

BSRUN Bulletin

July
2021



Well on our way to the
new normal for BSRUN

Dear Colleagues,

The four online events we organised in the spring were all well-attended by a much wider audience than just our ordinary members and they also all developed ideas for follow-up events as we had hoped for. Now that we have a very successful spring behind us, we have every right and reason to look forward to the autumn and 2022 with both follow-up events and new topics to be tackled with the most suitable mode of delivery. This will pave way for the new normal for BSRUN.

BSRUN is for Strategy and Practice and specialises in Governance, Management and Administration, but as you can see from the database on our web site, we have managed to cover a very wide range of topics based on the needs and wishes of our members. Early this month we organised a meeting for the two secretariats with the administrative contacts of BSRUN at member institutions who are the key people in making sure that our messages reach the most appropriate people within the institutions.

The events we organised during the spring were all based on member needs and this is the way we would want to continue in the future, too. Therefore, I would kindly encourage you to let us know, if you have any particular topics in mind that in your opinion would be useful for the development of your institution. We would then be happy to get in touch with you to figure out how we could possibly do this in the best possible way in practice online or otherwise. Please test us to see, if we can deliver.

The same wish also concerns the members' news that we circulate and publish on the web site. Our UNECON secretariat picks and chooses the news from the members' web sites trying to find the most relevant and appropriate news for the readers. If you want to make sure that the most important news from your point of view is published, please let the secretariat know your preferences.

In the autumn there will also be an event on enhanced cooperation in Business, Management and Economics which is of interest to several members. A working group was set up in the spring to look more closely into the issue before the event.

Finally, I would like to thank you all for your continued support and especially those who contributed to the success of the spring 2021 events and professor Kazimierz Musiał and professor Stanislav Tkachenko (in alphabetical order) whose food for thought expert opinions you will find in this issue.



I think it is fair to say that we can see some light at the end of the tunnel, but the coronavirus is still around for quite some time, so please take care of yourselves and those near and dear to you so that you can have a most relaxing summer ahead of you.

Yours sincerely,

Kari Hyppönen

President of BSRUN

Where do we stand with the BSR at the moment and is networking a viable way to suture the rifts?



For the most part of my academic life, my personal experience with the Baltic Sea regionalism has been this of an ever increasing degree of regionness in the area. The collapsing Cold War order seemed an obvious critical juncture that changed rules of the game in this part of Europe. The Baltic states appeared on the map again, new regional stakeholders including transnational institutions, NGOs and industrious individuals entered the arena unveiled when the Iron Curtain was drawn. It was a very diversified and unbalanced landscape that met the eye of a beholder but a feeling of optimism and a belief in a great opportunity coming from cooperation seemed common to the BSR states and peoples alike. Much was to be learnt, environment was to be taken care of, trust was to be established, but the institutional setting that gradually developed, offered an opportunity to weave the Baltic Sea region fabric together. It seemed possible to ignore power disparities, gaps in wealth and welfare, and overcome other man-made and material obstacles.

Up to a certain point and time this narrative has worked and has materialised in a number of transnational institutions and organisations like for instance CBSS or HELCOM. They derived their legitimacy from a more or less shared consensus about the genesis, functionality and potential impact of the Baltic Sea regionalism. An added value spilling over from the aggregation of the regional institutions was expected in a form of a Homo Balticus, aware of its transnational identity coexisting with its national embeddedness. What we know today is that the latter has not quite succeed

and a necessary component of the regionalisation process called “socialisation of the publics” was underestimated. The socialisation that did not happen, should have produced senses of identity, at both the elite and mass levels; popular awareness and understanding; popular support manifested through legitimacy; and eventually increase in trust, both among the regional elites and the laymen. Now, the insufficient socialisation of all the potential stakeholders into the regional order has consequences reaching much further than anyone could anticipate in the nascent phase of the Baltic Sea regionalism.

Judging by the representations in the media and the experience of those who study the Baltic Sea regionalism, the geopolitical situation in North-Eastern Europe entering the third decade of the XXI c. has a negative impact on regionness of the Baltic Sea area. Although the EU strategy for the Baltic Sea region (EUSBSR) leads to integration among the EU states and their sub-regions, a deeper integration including Russia seems unlikely. Instead of meeting common challenges the regional actors and institutions are distracted by pressing agendas of threats and insecurity. Patchy involvement and weakening engagement of the Russian Federation oftentimes even turns into hostile resentment of soft security instruments involving civil society, which allegedly leads to a new geostrategic Cold War, or – to put it mildly – a ‘cool war’ as expressed by Konstantin Khudoley in a 2019 issue of the journal *Baltic Region*. Instead of being a cooperation zone, the present day Baltic Sea Region appears to be a field of struggle for domination and hegemony both in the cognitive and hard security sense. Furthermore, the Zeitgeist of a ‘competition state’ focusing on the self-regarding, national interests has gained a stronger foothold in the rhetoric of governments in many states in the region.

In the light of these manifestations of the current state of Baltic Sea regionness, the question arises whether academic, educational or administrative networking is a viable way to suture the reappearing rifts. More topical for this contribution is the question about BSRUN, the role it has played so far and the role it may play in the future. Since the early 1990s various networks have tried to socialise the regional publics into the regional project. Baltic University Programme, BaltSeaNet, Baltic Science Network and numerous other networks have all structured the Baltic Sea communicative spatiality and increased regionness in their particular domains. Many of these networks have suffered from the whims of project entrepreneurship, being spectacular for some time and fading away when their funding ran out. Against this backdrop, the BSRUN has been an institution addressing the question of socialisation in its area of interest, targeting universities and their administration, and trying to socialise the regional university elites towards understanding of the common good and common fate.

As I see it, there has been a number of distinctive features that let BSRUN develop, survive and thrive until these days. The most important of these features are 1) the people, 2) an inclusive dialogue with Russia and Belarus along with the Baltic, Nordic, Polish and German partners, and 3) stewardship and networking with institutions not only from the capital cities. Regarding the first issue, the BSRUN would not be such a sustainable network without its president, Kari Hypönen. I am sure that his previous experience in international higher education management and his Finnish background give the network the necessary perseverance, the recognition of both big and smaller actors as necessary for the dialogue, and a timely concentration on topical academic administrative issues in the BSRUN’s region-building agenda. As for the second issue, the inclusion of Russia and Belarus is often declared in other networks as obvious and necessary but due to the political or social peripeties characteristic for these countries it is difficult to maintain. BSRUN’s key seems to be in looking for shared situations and cooperation interplays, so that dialogue and work with administrators and people concerned with practice is successful as relatively detached from high political feuds. Eventually, with regard to the third issue, BSRUN cares for the big and the small in the regional field of higher education. The capital cities are often boasting with flagship universities and relying on their membership in the network is important, but it is the smaller

or less cosmopolitan institutions that are in greater need of impetus for change, inspiration and advice for their administration.



Regarding these considerations, the BSRUN has not only had but it will have an important role in further socialisation work of its stakeholders in the region. Only then a work on successful suturing of the current rifts and rapture can be successful.

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Prospects for cooperation at the Baltic Sea region

Uniqueness of the Baltic Sea Region

For many centuries, the Baltic Sea region has accumulated unique experience in international relations. It went through bloody wars as well as via different forms of interstate cooperation, including economic integration and development of positive interdependence. During the Cold War, the Baltic region had been divided into two almost equal parts: democratic countries of the Northern and Western Europe and authoritarian socialist countries of the Eastern Europe under domination of the USSR.

The collapse of USSR in 1991 and the end of the Cold War didn't lead to total termination of customs barriers and elimination of state borders in the region. However, the very fact that all littoral countries, except Russia, belong today to the European Union, is the eloquent evidence of increasing political and socio-economic cohesion in the region, across national borders, languages and cultures. Baltic States of the EU produce about 30 percent of the Union's GDP. Considering the growing power of the region, the European Council and the European Commission approved the Strategy for the Baltic Sea region in 2009. The document was designed to balance the previous overwhelming EU attention to its Southern neighbors along the Mediterranean.

The EU agenda in the Baltic Rim differs from that in the Mediterranean region, where the main mission is crisis management with respect to its member-states (Greece, Italy, Portugal, Spain, Balkan states). The focus of Brussels' policy in the Baltic Rim is in expelling barriers for free movement of goods, services, capital and people, and harmonization of socio-economic indicators at



the EU with those in Russia, as well as in Belarus. The region is growing in its role of trans-continental transit zone for trade between Eastern Asia and Western Europe.

Proximity to Baltic Sea littoral states has been of paramount importance for post-industrial development of regions in all states of the region. It includes high-tech sectors of industry and rapidly growing logistic services. Russia with its huge natural resources has always been and will stay the key supplier of raw materials to all states of the Baltic Rim and elsewhere in Europe. The Baltic Sea is the main and the most reliable transport corridor for Russian mineral goods to European customers.

Nevertheless, negative agenda prevails today in dialogue between capitals of the Baltic Sea states and Moscow. Partly, its origin could be reasoned by internal developments at the EU and in the Russian Federation. Today, threats for the EU are both political and economic: growing xenophobia, trade protectionism, BREXIT and its negative impact on EU institutions and integration process, geopolitical tensions from assertive Russia and destabilized Global South. There are many other challenges/uncertainties of global and regional dimensions, influencing bilateral relations between the EU and Russia with negative effect for stability in the BSR. Current crisis in the EU-Russia relations, which has started from coup d'états in Kiev in February 2014 and has continued by the Skripals Affairs, threats to European cyber security, Kremlin's support of ultraconservative political parties in Europe, destroyed organizational and institutional foundations of bilateral relations. They were established in 1991-2010 and the most important formal steps were: the Partnership and Cooperation Agreement (PCA, 1994), package of Road Maps for the creation of the four Common Spaces between the EU and Russia (2005), The EU-Russia Partnership for Modernization (2010). The statutory framework of bilateral cooperation is troglodytic, and both Brussels and Moscow are losing their willingness to secure it, being unable to replace current shaky foundations of bilateral relations by something better and more relevant.

Political economy of the Baltic Sea region

Considering the peculiarities of the Baltic Rim states and their sub-regional groupings, the existing socio-economic model in the Baltic Rim should be acknowledged as globally unique. On the one hand, there is huge technological and resource capacity for intraregional cooperation. On the other hand, multiple political and economic conflicts in the region slow down implementation of common programs aimed at development of region-wide economic and social ecosystems.

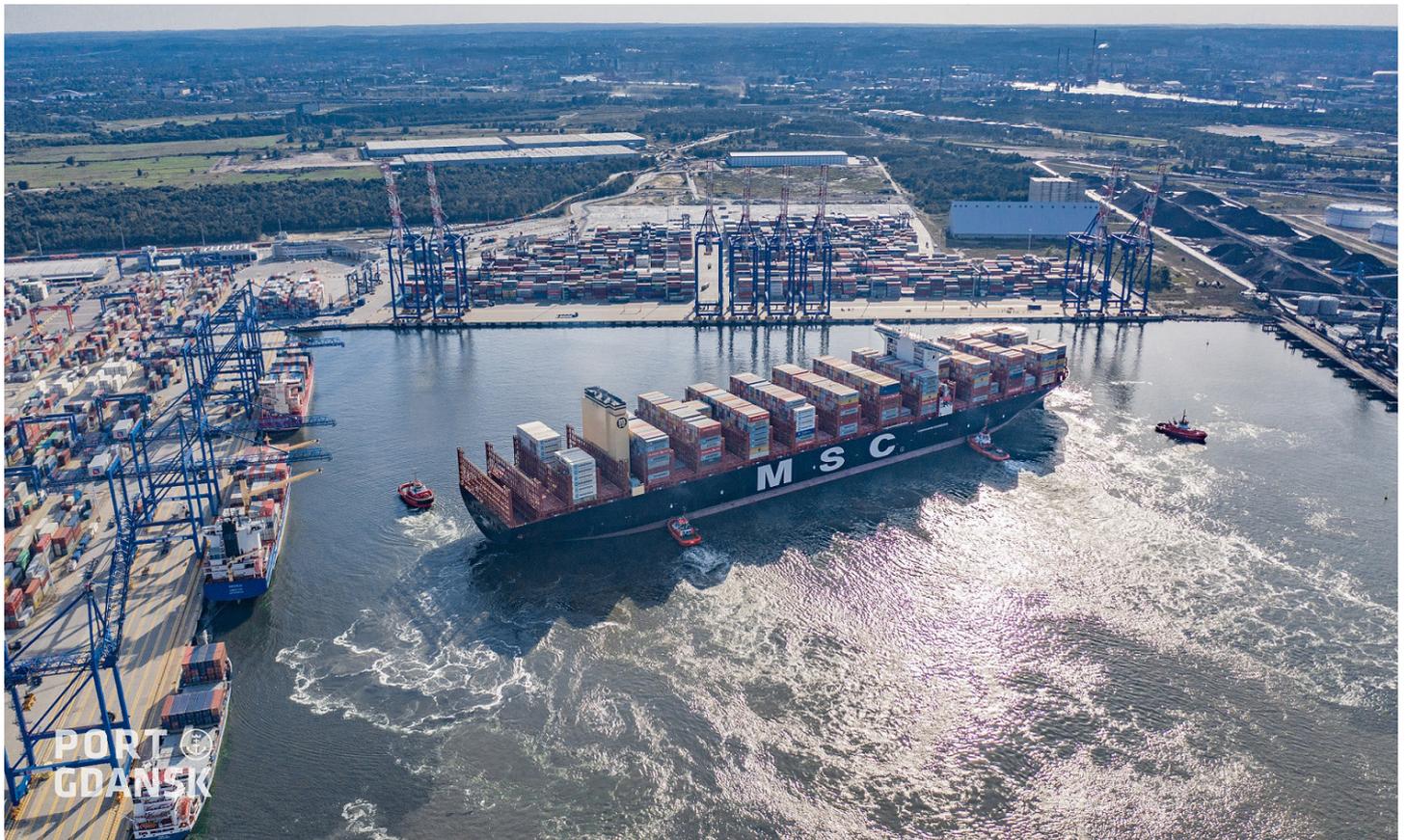
At present, all littoral states of the Baltic Sea could be divided into three distinct groups:

1. "Old" democratic countries of Europe with well-established institutions of civil society and market economy (Denmark, Finland, Germany, Norway and Sweden);
2. Poland and three former republics of the USSR that joined the EU in 2004 and nowadays are successfully finalizing the transition process to a market economy and democratic society (Poland, Lithuania, Latvia and Estonia);
3. Russian Federation and Belarus that started their political and economic transformation in late-1980s. Reacting to growing chaos in economic life and the threat of Russia's disintegration in 1990s, the second Russian President Vladimir Putin announced "stability" as the highest priority for his Administration since 2000. Nowadays, the Russian and Belarusian political classes are trying to maintain the balance between "stability" and "modernization" of their countries, relying to a great extent on utilization of intellectual heritage of the EU in the process.

The political economy of the "Old" European countries of the region is firmly based on liberal economic values, with the leading role of the public institutions in providing high quality of life,

well-developed infrastructure and favorable business environment, absence of interstate conflicts and hard-security threats. By any consideration, the Baltic Sea region is probably the most stable and the safest part of the whole world during previous several decades. “Old” EU countries of the region for many years lead the world rankings of the most competitive economies as well as the countries with the best investment climate and quality of life. Fundamental research in these countries is concentrated mostly in universities and is funded predominantly by state budgets and governmental grants. Only in recent years, the process of replacing funding by financing via project-based grants, loans and procurement, or indirectly via tax incentives, has started. However, for maintaining their global competitiveness in the future, the five states together with their neighbors should dramatically improve their technological capacity and innovative nature of national economies. We should also mention that the role of business communities in financing of applied research in “Old” EU countries nowadays is significantly higher as compared to almost non-existent private financing of applied research in Russia, Poland and the three Baltic States.

“New” EU members, Poland, Lithuania, Latvia and Estonia, are rapidly approaching regional leaders in socio-economic standards. Due to the EU common transport policy, all contemporary modes of transport are developed mostly in the Western segment of the Baltic Rim. The single region-wide electric grid and a number of pipelines are under construction as well as highways and fast-speed train routes. The advanced business infrastructure is now a reliable foundation for construction of a world-class innovation ecosystem. Currently, Estonia, the smallest country in the region, is one of EU leaders in this sphere.



The “New” EU countries foster the values of a liberal economy. Nowadays, they are rapidly approaching their more developed neighbors in the west of the region in such areas as business infrastructure development and construction of ecosystems of an innovation-driven economy. After the 2008-2009 economic crises, these countries have accomplished low inflation, modest public debt, a balanced budget, and accelerating the economic growth. Today, the “New” EU members of the region have very good starting positions for efficient composition of the economy, based

on large-scaled innovations. Visible progress of the “New” EU countries in construction of innovation-driven economies creates an opportunity for them, in cooperation with the “Old” EU members, to fill a sizable niche in the following sectors of high-tech industries: biotechnologies, including synthetic biology and personalized medicine, renewable energy, carbon capture and storage, and information technologies.

The Russian Federation and the Republic of Belarus take part in the construction of integrated regional economy in the Baltic Rim in a very modest scale. Their contributions to the international technological innovations are mostly insignificant. Nevertheless, as time goes, Russia and Belarus’ economic presence in the Baltic Rim is becoming more and more visible. Russia stays apart from other regional powers. It has an unacceptably low level of economic freedom and an inappropriately high level of corruption. At the same time Russian regions, which are considered as Russian national champions in the promotion of innovations (Saint-Petersburg, Leningrad and Kaliningrad oblasts), belong to the Baltic region. Social unrest in Belarus after disputed Presidential elections in August 2020 put this country out of any processes of political or economic integration, therefore, it is rather difficult to make any predictions on when sanctions, which were imposed on this country, will be lifted.

Analyzing all countries of the region, it is important to emphasize the fact that Baltic cooperation has a different meaning for each of them. Lithuania, Latvia and Estonia are true ‘Baltic States’. The full range of Russia’s economic and political interests spreads from Pacific to Atlantic oceans; thus, the Baltic Sea cooperation often lacks attention of Moscow’s power institutions. The same applies to Germany, which is the leading global trade nation and key engine of the EU integration, with only a few German lands having direct benefits from their proximity to the Baltic region.

Prospects for interstates’ cooperation in the Baltic region – the role of Finland

Due to geographic proximity to Russia as well as remarkable period of ‘common history’, Finland has developed world-wide image of the ‘specialist’ on the Soviet Union. After collapse of the USSR, that knowledge on neighboring state was rather successfully transferred by Finland on the contemporary Russian Federation. Today, this image appears an important foreign policy advantage of Helsinki, its significant diplomatic asset.

Another prominent element of bilateral relations of our two states is membership of Finland in the European Union. Despite the geographic proximity and existing high level of economic ties, nowadays relations between the EU and Russia are characterized by dramatic de-institutionalization and mutual alienation. These negative factors are critical for thorough understanding of major aspects of political, economic and cultural agenda, which dominate relations between Finland and Russia.

Regionalization of global economy has become a powerful challenge for Baltic Rim states. Being among top countries in such spheres as the quality of life, the business climate, and a low level of corruption, Denmark, Finland, Germany, Norway and Sweden as the “old” EU member-states in the region are only now starting to elaborate an adequate strategy for preservation of their socio-economic systems in a changing international environment. Following the “old EU members”, EU newcomers (Poland, Lithuania, Latvia and Estonia) have been trying to imitate the political and economic model of their neighbors since 2004. It includes, among others, open societies; social safety networks; an efficient public sector; social pact, i.e. the cooperation of representatives of the employer’s organization, trade unions and national governments; leading European universities producing high-level researchers; and a competitive business environment.

The EU Strategy for the Baltic Sea Region (2009) originally was focused at the complex interaction between the European Union and Russia, moving far beyond modest frameworks for cooperation, established by the Partnership and Cooperation Agreement of June 1994. Its implementation encountered difficulties evoked by the contemporary crisis of the EMU and budget constraints. In fact, the challenge had been taken up by major metropolises and centers of the region, such as Stockholm, Saint-Petersburg, Turku, Riga, who started to play the leading role in the development of trans-border partnership links in the recent years. In this way, the Baltic Rim countries and sub-regions play now a positive role in the modernization of Russia's socio-economic system.

1. Existence of systemic crisis in EU-Russia relations is widely recognized by both sides, including structures of public management, business, civil society and academic community. There are two dominating views on the ways to deal with it:
2. Necessity to take an immediate attempt to resolve crisis and find the way out of it - the business communities on both sides of Finnish-Russian border argue for improvements in interstate dialogue and lifting at least some sanctions, which have been in action since summer of 2014;

Recognition of inability to solve the crisis and need to come to terms with it while waiting until a moment when one of two sides in the conflict will be able to dictate another conditions (terms), which should be fulfilled for full-fledged rehabilitation of relations.

Nowadays, neither the European Union nor Russia is willing to change the existing status quo, which is seen by both as the most admissible among all other realistic scenarios for bilateral relations. We should also strengthen that for the European Union, suffering from COVID-19 and BREXIT, problems of 'relations with Russia' are getting less immediate compared to Spring 2014, when in the days of the Crimean Crisis they were seen as the highest challenge for the EU foreign policy and major threat to peace in Europe. At the same time, there is growing conviction in Russia that the European Union, being under pressure of domestic disturbances and growing interest to restoring economic ties with Russia, would be forced sooner or later to mitigate its stance on Ukraine, cyber security, economic sanctions and other issues in dispute.

We proceed from the premise that none of two above-mentioned positions (to resolve conflict right now or to ignore it while waiting decline of its imminence in indefinite period) is feasible and/or achievable in the future. Meanwhile, there is a trend of a declining number of supporters for the second option ('wait and see' strategy) and a growing number of protagonists for the first option: to start search for 'way out of the crisis' right now.

Discord

In our view, deterioration of EU-Russia relations began in 2004-2007, as a side-effect of the EU eastward enlargement towards 10 states of Eastern and Southern Europe. A number of them during Imperial and Soviet periods of Russian history had seen it as non-European 'other'. Their new identity has been based to a great extent on Russophobia and vision of post-Soviet Russia as their historical adversary and new threat. It took some time for Russian leaders to acknowledge fundamental changes in the EU policy, which have emerged since 2004. Still, inability of two parties to raise relations to a new level in such spheres as free trade zone, visa-free regime and recognition of integration among several post-Soviet states by Brussels, clearly indicated that relations are in stagnation stage. The Five Days War between Russia and Georgia (August 2008) shook foundations of European security. It opened a new stage of Russia's confrontation with Europe.

Programing documents, which have been adopted by the two sides since beginning of current crisis (i.e. since February 2014), are 'Five guiding principles for EU-Russia relations' (March 2016) and

the Foreign policy concept of Russian Federation (November 2016).

EU's five principles of March 2016 are: insisting on full implementation of the Minsk agreements before economic sanctions against Russia are lifted; pursuing closer relations with the former Soviet republics in the EU's Eastern Neighborhood (including Ukraine) and Central Asia; becoming more resilient to Russian threats such as energy security, hybrid threats, and disinformation; despite tensions, engaging selectively with Russia on a range of foreign-policy issues, among them cooperation on the Middle East, counter-terrorism and climate change; increasing support for Russian civil society and promoting people-to-people contacts, given that sanctions target the regime rather than Russian people.

Both EU's and Russia's programming documents of 2016 repeat like mantra 'there will be no business as usual' in mutual relations. In fact, the aforementioned documents as well as many other decisions, which are currently in force, have transformed bilateral EU-Russia ties into a set of reactive measures where at each new stage of conflict stakes were growing and prospects for conflict resolution were disappearing.



Nowadays, the European Union is developing its global strategy on a conviction that liberal international order is the most efficient model of global governance, especially if compared to multi-polar model of competing great powers (Russia's global governance priority). The European Union also demonstrates open enmity to intergovernmental and inter-parliamentary institutions, which were established in the CIS under auspices of Russia. For Kremlin, positive changes in its relations with the EU will become irreversible at the moment when Brussels and EU member states recognize the Eurasian Economic Union (EAEU), The Union State of Belarus and Russia (USBR), the Shanghai Cooperation Organization (SCO) and begin equal and mutually respectful dialogue with all of them. Meanwhile, the EU and Russia should clarify their approaches to 'zones of privileged interests' of each other and express readiness to take them into consideration in foreign policy actions, including plans for further expansion of integration blocks. If that is not done, the conflicts, like the current one in Ukraine, could be repeated in such states as Armenia, Georgia and Moldova very soon.

I.e. nowadays, Moscow and Brussels, following possible initiative from leaders of Finland, could initiate negotiations on the highest political level between the European Union and the EAEU. Their

end-product should be framework documents, which establish channels for communication and lay institutional foundation for cooperation of the two integration blocks. Top priority goals for such cooperation could be: all-European economic space; European security; response to Chinese 'Belt and Road Initiative'; establishment of three-lateral trilateral talks between the EU, the EAEU and China.

Even taking into account existing political and diplomatic tension, which has piled up in EU-Russia affairs, this relationship makes a real difference with much more confrontational US-Russia relations. For Kremlin, the European Union is favorable and indispensable partner in both economic and security spheres of foreign policy. Therewith, business structures of the EU and Russia are the principal proponents of improvement of bilateral relationship and protect them from further deterioration nowadays. Besides of these spheres, there are ongoing trans-border contacts between European and Russian organizations of civil society, people-to-people contacts.

Finland is a geographical and logistic center of the Northern Growth Zone (NGZ), a very far reaching concept of a territory stretches from Stockholm to Saint-Petersburg via Turku and Helsinki. The Northern Growth Zone covers Stockholm metropolitan area, the 13 major cities and the 6 regions of the Southern Finland as well as Saint-Petersburg and Leningrad oblast. The NGZ is the initiative of Finland, which is designed to bring together governmental, NGO and business actors from Sweden, Finland and North-West Russia to boost the region's attractiveness and competitiveness in the global arena through the creation of a single, internationally recognized market, a single commuter belt and a world class industry and business cluster.

The NGZ brings together regions with annual 330 billion euros of gross regional product (GRP) and more than 13 million people. The centerpiece of the Zone is an outstanding concentration of people, labor, education, research, which is unprecedented even at the global scale. It is also a potentially large platform for innovations and international business/research activity. Regions of Russia's North-Western Federal District should be concerned in implementation of innovative projects of trans-border 'space of growth', while reinforcing it by appropriate managerial procedures and legislative solutions. Russia's North-Western regions and Finland are unable to overcome existing state of hostility between Moscow and the West. Meanwhile, nothing prevents them from initiating pragmatic cross-border cooperation. While interstates' political relations and issues of international security in Russia are under strict control of its 'Federal Center' (the Presidential Administration and Government), Russian regions, their public and private companies do benefit nowadays from post-Soviet decentralization of economic relations with foreign states and their companies. Russia's North-Western regions and Finland are able to transform the Baltic Sea area into the paradigm example of all-European cooperation, a sort of engine, which would be able to boost cooperation between Europe and Russia in future.

For seven previous years (2014-2021), leaders of the European Union have repeated many times that there will be no improvements in bilateral relations without fundamental changes in Russia's domestic and foreign policy. In practice, it meant that there would be no normal trust-based relations at all, except of minimal contacts in those areas, where some EU member states and Russia (including regions of Russian Federation) have become interdependent in a true sense of the word.

Nowadays EU-Russia relations are worse than in any period after the collapse of the USSR. Existence of sharp and systemic crisis in EU-Russia relations is widely recognized by both sides, including structures of public management, business, civil society and academic community. The challenge for political elites and academics is to secure few existing fields of common interests (security, trade, people-to-people contacts) and develop a set of new ideas on ways for return of mutual trust. The regional dimension (contacts between EU's Baltic States and Russian regions) is the most promising sphere nowadays to fulfill this mission since there is no need to discuss sensitive issues of military security, conflicts outside of Europe, etc. Tactics of 'small steps', which is designed to preserve institutional structure of bilateral relations, should become the priority to

national and regional parliaments, institutions of executive branch of power, businesses and civil societies of Russia and its Baltic neighbors. They should enlarge business contacts, regular meetings of public servants and exchanges in frameworks of public diplomacy programs, including visits of researchers and journalists, number of publications in printed editions on partner-state, its business climate, opportunities for tourism and education. Prospects for facilitation of visa regime, financial support of joint projects in cross-border cooperation and tourism should enlarge opportunities for peoples of two states to cooperate.

The main challenge to the Baltic Sea region is in the ability of its countries to secure and strengthen the liberal nature of their socio-economic systems against the background of global political and economic instability. Innovations enjoy the friendliest environment in liberal economic and political systems. To avoid technological lagging behind other countries and regions, including the US and China, regional governmental institutions in the EU and in Russia shall complement policies by implementing a set of proactive measures aimed at promotion of national innovations and interstates' cooperation.

Conclusions: Prospects for better future of the Baltic Sea region

Since the process of European integration started in 1957, EU's member-states have delegated sovereign authority for regulation of foreign trade, competition and environmental policies up to the level of the Community. However, the instruments remained at their disposal – such as more efficient government institutions of economic development – have proved insufficient for effective development of zone of socio-economic stability all around the Baltic Sea Rim. For this reason, the institutions of the European Union, including the EU Commission, have established themselves as key players in the formation of the innovative ecosystem, which embraces all EC countries of the Baltic Rim. Russian regions in the area, in the first place Saint Petersburg and the Leningrad and Kaliningrad regions, belong to Brussels' sphere of innovation policies as well. They cannot afford to ignore these processes in the Baltic Rim without a threat to be excluded from the regional political and economic framework.

The Baltic region is exposed to processes, typical for the global economy in general: crisis of the Liberal International Order, securitization of economic policies and moderation of integration processes. To maintain existing rather high level of economic development, the Baltic Rim states nowadays have to compete with regional integration blocks in other parts of the world (like ASEAN and GCC - the Cooperation Council for the Arab States of the Gulf), and keep monitoring initiatives of major global forums (like APEC and BRICS). Public institutions in both regional groupings and global forums face the same challenges: to cope with destabilization of global economic institutions, to guarantee rapid economic and technological development and to raise the competitive advantages of their member-states.



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