

Kaliningrad – increasing isolation

The effects of Russia's military invasion of Ukraine and the ensuing breach in relations between Russia and the West have been felt particularly hard in the Kaliningrad region. Being sandwiched between Lithuania and Poland and detached from the mainland Russia, the region has had close connections with its neighbours and high dependence on imports. Although the socioeconomic development of the Kaliningrad region is dependent on the motherland, the special characteristics of the region make it particularly vulnerable to disruptions in the EU-Russia relations and strengthen the effects of isolation.

The increasing tensions between Russia and the West already since Russia's annexation of Crimea and the outbreak of the war in Donbass in 2014 have affected Kaliningrad's external relations, resulting in decrease in foreign trade and border crossings. Due to Russia's military aggression towards Ukraine in 2022, the cross-border connections between the Kaliningrad region and the EU are limited further, which affects local businesses and residents alike. Companies in the region are lacking raw materials, equipment and components due to the Western sanctions restricting exports to Russia. The agricultural sector and food processing industry in the region, also dependent on imports, have already been facing shortages due to Russia's earlier import restrictions on EU foodstuff and agricultural products. In addition, the collapse of the value of the rouble has made imported products more expensive in the region. The withdrawal of foreign companies from Russia is also affecting businesses in Kaliningrad. Car manufacturing company Avtotor, that has been assembling foreign car models directed for the Russian market, is suffering because companies such as BMW have ceased their partnership with it. Being one of the largest car manufacturers in Russia, an important contributor to the Kaliningrad's regional economy and a major employer in the region, Avtotor's difficulties could impact the whole region.

Travelling to nearby EU countries to make purchases has been important for people living in the Kaliningrad region. However, COVID-19, the strained EU-Russia relations and the falling rouble have limited leisure trips from Kaliningrad to neighbouring countries. As a response to Russia's military invasion, some EU member states have already suspended the issuance of visas for Russian citizens, as well as called for a Schengen-wide suspension of issuing visas for Russians. The financial sanctions imposed on Russian banks, including shutting them out of the SWIFT system, have severely complicated the transfer of money. Difficulties in getting visas and receiving salaries from foreign employers to Russian bank accounts hinder the work-related mobility of the residents of Kaliningrad.

Even without the current extremely tense situation, Kaliningrad's special geographic location creates challenges for its development. Hence, functioning and cost-efficient transport connections are very important for the region's viability. The security of supply of the Kaliningrad region has been the Kremlin's long-term concern and efforts to strengthen it – both in terms of transport connections and energy supply – are likely to intensify in the current strained situation. The sanctions have impacted the region's transport connections but the EU-Russia agreement ensuring the movement of people and goods to and from the Kaliningrad region prevents a full blockade of the region. The main land transport connection between the motherland and the Kaliningrad region is the rail transit connection through Lithuania, which is still running. Goods in transit between the mainland Russia and the Kaliningrad region are also excluded from the EU-wide ban on Russian road transport, imposed in April 2022. Maritime and air transports from Russia to Kaliningrad are not dependent on transit countries. However, as regards flight connections, the closure of the EU airspace for Russian aircraft has increased the flying time between Kaliningrad and the motherland because the flights have been rerouted to fly over international waters of the Baltic Sea, adding to the flight costs.

Maintaining relatively easy movement of people and goods has been very important both for Kaliningrad's economic viability and its residents' quality of life. The economic decline and uncertainty in Russia, as well

as increasing isolation of the Kaliningrad region, will decrease the wellbeing of its residents, leading to growing discontent with the economic situation and living conditions in the region. However, it is very unlikely that the public dissatisfaction will have any concrete consequences, such as trigger protests against the current regime. The Kremlin is keeping a tight grip on the strategically important region: Anti-war demonstrations have been suppressed by force and opposition activists have been detained or forced to leave the country. As elsewhere in Russia, the lack of independent media prevents the public from receiving accurate information about the war in Ukraine. On the contrary to the goal of attracting investments and tourists to Kaliningrad, boosted for instance by the 2018 FIFA World Cup, the long-term trend of militarisation is continuing in the Kaliningrad region and it seems to be turning back to isolated fortress again.

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