreover, one of the most widespread theories on the origin of statehood in our lands mentions the invitation of the Baltic aristocracy with the aim to build a prototype of the first state. This is probably the reason why the universities of Belarus, a continental country having not an inch of sea border, take an active part in almost all scientific and educational initiatives of the Baltic states.

Belarusian State University (BSU) together with more than 90 universities in the Baltic Sea region is an active participant in the Baltic University Program (BUP) coordinated by Uppsala University (Sweden). The activity of the program is aimed at enhancement of education for sustainable development. BUP allows Belarusian students to feel the identity with the Baltic academic community. For example, one of the significant events of the program is the SAIL conference, which takes place on board the sailing-ship Frederic Chopin. During the annual sailing on the Baltic Sea, BSU students and young academics take part in a summer school where a series of workshops devoted to environmental and sustainable development issues is held. The scientific component of BUP, which supports research cooperation projects between the universities of the region, is equally important and related to the practical implementation of methods and technologies for sustainable development. For instance, the international project “Baltic Sea Region Climate Change Curriculum” is currently being carried out at the Faculty of Geography and Geoinformatics of the BSU, which is aimed at monitoring and forecasting climatic processes in our region. Joint research projects on ecological and chemical subject area are implemented now as well.

Since 2013, BSU has been a member of the Baltic Sea Region University Network (BSRUN), which unites 26 universities from the Baltic region countries: Finland, Russia, Poland, Latvia, Estonia, Germany and Belarus. Participation in BSRUN allows BSU to intensify partnerships with member universities of the association, to establish the necessary contacts, as well as to implement joint projects of current focus.

In addition to cooperation within BUP and BSRUN, the Belarusian State University actively interacts with higher education institutions of the member states of the Baltic Sea region within the framework of more than 30 direct inter-university agreements. Thanks to them, there is a successful interuniversity cooperation in various areas: implementation of joint educational programs, academic mobility, joint participation in international educational and research projects, joint

research and publications, participation in international educational, scientific, cultural and other events, etc. In 2019, 465 BSU students visited the Baltic region countries for educational and scientific purposes within the framework of this cooperation, as well as with the support of the Capacity Building in Higher Education tool of the EU program Erasmus+. More than 570 BSU academics also went to the countries of the Baltic region to participate in international conferences and workshops, conduct joint research, deliver lectures, share experience and undertake internships.

Joint educational programs and projects, implemented with partners from the Baltic region, are of particular importance for improving the educational process at BSU: Mittweida University of Applied Sciences, Molde University College, Otto von Guericke University of Magdeburg, Lund University, Vilnius University, Lomonosov Moscow State University, and many others.

The variety of active educational and scientific contacts with the countries of the Baltic region allows BSU to act as a coordinating national center for the development of cooperation with educational and scientific centers in the Baltics. To fulfill this mission, BSU regularly organizes study workshops for the universities of Belarus, provides them with methodological and scientific support to involve a wider circle of the academic community of Belarus into the Baltic dialogue. Our strength lies in our diversity. ■

**KONSTANTIN V. KOZADAEV**

D.Sc., Professor
Vice-Rector of BSU for Education and
International Relations
Belarus State University (BSU)
Belarus

**ALEXANDER V. ZHUK**

Head
Department of International Relations of
BSU
Belarus State University (BSU)
Belarus

GRIGORY IOFFE

The tug-of-war for Belarus's memory

Expert article • 2772

To this day, Belarusians do not have a cohesive historical memory. Instead, it comes in two pronounced versions, though there have been some selectively successful attempts at consolidating them.

According to the *Neo-Soviet/Russo-Centric Version*, no event in Belarusian history outweighs the significance of the Great Patriotic War, the name that Russians and Belarusians attach to the eastern front of World War II from June 22, 1941 to May 9 1945. The enormity of the casualties, the cruelty of the occupiers, and a wide and efficient network of partisan detachments form the centerpieces of wartime memories. Such landmarks as the Brest Fortress, Khatyn, the new Museum of the Great Patriotic War, and the recently (2018) opened memorial at Trostenets (the fourth-largest Nazi death camp in Europe), sustain these memories. It may be somewhat more difficult to grasp why the memory of the war is not just a tribute to its casualties and to the eventual victory in that titanic conflict but also a symbol of its formative influence on Belarusians as a national community. Anyway, since 1996, July 3, when the Soviet Army liberated Minsk from the Germans back in 1944, has been commemorated as Independence Day in Belarus.

The 1917 Revolution is also held in high regard by the Neo-Soviet strain of historical memory. Moreover, in Belarus, where November 7 (considered the start of the Bolshevik Revolution in 1917) is still a national holiday, this event is higher in status than in Russia itself. The fact that Belarusians en masse did not fight for self-determination either in the aftermath of the revolution or seven decades later finds a peculiar interpretation in the popular course of history: "When Soviet power was taking shape and nation-building experience was absent, the working class of Belarus treated any detachment whatsoever from Soviet Russia with suspicion." Hence the more-than-skeptical attitude toward the Belarusian People's Republic (BPR). Proclaimed on March 25, 1918, this would-be state languished for the remaining nine months of German military occupation. In contrast, the Soviet quasi-statehood bestowed upon Belarus on January 1, 1919 is regarded as the legitimate and sole forerunner of fully-fledged statehood that Belarus gained 72 years later, in 1991, in the wake of the Soviet Union's collapse.

Since the late 1980s, the neo-Soviet strain of national memory has been in conflict with the *Westernizing* one. To be sure, the latter is no younger than its neo-Soviet counterpart. The first indigenously produced survey of Belarusian history was published in 1910; and by its author's, Vatslav Lastouski's, own assertion, the work was meant to help liberate Belarusians from the Russian yoke. Later on, however, the Westernizing narratives of Belarusian history were hard hit on two occasions and never fully recovered. The initial blow came in the 1930s, when close to 300 Belarusian-speaking writers and college professors fell victim to mass Stalinist repressions. Subsequently, the Westernizing version of Belarusian history espoused by many of these purged academics was adopted by collaborationist structures under German occupation in World War II, which were then defeated by the partisan movement and the Soviet Army. The third resurgence of the Westernizing historical discourse came about during Mikhail Gorbachev's Perestroika and is firmly associated with Zianon Pazniak, the leader of the Belarusian Popular Front until his emigration in 1996.

The main building blocks of the Westernizing version of Belarusian historical memory are as follows. Relations between Belarus and Russia are those between a colony and the metropolis; by all means, it is necessary to break the umbilical cord, which still connects Belarus with Russia. Belarus is a European community that should return to Europe. During World War II, two equally alien forces fought each other on the territory of Belarus—Nazism and Stalinism—and Belarusians fell victim to this clash. Post-war developments tied Belarus to Russia even more. Meanwhile, Belarusians should shake off the layers of Soviet history and recall their European roots.

Just as in the Russo-centric version, the Polotsk Principality is believed to be the forerunner of Belarus. But in contrast to the Russo-centric narrative, the Westernizing strand of historical memory questions the alleged subordination of Polotsk to Kiev. As is argued in some canonical texts of the Westernizing version, the Grand Duchy of Lithuania (GDL), which had captured Polotsk and other parts of modern-day Belarus, was "privatized" by ethnic Lithuanians; but life in it took on "Belarusian national forms." Unlike the Russo-centric tendency to refer to "Belarusian lands" inside the GDL and the Polish-Lithuanian Commonwealth (which incorporated the GDL in 1569), the Westernizing tradition specifically refers to the latter two larger entities as "our country" or "our state." According to the Westernizing version, March 25, the anniversary of the BPR is the true Independence Day of Belarus.

Available surveys suggest that the Russo-centric/Neo-Soviet version is still more influential in Belarus compared with the Westernizing version. The latter, however, has been gaining traction particularly during the time periods marked by worsening relations with and growing detachment from Russia as was the case following the 2014 Russia's annexation of Crimea. The semi-official celebration of the centennial of the BPR in 2018 was one of the hallmarks in the ascendance of the Westernizing strand of Belarusian historical memory. A deep political crisis in Belarus following the presidential elections of August 2020, has trappings of yet another hallmark. Much will depend on how, when and by what means will this crisis be resolved. ■

GRIGORY IOFFE

Professor
Radford University
Radford, Virginia
USA

ANDREJ KOTLIJARCHUK

A Cinderella of Europe: Understanding the political history of Belarus

Expert article • 2773

Belarus remains one of the most little-known countries in Europe. There are several reasons for this. The primary one can be ascribed to the fact that in modern times Belarus did not exist as a political entity. During this time Belarus had no sovereignty, being initially a province of Poland-Lithuania and the Russian Empire. The cold war contributed to the disappearance of Belarus from the Western political and academic discourses. Few scientific books about Belarus were published in the West prior 1991.¹ Despite the membership of the Belarusian SSR in the UN, Belarus was absorbed by the Soviet Union. Unlike neighboring Latvia and Lithuania, Belarus was not independent during the interwar period and had no large diaspora in the West after 1945. Therefore, the Belarusians often considered by Europeans as 'white Russians', a people without a tradition of the statehood, native language, culture and political history. For the first time Belarus appeared on first pages of international media in August 2020. The rigged elections after the long-term authoritarian rule by President Lukashenko led to mass protests across the country for the right to vote at free and fair elections. However, the lack of knowledge and skills gaps within Western academic communities regarding Belarus are obvious.

The Belarusian national movement was one of the latest in Europe that emerged after the first Russian revolution. The first political party, the Socialist Party Hramada was founded in Minsk in 1905. The first Belarusian-language newspaper was established in Vilna (Vilnius) in 1906. The first history of Belarus, written by a Belarusian writer in Belarusian, was printed in 1910.² The first network of Belarusian-language schools was created only in 1916 in the German occupational zone. The first grammar of modern Belarusian language was printed in 1918.³ The First All-Belarusian Congress, which held in Minsk in December 1917 and gathered 1872 delegates from different regions, which proclaimed an autonomy of Belarus within Russia. However, the Congress was violently dispersed by Bolshevik military. In February 1918, the members of the Executive Committee of the Congress returned to Minsk. Here, an independence of Belarus was proclaimed on March 25, 1918. Until the end of 1919, the government of Belarusian Democratic republic (the BNR) co-existed with an alternative Communist government of the Socialist Soviet Republic of Belorussia (the SSRB) formed in Smolensk. The SSRB later became part of the Lithuanian-Belorussian Soviet Socialist Republic. In the end of 1919 the BNR government had to move to Vilnius and later to Hrodna. The diplomatic struggle BNR for the international recognition was one of most successful stories of the BNR. For example, Finland followed the political developments in Belarus;⁴ something that is neglected in recent Nordic studies.



Figure 1: The enamel sign of diplomatic mission of the BNR. 1919. Wikipedia, public domain.

In 1918 on the behalf of the BNR Mitrofan Dounar-Zapolski, the professor in history, wrote a book entitled *The basis of Belarusian state individuality*, which was published in English, German and French languages. He pointed out that a Belarusian statehood has deep historical roots in the history of the Grand Duchy of Lithuania, Ruthenia and Samogitia (the GDL). Dounar-Zapolski noted that the official language of the GDL was old Belarusian, not Lithuanian. He stressed the role of this medieval state in the formation of Belarusian ethnos. Indeed, the former borders of the Grand Duchy with Poland and Russia almost coincide with the ethnic borders between Belarusians and Russians in the east, Belarusians and Poles in the west, and Belarusians and Ukrainians in the south.⁵

Självstyrelse för Vitryssland. (P. A.) Till Petrograd har från Vitebsk anlänt det vitryska folkförbundets deputation, som den 8 aug. till regeringen inlämnade ett förslag rörande självstyrelse för Vitryssland. Enligt detta förslag skulle i Vitryssland grundas ett särskilt vitryskt råd, som väljes på grund av proportionerlig representation för de i Vitryssland boende nationaliteterna samt genom allmän, omedelbar, lika och hemlig omröstning ävensom med trygghet av de i minoritetet varande representanternas rättigheter.

Figure 2: "Självstyrelse för Vitryssland" [Self-government for Belarus] – an article published in Finnish press, Åland, 15.08.1917.

In 1921, the young Belarusian republic ceased to exist due to the capture of the whole Belarusian territory by Polish and Bolshevik forces. According to the 1921 Treaty of Riga, Belarus was divided between Soviet Russia and Poland. The Belarusian autonomy was developed on Soviet side with a capital in Minsk. In 1922 the Belarusian SSR become one of the founders of the Soviet Union. On the Polish side the Belarusians deprived the autonomy and minority rights. Under the Soviet rule Belarus enlarged its territory in 1924, 1926 and especially in 1939 after the Reunification of Western Belarus – an official term in Belarus of what happened with Eastern Poland after the Molotov-Ribbentrop pact. The pact had the catastrophic consequences for the lands in the Baltic Sea region and led to massive deportations of the population of Western Belarus. However, the territory of Belarus (like in case of Ukraine and Lithuania) increased considerably, from 126,000 to 223,000 square kilometres.



Figure 3: Map of the Belarusian Soviet Socialist Republic in 1940 after the Molotov-Ribbentrop pact. Wikipedia, public domain.

After World War II Belarus lost its two regions (Bialystok and Podlasie), which were ceased back to Poland. In post-war Soviet Union, Belarus considered, together with Estonia, to be one of the most developed republics. Moreover, unlike Estonia, Belarus had an image of the pro-Communist republic. The recent studies questioned this image and have shown the existence of strong dissident movement in Soviet Belarus.⁶ The first anti-Soviet rally in Belarus was held in 1988 in Minsk, at Kurapaty – the formerly secret extermination site established by the NKVD. On 27 July 1990, Belarus declared its national sovereignty, a key step toward independence from the Soviet Union. Around that time, Professor Stanislau Shushkevich became the chairman of the Supreme Soviet, the top leadership position in the country. On 8 December 1991, Shushkevich met with Boris

Yeltsin of Russia and Leonid Kravchuk of Ukraine in Belavezhskaya Forest in Western Belarus, to formally declare the dissolution of the Soviet Union. In 1991 the parliament declared that a correct name of the country in English and other European languages is Belarus (not Byelorussia or White Russia), the name, which is not related historically to Russia, but to Rus – a medieval state with its centre in Kyiv.⁷

In 1994, the first democratic elections were held, and Alexander Lukashenka was elected president of Belarus. A year after taking office, Lukashenka won a controversial referendum that gave him the power to dissolve the parliament. In 1996, he won another referendum that dramatically increased his authoritarian power and allowed him to rule the country in authoritarian way for next decade. Therefore, one of the main aims of recent protest is to return the democratic constitution of 1994 and the national white-red-white flag, which was prohibited by Lukashenka in 1996. ■

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²Ластойскі, Вацлаў, *Кароткая гісторыя Беларусі*, Вільня, 1910.

³Michaluk, Dorota & Rudling, Per. A., "From the Grand Duchy of Lithuania to the Belarusian Democratic Republic: The Idea of Belarusian Statehood during the German Occupation of Belarusian Lands, 1915-1919", *The Journal of Belarusian Studies*, 2014:7, 3–36.

⁴See: "Minsk skall bli huvudstad", *Syd Österbotten*, 8.05.1917; "Självstyre för Vitryssland", *Åland*, 15.08.1917; "Vitryska representantmötet förklaras upplöst", *Wasa-Posten*, 03.01.1918; "Vitryska radan åter i Minsk", *Hufvudstadsbladet*, 24.12.1919.

⁵Kotljarchuk, Andrej, "The tradition of Belarusian Statehood: a war for the past", *Contemporary Change in Belarus. Baltic and Eastern European Studies*. Vol. 2. Södertörn University. 2004, 41–72.

⁶Astrouskaya, Tatsiana, *Cultural Dissent in Soviet Belarus (1968–1988)*. *Intelligentsia, Samizdat and Nonconformist Discourses*. Wiesbaden: Harrassowitz Verlag 2019.

⁷Закон Рэспублікі Беларусь "Аб назве рэспублікі Беларусь": 19.09.1991 г. No. 1085-XII.



ANDREJ KOTLJARCHUK

Ph.D., Associate Professor
School of Historical and Contemporary
Studies
Södertörn University
Sweden

Email: andrej.kotljarchuk@sh.se



KATE MARCHUK

Great Stone Industrial Park: On the way to success

Expert article • 2774

While the business all over the world is facing with the economic difficulties caused by the coronavirus, it is of great importance for companies to operate in favourable business conditions so that to have an opportunity to generate resources for future development. In this regard industrial parks as platforms with special legal regime are becoming of great use for companies willing to overcome economic crisis and pave the way for prosperous future. Industrial parks give their residents access to tax and other benefits, provide them with ready-made infrastructure and even ready-made industrial facilities. Being launched in 1896 in Manchester, the first industrial park gave start for development of industrial parks all over the world.

One of the largest industrial parks in Europe – Great Stone Industrial Park is located in the heart of Belarus. It is an international platform created by Belarus and Chinese governments for development of high-technological industries of future. Great Stone is a Greenfield industrial park and its construction was started only 5 years ago in 2015. However, due to the dynamic construction activities nowadays the infrastructure of the area of 8.5 square kilometres is already built. As for land plots in the Park, companies can rent or buy it. In order to give companies possibility to start their projects easily, standard industrial buildings have been built on the Park territory. As well office building, business centre, warehouses, residential house and the largest in Belarus exhibition centre are already functioning in Great Stone.

As Great Stone is located only 25 kilometres away from Belarusian capital Minsk, where the main Belarus universities are located, this city became the main source of highly qualified labour force for the companies working in the Park. Such neighbourhood created prospects for conduction of R&D in Great Stone, therefore in 2020 the Center for the Commercialization of Innovation has been build. The Center will give the opportunity to fulfil the whole cycle of procedures to commercialize innovation, starting from the idea of Belarusian and foreign scientists to the real product.

The Park's special legal regime guarantees unprecedented privileges and benefits for the Park residents, for example exemption from income tax for 10 years since income occurs (after 10 years income tax is halved until 2062), complete exemption from real estate tax and land tax until 2062, exemption from customs fees and VAT on raw materials and equipment imported for the implementation of the project, etc. These privileges create the best conditions for doing business in Belarus and other Eurasian Economic Union countries.

One of the most interesting business services Great Stone provides its residents with is One-stop shop which is a system that offers multiple services for companies. This system is based on the experience of creation of such systems in China-Singapore industrial park in Suzhou and is unique for Europe. The main advantage of the One-stop shop is provision of all required procedures in one

place, for example: administrative procedures for registration of a legal entity; procedures related to the entry or exit of the country for foreign citizens; land management procedures, design and survey procedures; certification of goods, work, services, et cetera. This helps companies to be provided with services in the shortest period of time. On-line multi language version of one station system was launched as well.

For sure, the main idea of any industrial park is industrial development and attraction of companies. Nowadays 65 companies from 14 countries are registered as residents of Great Stone, 24 of them have already launched production. All in all park residents declared long-term investments more than USD 1.2 billion, all the participants have already invested about USD 600 million in infrastructure development and project implementation.

Geographical location of the Park and its proximity to airport, railway routes and highways created conditions for construction of the multimodal transport terminal. It will provide the transshipment of goods up to 180 000 TEU per year and will give an opportunity for the provision of a full range of production logistics services. The project was launched in 2020 with participation of Duisburger Hafen AG which is the owner and operator of the Port of Duisburg and at the same time one of the shareholders of Great Stone. Total investment in the project is estimated more than 30 million euro. The terminal is to become the third most important point on the railway route connecting China with Europe.

Great Stone Industrial Park is a good example of the inter-country cooperation. It is eager to use all the advantages it has in order to become a platform where companies from all over the world can easily conduct their business no matter what is happening in the world. For sure, Great Stone as an international industrial park is a great opportunity for companies to get the best business conditions provided by the special legal regime. The Park management is going to develop Great Stone into a modern eco-city with population more than 130 thousand people combining industrial, living, administrative infrastructure and environmental sustainability. ■

**KATE MARCHUK**Investor Relations Manager
Great Stone Industrial Park Administration
Republic of BelarusEmail: marchuk@greatstonepark.by

IRINA MALGINA

Strategy for entrepreneurship development until 2030 in Belarus

Expert article • 2775

Small and medium entrepreneurship (SMEs) in Belarus have several stages of development, starting from the mid-80s of the XX century. An important stage in the development of SMEs in the Republic of Belarus was the Strategy for the development of small and medium entrepreneurship «Belarus - a country of successful entrepreneurship» (Strategy) for the period up to 2030, adopted on October 17, 2018 by The Council of Ministers of The Republic Of Belarus. The adoption of this Strategy was a significant moment in the transformation of the state economic policy towards SMEs. According to the National Statistical Committee of the Republic of Belarus, SMEs today have a significant share in the country's macro indicators. Thus, SMEs account for 30% of gross value added, 47.8% of exports, and 39% of investment in fixed assets. The adoption of the Strategy, which outlined the Principles of State Policy in the field of support and development of SMEs, undoubtedly contributed to the growth of SMEs.

The goal of the Strategy is a dynamically developing SME sector that can significantly improve the structure of the Belarusian economy, increase its competitiveness, provide effective employment and increase the population's income.

While structurally there are 3 main tasks: creation of favourable administrative, legal and economic conditions for business growth and generate private business; formation of a system of measures and incentives for quality development of the SME sector, enhance its innovation and investment component; creating a flexible organizational structure to ensure efficient implementation of state policy in the field of support and development of entrepreneurship and small business with broad participation of the business community.

It is important in this Strategy to highlight the principles of public policy in relation to the support and development of SMEs. All these principles correspond to global trends, namely: Expediency, Efficiency, Alignment of Interests, Consistency of Actions, Transparency, Consistency and Adequacy, and State Incentives for Entrepreneurship.

One of the important principles is the Principle of State Incentives for Entrepreneurship, which is planned to be implemented using the following tools: institutional policy that forms a system of formal and informal institutions that is favorable for entrepreneurship; macroeconomic policy that ensures the alignment of public and private economic interests based on the priority of society's needs with ensuring profitability of business; a differentiated approach to the distribution of state resources (including the provision of tax incentives and preferences) for the purpose of priority development of priority activities; state support for employment in the system of small and medium-sized businesses; the formation of a positive image of the entrepreneur.

Among the measures planned for action are the following. Within the framework of an enabling administrative and economic environment for revitalization citizens' entrepreneurial activities and

private business development provide, in particular, for the introduction in the republic of a mechanism for assessing the regulatory impact of regulatory legal acts that affect the conditions for entrepreneurial activity.

The strategy also provides for creating a competitive environment and ensuring equal business conditions for subjects of various forms of ownership; improving property relations; forming a rational fiscal policy, simplifying accounting and reporting; expanding access of SMEs to financial resources, and many other areas.

It is advisable to focus on measures to create a positive image of the entrepreneur in society and the implementation of business activities. In particular, the following can be noted: publication of information and presentation materials on the achievements of SMEs in the country and regions, their active dissemination in the country and abroad; assistance in organizing industry and inter-industry projects, competitions and ratings that identify the best SMEs; regular coverage at the national and local levels of the achievements of SMEs in various industries and spheres of activity; promotion of specific individuals, successful in business; conducting competitions among mass media for the best coverage and promotion of business activities; the establishment of the state of the professional holiday – Day of The Entrepreneur; assistance to formation of professional ethics of the SMEs; media coverage of examples of their charitable and socially oriented activities popularization in the mass media of the social significance of entrepreneurship as a way of self-realization of the individual and ensuring employment of the population; the policy intransigence of state power to the infringement of the legitimate rights of small organizations and individual entrepreneurs; wide coverage in the media of the facts of violations and measures taken to punish the culprits and remedy violations. ■

IRINA MALGINA

Associate Professor, Ph. D. (Economics)
The Academy of Public Administration under
the President of the Republic of Belarus
Belarus

JUSTINAS JUOZAITIS

Lithuanian nuclear diplomacy gains momentum

Expert article • 2776

By the end of 2019, Lithuanian opposition to the construction of Ostrovets NPP in Belarus was running out of steam. The verdicts by the parties to the Espoo and Aarhus conventions repeatedly finding Belarus in non-compliance with international law did not influence Belarusian willingness to proceed with the nuclear project. Even the reputational damage taken by the act of breaking international agreements was partly fixed by the International Atomic Energy Agency that, despite reoccurring incidents during the construction of Ostrovets NPP and Minsk's systemic attempts to keep them under wraps, did not shy away from presenting the project in a positive light.

To make matters worse, Lithuania's most important allies were turning a blind eye on the geopolitical risks associated with the Belarusian nuclear programme. For the sake of attaining broader strategic objectives in Belarus, Washington made clear that the U.S. will not join Lithuania in its fight against Ostrovets NPP. European Union was preoccupied with yet another rapprochement with Belarus and did not recognise the geopolitical nature of Ostrovets NPP. In all fairness, Brussels repeatedly encouraged Minsk to devote more attention to nuclear safety, but Lithuania was not satisfied with intensity and the results of the EU's efforts.

EU's practical focus was limited to conducting the so-called 'stress-test' in Ostrovets NPP that only checks whether its safety features sufficiently covers extreme events, man-made or natural. The European Commission circulated a press statement in 2018 confirming 'the adequacy of nuclear safety features' in Ostrovets NPP, thus helping Belarus to capture positive headlines in the Western media. Even if the Ostrovets' stress-test' report made 'recommendations requiring thorough follow up and continued implementation measures', this conclusion was poorly reflected in the news outlets and went mostly unnoticed.

The situation did not fare much better in the Lithuanian neighbourhood. Since 2017, Vilnius was struggling to persuade Latvia and Estonia to join its embargo on Belarusian electricity, whose participation was crucial for making it work. Latvia, however, was looking for its economic interests and perceived Lithuanian – Belarusian dispute as an opportunity to increase its cooperation with Belarus in the transport sector. Contrary to Lithuania's expectations, Latvia announced in 2019 that it would start using its electricity interconnection with Russia for trading purposes after Lithuanian import ban on Belarusian electricity will come into effect. Even Ukraine opened its electricity market for bilateral trade with Belarus in the same year, further undermining Lithuanian efforts to oppose Ostrovets NPP by blocking its export markets.

Lithuania was running out of options and time. However, the economic disruption caused by COVID-19 and Lukashenka's use of force against Belarusian citizens following yet another falsified Presidential election triggered processes that suddenly brought Lithuanian foreign policy out of the deadlock. Dealing with shrinking

electricity demand, Ukraine decided to suspend electricity imports from Belarus in 2020 and drafted multiple initiatives to ban the imports permanently or until the end of 2021. Few weeks after Presidential election in Belarus, Latvia has also reversed its position and, together with Estonia, decided to join Lithuania in not buying electricity from Belarus after Ostrovets NPP becomes operational.

Even if one maintains that Belarus will be able to circumvent the ban by 'camouflaging' its electricity as Russian, the forthcoming shrinkage of the Integrated Power System/ Unified Power System (IPS/UPS) will eliminate Belarus' chances to find markets for Ostrovets NPP in the long-term. Ukraine will abandon IPS/UPS and synchronise its grid with the Continental European Network (CEN) in 2023, while the Baltic States aim to do so by 2025 at the latest. With changes in synchronous areas also come the already made political commitments to suspend any electricity trade with the countries outside CEN (Russia and Belarus), thus completing the isolation of Ostrovets NPP permanently. Due to these developments, Belarus will be able to trade its surplus electricity only with Russia, a country which does not need Belarusian electricity in the first place.

Not only Belarus has lost its export markets, but also it has run out of political favours in Brussels and Washington with yet another Belarusian – Western rapprochement de facto ended following the eruption of violence in Minsk. In here, a window of opportunity emerges for Lithuania to persuade the U.S. and European Union to ramp up its pressure on Ostrovets NPP. With the opportunity comes the risk, however, that a likely Lukashenka's downfall will solidify Russian foothold in Belarus making the close presence of Ostrovets NPP even more threatening. ■

JUSTINAS JUOZAITIS

Policy Analyst

Centre for the Defence Analysis

General Jonas Žemaitis Military Academy of

Lithuania

Lithuania

Email: justinas.juozaitis@lka.lt

MARGARITA ASSENOVA

Gloom and doom over Nord Stream 2

Expert article • 2777

With only 160 kilometers left to be built, the Nord Stream 2 pipeline looks closer to oblivion than operation. Its construction has stopped for nearly a year since the U.S. introduced sanctions against pipe-laying ships working on Nord Stream 2 and TurkStream in December 2019. The U.S. Congress is preparing another round of expanded sanctions that will make it impossible for any Western company to assist Gazprom in completing the project.

Although Berlin employed every diplomatic and trade tool available to lobby Washington on behalf of the Gazprom-owned pipeline, Moscow found itself in hot water again with the poisoning in August of Russian opposition leader Alexei Navalny with a banned nerve agent. The case led to renewed pressure on the German government to withdraw support for the pipeline and led to new EU sanctions against six high-placed Russian officials.

The use of a Novichok type nerve agent against the Kremlin's most prominent critic may indeed prove to be the straw that broke the camel's back for Nord Stream 2. Not because Germany is willing or ready to abandon the Russian project, but because Putin's blatant disregard for human rights and international law has strengthened Washington's determination to extinguish the project.

Nord Stream 2 is slated to supply 55 billion cubic meters of Russian gas directly to Germany via the Baltic Sea, running in parallel to the existing Nord Stream 1 pipeline with the same capacity. If built, the two pipelines would deliver almost three quarters of all Russian natural gas exports to Europe. This would allow Gazprom to divert all of its current gas transportation from the vast Ukrainian gas transmission network to two diversionary pipelines, Nord Stream 2 in the Baltic Sea and TurkStream in the Black Sea.

The construction of Nord Stream 2 began in 2015, just one year after Russia's annexation of Crimea that provoked EU and U.S. sanctions against Russia. Berlin and Moscow claim the pipeline is a purely economic project, but the U.S. and most EU member states oppose it as a political project by the Kremlin aiming to bypass Ukraine and undermine European energy security. Opponents argue that the pipeline would fortify Gazprom's position on the European gas markets just as imports of liquefied natural gas are increasing. Nord Stream 2 will also diminish gas supply alternatives for many Central and Eastern European states and preclude the development of regional gas markets.

Moscow vowed to complete the project using its ships when the Switzerland-based Allseas Group S.A. recalled its vessels from the Baltic Sea under the threat of U.S. sanctions. But attempts to resuscitate the project have failed for lack of Russian vessels equipped to lay 48-inch wide pipes in deep waters. The only Russian pipe-laying ship with a dynamic positioning system that could potentially finish the work in Danish waters, Academic Cherskiy, was brought to the Baltic Sea from the Far East in May, but its welding capacity was never upgraded. Attempts to use Academic Cherskiy in combination with the pipelaying crane vessel Fortuna also failed, as the barge sailing under a Russian flag turned out to have a Western owner, who did not want to risk American sanctions.

Determined to stop Nord Stream 2, both chambers of the U.S. Congress have voted on an extensive sanctions package that will

include any entity, private or public, assisting in the construction, insurance, or certification of Nord Stream 2. The bipartisan bill, overwhelmingly supported by Republicans and Democrats, is expected to become effective later this year as part of the National Defense Authorization Act for Fiscal Year 2021.

In the meantime, new guidance the U.S. State Department published in October makes clear that the Protecting Europe's Energy Security Act of 2019, which stopped the construction of Nord Stream 2 last December, would apply to any company helping Russia with upgrading vessels that would work on the pipeline -- such as the Academic Cherskiy pipelayer.

In addition, the U.S. Department of State lifted restrictions in July regarding Nord Stream 2 and the second line of TurkStream under the Countering America's Adversaries Through Sanctions Act (CAATSA). Secretary of State Mike Pompeo warned companies aiding and abetting Russia's malign influence projects to "get out now or risk the consequences."

The tightening of U.S. sanctions has worried German officials, who decided to make a deal with Washington in early August, just two weeks before Navalny was poisoned. German Federal Finance Minister Olaf Scholz proposed to his U.S. counterpart Steven Mnuchin that Berlin would finance the construction of two ports for the import of liquefied gas. In return, "the U.S. will allow the unhindered completion and operation of Nord Stream 2," Berlin's written proposal said according to *Die Zeit* and the *Financial Times*.

The German proposal shows little understanding of Washington's motivation in opposing Nord Stream 2. Even if the Trump administration could be tempted by a valuable deal, the U.S. Congress is unlikely to change its stance. Selling more LNG to Europe has never been the main reason why two consecutive U.S. administrations and the U.S. Congress are against the Russian pipeline. For many American lawmakers stopping Nord Stream 2 is a matter of protecting European energy security and ending Russian aggression in Ukraine. Washington has no illusions that if Russian gas transit via Ukraine ends, the country could become a target of a new military attack by Moscow. ■



MARGARITA ASSENOVA

Senior Fellow
The Jamestown Foundation
Washington, DC
USA

Email: assenova@jamestown.org

STANISLAV ZHIZNIN

Economics and geopolitics of Nord Stream-2 in the Baltic Rim

Expert article • 2778

The Nord Stream-2 gas pipeline project (NS-2) aims to expand gas supplies from Russia to Germany and other EU countries, based on mutual economic interests and on projected growth in gas demand in the EU markets, as well as the need to strengthen EU energy security. **The launch of NS-2 can make a significant contribution not only to ensuring EU energy security, but also to mitigating military tensions between NATO and Russia in the Baltic region.**

Geopolitics and economics of NS-2 in Baltic Region

Until recently, the global energy market was 90% dependent on economic factors and only 10% on geopolitical. Today, the situation has changed radically: geopolitics dominates.

Confirmation of how politics is trying to "steer" the economy and global energy is, for example, the actions of the United States, which has set the task of becoming an energy superpower, for which it is necessary to oust Russia from the markets and inhibit the modernization of the Russian energy sector using methods that aren't traditional energy diplomacy and geopolitical factors. Recall the regular statements by American leadership that the United States is ready to fill Europe with liquefied natural gas, given the likely increase in export potential in the face of the declared continued growth in shale gas production. Another issue is energy security of the West, which the United States is considering the importance to reduce its dependence on oil and gas supplies from Russia - primarily to Europe, declaring that the Kremlin can use energy weapons to achieve the necessary Moscow policy. However, Europe cannot refuse Russian hydrocarbons, and rely on alternative LNG supplies from the USA, which Washington imposes on Europe. That alternative based on geopolitical considerations, will be too expensive from economic point of view. Besides, in order to receive large amounts of LNG, Europe needs to develop a new gas transmission infrastructure designed for pipeline gas, which will lead to additional costs.

Economic and geopolitical positions of supporters and opponents of the NS-2 project

In recent months, under the influence of the Ukrainian crisis and other political problems, as well as imposed and envisaged sanctions against Russia in the media of the West, as well as from a number of senior representatives of the EU and the USA, the question of the supply of Russian gas to EU countries is often raised. This primarily concerns the construction of the Nord Stream-2 gas pipeline. From a conventional economic project, implemented on the basis of projected demand for Russian gas in the EU, the leadership of the United States and several countries of Eastern Europe are trying to politicize it and portray it as a geopolitical project. The media and political circles of a number of Western countries launched a fierce information war "not for life but for death" in order to prevent its implementation using, mainly,

not economic, but geopolitical arguments. This is reminiscent of the actively promoted Polish initiative in 2004-05, supported by the United States, about the formation of an energy NATO to protect EU from Russian energy resources. The implementation of NS-2 will make a tangible contribution not only to ensuring EU energy security, but also to security in Europe as a whole. This is especially true for the Baltic region, in which there has been an increase in military tension, in recent years, between NATO and Russia. The development of energy infrastructure, including NS-1 and NS-2, on the reliable operation of which the economic well-being of many EU countries depends, can help mitigate the situation in the region¹.

Supporters believe that NS-2 is a purely economic project. Recently many **German** supported NS-2. Berlin insists that Europe must decide for itself whom to buy natural gas from, taking into account the security of supply and market conditions, rather than being guided by the political situation". In addition to Germany, **Austrian** government joined the project, and **the Czech Republic**, in connection with the construction of NS-2, is expanding its gas transportation system and recognizes the project's profitability for the country; **French** President E. Macron expressed support for all new gas pipelines if the current levels of gas consumption in the EU remain or increase in the future. Another **positive is the possibility to use NS-2 for transporting the hydrogen from Russia to EU in the near future.**

Opponents: transit countries that suffer losses for gas transit ; countries remote from the gas supply; Poland and Baltic countries, always speaking from Russophobic positions. Of particular note is the United States, which is actively opposing the project, based primarily on its geopolitical interests. Opponents of NS-2 believe that the new gas pipeline threatens Europe's energy security and runs counter to a strategy that assumes diversification of energy supplies and a decrease in dependence on Gazprom, and the Third Energy Package should also apply to it.

In 2017-2020, the U.S. Congress voted in favor of legislation imposing sanctions on firms cooperating with Russian companies in energy projects including (CAATSA law).

Conclusion

To date, the NS-2 project is at the forefront of the political agenda not only in the EU, but also in international politics. The fact remains that NS-2 is causing disagreement between the EU and the USA; EU member states; between participating energy companies and EU member states; in relations between the EU and its international partners; in an academic / expert environment. The complexity of the NS-2 project implementation lies in the need to take into account EU energy legislation, as well as to take into consideration the growing influence of geopolitical factors on EU-Russia energy cooperation, connected with aggressive US energy diplomacy aimed at disrupting the NS-2 implementation, based on geopolitical Washington's interests.

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At the moment (September 2020), work on NS-2 despite new political obstacles is ongoing. **The implementation of the NS-2 project can make a serious contribution to ensuring the energy security of Europe, as well as relaxing military tensions between NATO and Russia in the Baltic region, given the need for reliable functioning of the gas supply infrastructure, which excludes military conflicts in the region.** ■

¹Zhiznin S. Z., Timokhov V. M. // Economic and geopolitical aspects of the Nord Stream 2 gas pipeline. Baltic Region.- 2019. –Vol. 11. -№ 3.- (pp. 25-42).

STANISLAV ZHIZNIN

Professor
Department of World Energy Problems
Moscow State Institute of International
Relations (MGIMO-University)
Moscow
Russia

President
Center for Energy Diplomacy and
Geopolitics
Moscow
Russia

Email: s.zhiznin@rambler.ru

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JAMES HENDERSON

2020 – time for a Gazprom re-think?

Expert article • 2779

Since 2016 Gazprom has enjoyed a period of significant growth as its production and exports have rebounded sharply. The political impact of Russia's annexation of Crimea combined with stagnant gas demand in Europe in the mid-2010s had led to a slump in production to a post-Soviet low of 419bcm, but by 2019 this had recovered to over 500bcm and exports to Europe had reached record levels of around 200bcm in 2018 and 2019. The company's strategy of adapting to EU market rules and providing cost competitive gas appeared to be working well, and despite political concerns about over-dependence on Russian gas in Europe, consumers were keen to purchase gas from the largest, and one of the lowest cost, suppliers to Europe.

Events in 2020 have turned against Gazprom, though, and have re-emphasized some major concerns for the long-term. Obviously, a global event outside the company's control, the COVID 19 pandemic and its economic consequences, has had a major impact, with European gas demand falling and the gas price collapsing due to a surplus of LNG on the market. Gazprom's export volumes have fallen back to levels last seen in 2015, while its revenues have fallen even more sharply due to the dramatic decline in prices to below \$2/mmbtu. This has led to the unusual circumstance that sales of gas in the Russian domestic market have actually become more profitable than exports for the first time in many years, leading Gazprom to rethink the balance of its business and to refocus efforts on recovering domestic market share that has been lost in recent years to competitors such as Novatek and Rosneft. However, Gazprom's ability to compete with them is undermined by the fact that it is forced to sell at a regulated price that is now relatively high, meaning that reclaiming its position is not a simple task. Indeed, it may have to contemplate the unthinkable and agree to market liberalisation if it wants to re-assert itself.

However, it is in export markets that Gazprom is running into the biggest problems. Although it is undoubtedly in a competitive position in Europe, its plans for expansion are running into political problems in the short term and commercial/environmental challenges in the long-term. The key short-term issue is export pipelines, and in particular Nord Stream 2. Already hit by US sanctions, which have delayed completion of the pipe to Germany, it now seems as if the consequences of the poisoning of key opposition figure Alexei Navalny could further undermine the project. The German authorities are considering whether to continue their support for the pipeline, and it is now not inconceivable that it may never be completed, leaving Gazprom in the awkward position of having to renegotiate its transit agreement with Ukraine.

While this short-term issue has left the company questioning its attitude towards Europe, in the longer-term the question of the EU's environmental policy presents a more existential question. As the EU heads towards a net zero emissions target by 2050, the role of all gas, not just Russian gas, is in question. Gazprom has responded by announcing its plans for possible involvement in a hydrogen economy, touting the benefits of its plans for pyrolysis as a means to transform methane into hydrogen and solid carbon. However, it remains to be seen whether the company can really find a way to be a core part of Europe's decarbonised future.

An alternative strategy, also being pursued by the company, is to diversify into new markets, and this process began in earnest at the end of 2019 with the start of supplies to China via the Power of Siberia pipeline in the East of the country. However, development of Asian markets will require more than expansion of Gazprom's core pipeline business, where its expertise lies. Asian countries rely on LNG imports to supply the majority of their gas, and here Gazprom is not the leading Russian player. Novatek has established itself as the champion of Russian LNG, with the successful development of its Yamal LNG project in the Russian Arctic and its plans for dramatic expansion over the next decade. Gazprom has struggled to keep up, with a number of its projects being delayed or cancelled. It is currently planning to construct a 13 million tonne liquefaction plant on the Baltic Sea near St Petersburg, but its plans in the East, where the major growth in gas demand over the next two decades is expected, are minimal. As a result, the company's role as the most important exporter of Russian gas is under threat, if not in volume terms then at least in terms of strategic growth.

As a result, Gazprom finds itself faced with a number of key strategic questions as 2020 comes to a close. Should it continue to rely on Europe as a major source of export sales over the long-term? Can it develop a diversification strategy in Asia while relying mainly on pipelines to China? Does it have the capability to become a major LNG player or does the Kremlin now see Novatek as the major Russian player in this field? Is it prepared to countenance changes in the domestic market that would allow it to compete on equal terms with its rivals but might undermine its position at the heart of the domestic gas sector? The events of 2020 have made these questions more urgent and important, and the answers will define Gazprom's future. ■

JAMES HENDERSON

Director

Gas Programme

Oxford Institute for Energy Studies

The United Kingdom

KATJA YAFIMAVA

Nord Stream 2: Delayed but unstoppable

Expert article • 2780

Introduction

Nord Stream 2 (NS2) – an offshore gas pipeline system, consisting of two parallel pipelines connecting Russia and Germany and running (largely) in parallel to Nord Stream (NS) built in 2012 – is the final element of Russia's transit diversification strategy, aimed at increased ability to export gas to Europe without excessive reliance on transit countries (Figure 1). Russia's existing pipeline export capacity towards Europe (including Turkey) is estimated at ~230 bcma, thus being only marginally above the level of Russian gas exports to Europe in 2019, and of which only around one third does not involve transit. Once built, NS2 will increase this capacity by 55 bcma thus ensuring significant export flexibility. Although NS2 was scheduled to start flowing the gas at the end of 2019, multiple obstacles led to a delay. At the time of writing in September 2020, ~140 km of pipelines (108 km in the Danish exclusive economic zone (EEZ) and 32 km in the German EEZ), or ~6% of total combined length, remain to be built. This article overviews some of these obstacles and explains how they can be overcome.

Figure 1. NS and NS2 pipelines



SOURCE: OIES

Danish permit

One of the most serious challenges to NS2 came from Denmark, which severely delayed its construction permit. It was only granted on 30 October 2019, two and a half years after the first application was made. In total, NS2 AG (a company established to build and operate NS2) made three applications to the Danish Energy Agency (DEA) in respect of three different routes:

- the original southern route (passing south of the Danish island of

Bornholm in the Danish territorial sea, April 2017),

- the northern route (passing north of Bornholm in the Danish EEZ, August 2018),
- the amended southern route (passing south of Bornholm in the Danish EEZ, spring 2019).

In November 2017, the first application already being under consideration for six months, Denmark passed a law allowing for permits in respect of pipelines running through the Danish territorial sea to be rejected not only on environmental (as previously) but also on foreign/security policy grounds. This law appears to have been designed to allow Denmark more time to decide on the permit while waiting for a common EU position on NS2. (In October 2017 the European Commission initiated the process of amending the Gas Directive, as a result of which the German section of NS2 became subject to its provisions, when the amended Directive entered into force in May 2019.) In August 2018, witnessing no progress on its first application, NS2AG applied for a permit in respect of the northern route (in respect of which a rejection could only be made on environmental grounds as it was not passing through Danish territorial sea). In spring 2019, having made no decision on either application, DEA asked NS2 AG to submit a third application, this time for an amended southern route, which would avoid passing through the Danish territorial sea. It was in respect of this route that the permit was granted in October 2019.

By the time the Danish permit was granted, construction of the Finnish, Swedish, Russian and (most of) German sections had been finalized. Construction of the Danish section (two lines of 147 km each) began on 4 December 2019 and was due to be completed by mid-January 2020. However, construction was halted on 21 December 2019 as Allseas (a Swiss company, providing pipelaying vessels and services for NS2 construction) suspended operations under threat of US sanctions (see next section). By this time, only around 108 km of pipelines remained to be laid in the Danish EEZ.

Allseas works suspension meant that other companies and vessels, not deterred by the threat of sanctions, would have to be found to finalize construction. It is understood that the two Russian vessels – Akademik Cherskiy and Fortuna – are technically capable of building the remaining section, albeit at a lower speed (~0.34-1 km/day) than Allseas vessels (~3 km/day). Akademik Cherskiy is equipped with dynamic positioning system (as Allseas vessels are) whereas Fortuna is an anchored-based vessel; in July 2020 DEA has amended its construction permit to confirm the usage of both types of vessels. At the time of writing, they were at the German ports of Mukran and Rostock respectively, within a day sailing to the NS2 construction site.

US sanctions threat

Although the US have been hostile towards NS2 from its inception, it initially refrained from taking any action against it. However, as

the project progressed, on 2 August 2017 the US adopted the Countering American Adversaries Through Sanctions Act (CAATSA), which enabled the US President 'in coordination with allies' to impose sanctions on a person which knowingly, on or after 2 August 2017, 'makes an investment [...] or sells, leases, or provides' to Russia 'goods, services, technology, information, or support' (of defined value) 'for the construction of Russian energy export pipelines'. The US State Department guidance, issued on 31 October 2017, specified that investments and loan agreements made prior to 2 August 2017 would not be subject to sanctions. Notably, NS2 pipelaying vessels have been leased, pipes ordered, and financing agreed (and partly executed) prior to that date.

On 15 July 2020 the US State Department amended the guidance, by expanding the focus of implementation of CAATSA to include NS2 and deleting the sections saying that investments and loan agreements made prior to 2 August 2017 would not be subject to sanctions. Although the amended guidance confirmed that sanctions will not be imposed in respect of investment and other activities made prior to 15 July 2020, it also stated that 'contracts and other agreements signed prior to 15 July 2020' are not grandfathered. The fact of amending the guidance strongly suggests that the imposition of sanctions under CAATSA cannot be ruled out, at least as far as investments and agreements made after 15 July 2020 are concerned. On the same date as the guidance was amended, the US Secretary of State, Pompeo, stated that this was 'a clear warning' to companies involved in NS2 to 'get out nor, or risk the consequences'.

The US has also adopted the Protecting European Energy Security Act (PEESA) as part of its annual National Defence Authorisation Act (NDAA), which became law on 20 December 2019. PEESA stipulates sanctions on persons which have knowingly 'sold, leased, or provided' vessels that are 'engaged in pipe-laying at depths of 100 feet or more below sea level' for the construction of NS2 pipelines, or 'facilitated deceptive or structured transactions to provide' such vessels. On 18 December 2019, two days before NDAA was signed into law, two US senators – Cruz and Johnson – sent a letter to Allseas, stating that PEESA was passed 'specifically to immediately halt' Allseas work on NS2 and warning that its continuation would 'expose' Allseas to 'potentially crushing and fatal legal and economic sanctions'. On 21 December, Allseas suspended its pipelaying activities, thus jeopardising the NS2 expected completion date (see previous section).

At the time of writing, the US is considering adoption of the Protecting European Energy Security Clarification Act (PEESCA). It builds on PEESA and also envisages sanctions for the provision of 'underwriting services or insurance or reinsurance' and 'services or facilities for technology upgrades or installation of welding equipment for, or retrofitting or tethering' of the vessels; and – as per the Senate, but not the Congress, draft – 'services for the testing, inspection, or certification necessary for, or associated with the operation' of NS2.

PEESCA's all-encompassing nature suggests it aims at making completion of NS2 as difficult and delayed as possible, potentially sanctioning any (European or non-European) company involved. PEESCA could be adopted in late 2020 as part of annual NDAA.

On their part, Germany and the EU have been growing increasingly uneasy about US sanctions initiatives. On 2 July 2020, the German chancellor, Merkel, stated that the extraterritorial sanctions are 'not in line with our understanding of the law'. On 17 July 2020, the EU High Representative for foreign policy, Borrell, echoed the same sentiment saying that the EU 'considers the extraterritorial applications of sanctions to be contrary to international law' and 'opposes the use of sanctions by third countries on European companies carrying out legitimate business'. Nonetheless, on 5 August 2020, three US senators – Cruz, Johnson and Cotton – sent a letter to Faehrfafen Sassnitz, an operator of the German port of Mukran (the NS2's main logistical hub), warning it about 'crushing legal and economic sanctions' should it 'continue providing goods, services, and support' for NS2 and stating that its 'provisioning of the Fortuna or Akademik Cherskiy will certainly have become sanctionable the instant that either vessel dips a pipe into the water'. The letter cites both existing (CAATSA and PEESA) and potential (PEESCA) legislation as the basis for imposing sanctions.

However, an overwhelming majority of EU member states oppose extraterritorial sanctions on NS2, as demonstrated by the fact that on 12 August, one week after the senators' letter was sent, the EU delegation in the US organised a call with the US State Department, during which 24 EU member states have expressed their opposition to sanctions. It is possible that should the US decide to impose sanctions in respect of NS2 either under existing or new legislation, the EU might add such legislation to the Blocking Statute Regulation, which prohibits the EU companies to comply with extraterritorial sanctions and stipulates a compensation mechanism in respect of the damages caused by non-compliance.

Conclusions

Although NS2 has faced serious headwinds and has been delayed beyond its original schedule – by both the late grant of the Danish permit and the adoption of the US sanctions legislation – it is likely that both of its lines will be built and become operational in the early 2020s. German government support for the project was conditional on the conclusion of post 2019 Russia-Ukraine transit agreement, which guaranteed a continued transit revenue for Ukraine at least until the end of 2024, even though some gas flows were to be redirected towards NS2 and away from Ukraine. Although a number of issues, not related to the project itself, have threatened to undermine the German government support for NS2 – most recently the poisoning of Navalny (the most high-profile Russian opposition figure) in August 2020 – this author expects the project to be completed. While there are uncertainties about exactly when NS2 will become operational,

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conclusion of post 2019 Russia-Ukraine transit agreement has made it less urgent for Gazprom to have access to its capacity. Once completed, NS2 could face regulatory obstacles posed by the amended Gas Directive, but these are unlikely to result in significant caps on Gazprom's ability to utilise its capacity. NS2 will provide Russia with a significant surplus of pipeline export capacity towards Europe and hence flexibility ensuring that Gazprom's exports to Europe will not be artificially constrained in the 2020s and beyond. ■

**KATJA YAFIMAVA**

Dr., Senior Research Fellow
Natural Gas Research Programme
Oxford Institute for Energy Studies
The United Kingdom

Email: Katja.Yafimava@oxfordenergy.org

¹Secretary Michael R. Pompeo at a press availability, 15 July 2020.

²Cruz and Johnson letter to Allseas CEO, 18 December 2019.

³'Germany's Merkel says 'right' to complete Nord Stream 2 gas pipeline', Platts, 2 July 2020.

⁴Statement by the HR/VP Josep Borrell on US sanctions, 17 July 2020.

⁵Cruz, Cotton and Johnson letter to Faehrfafen Sassnitz, 5 August 2020.

⁶Poland and Estonia have since stated they did not join this initiative, Politico, 13 August 2002.

⁷Regulation 2271/96, 22 November 1996; Regulation 2018/1100, 6 June 2018.

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DIMITAR LILKOV

Nord Stream 2: European energy policy is still a pipe dream

Expert article • 2781

Unresolved problems continue to haunt you no matter how hard you try to ignore them. Germany is painfully reminded of this after yet another turn in the never-ending Nord Stream 2 saga. The horrid poisoning of Russian opposition activist Alexei Navalny has put the German government under pressure (both at home and internationally) to rethink its commitment to the pipeline project should the Kremlin refuse to cooperate in the investigation. There is little chance for Berlin to cancel such a large infrastructure project which is near completion and any diplomatic hints that it might do so may be a well-calibrated attempt to test Vladimir Putin's resolve. However, one thing is certain – the latest developments have shown that the Gazprom-led pipeline is nothing more than a political project with grave implications for Europe's energy security and uncertain economic gains.

For several years, the construction of Nord Stream 2 (NS 2) has plagued relations between different European capitals and also managed put a strain on the relationship between Washington and Berlin. The project is planned to double the volume of the existing Nord Stream 1 pipeline, with the total volume of both ventures being a maximum of 110 bcm of natural gas per year. Gazprom has pledged to guarantee 50% of the project funding and will be the sole shareholder in the project which is backed by five other European companies. Although technically a private corporation, Gazprom remains owned by the Russian government and is used as an important tool in advancing the Kremlin's economic and geopolitical interests outside Russia's borders. The new extension of the pipeline will fortify the Russian Federation as the EU's top supplier of natural gas – a position which Moscow has exploited in the past by unfair price setting and partitioning gas markets in Central, Eastern and Baltic EU member states. Regrettably, if the pipeline becomes operational it will go against one of the main objects of the European Energy Union – diversification of energy suppliers and reduced dependence on only a handful of third country exporters.

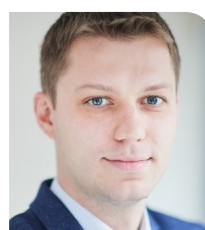
Several European leaders have already objected to the project and its destabilising geopolitical consequences for the energy security in Central and Eastern Europe as well as its clear attempt to circumvent Ukraine as a transit country for natural gas to Europe. A recent European Parliament resolution adopted with an overwhelming majority called for the official halt of the project. There is little rationale for such costly infrastructure given that it will not transport new volumes of gas but will redistribute existing quantities flowing through Ukraine. The European Union has an abundance of already existing gas infrastructure and has committed itself to reducing dependence on fossil fuels in the coming decades. There is a real possibility that NS 2 would become a stranded asset buried below the Baltic Sea in the foreseeable future.

For the time being Gazprom looks set to complete the project, even with a significant delay due to regulatory hurdles and changes in the applicable European legislation. Irrespective of Russia's

military aggression in Crimea, foreign interference in elections and energy blackmail of smaller EU-member states, it seems as if it will be business as usual for Germany when it comes to pipelines. There are at least two main reasons for Berlin's dogged determination to see the project completed. First, Germany's pledge to phase out nuclear energy by 2022 and reduce its reliance on coal means that households and industry will register a growing demand for natural gas as a transitional resource throughout the 2020s. Second, the country is still path dependent on the infamous legacy of the German Social Democratic party (SPD) and political figures such as Gerhard Schröder and Sigmar Gabriel who have committed Germany to this pipeline, regardless of the split it causes between Eastern and Western EU member states and also the betrayal towards Ukraine.

The only plausible scenario for preventing the construction of the pipeline would be the additional pressure from the US – more expansive sanctions from the US State Department might prove painful for current and future investors. Even if the Presidential administration changes after the November elections, the White House will likely keep its determination to prevent the further tightening of Gazprom's energy grip on Europe.

It is most likely that Germany will not unilaterally cancel the completion of Nord Stream 2 in the upcoming months. The path dependency of Berlin's energy policy require that the country remain committed to the pipeline even at the cost of going against the interests of many European member states. The wedlock with Gazprom will be reaffirmed and the promise for Europe to speak with one voice on its energy policy will remain nothing more than a pipe dream. ■

**DIMITAR LILKOV**

Research Officer
Wilfried Martens Centre for European
Studies
Brussels
Belgium

Email: dli@martenscentre.eu

AIN KÖSTER

Balticconnector opened the Finnish gas market

Expert article • 2782

This past summer marked the first anniversary of a key event in the construction of the Estonian-Finnish gas link, Balticconnector: the first end of the offshore pipe was pulled in at the Estonian point of landing in Paldiski. Balticconnector began operation on 1 January 2020. The connection marked the beginning of a single gas market between Finland, Estonia and Latvia where gas can flow without commercial obstacles and transfer fees.

Although Balticconnector has yet to achieve its maximum capacity, it has made a noteworthy contribution to the development of the gas market not only in Finland but the region as a whole. Significantly, the gas flowing through Balticconnector into Finland covers approximately one-third of Finnish gas consumption. Up to the launch of Balticconnector, Finland exported all of its natural gas from Russia.

In the first eight months of this year, approximately 10.6 terawatt-hours of gas flowed from Russia to Finland through the Imatra entry point. From January to August, slightly over 5 terawatt-hours of gas flowed into Finland through Balticconnector. To this point, gas has not flowed through Balticconnector in the opposite direction, from Finland to Estonia. However, it is likely this will occur at some point in future. Another interesting fact is that the quantity of gas flowing through Balticconnector is greater than Estonia's own gas consumption, which was slightly under 3 terawatt-hours during the eight months in question.

Nearly all of the gas flowing into Finland through Balticconnector during the winter period originates in the underground gas storage in Inčukalns, Latvia. As recently as a few years ago; only natural gas of Russian origin was stored there, but now the liberalization of the market has brought about a situation where different market participants can use the storage and Inčukalns houses gas from different supply channels, including gas imported through the LNG import terminal launched in late 2014 in Klaipėda, Lithuania.

Most of the major market participants on the Baltic states' market sell gas to the Finnish market, including Estonian, Latvian and Lithuanian traders. Thanks to the single cross-gulf gas market, market participants also have access to the GET Baltic gas exchange, which is assigned 10% of the entire transmission capacity daily, allowing market participants to compete in the Finnish bidding area with offers entered in the single zone area.

If one were to ask how successful the Baltic market participants have been in establishing a toehold on the Finnish market, the answer is simple. The advantage has come from the price. Above all, the use of the Latvian underground storage allows gas to be stored until a time when the price of gas on world markets is favourable. In practice, it is not out of the question that Russian gas stored in the Latvian facility will also reach Finland, but that is not a problem. The opening of the market has created conditions for the free import of gas from all possible supply channels and the competition keeps the price under

control even if a large share of the gas comes from the same source.

With the launch of Balticconnector, the development of the single Finnish-Baltic gas market is not yet complete. Finland is not yet in the single balancing area, which is currently comprised by Estonia and Latvia. Negotiations are under way for adding Finland to the balancing zone in the coming years. Finnish accession should further facilitate the activities of the gas market participants.

In the talks preceding the launch of the single Finnish-Estonian-Latvian market area, an agreement was not reached regarding Lithuania merging with the market. The stumbling block was Lithuania's demand that the other countries compensate Lithuanian investments into the gas system. The desire to expand the single market to Lithuania has not been shelved and efforts are still under way toward this goal. Discussions are focusing on different scenarios for enlarging the single market. It is likely that the single area including Lithuania will not become a reality before additional network investments are made in Lithuania and Latvia to reduce the risks of internal overload.

Besides the fact that Lithuania is the site of the region's only LNG terminal with significant import capacity, the GIPL (Gas Interconnection Poland-Lithuania) is now being established. Half of the connection is complete and according to plan, gas will start flowing between Poland and Lithuania at the end of 2021. Connecting the Baltic gas network to that of Poland and, by that means, the rest of continental Europe will create further options for market participants to do business, i.e. for the import of gas to the Finnish-Baltic market and conceivably also the sale of gas to Poland and other neighbouring markets.

Ten years ago when the newly established Elering was architecting its vision of the development of the electricity and gas market, few believed that a regional gas market would get off the ground, yet the establishment of the Finnish-Estonian-Latvian gas market can already be deemed a success story less than a year after the completion of Balticconnector. The respective governments, ministries and companies responsible for the development of networks and markets have all made a solid contribution to this accomplishment. Together we are moving toward a common goal – a single European energy network and energy market. ■



AIN KÖSTER

Head of Communications
Elering, electricity and gas transmission
system operator
Estonia

HERKKO PLIT

Balticconnector and future of energy transfer

Expert article • 2783

Seldom an issue, that was long debated and argued, has been a great success from the beginning of its operation. Balticconnector pipeline is one of those rarities. When it started its operation in the beginning of this year, it has been practically in maximum available capacity use ever since and has caused the gas prices to drop substantially. It is easy to smile now, but much needed to happen to reach this stage.

Finland got its first gas pipeline from the Soviet Union in the seventies. Russian gas supplies have been steady and no interruptions in the supply have taken place. However, there have been debates ever since the nineties whether Finland should open its gas connection to other countries. The first consideration was towards Sweden. It did not materialize. Then, around year 2010, significant discussions on connecting Finland to Baltic gas market started to raise attention. Especially, the emerging boom of LNG technology was crucial for market connection considerations. On the other hand, the issue of energy security became evident in whole EU when Russia stopped its gas supply through Ukraine in the beginning of year 2009. Thus, the momentum to open Finnish gas market was finally supported by the arguments on behalf of providing enhanced security of supply by diversifying the gas supplies.

There were lengthy negotiations between Finland and Estonia on joint LNG-terminal project and offshore gas pipeline between the countries. The agreement was finally reached in November 2014, when the two Prime Ministers, Alexander Stubb from Finland and Taavi Rõivas from Estonia, announced that Finland and Estonia have agreed to cooperate in the building of a LNG terminal and offshore pipeline between the two countries, and the construction is expected to be finished by 2019. That was one of the kick-offs in this story.

Before the actual construction activities started much had happened. Many voices kept claiming that there would not be any gas flow in the pipeline, if constructed. In Finland, the original project promoter Gasum had withdrawn from the project and the Finnish Government had then set up a project dedicated vehicle Baltic Connector Oy, which task was to implement the Finnish contribution in the project. Its counterpart in Estonia was Elering AS (previously Elering Gaas). In July 2015, the European Commission made an extremely important decision granting 75% of investment support (€187.5 million) for the Balticconnector project. This was the second kick-off for the actual construction.

For the first time an offshore gas pipeline would be constructed in Finnish territory. Despite being the first time, our project was carried out according to the schedule and budget with professional and motivated staff to manage the project activities. Finally, in December last year, the commissioning celebration of Balticconnector took place with both the Finnish President Sauli Niinistö and the Estonian President Kersti Kaljulaid being present. Successful project was to be followed by successful operation.

Already now, we can state that Balticconnector has fulfilled its task. The next step is to enlarge and get more liquidity into the functioning gas market by further market integration of the three Baltic states and Finland.

Why is it so important that gas market functions well? Fossil gases will be there for a while, but the change is evident. Biogas and hydrogen will enter the energy transmission sector. Power-to-X technology, where you create from green hydrogen (produced with renewable energy) synthetic gas and fuels, fertilizers, carbon-free steels, proteins etc., will be a game changer for our society.

When an increasing amount of green hydrogen, synthetic gas and biogas will be used, more and more energy need to be stored and transported. In some countries like Germany, constructing of a separate hydrogen network next to the existing gas network has been discussed. However, in Finland and Baltic countries the existing gas network provides an excellent platform for the transportation of blended hydrogen, synthetic gas and biogas. This is especially important when the hydrogen market is still emerging.

If you compare electricity and gas distribution, the answer is clear where the potential lies. Construction of an electricity connection or a gas pipeline on the same construction cost shows that gas pipeline can transfer 15-20 times more energy than respective electricity connection. In addition, the actual construction of gas pipeline requires only 15-30 meters width compared to several hundred meters of electricity line. No doubt which one is easier accepted by the landowners, especially since the gas pipeline will be invisible underground after being constructed.

Thus, we need to keep our gas network functioning, so that it will pave the way for future hydrogen network and flexible energy transfer. It will also provide capability for storing energy in gas molecules, currently with fossil-based gas and later on zero-emission synthetic gas. That is why it was important to construct Balticconnector to enable Finland and Baltic countries to contribute in the inevitable energy system transition. ■

**HERKKO PLIT**

President and CEO
Baltic Connector Oy
Finland

Email: herkko.plit@balticconnector.fi

MARIUSZ RUSZEL

The importance of gas infrastructure in the Baltic Sea Region for the V4 countries

Expert article • 2784

The Baltic Sea region is of strategic importance in the context of strengthening the energy security of the countries of Central and Eastern Europe. Having access to the sea enables a tactical advantage to be built in geopolitical terms. From the perspective of the Visegrad Group (V4) countries, access to the Baltic Sea creates opportunities for access to the global liquefied gas (LNG) market. The geopolitical conditions have made the countries of this region dependent on natural gas supplies from the Russian Federation. Adequately developed gas infrastructure, combined with long-term contracts, has contributed to sustainable dependence. Changing this situation requires a consistent policy of diversification of natural gas supply sources and political cooperation in the international arena. Of all the V4 countries, only Poland has direct access to the Baltic Sea and may become the country that improves the energy security of the other CEE countries.

Firstly, Poland is consistently expanding its gas infrastructure in the Baltic Sea region. It has built an LNG terminal in Świnoujście, which enables the supply of 5 billion m³ of natural gas per year. The terminal can eventually be expanded to 10 billion m³. Currently, the Baltic Pipe pipeline is under construction, which will connect Norwegian natural gas deposits through Denmark with Poland. The capacity of the gas pipeline is to be 10 billion m³ per year. An FSRU terminal in Gdańsk with a capacity of 4 billion m³ is also planned. This means that if all gas infrastructure projects in the Baltic Sea region were completed, Poland would be able to supply nearly 24 billion m³ of natural gas per year.

Secondly, the Polish company PGNiG has signed gas contracts for the supply of liquefied natural gas from Qatar (Qatargas) as well as from the USA (Cheniere Marketing International, Port Arthur LNG, Venture Global LNG). Some of these contracts have been signed until 2043, and may contribute to the diversification of the structure of gas contracts in the V4 countries. The more natural gas from sources other than Russia that is supplied to this part of Europe, the greater the price pressure created. The gas market in the region will become a consumer market, as it is the exporters who will start to compete more and more for supplies, offering increasingly favourable conditions.

Thirdly, the V4 countries have signed long-term contracts with Russian Gazprom, which will gradually expire. If they fail to expand their gas infrastructure to diversify their gas supply sources, they will then extend their gas contracts with Russia. However, if the gas infrastructure in the Baltic Sea is expanded, followed by natural gas interconnections and pipelines within the V4 countries, then they will be able to switch suppliers and their negotiating position vis-à-vis Russia will increase.

Fourthly, by providing the V4 countries with alternative sources of natural gas supply, they increase their political independence from Russian influence. Geopolitical conditions cause the CEE region to be perceived as a zone of political influence of the Russian Federation.

This means that there will be geo-economic competition between the USA and Russia, which may have geopolitical effects. However, under the conditions of the economic slowdown caused by the COVID-19 pandemic, many energy companies are in financial difficulties and the Nord Stream II gas pipeline has been delayed.

These factors indicate that the Baltic Sea region is of strategic importance for the V4 countries. Under certain conditions, access to the global gas market may contribute to diversification of gas supply. However, the question is how will individual countries want to use this access to other gas sources? Are all the V4 countries as determined as Poland? Will there be political cooperation between the V4 countries to strengthen energy security in the region? Each of the V4 countries has its own specific energy interests. It will be in the interest of the Russian Federation to strengthen these particularisms and to break down the cohesion and cooperation of the countries in the region through an appropriate pricing policy for gas contracts. Some V4 countries have been invited to cooperate as a transit country in the distribution of Russian natural gas through the Nord Stream II pipeline, as well as the Federal Republic of Germany to Central and Eastern European countries. The political commitment of the US to the region is also important. Therefore, the V4 countries should consistently expand their gas infrastructure, which will become part of the 'North-South' gas corridor. At the same time, it is important to seek to strengthen political trust between the V4 countries in order to fully exploit the potential offered by access to the Baltic Sea. ■

MARIUSZ RUSZEL

D.Sc., Ph.D., Associate Professor
Rzeszow University of Technology
Poland

Email: mruszel@prz.edu.pl

DANILA BOCHKAREV

Methane emissions: A challenge and an industry response

Expert article • 2785

Methane – a powerful greenhouse gas – is at the center of an environmental debate, especially in Europe. In the European Green Deal, the need to reduce methane footprint, has been identified as one of the areas that shows that are vital to help slow global warming, reduce pollution and improve air quality.

The EU Methane Strategy which outlined how Brussels plans to reduce man-made emissions is expected to be adopted by the end of the year. At the first sight, energy contributes only 24 % of anthropogenic methane emissions after agriculture (44 %) and waste, and should not feel 'threatened'. However, the European Commission targets particularly the energy sector as it wants to step up efforts to reduce methane emissions for the entire supply chain and improve reporting standards. Given that methane leakage is a (largely) avoidable emission source, this is of course a step in the right direction in case the rational and balanced approach is adopted. Brussels plans to tax imports based on their carbon footprint with natural gas producers – in the context of methane leakage – are likely to be affected, in the context of 'methane' issue coming into play.

A number of environmentalist NGOs suggest using 'methane tax' as a tool to engineer environmental policy changes in the third countries. For example, the Environmental Defense Fund (EDF) proposes that a methane fee should be based – at least in the early stage – on the country's average methane footprint. This is because the main suppliers (to Europe) are national oil companies, which tend to dominate the sector in their home countries and, therefore, a majority of methane leakage originates from these dominant suppliers. According to the EDF, such a move will send a signal to the whole country to reduce its methane footprint and lead to tightening of environmental regulations. Not only is this proposal politically ambiguous and costly for the European consumers (proposed measures will lead to an increase in wholesale gas prices ranging from 0,60 €/MWh to 1,68 €/MWh), it also punishes companies investing heavily in reducing their GHG emissions – like conventional gas producers – while other industries in the same country with higher emissions drag the country's "export carbon footprint" up. This approach of collective responsibility should be avoided as non-constructive and counter-intuitive. Furthermore, Under WTO rules a carbon tax could be clearly seen as a protectionist measure. The carbon tax could open a new front in the trade war as the third countries might use this legal basis to retaliate with additional tariffs and trade barriers to even-out the playing field.

European energy companies and a number of non-EU pipeline exporters has a good track record of keeping fugitive emissions under control and took further commitments to reduce their carbon footprint. Methane emissions from natural gas accounted for only 0.5 % of EU-28 greenhouse gas emissions. In addition, fugitive emissions from natural gas decreased by 37 million tonnes of CO₂ equivalent between 1990 and 2017 as the European gas industry took steps to reduce its

methane footprint. Furthermore, a 2019 report by Gas Infrastructure Europe (GIE) and Marcogaz, found that super-emitters, i.e. specific points in the system that are responsible for disproportionately large volumes of gas leakage, have not been identified in the EU gas sector.

Pipeline gas exporters to Europe also have made some steps towards methane emission reductions and climate neutrality. For example, Norwegian energy company Equinor's low methane emissions are industry leading at around 10% of the global industry average. Furthermore, in 2016, Equinor carried out a study on methane leaks from Norwegian gas delivered to customers in the UK and Germany showing that they were below 0.3%, compared to 0.6% average for the gas distributed and consumed in Europe. Europe's largest supplier Gazprom also took some steps to reduce methane leakage and the company's carbon footprint. In its 2018 Environmental Report independently audited by KPMG, the Russian gas company stressed it has a low methane footprint comparable to the best performers in Europe. According to 2019 Gazprom data, methane emissions from Gazprom's production facilities amounted to 0.02 % of the volume of gas produced, 0.29% of the volume of gas transported, and 0.03% of the volume of natural gas stored underground.

Considering, industry's responsible approach to the methane leakage issue, it is logical to suppose that the energy transition process should be jointly managed by the EU and the energy exporters while based on a gradual decarbonization of their businesses via the application of intermediate – economically and technically – realistic targets. ■

Disclaimer: The opinions expressed in this article solely reflect the views of the author, not of his organisation.

This piece is based on the author's findings published here <https://www.naturalgasworld.com/op-ed-if-we-want-to-reduce-methane-emissions-we-should-favour-pipeline-gas-over-lng-gastransitions-79713> and here <https://www.iai.it/en/publicazioni/european-green-deal-saving-planet-or-protecting-markets>



DANILA BOCHKAREV

Senior Fellow
EastWest Institute
Belgium

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OLGA GARANINA

Russia's energy and climate policies after Covid-19

Expert article • 2786

A year ago, in September 2019, Russia formally adopted the Paris climate agreement, making a step towards implementation of the national low-carbon energy policy. Historically, Russia has shown only fair climate concerns, prioritizing reliance on traditional energy intensive sectors and fossil fuel export-driven economic growth. But economic and political calculus, supported by fears of rising climate protectionism on behalf of western partners, as well as the interest to preserve the role in one of the key areas of international governance pressed for ratification of the deal. Nevertheless, does the ratification of the Paris agreement really mark a change in terms of Russia's energy transition?

On the one hand, the Paris agreement set a framework for revising climate policy targets towards more ambitious goals. Accordingly, in December 2019, Russia revealed its first National Action Plan for the first stage of adaptation to climate change till 2022. The document sets the timeline for developing the climate monitoring and climate change adaptation plans at regional and sectoral levels. A dynamic framework for enhancing low-carbon energy transition, leading to more and more stringent targets, is one of key advantages of the Paris agreement.

On the other hand, Russia's climate commitment remains very cautious. Under the Paris agreement, Russia pledged to reduce its GHG emissions by 25-30 percent in 2030 to 1990 levels, taking into account the absorptive capacity of forests. In fact, this target allows increasing the GHG emissions, for the reason of a sharp economic downturn of the 1990s. Emissions growth forecast for the next decade is reiterated in the newly available project of Strategy of the Long-Term Low-Carbon Economic Development for the period till 2050. The Strategy forecasts the GHG emissions at the level of 64-67 percent of 1990 by 2030, and 52-64 percent by 2050, depending on scenario. Thus, the Strategy does not propose a major step forward in comparison to initial pledge in medium term. Correspondingly, main mitigation efforts are reported for a longer-term perspective, after 2030s.

Currently, no economic regulation instruments (like carbon taxes, quotas etc.) are put in place to ensure the climate targets. The law on GHG emissions regulation (in discussion since about five years) does not include provisions for carbon pricing. The major policy initiative for energy efficiency does not receive sufficient public funding, resulting in a slowdown of energy intensity reduction.

In short and medium run, low economic activity will contribute to stay within the targets. Business pressures against stringent CO2 regulations are on the rise, aiming to prevent additional costs on companies. At macro level, economic slowdown caused by Covid-19 pandemic, as well as low oil prices and falling fiscal returns from the oil and gas industry are likely to constrain the availability of public funding for climate policies. New sanctions risks further destabilize the economic climate. In result, decarbonization is likely to be shaped

by business-as-usual trends. Although the green electricity subsidies are likely to be renewed, they make only a minor contribution to decarbonizing Russia's GDP.

In longer run, under weak national policies scenario, low carbon transition impacts on Russia will be largely shaped by external impacts. The latter result from various economic and political factors, including post-COVID recovery speed and impacts on global energy demand, implementation of carbon neutrality targets in the EU, or energy transition patterns in China.

In such context, mitigation efforts rely on bottom-up dynamics, with many of Russia's largest companies showing their commitment to climate goals. This is valid for Russian energy giants, like the state-owned Rosneft, which is scored "B" by 2019 Carbon Disclosure Project ranking, or Gazprom, with a "C" grade respectively for the quality of climate reporting. Engagement on behalf of the largest players will stimulate further sustainable changes through the value chain, including the networks of partners and subcontractors.

Russia presents huge potential in terms of decarbonization opportunities, both in traditional energy intensive sectors, as well as in clean energy sources. It also has competitive advantages in ICT sector development. This opens possibilities for joint investment projects in the field of sustainable technologies and energy management. Today, several international players already operate in Russia, for example for solar or wind project development, in cooperation with Russian industrial groups.

In longer run, these changes may lead to reshape traditional value chains, shifting from carbon-intensive energy and raw materials exports towards developing novel cooperation areas in international energy business. Proactive approach on behalf of various stakeholders is needed to explore the potential areas of joint interest. ■

**OLGA GARANINA**

Associate Professor
Graduate School of Management
St. Petersburg University
Russia

Email: o.garanina@gsom.spbu.ru

GYÖRGY SZÉLL

Covid-19 and democracy

Expert article • 2787

After each crisis we ask ourselves: Can we learn out of history? We will ask this question again after the major effects of the on-going Covid-19 pandemic will be over. So let us have first a look back into history of pandemics (Snowden, 2019). Every human being has about 2 kilo of bacteria in his body. We live in a kind of symbiosis with, and could not even survive without them. Actually diseases and viruses accompany humanity since its very beginning. Out of several million viruses only about 5,000 are known in detail today. They exist much longer than humanity, since life on earth began, i.e. several hundred million of years ago. Viruses will therefore never be eradicated. We have to adapt ourselves – with or without vaccination. The bubonic plague in the 14/15th centuries diminished the European population by one third. Nevertheless there are two positive developments, which were the result of this catastrophe:

1. New religious movements emerged, which eventually led to Protestantism, i.e. another schism within Christianity, which strengthened the individual, and
2. the creation of modern medicine, based on Arabic knowledge, which contributed to Enlightenment and the prolongation of life expectancy.

The most dreadful pandemic in modern times, i.e. the so-called Spanish flu in 1918/19, had some 50 million dead out of a world population of less than 2 billion. This mortality rate put into relationship with today's world population would mean some 200 million casualties. Eventually Fascism and Stalinism emerged hereafter, leading to World War II with some 60 million casualties. But positively also international organisations were created like the League of Nations Health Organisation (LNHO) in 1919, the predecessor of the UN World Health Organisation. „But with that realization came hubris. In 1948, US Secretary of State George Marshall confidently declared that humanity was about to eradicate infectious diseases from the Earth.“ (Campanella, 2020) There was a Delphi health forecast – i.e. experts were asked in their relevant field – in Japan in the 1990s with the result that in 2020 all diseases will be eradicated. (Cuhls, 1998) A utopia, which unfortunately will never come true. 'Normal' flu viruses kill every year between 250,000 and 695,000 people globally – without making headlines (Paget et al., 2019). Corona viruses accompany humanity since some 600 years, and are responsible for about 15-20 % mortality of lung infections annually. SARS (Severe Acute Respiratory Syndrome) in 2002/3 and MERS (Middle East Respiratory Syndrome Coronavirus) in 2012 were predecessors to Covid-19, also called SARS 2. So far no vaccination exists for both infections, therefore it is very doubtful if ever one for Covid-19 will be found (Ma & McCarthy, 2020). And even if appropriate medications and vaccinations will be available there is the risk that vested interests will appropriate them via patents, and by that increase social inequality (Michaels, 2008). Already the US CIA forecasted a virus catastrophe in 2008

Definitely the Covid-19 is much more dangerous than the other corona viruses, although it is far from the casualties caused by pandemics as in the past. There are different strategies to cope with it, and therefore different results. In India and South Africa Covid-19 restrictions cause more collateral damage than the pandemic itself.

If millions of people will die out of hunger, non-treatment of other diseases the catastrophe will question the functioning of government. The German computer activist, Sascha Lobo, characterizes this approach as panic reason (2020). „... We must recognize that, in many ways, defending public health and defending democracy are two fronts in the same battle.“ (Gaspard, 2020) Certainly the containment is a severe incursion into freedom rights. However, as already 600 years ago with the plague it is the only way to restrict the explosion of infections. But probably the most serious pandemic today is casino capitalism, i.e. an unrestricted market economy (Soros, 1998). It is killing millions of people through famine, lack of drinking water, hygiene, medical care etc. every year. The global financial crisis of 1929 (Black Friday) brought forward many authoritarian and fascist regimes. (Corner & Lim, 2016) After the financial crisis of 2008/9 banks were saved with hundreds of billions of US-Dollars of public money. As collateral damage populism and neo-fascism spread worldwide. Today 'illiberal' or 'directed' democracies take the occasion of a viral turn to increase their rule (Gaspard, 2020). But, cope democratic regimes better with the Covid-19 crisis than authoritarian regimes? It is very doubtful, if there will be more democracy in the world after the Covid-10 pandemic. Out of 167 ranked countries only 22 are full democracies right now (The Economist, 2020). The United States as well as Japan are 'flawed democracies'.

The political scientist Dani Rodrik asked: "Will Covid-19 Remake the World?" (2020) Definitely Covid-19 has led to a kind of civilisation crisis. On the one hand, after the first openings of malls shopping goes on as before. And we are Amusing ourselves to death, as the US-American sociologist Neil Postman wrote already more than thirty years ago (1985).

The three principles Liberty, equality, fraternity of the French Revolution from 1789 have to be balanced: Complete liberty means anarchy, complete equality means restrictions of liberties, fraternity – today called solidarity – is strengthening liberties and equality. Fortunately in any crisis there is not only egotism, which is spreading, but solidarity as well. But will solidarity sustain after the crisis?

To summarize: That societies and human beings changed fundamentally after severe crises was the exception, and limited in time. In most cases a conservative, reactionary turn happened. Citizens were looking more than ever for security. However, one thing, which has been learned so far from pandemics over the last several hundred years is the improvement of hygiene and medicine. But one issue will be at the forefront now: The commodification and with it exploitation in the health sector, or let us better say industry. In the past hospitals were run by religious, humanitarian and municipal institutions. Today it is quite often that capitalist companies control the sector looking for profits. Health has become a commodity, it is not a public good anymore. The consequences are: exploitation, bad working conditions, and low salaries. Therefore many foreigners work in the health sector in the rich West. So if the health care system and the care for elderly will be improved in the long run, is very difficult to foresee. Crises nevertheless have triggered conscientisation (Freire, 1970). It led many people to religious, irrational action, but on the other hand sometimes also to more and better science. Not too bad after all.

Due to the Covid-19 restrictions the environment has been less polluted over the last couple of weeks, e.g. by less traffic, home office, video conferences/meetings etc. Nevertheless homo sapiens is a zoon politikon, a social being: We need social contacts not only via so-called social media. Insofar we have to find a new balance between pandemic control and environmental protection (Hennicke, 2020). How to overcome the collateral damages? How to be better prepared? Which lessons can be learned? Who are the actors for social change for better? Trade unions, Fridays for Future, the researchers? What we learn from history is ambivalent. Today we are confronted with populist, fundamentalist, anarchist, neo-fascist political movements and politicians as well as fundamentalist religious movements (Széll, 2020). On the other side are Podemos, Syriza, Fridays for Future and other citizen movements for more democracy. The French philosopher Edgar Morin names therefore our species not homo sapiens sapiens, but homo sapiens demens (1992). After all Mark Honigsbaum called our times The Pandemic Century: One Hundred Years of Panic, Hysteria, and Hubris (2019). And already in 2011 Nathan Wolfe wrote The Viral Storm: The Dawn of a New Pandemic Age. But the psychologist Steven Pinker discovered that humanity in its history over the last 10,000 years became less violent and calls this The Better Angels of Our Nature (2011). He demands Enlightenment Now: The Case for Reason, Science, Humanism, and Progress (2018). Finally, as literature tells often more about the human species than many social science studies, my recommendation to read during these times of confinement these two books by the Nobel Prize winners of literature: Albert Camus 'The Plague' and José Saramago 'Blindness'. Stay healthy and enlightened! ■



GYÖRGY SZÉLL
Professor Emeritus
Institute of Social Sciences
University of Osnabrück
Germany

Email: gszell@uos.de

This is shortened version of an article published within Dasarath Chetty (ed.), Reflections during the Pandemic, Madrid, International Sociological Association, where you also find all the references, pp. 9-13 <<https://www.isa-sociology.org/frontend/web/uploads/files/rc10-Reflections%20during%20the%20Pandemic.pdf>>.

KONSTANTIN KHUDOLEY

Coronavirus and its aftermath

Expert article • 2788

It seems quite clear that in the coming years the coronavirus pandemic along with economic crisis will bring about major changes to the way of global development. Some of those new trends are already here.

Despite the efforts of international organizations, governments, medical professionals and the publics of various countries, the number of patients diagnosed with COVID-19 had exceeded 10 million people by June 2020 and kept on growing. In the near future, at best it will be possible to curb but not stop the spread of coronavirus. Even in case of developing a vaccine shortly, it will take much longer to mass manufacture it. Apparently, those who have already contracted the virus will require additional treatment and taking medications for many years to come, if not for a lifetime. The costs of vaccination, new drugs and treatment added together are likely to be quite high. Meanwhile, the pandemic has exposed some serious problems in the social sphere. Though the field of medical research has witnessed significant progress over the recent years, Public Health systems have demonstrated their ineffectiveness almost everywhere. To improve the level of Public Health systems to the point when they could ensure safe environment for the entire population would require a marked increase in financing, both from international organizations and governments, as well as from private capital. In most cases, such an increase in expenditures will not be forthcoming, especially given the weakened state of the global economy as a result of the current crisis. Only a very small number of the most developed countries will be able to afford it. A slightly larger number of countries will see their national health systems provide quality services only to a part of the population, while in most countries around the world it will remain unavailable to almost everyone. Currently, only a few governments are planning to increase spending on health and international programs in this area. And this is not surprising – after the horrible flu epidemic of 1918-1920, European governments, too, were far from being ready to immediately address outstanding health issues. Still today, it seems that even in the most developed parts of the world Public Health systems fully capable of coping with the new realities will have emerged only in a medium term perspective. Given all that, a major spike in social differentiation seems inevitable both globally and nationally, as well as regionally. Thus, the availability of quality health care will become one of the main, if not the most important, dividing lines.

The political consequence of the growing social inequality will be a steep rise in populism of various shades. Some politicians will try to play on inciting nationalism and xenophobia, but they are unlikely to achieve significant result. Left populists, whose slogans could resonate with large part of the population, are much more likely to succeed. Therefore, the aggravation of social and national contradictions and of the domestic political strife seems inevitable across various countries of the modern world. Moreover, one should reckon with the possibility that in some cases social divisions will run so deep that it could lead to paralysis or disintegration of state institutions and the emergence of new failed states.

Because some countries have recently been taking protectionist measures to defend their economies, trying to counter COVID-19 on their own and not showing much interest in international cooperation

on the matter, a view has become widespread in some political circles and expert communities that de-globalization has come to replace globalization. Yet, one can hardly agree with that. Most certainly, in a little while, global elites will begin moving to those countries that will have created the most effective Public Health systems where there will be least chance of contracting coronavirus accidentally and where the best opportunities will exist for treating it, using the latest medical advances. This could lead to major shifts in the economy, finance, as well as many other areas. The need to minimize personal contacts between people has already given a powerful impetus to the development of information technology whose role will continue to grow in public administration, politics, business, education, culture, etc. In and of itself it will become an important incentive for globalization processes to continue. Protectionist measures, as we learn from history, are invariably introduced during the times of crisis, but then get gradually phased out. Thus, even if significant restrictions on the movement of people remain in place, the processes of globalization will continue, although at a different pace and in a different form. The future of many countries will depend directly on how resolutely they will be engaged in those processes. ■



KONSTANTIN KHUDOLEY

Head

Department of European Studies
School of International Relations
Saint Petersburg State University
Russia

TIMUR UZBJAKOV

The importance of ventilation

Expert article • 2789

As we are returning now to normal working life and schooling, we need to be sure that buildings function in the best possible way against the spread of coronavirus disease (COVID-19) or any other epidemic. Federation of European Heating, Ventilation and Air Conditioning Associations (REHVA) has published a guidance document on how to prevent the spread of coronavirus COVID-19 in workplaces. The scope is limited to commercial and public buildings (e.g., offices, schools, shopping areas, sports premises, etc.) where only occasional occupancy of infected persons is expected.

There is already evidence on COVID-19 airborne transmission and general recognition of long-range aerosol based transmission. This has made ventilation measures the most important engineering controls in the infection control. While physical distancing is important to avoid a close contact, the risk of an aerosol concentration and cross-infection from 1.5 m onward from an infected person can be reduced with adequate ventilation and effective air distribution solutions.

Vallox is a company that has developed ventilation systems in Finland for almost 50 years. High-quality ventilation technology is combined with a simple, elegant design and ease of use. Silently and unobserved, Vallox takes care of ventilation of the building, keeping indoor air fresh and clean to breathe. The cleaner the air you breathe is, the better you feel and the more you have energy. Vallox operates reliably in all seasons, in all weather conditions. Vallox has invested especially on the development of the energy efficiency of ventilation units, as ventilation needs to be on all the time. New generation ventilation units can be controlled remotely with a cloud service and they have a built-in humidity and carbon dioxide sensors that adjust ventilation power automatically as needed. Vallox operates internationally while the main markets are in the Baltic Sea Region and central European countries.

We spend up to 90% of our time indoors and breathe roughly 15,000 litres of air every day. Therefore, healthy indoor air is key to wellbeing. The purpose of ventilation is to provide clean air for you to breathe and, at the same time, remove humidity, carbon dioxide, and other impurities from the apartment. Especially in city areas, pollution travels inside buildings, which has a negative impact on the wellbeing of the users and residents. Airborne pollen also causes symptoms to people suffering from allergies. Therefore, one of the key functions of ventilation is to filter these harmful impurities from the incoming air.

Secondly, ventilation dilutes airborne pollutants, including viruses, and removes excess humidity. A high humidity level feels unpleasant on the skin and in the structures of the building provides excellent growth conditions for mould and microbes. If the humidity level of the indoor air is too high, humidity condensates on windows or in the structures of the cold exterior wall. When the relative humidity of the air exceeds 80 %, nearly all types of mycelia thrive at normal room temperature. Humidity is estimated to be the single main cause of building damage. According to WHO, about 80% of problems found in buildings are due to humidity. Ventilation removes excessive humidity from the indoor air, extracting it directly outside the building. The smart ventilation unit identifies increased humidity and boosts ventilation automatically. This ensures that excessive humidity is removed from the building. Clean indoor air is good for both the building users and

the structures of the building.

The Energy Performance of Buildings Directive requires all new buildings in EU countries to be nearly zero-energy by the end of 2020. In ventilation, heating of the supply air accounts for most of the energy consumption. All Vallox ventilation units are equipped with heat recovery: the fresh supply air that flows into the apartment is heated by using the heat recovered from the extract air. When the heat loss is minimized, you will save in heating expenses. Heat recovery also prevents drafts caused by the supply air. The excellent annual efficiency of heat recovery and energy-efficient fans enable a healthy indoor air to be achieved cost-effectively.

Construction industry around the Baltic Sea Region has not yet suffered enormous negative impact of coronavirus pandemic. Main problems have been country-specific temporary regulations to close construction sites or closure of local sites to limit the spread of COVID-19 within construction workers. However, main effect of pandemic will hit construction industry in the following few years as many new projects are cancelled or postponed due to general uncertainty in the construction market. In the European Union, ventilation is recognized as an important part of buildings. However, for example in Russia, ventilation is available only for premium category housing and buildings, which cover only small part of all houses. General understanding of importance of the ventilation and its benefits of energy-efficiency, clean filtered air and lower humidity levels are not yet widely acknowledged in Russia.

Fresh indoor air enhances the quality of life and protects the health of the building and its users. We should utilise and develop ventilation systems also to fight against the spread of any airborne transmission pandemic. ■

**TIMUR UZBJAKOV**Area Export Manager
Vallox Oy
Finland

KRZYSZTOF ŻĘGOTA

Attitude of Polish right-wing political parties to development of Polish-Russian relations

Expert article • 2790

The Polish-Russian neighbourhood, cross-border cooperation, as well as the challenges and problems in the centuries-old history make bilateral relations an important element of the political life of both countries. Although one can speak of a certain asymmetry, since Russian issues are a much more important in Polish foreign and security policy than Poland in Russian politics, bilateral relations are the subject of multidimensional political and sociological research. One of the areas of this research is the analysis of the programs of Polish political parties from point of view of the presence of Russian issues and Polish-Russian political relations. The main premise of research in this area is the assumption that in the tradition of Polish political thought, the right-wing parties displayed a more pro-Russian attitude in comparison to the liberal parties. Research on this topic in recent years seems to contradict this thesis.

On the basis of the research of Polish right wing parties, conducted in 2018, the most radical perceptions of Polish-Russian relations are found in the manifestos of Law and Justice (PiS), the National Rebirth of Poland (NOP), the Right Wing of the Republic, and Agreement. Some Polish right parties and groups hold a neutral position on relations with Russia. Their political programmes neither discuss the aggravation of political situation nor call for an equal and pragmatic policy towards Russia. Other right parties in the Polish political stage also think of foreign policy in the vein of achieving balance in relations between Western and Eastern Europe.

An improvement in relations with Russia is proposed by the National Movement. The party calls for abandoning the 'Jagiellonian myth', i.e. the belief that Poland should secure support from the states lying between Poland and Russia to build a successor to the Confederation of the era of the first Polish-Lithuanian Commonwealth. The authors of the programme maintain that processes taking place in the new nation-states and their independence created a situation where Poland is not interested in promoting European values in Eastern Europe and creating a new federation of Central and Eastern European states. As to bilateral relations with Russia, the party places emphasis on the restoration of economic and political relations and admits that, given the current economic and military capacities, Russia is not a threat to Poland. Therefore, there is no actual clash of interests.

The programmes of right-wing parties consider the economic and social aspects of relations with Russia. Law and Justice (PiS) voices the sharpest criticism of Russia. The PiS programme pays special attention to energy independence from Russia. As to the security of natural gas supplies, the party calls for the expansion of the LNG terminal in Świnoujście and the development of gas imports from the Nordic countries. At the same time The Right Wing of the Republic argues for broader rights for Poland in bilateral relations with Russia and the overcoming of the current asymmetry. The party stresses

that "Russia's economic relations with Poland and Central Europe (particularly, the Baltics) should be organised on the principle of fair exchange, following the common rules for cooperation between Russia and Europe". In turn, the National Movement seeks an improvement in relations with Russia. It calls for the resumption of trade relations with Russia and a search for new expansion opportunities in the Russian market. According to the party programme, Poland should focus on strengthening the positions of its businesses in the Russian market rather than on promoting the economic interests of other actors, including the EU and Ukraine. In recognising energy dependence from Russia, the party points towards diversification of energy supply.

Presented analysis helped to establish a clear connection between international developments and the programmes of political parties. For instance, the Ukraine crisis provoked a considerable reaction. Some right parties levelled heavy criticism at Russia. Another important conclusion is that the right-wing parties that are considered as pro-Russian in Polish political discourse (the National Rebirth of Poland and the National Radical Camp) either are not such or pay little attention to the Russia's agenda. The attitude to Russia held by some right parties is a result of domestic political struggle in Poland, particularly, of some right parties being accused of pro-Russian sentiment. Some Polish conservative and agrarian parties have faced similar accusations.

Another important element of political party programmes is the economic agenda. In particular, party programs consider the Russian factor in the context of energy security and the sanctions policy of the EU. All this proves that external factors affect party programmes. The analysis proves that international factors affect the programmes of political parties as regards relations with Russia. ■

KRZYSZTOF ŻĘGOTA

Ph.D. in Political Science
Assistant Professor
Institute of Political Science
University of Warmia and Mazury in Olsztyn
Poland

PAWEŁ ZIEMIANSKI

Fostering the potential of women in entrepreneurial families

Expert article • 2791

There is hardly any doubt that family businesses are crucial for the development of modern economies. The so-called 4 Cs (continuity, community, connection, and command) were found to characterize successful family businesses and create an environment where the next generations of entrepreneurs could develop and foster entrepreneurial skills and attitudes. In Poland and other Central and Eastern European countries, which were a part of the Eastern Bloc, an interesting situation has recently been taking place. The first generation of business owners who established their firms in the last decade of the 20th century after the collapse of the Soviet Union and the beginning of the economic transformation is retiring or starting to plan this process. It is related to numerous challenges faced by firms, business owners, and their families. Several selected ones are mentioned in this short article. The emphasis is placed on women within the family business environment.

One of the important aspects is related to succession. The relatively short history of most of the existing Polish family companies makes it impossible to indicate their future fate. Nevertheless, international observations indicate that the decrease in the number of companies still owned and run by family members is very steep. Different estimations indicate that the probability of passing a family business on to members of the next generation is considerably smaller than 50%. The proportion of businesses still run by families in the third and next generations is remarkably small. In those businesses where family members remain in charge despite all the obstacles, it is quite uncommon for women to be CEOs. In a study where the succession in Polish family companies was investigated, it was found that only in one-fourth of all cases, it was a woman who became the successor. It was found in the Western context that it often takes a critical incident (including, for example, the company's founder serious illness) for women to start considering themselves as potential successors.

When asked about the negative aspects of their careers, entrepreneurs often indicate family life elements. They observe how being pressed for time and busy affects their family relationships. At the time when their children enter the teenage age or become adults, entrepreneurs often realize that they missed part of their childhood. Mothers who are entrepreneurs tend to perceive this aspect as a more severe and, more often, it is for them a source of guilt. Father-entrepreneurs seem to feel more often a lack of empathy and understanding of their family members. By them, long hours spent in the company's office or premises are often seen as inevitable for those business owners who seriously approach their duties.

Therefore, it is vital to consider the experiences that representatives of both genders have in family businesses. The observations of parents who run businesses and the difficulties they experience may be one reason why people with family business backgrounds sometimes find it hard to follow their entrepreneurial family members' footsteps and either become successors or establish their firms.

Studies that investigate this issue have shown that women more often decide to become salary workers in this group. It seems thus that, to an extent, the potential of women who come from entrepreneurial families is underutilized.

Numerous stakeholders (family business members representatives, officials, governmental agencies, and entrepreneurship educators) might become involved in ensuring that women's potential is used to a greater extent. Among them, the role of education can be emphasized. Recently, the academic community representatives have made more calls to include the darker aspects of entrepreneurship in entrepreneurial education to prepare people to deal with them. One can have the impression that presenting idealized role models - successful and globally well-known entrepreneurs, mainly coming from the US, is often a common approach. Undoubtedly, they can be sources of inspiration, but it is much more difficult to relate to them, particularly for those who come from a culturally different context.

Investigating the negative aspects of being an entrepreneur or a member of an entrepreneurial family and openly presenting them can help find appropriate countermeasures. Entrepreneurial education may be an excellent tool to achieve it. Its goal should be not only to prepare people to start and run their ventures but also, for example, to understand the processes that are taking place in entrepreneurial families from which they originate. It can cover the topic of the significance of the important roles that have been enjoying less attention from scholars, including the role of an entrepreneur's life partner. Researchers have found that in the case of both male and female entrepreneurs, the significance of the partner's support cannot be underrated.

In the difficult time of the pandemic and its predicted aftermath, family businesses and entrepreneurial families' role is likely to become even more significant. Utilizing their potential to the greatest possible extent can benefit numerous stakeholders and whole societies and certainly deserves their attention. ■

PAWEŁ ZIEMIANSKI

Assistant Professor
Gdansk University of Technology
Poland

DANA ZIMMER & ULRICH BATHMANN

Phosphorus and the Baltic Sea: A brief review

Expert article • 2792

The Baltic Sea is a telling example of a semi-enclosed and stratified water body that receives high fresh water input from a large, densely populated catchment area, has a limited water exchange (with the North Sea) and therefore is very prone to the negative impacts of high input of nutrients such as phosphorus (P). In the last decades, the nutrient input from major point sources such as waste water treatment plants were systematically reduced so that today the majority of nutrients that newly enter the Baltic Sea are nearly background loads of rivers or originate from diffuse sources like agricultural land. Therefore, despite the notable reduction of nutrient contamination, the observed changes towards a better ecological status of the Baltic Sea are almost indiscernible. So how can the “Good Ecological Status” be reached, as it is determined by the “Marine Strategy Framework Directive” (MSFD) of the EU?

Hydrological models clearly demonstrate that further reduction of point sources will not result in a significant improvement of water quality with regard to P concentrations. Furthermore, a decrease of the natural riverine background P load is hardly achievable. Consequently, a further substantial decrease in yearly P loads of rivers draining into the Baltic Sea can be achieved by combined measures tackling many of the following diffuse upstream problems: Restoration and re-naturalisation of upstream lakes and channelled water courses, implementation of more sufficient P and N fertilisation practices with lower nutrient loss to the environment, measures to reduce soil erosion by wind and water, installation of devices against overflow of manure tanks and other farm waters (e.g. silos), controlled drainage, riparian strips as nutrient filters, constructed wetlands (including harvest e.g. reed), implementation of specific P reduction measures in small and measures against overflow in all waste water treatment plants, to name a few.

But even if such complex sets of external measures -that is outside the impacted system- would be stringently implemented, the effects in reduction might not be totally satisfying alone. Studies from semi-enclosed lagoon systems - the so-called “Bodden” along the Baltic coast - showed that even a strong reduction of the yearly riverine P inputs did not lead to a switch-back to the former macrophyte dominated ecosystem status with notably clearer waters. Several reasons might be responsible for the difficulties to reverse the effects of eutrophication: Atmospheric P deposition to water bodies might have been increased, depending on land use of the region and distance from the coast. Furthermore, sediments act as internal P sources, either under anaerobic conditions or when they are re-suspended by wind and waves. As a consequence, dense blooms of primary producers (e.g. algae), which mainly result from the high P availability early in the year and are also formed by N-fixing cyanobacteria (“blue-green algae”) that can store excess of P in their cells to support growth during lower P-input, keep on occurring very often throughout the year and cause a permanently increased turbidity. Thus, phytoplankton keeps being dominant in turbid waters. This hinders the growth of the light-dependent benthic macrophytes in the Bodden, which initiates all kinds of self-amplifying processes:

Macrophytes normally decrease the strength of the currents and thus reduce re-suspension of P-rich sediments. They also accumulate nutrients in their biomass and thereby reduce the nutrient availability for phytoplankton. So, the lack of macrophytes caused by an excess of planktonic algae results in a positive feedback by stabilizing the phytoplankton dominance.

These studies from the Bodden ecosystems highlight, why it is not enough to solely reduce the nutrient input from external sources and how important it is, to re-establish a persistent submerged macrobenthic vegetation within the Baltic Sea to reach the target values for a good environmental status as specified by the MSFD. Therefore, a combination of external measures with internal restoration -that means measures inside the system- is proposed as the best option to increase water transparency for growth of macrophytes and decrease anaerobic zones, especially in the deeper basins, where they are very persistent. However, internal measures such as the planting of submerged macrophytes to decrease current velocity and act as a nutrient sink or to establish mussel farms for local nutrient entrapment and, thus, to increase the water clarity, might have side effects and have to be evaluated comprehensively before implementation.

A system approach is needed to evaluate all possible eutrophication mitigation measures. The investigation of trade-offs for any measure should include many aspects: Environmental legislation protocols, the monitoring of real potential for nutrient removal or for binding capacities in the short- and long-term, the effect and costs of nutrient reduction measures at the source locations on land, the effect and costs of nutrient removal measures at sea or in lagoons (e.g. dredging), the environmental and ecological impact of a measure relative to the costs, damage, biodiversity and long-term effects, just to name a few. In conclusion, a targeted, scientifically based combination of external and internal measures is needed to re-establish a good ecological status of the Baltic Sea. ■

DANA ZIMMER

Coordinator
Leibniz ScienceCampus for Phosphorus
Research Rostock
Leibniz Institute for Baltic Sea Research
Warnemuende (IOW)
Germany

ULRICH BATHMANN

Speaker
Leibniz ScienceCampus for Phosphorus
Research Rostock

Director
Leibniz Institute for Baltic Sea Research
Warnemuende (IOW)
Germany

<https://wissenschaftscampus-rostock.de/home.html>



ANNEMARI ANDRÉSEN

Cross-border collaboration in the Archipelago

Expert article • 2793

The starting point of the EU Interreg Central Baltic-financed project Archipelago Business Development was the overall trend of a decreasing population in the Finnish and Swedish archipelagos. This trend has been attributed to an aging population, urbanization, logistical challenges, the short summer season, and lack of work opportunities in remote locations. What could be done to improve the situation and reverse the trend?

The project started in 2016 and was finalized in the fall of 2019. The aim was to create new business models through connecting SMEs in the archipelago regions of Turku, Åland Islands and Stockholm as well as supporting them with business model development. Novia University of Applied Sciences led the project with Finnish project partner Åbo Akademi University and Swedish project partners Södertörns Högskola and Drivhuset.

The goals of the project were to create 5 startups, 10 new business models and involve 60 companies in different activities. The project exceeded its goals and could in its final report count 22 new business models, 12 startups and 185 involved companies. The companies were in the beginning recruited through local entrepreneur organizations and direct contact, as well as through articles in local newspapers. As word of mouth spread, more companies requested to join the project. Among the early participants was e.g. the Kimito based start-up company Tablebed, which was recently rendered an international design prize in San Francisco for their functional combination of a bed and table. Other examples of new business models and start-ups that the project generated include setting up Flowpark in the Åland Islands and starting a travel agency in Swedish Dalarö.

A challenge inventory was carried out early in the project, based on which the companies were categorized. Some were recommended to take part in an accelerator program for companies in the starting phase or in need of a restart. The accelerator program was based on project partner Drivhuset's loopa-method, involving several iterations of the business idea with potential customers, thereby refining the business model. The participating companies were coached by project partners and in addition received substantial support from each other, to the degree that they developed common business ideas. As one of the aims of the project was to establish partnerships between archipelago companies, this was a very positive outcome.

Other means of promoting collaboration and partnerships between companies were business clinics with different themes, which were organized in varying archipelago locations. This was done to make it possible for companies to participate without having to travel far. The themes included marketing and sales, search engine optimization, service design, pricing, and destination development. The participants appreciated meeting other entrepreneurs during these events, being able to exchange experiences, find common areas of interest, as well as develop ideas for their own businesses.

A more structured forum for finding new business partners

across geographical and other borders was provided by the three matchmaking seminars, which the project arranged in Turku in 2017, Mariehamn in 2018 and Stockholm in 2019. The idea of these Archipelago Business Forums was to gather archipelago entrepreneurs from all three areas to work on common challenges, get new ideas and inspiration and to meet potential business partners. The events each gathered participants from around 50 companies to listen to inspiring speakers, take part in workshops, mingling events and a student hackathon that was arranged simultaneously. Many participants stated that they found new contacts and inspiration to take their business to the next level.

In addition to the above-mentioned activities, the project also arranged two benchmarking trips for the archipelago companies. The first one was arranged to Finnish Lapland and the second to Swedish Utö. In Lapland, local entrepreneurs provided examples of how they have managed to package experiences and attract international tourists to spend considerable sums of money in Lapland during their visit. This visit was eye-opening to several companies working in the tourism sector. The collaboration between companies both in Lapland and in Utö was also something that gave food for thought; maybe competition is not so bad, since through coopetition all parties win. As one of the participants stated:

"Alone you are not that strong, but together we can get people to discover the archipelago."

Finally, a large and important element of the business development was the collaboration between the archipelago companies and students from the partner universities. More than 200 assignments were carried out, ranging from course assignments to theses, where students tackled the challenges of the archipelago or individual companies. A young generation met an older one, and could provide fresh ideas, especially in social media marketing but also in other fields such as branding, pricing, and destination development. The project was thus a win-win; the students learned by doing and established contacts to companies, while the companies got new ideas, marketing channels and even employees through internships. Overall, valuable contacts between the universities and the archipelago companies were established. These contacts will persist in the future even though the project has reached its end. More information about the project activities and results can be found at archipelagobusiness.nu, a project portal developed by Södertörns Högskola.

While 2020 has been a challenging year, every cloud has a silver lining. In the summer of 2020, the archipelago region experienced an increase in domestic visitors thanks to COVID-19 and the "staycation" trend. COVID-19 has boosted the usage of local products and services, not to mention the digital leap it has brought to many organizations and individuals. Though the archipelago has traditionally suffered from a lack of work opportunities outside the tourist season, the spring and summer of 2020 proved that it is possible to perform many types of work at a distance with today's technology. Work is thus less bound

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to a certain place or time. These experiences provide an opportunity for the archipelago companies and municipalities to further develop themselves to attract even more visitors and inhabitants in the future.

Projects come to an end, but the development of the archipelago continues. ■

ANNEMARI ANDRÉSEN

Project Manager of Archipelago Business
Development
Novia University of Applied Sciences
Turku, Finland

Email: Annemari.andresen@novia.fi

Pan-European Institute

BALTIC RIM ECONOMIES

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MARTA A. GÖTZ

FDI in the I4.0 era - fortune favours the prepared

Expert article • 2794

Countries of the V4 region, including Poland, have established themselves as attractive locations for foreign direct investment (FDI). Since the transformation, they hosted numerous projects worth billions of euros. Despite that evident success, one must not ignore the approaching broader implications the ongoing digital transformation or Industry 4.0 (4th industrial revolution) would have on the international production patterns and hence the FDI location. Industry 4.0 is not only about the technology but above all, utterly new business models. I4.0 turns these old models “upside-down”. Hosting FDI implies these days being, in fact, part of the global value chains (GVC). New EU members have joined GVC thanks to offering a mix of low cost, high qualified labour force and general business-friendly, politically stable environment. For decades, offshoring has transformed a range of national manufacturing segments into global networks; nevertheless, also due to the recent digital advancement, the possibilities to re-shore some of the activities back home are frequently raised.

In the light of this upcoming or even already happening transformation and the profound changes it entails; we need to re-evaluate the attractiveness and readiness of countries or regions to host foreign investment. Classic factors which proved critical for defining attractiveness of host locations seem to recede in the background. Likewise, the traditional liabilities on the side of foreign investors, such as that of smallness or outsidership, apparently lose their weight as “digital” compensate them. Internationalization can now happen almost overnight with more new-born global, whereas the host attractiveness seems to be defined more by the I4.0-readiness measured by technological, entrepreneurial or governance competencies.

The I4.0 would impact the FDI mainly by modifying the profile of MNEs, the strategies adopted by HQs in home countries and the autonomy granted to foreign subsidiaries; i.e. by reshaping the firm-specific advantages of MNEs. Yet, it is not only the production itself which will be affected by the robotization but the whole investment process selection and general inclinations to move abroad.

I4.0 would also affect the attractiveness of host locations and policies conducted towards FDI in host economies as it requires necessary adjustments. The new policies must be holistic and encompass digital macroeconomic context, as well as selected incentives. Various initiatives are undoubtedly essential elements for successful transformation towards I4.0, but they have to be complemented with a healthy business ecosystem and strong local industry. As expressed by experts, firstly, it is necessary to adapt the offer to the stages of development. The critical start is to raise awareness; to make the entrepreneurs aware of their needs, which will trigger their invention. Secondly, it becomes necessary to offer real help in assessing digital maturity. Finally, it is essential to bolster local capabilities, to create soft and hard competencies.

Experts argue, there will be no shock from one day to another and firms will gradually search for new concepts, implementing incremental improvements. No bold strategic shifts of FDI should be expected overnight also due to the path dependency. Hence, in the short and medium-term, no dramatic changes should be anticipated. Though, in the long run, classic business models and GVC cooperation will be inevitably disrupted, causing the need to revisit the concept of FDI as the traditional factory disappears, being replaced by distributed service-oriented production. In V4 countries, there is a chance that Industry 4.0 will be implemented thanks to FDI, which will act a transformation vehicle. Digitization is necessary to avoid falling out of value-added chains. I4.0 for V4 could provide an opportunity to develop new competitive advantages and lead to emergence of own foreign investment - I4.0 can act as competitiveness booster and source of OFDI. For the countries of the Visegrad group I4.0 could be a chance to move from the league labelled “cheap labour” to a whole new level”.

Attractiveness will be determined by the sector of technologically strong start-ups and a new culture of innovation, offering a different perspective. It will be defined by its absorptive capabilities. The I4.0 adaptation is time-consuming and requires a whole package of parallel accompanying changes. I4.0, as an “evolutionary revolution”, needs appropriate preparation and must be skilfully implemented. Path dependency and history of previous successes (reinvested profits) in attracting FDI suggest no considerable changes in the short run, though, “fortune favours the prepared”.

The expected lighter international footprint of digital MNEs, combined with profound transformation, even disruption of organization of value chains would have obvious consequences on the FDI worldwide. It would suggest more humble expectations for the future FDI hosting. As it seems, the days of increasing FDI flows with more and more jobs, and high assets commitments might be numbered at least concerning the category of digital MNEs, whose exact prevalence is yet to be assessed. The issue of attracting the right, valuable, sustainable, yet modern and technologically advanced investment which can be adequately embedded in the local economy would become a priority. ■

**Consideration presented in this essay draws on the research conducted within the project funded by Visegrad Fund - EFFECTS OF INDUSTRY 4.0 ON FDI IN THE VISEGRÁD COUNTRIES - ID#21920068.*



MARTA A. GÖTZ
Associate Professor
Vistula University
Warsaw, Poland

THOMAS GRENNES

Amber Tigers and the Baltic population problem

Expert article • 2795

Declining population is a persistent problem in the Baltic countries, and their governments have been warned of its seriousness by the IMF, the OECD, and others. Total fertility rates below the replacement rate are part of the problem, but similarly low fertility rates are common in the rest of Europe, the United States, and in most high-income countries of the world. In 2018, total fertility rates were 1.7 in Estonia, 1.6 in Lithuania, 1.6 in Latvia, 1.5 in the European Union as a whole, and 1.7 in the United States.

In addition to low fertility, net emigration is a major contributor to declining population in the Baltics. For example, Lithuania and Latvia have experienced some of the highest rates of out-migration in the world. Since 1990, Lithuania has lost 24% of its population, and emigration has been the main source. Estonia also had an earlier experience with net emigration, but it has experienced a small net immigration since 2017.

All three countries have tried to increase birth rates and persuade members of the diaspora to return. Lithuania and Latvia have had little success, while Estonia has had moderate success. All three countries have had total fertility rates persistently below the replacement rate of 2.0.

Experience indicates that migrants tend to move from lower to higher income countries. In the EU, lower income Lithuanian and Latvian workers have moved to higher income countries, such as Germany, Sweden, Ireland, and the UK. Brexit may reduce access to the UK for Baltic workers, but it will not necessarily eliminate it.

In the EU, there appears to be a kind of border between countries that are net receivers of immigrants and net senders. It occurs at 2019 incomes per capita (World Bank Purchasing Power Parity), around those of the Czech Republic, (\$40,660) Slovenia (\$40,070), and the Tatra Tiger, Slovakia (\$33,680). Countries with higher incomes were net recipients of immigrants, and those with lower incomes were net senders of migrants. In 2019, incomes of Estonia (\$38,010) and Lithuania (\$37,010) were above Slovakian income, and Latvia (\$31,770) was only slightly below Slovakia. Estonia has recently become a net receiver of immigrants, and Lithuania and Latvia have incomes that puts them within striking distance of becoming net receivers of immigrants. In 2019, comparable incomes per capita were \$35,250 for the Euro area as a whole and \$65,880 for the United States. Of course, incomes all over the world will be distorted by the COVID-19 pandemic.

The Asian Tigers today rely heavily on immigrant labor. Like the Baltic countries, South Korea and Taiwan were once exporters of labor, but rapid growth in GDP and labor demand have transformed them into net importers of workers. On the islands of Singapore and Hong Kong more than one-third of the population is foreign-born. Three of the Tigers have surpassed the income per capita of Japan (\$44,780), and South Korea (\$43,430) is likely to soon overtake Japan, its former Imperial ruler.

The Asian Tigers have relied heavily on access to the large Chinese market. The Baltics have the advantage of ready access to the large, high income, European market. As members of the European Union, they face no tariffs in member states. As part of the Euro area, they are free of exchange rate problems that the Tigers face in Asia. Their border with Russia, and the existence of a group of Russian speakers within their populations, contributes to the potential to connect with a large Eastern market. Global abundance of natural gas and increased trade in liquefied natural gas has given the Baltics improved access to energy at competitive prices. The gas terminal at Klaipeda has imported LNG from as far away as the United States.

Raising incomes per capita to attract skilled immigrants requires pro-growth policies that raise productivity to justify higher pay. Simply imposing higher legal minimum wages will not be sufficient. Open policies toward trade, international investment, and Immigration, such as those implemented by the Asian Tigers, will be important. Innovation has been important for the Asians, but it was not the result of top-down planning. It must be driven by competition and world demand. Nationalism will not suffice, and immigration rules will have to appeal to a broader set of workers than merely members of the Baltic diaspora. Foreign investment could contribute to faster economic growth, but it is also important to mobilize domestic savings and productive domestic investment.

For example, skilled migrants are now leaving Hong Kong and looking for a place to live. Some are ethnic Chinese, but many are Canadians, Americans, and English-speaking Europeans who might consider relocating in the Baltics, if they pursued the pro-growth policies of the Asian Tigers. A high Human Development Index and a favorable proficiency in foreign languages should be attractive to potential foreign immigrants. Participation by skilled immigrants in the Baltic economies might even contribute to transforming the Baltics into the "Amber Tigers". Prudent growth policies by Baltic leaders could contribute to a higher standard of living for their people, while simultaneously mitigating their persistent population problem. ■



THOMAS GRENNES

Emeritus Professor of Economics and
Agricultural and Resource Economics
North Carolina State University
Raleigh, NC, USA

Former Visiting Professor
Stockholm School of Economics in Riga
Latvia

SALAVAT ABYLKALIKOV

Kaliningrad region becomes more sedentary

Expert article • 2796

The analysis of migration based on the Russian censuses and micro-censuses for the period from late 1980s to the mid-2010s shows that the Kaliningrad region may become more divorced from the main territory of Russia. Besides the geographic isolation of the region, there emerge also demographic and ethnic differences. The population of the Baltic region of Russia is becoming more ethnically homogeneous, the share of local natives is growing rapidly, migration links with other territories are weakening.

After the World War II, the Kaliningrad region emerged as adjacent territory of the USSR. When all Germans had been deported to the Soviet occupation zone of Germany, the Kaliningrad region was left with mostly Soviet immigrants who still preserved links with the homeland. Later, however, the younger population of the region became represented mostly by local natives. According to the data of the micro-census of 1994, native-born residents accounted for 34% of those born in 1950, 72% of those born in 1973, and 83% of those born in 1983. While previous generations, to a large extent, tended to preserve strong links with other regions of the Russian Federation (i.e. with the territories where they were born), the following generations most likely felt disconnected from the 'Big Land'.

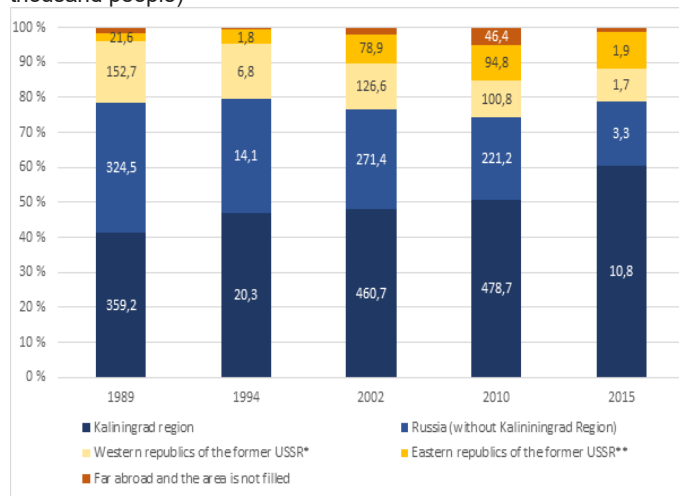
In the last decades, migration between the Kaliningrad region and other regions is getting less significant. The region remains one of the most important Russian destinations for both internal and external migrants, but these inflows are not sufficient. The inflow of compatriots under the state programme on voluntary resettlement of compatriots living abroad did not meet the expectations in terms of numbers. Between 2007 and 2016, instead of the expected 300 thousand people, only 31.5 thousand people came. Other Russian regions taking part in the compatriots' resettlement programme demonstrated even lower numbers.

Russian census data of 1989, 2002 and 2010, as well as micro-censuses data (1994 and 2015) showed that in Kaliningrad, the share of immigrants coming from western parts of the former USSR is declining: the share of Belarus-born residents dropped from 8.5% in 1989 to 3.6% in 2020, and the share of Ukraine-born residents decreased from 7.2% in 1989 to 3.7% in 2010. It should be noted, that the micro-census data (2015) is less reliable due to the small sample size (only 1.5% of the Russian population surveyed) compared with the micro-census of 1994 (sample size accounted for 5% of the population) and all Russia censuses.

Old generations of the Kaliningrad region residents who originated from Ukraine and Belarus become less numerous, while inflows of younger generations of immigrants from these countries are insignificant. The share of residents who immigrated from other regions of Russia and from neighbouring countries also declines, contributing to a greater isolation of the Kaliningrad region. At the same time, growing migration inflows from Central Asia republics and the South Caucasus have been adding diversity to the region in the

recent decades.

Figure 1. Population of the Kaliningrad region by place of birth, % (in thousand people)



* Belarus, Ukraine, Latvia, Lithuania, Estonia, Moldova.

** Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia including former autonomous territories, Azerbaijan, Kyrgyz republic, and Turkmenistan.

Compiled by the authors on the basis of census and micro-census data for the corresponding years.

Since 2011, administrative data has been showing a sharp increase of arrivals in the region, but this results from the changes in the statistical data compilation rules. The permanent immigrants started to be categorized by a minimum 9-month period of stay instead of a minimum 1-year period of stay. This stock of immigrants also includes students eligible for only one calendar year for residence registration. Another trend, observed since 2011, is the outflow of the population to the countries of so-called Far abroad, mainly to Poland, Germany, Baltic states and Northern European countries.

Ethnic composition of the population is also a telling indicator of migration processes. In 1989, Russians made up 78% of the population of the Kaliningrad region, in 2002–83.1%, in 2010 - 86.4% of those who had their ethnicity stated in the survey questionnaire. Current inflow of migrants consists mostly of Russians and ethnic groups from Central Asia republics and South Caucasus. The region's residents originating from western territories of the former USSR are older than those who came from Central Asia. It is likely that the children of the former assimilate and change their ethnic self-identification for Russians, especially if they come from a mixed family.

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Thus, Kaliningrad region is more about permanent residents than temporary migrants. The exclave location and self-efficiency can transform the region's identity, resulting in self-centeredness. Kaliningrad residents will perceive even more disconnectedness with the rest of the country. It requires more research to study how the region shapes its identity, to monitor public attitudes, and finally to propose some integration measures aimed at strengthening the ties between Kaliningrad residents and the rest of the country. ■

**SALAVAT ABYLKALIKOV**

Senior Lecturer
Institute of Demography
National Research University Higher School
of Economics
Moscow, Russia

Email: sabykalikov@hse.ru

Pan-European Institute

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ANDREY MIKHAYLOV & ANNA MIKHAYLOVA

North-western cities of Russia in the knowledge landscape of the Baltic region

Expert article • 2797

The Baltic region was the first European macro-region to have a comprehensive EU development strategy implemented in Germany, Denmark, Sweden, Finland, Poland, Lithuania, Latvia, Estonia in partnership with 4 non-EU countries (Belarus, Iceland, Norway, and Russia) since 2009. Its goal is to benefit from regionalization in solving issues common to all Baltic Rim countries. The initial emphasis put on environmental issues and transport infrastructure was later diffused on to the agenda of fostering innovation, including the development of innovative infrastructure, alignment in intellectual specialization, and support for non-technological innovations. An extended scope from applied issues of ecology and transport, being rather similar to all countries of the macro-region, to innovation meant incorporation of a wider range of factors that determine this complex area of cross-border cooperation. Policies and initiatives should not only support favorable institutional context for innovative networking, but combat the divergence in scientific, technological, and innovative development of the Baltic Rim economies. Today, the inequality exists both between countries (innovation indices generally define Sweden, Denmark, Germany, Norway, and Finland as innovation leaders), and within them, featuring strong disparities between the innovation core – primarily metropolitan areas, and the innovative periphery.

By keeping knowledge production capabilities as end in mind, the support for transnational ties in research and innovation requires attention to non-territorial types of proximity – institutional, social, cognitive, organizational, cultural, etc. This implies that, firstly, the stakeholders should have complementary knowledge base and related competencies to achieve synergies in R&D. Secondly, all partners engaged in research and innovation should have a sufficient level of scientific and technological development to be able to absorb the external knowledge. Thirdly, there should be a de facto demand and personal interest for cooperation with colleagues from other countries of the Baltic Rim. It could be both the internal stakeholder objectives for an interaction – the necessity for gaining access to third-party developments, technologies, innovative equipment as to complete own research or innovation projects, as well as external ones, being related to the possibility of obtaining other benefits from such cooperation, for example, additional funding.

The spatial configuration of modern innovation systems is sculpted by cities that hold the role of innovation and knowledge centers, accumulating intellectual, technological, financial, institutional resources and infrastructure. Rankings on innovation development of cities (Innovation Cities Index, Cities Global Ranking of Startup Ecosystem, Global Cities Outlook, Global Cities Index, Global Power City Index, Eurocities Awards, Global Liveability Index, Creative Capital in Global Cities, Global Innovation Index, Business Insider, fDi's European Cities and Regions of the Future, ICF Rankings) for

2014-2019 give an idea of the innovation space dynamics in the Baltic region. By 2019, both the number of rankings and the number of cities of the macro-region listed in them have increased. The modern innovation landscape of the Baltic region is primarily formed by 80 cities, of which 35 are in Germany, 10 in Sweden and Poland, 7 in Denmark and Finland, 4 in Norway, 2 in Russia, Estonia and Lithuania, 1 in Latvia (Iceland and Belarus are not taken into account, while in Russia only the cities of the north-western federal district are considered). 39 of the 80 cities are included in the Innovation Cities Index 2019, as compared to 2014 featuring only 8 – Copenhagen, Berlin, Dusseldorf, Frankfurt, Munich, Warsaw, St Petersburg, Stockholm. Apart from capitals, smaller cities have appeared on the innovation map of the macro-region with their distinct specialization. However, there is still a strong polarization towards metropolitan areas. Apart from their natural superiority in absolute values of quantitative indicators and an established brand of innovation nodes, the methodologies for collecting, analyzing, and interpreting data on innovation development often downplay the role of smaller cities. Having good relative indicators of innovative development and representing interest for participating in cross-border innovative cooperation the provincial cities fall out of consideration.

A significant breakthrough in the evaluation of innovation processes, especially with regard to the early stage of scientific research and development, was the development of scientometric methods of analysis. Spatial scientometrics has enabled to discern small scientific centers against the glow of the stars. In the context of implementing the innovation focus in the Baltic region development strategy, such smaller cities with strong relative performance in a particular field are of primary interest for creating synergies via cross-border cooperation. We see a number of reasons for this. Firstly, the smaller cities are eager to find external partners beyond borders due to limited resources, infrastructure, and the market. As our earlier study shows, cities with under 250,000 people are more active and deeply integrated into research cooperation than larger ones. Secondly, cross-border cooperation in R&D is an excellent tool for developing the innovation capacity of small cities with the benefits of complementarity, since such cities generally have a pronounced specialization. Thirdly, the involvement of an increasing number of cities in the innovation process supports the diffusion of knowledge and innovations, and, consequently, improves and accelerates the development of non-capital territories. Fourth, targeted assistance and government support for cross-border integration of small research centers resolve limited resources and cooperation tools of these cities.

By undertaking a scientometric approach in capturing the innovation landscape of the Baltic region we have identified 480 cities with research indexed in Scopus, 60% of which being located

in Germany. The top 10 largest cities by scholarly output (Berlin, Warsaw, Munich, Stockholm, Copenhagen, Saint Petersburg, Kraków, Heidelberg, Helsinki, Oslo) function as research and innovation centers, identified both within the framework of innovation rankings and our scientometric analysis. The results are rather expected, as most of these cities are the capitals or largest cities of their countries, concentrating the intellectual and entrepreneurial potential, including absorbed from neighboring regions.

Russia is represented by 12 cities in the scientific space of the Baltic region. In addition to Saint Petersburg with over 73 thousand papers published in 2019, it is worth highlighting Gatchina with more than 4 thousand papers; Petrozavodsk, Kaliningrad, Arkhangelsk, Severodvinsk with an average of 1.5 thousand papers, and small Veliky Novgorod, Murmansk, Syktyvkar, Cherepovets, Pskov, Ukhta – from 100 to 500 publications. The total contribution of Russian cities to the knowledge domain of the macro-region in 2019 amounted to more than 85 thousand publications, which is 55.9% of the annual publication volume of Berlin – the largest scientific center of the Baltic region. This is the average result for the macro-region. If we benchmark the share of other countries to the annual volume of scholarly output generated in Berlin, the countries with the lowest values are Latvia (9.2%), Estonia (13.3%), Lithuania (15.6%); the countries comparable to the city of Berlin in terms of publications are Norway (105.5%), Finland (108.1%), Denmark (132.1%), and countries that double the annual publications volume of Berlin – Sweden (200.1%) and Poland (261.8%). At the same time, publications from Russian cities remain the most underestimated in the scientific community among the cities of the Baltic region, which is reflected in the low citation volume. Whereas in Sweden, Finland, Estonia, Denmark, Norway the ratio between the number of publications and citations relative to Berlin range from 1.03 to 1.22 times, for Russia this indicator is 2.69 – this is the largest gap among the countries of the Baltic region.

In our opinion, this situation is explained by additional obstacles to the integration of Russia into the scientific space of the Baltic region, being absent or less pronounced for other countries of the macro-region. The complex of these inhibitors can be divided into several groups. Firstly, these are individual factors, related to personal competencies of researchers (first of all, these are language barriers as the English language is required for scientific correspondence, writing and reading scientific texts). Secondly, the factors determined by history, culture, and established scientific paradigms. Among the countries of the Baltic region, stable scientific ties have developed historically, featuring a unified perception of methods and concepts as opposed to those historically embedded in Russian science. Thirdly, is institutional set of factors. Substantial differences exist in the architecture of scientific systems and the criteria for evaluating scientific activity between Russia and other countries of the macro-region. Moreover, cross-border research cooperation requires great

efforts to overcome institutional barriers between countries, stressing the needs for special mechanisms encouraging interactions between Russian scientists and scientists from other countries of the Baltic region. Fourth, is the geopolitical factor. A change in the vector of national policies and the deterioration of political relations between countries has affected scientific cooperation. ■

Acknowledgement: The paper is part of the RFBR project No. 18-310-20016 “Coastal cities in innovation spaces of the European part of Russia”.

**ANDREY MIKHAYLOV**

Dr., Head of the Laboratory for the
Geography of Innovation
Immanuel Kant Baltic Federal University
Russia

Email: mikhailov.andrey@yahoo.com

**ANNA MIKHAYLOVA**

Dr., Senior Research Fellow
Center for Baltic Region Studies
Immanuel Kant Baltic Federal University
Russia

www.centralbaltic.eu

VASILY ASTROV

A case for a common economic space from Lisbon to Vladivostok

Expert article • 2798

A 'deep' and 'comprehensive' free trade agreement between Russia and the EU, involving investment integration, would represent a 'win-win' outcome from the economic point of view.

Various proposals for greater trade integration between Russia and the EU have been put forward since the break-up of the Soviet Union. For instance, the Russia-EU Partnership and Cooperation Agreement signed in 1994 envisaged mutual free trade regime in the long run. Free trade was also supposed to become a key element of the Russia-EU Four Common Spaces, proposed in the early 2000s. In subsequent years, Russia on several occasions initiated various forms of economic integration with the EU, including a 'Common Economic Space from Lisbon to Vladivostok', a 'Strategic Partnership', and a mutual visa-free regime.

However, these Russian advances have not been reciprocated by the EU, primarily reflecting deep mistrust of European political élites towards the Russian leadership. Apart from Belarus, Russia is now the only country on the European continent which does not have a free trade agreement with the EU in one way or another. With the outbreak of the Ukraine crisis in 2014 and the subsequent imposition of mutual economic sanctions, Russia-EU relations have soured further, and integration efforts have stalled altogether.

In the current geopolitical context, it may seem entirely out-of-place to discuss the potential effects – and indeed the very possibility – of economic integration between Russia and the EU. And yet, there are strong economic arguments in favour of such integration. Besides, if history is any guide, the geopolitical situation may change rather fast. On the EU side, rifts with the US are growing, which may ultimately push it to seek new alliances. On the Russian side, the limitations of its current economic model heavily relying on oil and gas are becoming increasingly apparent. In the longer run, the Russian political regime may not be able to continue securing popular support without marked improvements in the living standards. Attracting new investment and technologies from the EU would be one way to deliver such improvements. Therefore, it is not unthinkable that economic integration may return to the political agenda of both players. To be sure, this will require trade negotiations not with Russia, but with Russia-led Eurasian Economic Union, which is yet to be recognized by the EU as a negotiating partner.

What could be the economic effects of such integration? Since 1999 Russia has been recording a persistent surplus in trade with the EU. Partly, this has been due to its rather high import tariffs as well as the Russian food embargo imposed in 2014. Dismantling these trade barriers would markedly boost EU exports to Russia. On the other hand, the increase in Russian exports to the EU should be much more modest. This is not only because the EU's import tariffs are generally lower than Russia's, so that their abolition would not change very much, but also because the bulk of current Russian exports to the EU – oil and gas – are already facing no import tariffs

at all. Therefore, the gains for Russian exporters will be smaller than for EU exporters, resulting in a reduction – or possibly even reversal – of Russia's surplus in trade with the EU. At the same time, Russian producers orientated towards the domestic market would have a hard time competing with European products, leading to negative income effects in Russia. For the EU, the effect would be positive, though moderate because of the large size of the EU economy and the fact that Russia is not a very important trading partner for the EU to begin with.

Potentially more promising for Russia could be a harmonisation of non-tariff barriers, which include measures like technical, sanitary and phytosanitary standards, customs procedures, competition policies, regulations on public procurement, intellectual property rights etc. The large number of WTO trade disputes between Russia and the EU pertaining to non-tariff barriers suggests that they still remain an important obstacle to bilateral trade. Empirical studies suggest that the effects of a 'deep' free trade area with the EU, which would include harmonisation of non-tariff barriers, would be more symmetrical than those of a 'simple' one and thus relatively more favourable to Russia.

Such effects could be further magnified in the case of parallel investment integration. The experience of Central European countries such as Poland, Hungary, Czech Republic etc., which adopted a wide range of EU regulatory norms (*acquis communautaire*) well before EU accession and attracted substantial FDI inflows from Western Europe, demonstrates the benefits of such integration. Apart from new capital, these FDI inflows have brought new technologies and know-how and, via including the recipient economies into global value chains, have opened up new markets for their products. But such a scenario would also require Russia to effectively cede control over large parts of its economy to Europeans – something which runs against the very idea of 'equal partnership' with the EU which has been promoted by the Russian political élite.

Thus, from a purely economic point of view, a 'deep' and 'comprehensive' integration scenario between Russia and the EU, going beyond a mere trade liberalisation and including policy harmonisation in a number of areas, would represent a 'win-win' outcome. However, it would also require political concessions on both sides and, above all, a restoration of badly needed mutual trust. ■



VASILY ASTROV

Senior Economist
The Vienna Institute for International
Economic Studies (wiiw)
Austria

Email: astrov@wiiw.ac.at

HALINA HAURYLKA

Strategic autonomy of the European Union: Chinese factor

Expert article • 2799

In November 2018, French President Emmanuel Macron and German Chancellor Angela Merkel said that the EU needs an autonomous European army. This initiative provoked a strong reaction of European and U.S. politicians, although the idea of formulating a unified defence policy and developing an autonomous defence potential of the European Union has been on the agenda for over 60 years. Not less heated discussions were held among the supporters of the strategic autonomy of the European Union, the need for which was proclaimed in the EU Global Security Strategy. (The EU Global Strategy for the European Union's Foreign and Security Policy. Shared Vision, Common Action: A Stronger Europe. From Shared Vision to Common Action: Implementing the EU Global Strategy, 2016).

The EU's striving for strategic autonomy causes a mixed reaction among different politicians and experts. Some assert that: firstly, the EU, in comparison with NATO, has no money to build up the defence; secondly, disunity between old and new Europe is an obstacle to joint actions; thirdly, European countries have no will to independence and they are just doomed to remain an appendage of the United States. There is a degree of emotion in these critical statements. If Europe is doomed to be dependent on the United States for security, there is no cause for alarm about its military autonomy. And if there are objective prerequisites for this, they should be considered objectively.

According to experts (Arbatova, 2019), when criticizing the EU's desire for independence in the military sphere, there is no understanding of the scale of the objective underlying changes that have occurred in Europe and in the world over the last 25 years. During the Cold War, transatlantic solidarity was based on common strategic interests of allies, primarily in the area of security, which was viewed through the prism of bipolar model of international relations. In this context, the very notion of NATO was identical to that of the West. The common and main interest of the allies – military and political standoff with the USSR and the Warsaw Pact countries – was inextricably bound up with the values common to Western liberal democracy and a common European identity.

The elimination of the threat of the global conflict has become a catalyst for European integration in the field of the common foreign and security policy, as well as the common European defence. It revealed a deep contradiction between the strategic goals of European integration, objectively leading to the independence of Europe from the United States in the area of security, and traditional Atlantic solidarity. Against the background of crisis in Euro-Atlantic relations, the mounting concern of the EU leadership is caused by the growing instability, open and "frozen" conflicts around the perimeter of the EU – primarily in the CIS, but also in Ukraine, the Balkans and the Eastern Mediterranean. They not only fuel international terrorism, but also create a direct threat of uncontrolled escalation of tension in interstate relations.

Populist nationalism and EU strategic autonomy

The dynamics and orientation of the EU defence policy will be largely determined by the EU relations with major centers of power and key partners. These relations are increasingly influenced by a relatively new phenomenon – the global spread of the anti-globalization phenomenon, called populist nationalism. There is a rise of nationalism in different parts of the world, regions and countries, bridging the gap between the nationalist leaders of the West and non-West. Despite its common features, populist nationalism has a pronounced local specificity in three key countries – the USA, China and Russia.

Revision of the EU strategy on China

In China, populist nationalism can be described as neo-imperial nationalism. China's goal is to catch up and overtake America. Its primary goal is a unipolar world, or at least – a bipolar world, where China would have undeniable political influence. The main components of the political influence of the international center of power are economic and military strength. China's economic strength is currently beyond any doubt. On March 12, 2019, the European Commission published a new strategy entitled "EU-China – A Strategic Outlook", in which China is seen not only as a partner, but also as a competitor to the European Union. This evoked a response from the Chinese side. (Quan Quan 全球眼, 2019).

The relations between the EU and China are cooperative and competitive relations, and in the latter the People's Republic of China obviously wins. Its economic expansion has penetrated into regions where the positions of the EU countries have traditionally been strong – the Balkans, the Eastern Mediterranean, and Africa. The EU is afraid of not only China's economic, but also military expansion, in particular, its growing militarization and the role of China as an exporter of modern weapons. China does not demonstrate its military strength but the "pearl string" of Chinese military bases, modestly referred to as strongholds, extends from the South China Sea to Africa. There is a growing probability that China will present territorial claims in the Antarctic, divided between 12 countries in 1959. The Arctic, which is not fully divided, is considered by Chinese strategists as the next Silk Road and also as a detour route to Europe. The appearance of China in these waters means serious strategic consequences for Europe (Godement and Vasselie, 2017).

The report of the European Commission "EU-China – A Strategic Outlook" says: "China's increasing military capabilities coupled with its comprehensive vision and ambition to have the technologically most advanced armed forces by 2050 present security issues for the EU, already in a short to mid-term perspective. Cross-sectoral hybrid threats including information operations, and large military exercises not only undermine trust, but also challenge the EU's security and must be addressed in the context of our mutual relationship" (EU-China Strategic Outlook: Commission and HR / VP Contribution to the European Council, 21-22 March 2019).

Conclusion

Strategic autonomy is not only an expansion of military capabilities; it is a catalyst for the formation of common foreign policy goals by Europe. This is the main difference between integration and simple collaboration. Despite the fact that the general defence policy of the European Union has been developing very carefully so far, the steady nature of this trend should be noted.

Strategic autonomy requires a new approach from the EU member states to two main areas: crisis management and protection of their own territory. In the context of globalization in the European Union, there is a willingness to work out compromises and achieve concrete results. Terrorist attacks, an unstable Middle East, China's economic and political expansion, deteriorating relations with Russia and the election of an "anti-European" US President are mighty boosts in this direction. European leaders recognize that intra-European cooperation is the only way to ensure the security of their citizens and protect their interests in regions strategically important for the EU.

The growing economic and military strength of the People's Republic of China, together with its global ambitions, will remain an incentive to build the EU's defence potential, and to the alliance of forces with key partners to meet this challenge. ■



HALINA HAURYLKA

Ph.D. (Economics), Associate Professor
Department of International Economic
Relations
Belarus State University
Belarus

Pan-European Institute

BALTIC RIM ECONOMIES

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MARINA F. TKACHENKO & RUSLAN M. SHAFIEV

Managing the risks of regionalization of Russia in the context of the development of the EEU

Expert article • 2800

Priority areas for reducing the risks of regionalization of Russia and the formation of a common economic space in the context of the development of the EEU, primarily the EEU member States of the WTO, taking into account the existing law enforcement practice, should include:

1. The first area is the need to liberalize trade in services. The task is more than complicated, since it affects the internal regulation of individual countries of the Union.

The formation of a single multilateral mechanism for free trade in services is currently impractical, since a General agreement will require a large number of exemptions, coordination of sensitive concessions, and, of course, will become a source of an increased number of conflicts and contradictions. This will certainly reduce the value of the mechanism itself, which is undesirable. Two trends can be traced in this direction.

First, the liberalization of the service market in the following countries (Russia, Belarus, Kazakhstan) in the formation of a common Eurasian economic space. Secondly, the liberalization of the service market between the CU member States and the EAEU member States of the WTO (Russia, Armenia, Kyrgyzstan+ Moldova) will take place in the format of WTO obligations.

Taking into account these trends, it is advisable to regulate trade within the Union in the format of bilateral mechanisms, which will include individual markets of individual countries that are of mutual interest to all the EAEU States, including those whose service markets are not yet sufficiently developed.

2. The second integration direction of the EAEU development, which is relevant for Russia in reducing the risks of regionalization, is legislative support for migration flows of labor, monetary, financial and investment cooperation of the Union countries.

The proposed agreements on regulating labor migration should stimulate an additional influx of qualified specialists and labor into the national economies of the Union States; include migration flows in the EEU space in the legal format and optimize them taking into account the real needs of the domestic labor market, and strengthen the social protection of migrant workers in the field of medical and insurance coverage.

The logic of the development of integration processes in the labor market in the EAEU demonstrates the need to accelerate the work on harmonization of the existing legal framework, which should meet the partner interests of the interacting parties and be aimed at expanding the legitimate field for migrants and their work, introducing additional channels of naturalization, and simplifying the rules and procedures for legal registration of migration flows.

It is also obvious that, along with the improvement of the legislative and regulatory framework in the labor migration management sector, the development of appropriate infrastructure based on the interaction of state, public and private institutions will be required.

If we talk about regulating labor migration in the EEU, we should take into account that the imperfect regulatory framework in this area, including the registration of labor migrants, reduces the level of investment confidence in the EEU space, and causes dissatisfaction with partners from near and far abroad. It definitely slows down the process of modernization connected with active attraction of foreign investments, professionals and experts, complicates the dialogue towards visa-free regime of EEU countries with the EU.

In the monetary and financial sphere, multilateral cooperation should focus on mutual liberalization of financial markets, unification of currency legislation, expansion of the use of multicurrency in trade between the countries of the Union, as well as the creation of a system of collective payment and settlement mechanisms. Signed on October 18, 2011, the Agreement on the basic principles of policy in the field of currency regulation and currency control was a significant contribution to the creation of a legal framework for deepening cooperation between the CIS countries in the monetary and financial sphere.

The collective currency may become both an international means of payment and a reserve currency in the future. The advantages of such a currency are that it is able to protect the payment turnover from possible negative phenomena in the national currency systems of the EAEU member States of the WTO in the event of a violation of macroeconomic stability, as well as possible crisis symptoms arising in the world payment system. National currencies can and should be used in mutual settlements along with the currency of collective use.

Another crucial area of interaction is the convergence of the infrastructure and procedures for the stock markets of the EAEU countries on the basis of the formation of international and regional financial centers of the Union; smoothing administrative barriers to the admission of financial non-residents from some CIS countries to the markets of other countries of the Union; harmonization of legislation and rulemaking in the stock market and securities sector.

Regulation of investment transfer will require the creation of an interstate regulatory framework that provides a sufficient level of legal guarantees and incentives for launching cross-border investment activities in the Union. Here it is necessary to establish tools for promoting and mutual protection of investments in the EurAsEC space.

It will also be necessary to create a civilized mechanism for overcoming differences between regional investors and the EEU countries that accept investments, which will ensure effective extrajudicial resolution of administrative and economic disputes that arise.

Expert article • 2800

3. The third integrative direction of development of the EAEU countries is the formation of common energy, transport and agricultural strategies, the implementation of which will require fundamentally different approaches in the energy, transport and agricultural spheres.

The tasks for the Union have already been specified in this area. In particular, the stages of formation of the common electric power market of the EAEU member States are defined. A framework program for cooperation in the peaceful use of nuclear energy has been adopted and approved. A project to create an EEU Interstate center for the development of energy-saving technologies is under implementation.

One of the issues raised at the level of the EAEU States is the formation of the EAEU transport corridors and safe international transport transits that pass through the territory of Russia. The problem is caused by the fact that transport corridors were formed on the basis of General rules and standards during the existence of the USSR and they also provide interstate transport flows. Therefore, it is extremely important to ensure the conditions for their uninterrupted use, to adapt transport networks and border checkpoints to the increasing requirements of increasing the speed of goods and passenger traffic between the EAEU States. In addition, there are problems of leveling tariffs for interstate transportation and creating a unified system for charging transit transport by rail, and harmonizing regulations in the field of road and air transport. To solve these problems in this sector of the economy, the creation of the coordinating Committee for transport corridors of the EAEU will be very timely.

Economic ties are indeed becoming more pragmatic. This is true for the entire complex of integration interaction of the EAEU countries. One of these important aspects of cooperation should be the formation of a state policy on export specialization of the EAEU member States of the WTO. ■

MARINA F. TKACHENKO

Doctor of Economics
Professor
Head of the Department of International
Economic Relations
Russian Customs Academy
Russia

RUSLAN M. SHAFIEV

Doctor of Economics
Professor
State Counselor – Civil Service of the
Russian Federation of 1st Class
Russian Customs Academy
Russia

YURI LAPAIEV

Resist-unite-win

Expert article • 2801

For quite a while Russia has been waging an undeclared hybrid war against the civilized world. For some this new “cold war” is totally invisible, Moscow’s operations being mostly undercover. In most countries we see attempts at hacking people’s minds, with the help of an array of propaganda methods, varying from targeted spreading of rumours and conspiracy theories in social networks to large-scale influence via RT and Sputnik, the Kremlin’s TV networks. These propaganda mouthpieces (for it would be wrong to call them mass media) have seven-figure budgets, despite the plight of Russia’s economy. Notwithstanding international sanctions, the Kremlin still has enough cash from its oil and gas revenues to buy the favours of European politicians, experts, and journalists. These, in their turn, lobby Russia’s projects and distract attention from the Kremlin’s secret operations. They spread Russian narratives via mass media, discussion panels, international organisations (like PACE), and they help the Kremlin to promote its own political agenda at the UN Security Council.

It looks at times that one cannot stem the tide. No European country can afford spending so much on counterpropaganda. Same time trying to fight the Kremlin with its own weapons, we risk compromising our democratic principles. Meanwhile, Russian-made conspiracy theories (ranging from the allegedly proven downing of MH17 by Ukraine, a “civil war” in Ukraine, and “fascists” in power in Kyiv to artificial origin of coronavirus in the US army research laboratories, to name just a few) look much more appealing and spread much faster than they are debunked. Fake news busters, like EUvsDisinfo (under the European External Action Service) or the Ukrainian volunteer-based StopFake project, have considerably smaller budgets. Besides, they are continually being blocked on the internet and accused of partisanship, prejudices, or connections to radical groups. Meanwhile, the Kremlin efficiently (ab)uses democratic traditions for its own ends, as it spreads propaganda camouflaged as “alternative opinions which need to be heard”. By hacking into freedom of speech, Russians create and deepen divisions in societies, inspire public distrust of governments. It is for a reason that Russian secret services can be traced to any major unrest, from clashes between Donald Trump’s supporters and opponents to the Yellow Vests protests or artificial rallies in Kyiv.

Yet there still is room for hope. Back in 2014, most military experts would not wager that Ukraine’s Armed Forces (UAF) could hold on longer than a fortnight. However, our troops and volunteers proved able to work miracles, Russia’s offensive stalled, and “Project Novorossiya” (which was meant to engulf a half of Ukraine) was only implemented in Crimea and partly in Donbas. The UAF, despite numerous challenges and insufficient financing, have been growing and gaining strength. Most EU states have been able to see how dangerous Russia is, and are also brushing up their armies’ combat power. Ukraine has been consistently following the path towards NATO, recently being recognised as the Alliance’s Enhanced Opportunities Partner. Despite all arguments, the Alliance’s role in Europe is growing.

Few believed that a ban on Russian social networks in Ukraine would work. Some called it an encroachment on free speech, others complained about such measures being unrealistic. Yet the ban works, as four years’ experience proves. Ukraine was able to block a major channel for spreading propaganda, stop FSB from collecting Ukrainian

citizens’ personal data, and cause Russian media companies to lose a part of their advertisement revenues.

No one believed Russia’s TV channels could ever be taken off the air. Yet it was done, and not in Ukraine alone. Estonia implemented sanctions against Sputnik. Lithuania and Latvia banned several TV channels that belong to the Russian government-owned broadcaster RT. Free speech did not suffer in any of these instances, they only concern blocking fake news and propaganda.

With years sanctions against the Kremlin have become stricter, more comprehensive, and they take up the resources Moscow badly needs for its new military escapades. Kremlin-controlled hackers used to be an epitome of elusiveness and professionalism, yet they were defeated time after time (think the brilliant exposure of Russian spies by the Dutch counter-intelligence). The global community barely reacted to the poisoning of Alexander Litvinenko in 2006 and rather feebly reacted to Russia’s attack on Georgia in 2008. Yet it showed more resolve in responding to the invasion into Ukraine in 2014 and to the GRU’s attempted poisoning of Sergei Skripal. At the onset of the COVID-19 pandemic some sources with ties to the Kremlin were extensively (and mostly unrestrictedly) spreading fake news about the coronavirus. Yet now most of democracies have launched a string of government- or volunteer-supported projects which proved able to cure this propaganda malady with objective and reliable information.

Obviously, Russia’s hybrid warfare methods remain efficient. The Kremlin makes good use of our weaknesses. Nevertheless, Ukraine and other European nations have proved that united we can not only resist, but also efficiently counteract Russia. Losing is not an option. ■



YURI LAPAIEV

Deputy Editor-in-Chief
The Ukrainian Week/ Tyzhden magazine
Ukraine

Analyst
The Jamestown Foundation
The USA

Email: yuri.lapaiev@tyzhden.ua

KARI LIUHTO

The USA and the Baltic Sea region: No new walls

Expert article • 2802

American soldiers fought on the European continent in the battles of both the First and the Second World War. The United States' role in defeating Nazi Germany, halting the spread of Communism and reunifying Germany was crucial.

Who would not remember the Ich bin ein Berliner speech president John F. Kennedy gave in West Germany in the summer of 1963, only two years after the construction of the Berlin Wall had begun. And who could have forgotten the speech president Ronald Reagan made in Berlin 24 years later. Among what he said in his speech was this:

"Behind me stands a wall that encircles the free sectors of this city, part of a vast system of barriers that divides the entire continent of Europe. From the Baltic, south, those barriers cut across Germany in a gash of barbed wire, concrete, dog runs, and guard towers. Farther south, there may be no visible, no obvious wall. But there remain armed guards and checkpoints all the same – still a restriction on the right to travel, still an instrument to impose upon ordinary men and women the will of a totalitarian state. ... Yes, across Europe, this wall will fall. For it cannot withstand faith; it cannot withstand truth. The wall cannot withstand freedom."

The Berlin Wall came down just over two years after this speech. At the time, I happened to be in Berlin myself and witnessed with my own eyes how tourists rented pick-axes from the locals to break a piece of the wall to take with them as a souvenir. I also got a piece of my own. The little piece of the wall in my study still reminds me of the inhuman nature of totalitarianism and the absurdity of walls.

The fall of the Berlin Wall and the collapse of the Soviet Union a couple of years later had a considerable impact on the Baltic Sea region. Germany was unified, Poland was liberated from the communist rule imposed on it and the Baltic States got their independence back. The collapse of the Soviet Union meant that the Russian people was also liberated from totalitarianism, something that even the Russians themselves sometimes forget. The dissolution of the Soviet Union was a geopolitical catastrophe only to those maintaining totalitarianism. For the others, it meant freedom.

With the fall of the Berlin Wall and the Soviet Union, the Iron Curtain collapsed in the Baltic Sea region and the region once again became whole and free. Fifteen years after the fall of the Berlin Wall, Finland and Sweden as well as Poland and the Baltic States had already joined the European Union. Estonia, Latvia, Lithuania and Poland decided to also join NATO. Without the backing of the United States, the above-mentioned processes would have lasted longer and might even have led to bloodshed, as the presence of the United States in the Baltic Sea region has blocked Russia's high-handed activities.

The United States still has a visible role in the Baltic Sea region. Last year, an average of five per cent of the foreign trade of the Baltic Sea countries was with the United States. Similarly, the Baltic Sea countries together accounted for approximately seven per cent of the foreign trade of the United States. Germany is by far the most important trade partner of the United States in the Baltic Sea region. Germany accounts for two thirds of the trade the Baltic Sea countries conduct with the United States.

Of the Baltic Sea countries, Germany has the strongest investment ties with the United States. The United States covers more than one tenth of all foreign direct investment in Germany and more than 15 per cent of all outbound foreign direct investments made by German companies have ended up in the United States. The capital invested by German companies is also important for the United States. One tenth of the foreign direct investments in the United States originate from Germany.

Germany and the United States had a well-functioning relationship before the United States' sanctions against Nord Stream 2 led to a halt of the 10-billion-euro gas pipeline project in December last year. Germany has been trying to wriggle out of the sanctions imposed by the Americans by making promises such as building a billion-euro LNG terminal in its territory and buying liquefied natural gas (LNG) from the United States. Importing natural gas from the United States would indeed be natural as the United States became the third largest LNG supplier of the European Union last year and Germany is the biggest consumer of natural gas in the European Union.

The result of the US presidential elections next Tuesday is likely to give some indications of whether new customs barriers, i.e. new walls, can be expected between the EU and the United States or whether the US foreign policy continues to emphasise freedoms also in the future. It would be downright historical irony if the president of the United States were now building walls between Europe and North America while thirty years ago, another president of the United States was bringing one down in Europe.

Whatever the outcome with customs walls will be, it is certain that the personal ties between American and European people will remain unbroken. The United States will continue to be a popular travel destination among the citizens of the Baltic Sea countries. American tourists will also be very welcome to the Baltic Sea region after the COVID-19 pandemic. ■

More information on the United States' role in the Baltic Sea region is available in the following link: https://www.researchgate.net/publication/344014075_The_US_economy_and_the_US_foreign_economic_relations_2_months_prior_to_the_2020_presidential_elections

The Centrum Balticum Foundation organises the Baltic Sea Region Forum on 27 May 2021 to discuss the return of geopolitics to the Baltic Sea Region: https://www.centrumbalticum.org/en/news_room/events/baltic_sea_region_forum/programme



KARI LIUHTO
Professor, Director
Pan-European Institute
Turku School of Economics
University of Turku
Finland

Email: Kari.Liulto@utu.fi





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Co-funded by
the Centrum Balticum Foundation,
the City of Turku, the John Nurminen Foundation,
and the Turku Chamber of Commerce