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TRENDS
IN THE DEVELOPMENT
OF CROSS-BORDER TRADE
IN THE RUSSIAN-FINNISH
BORDERLANDS

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E. A. Shlapenko¹



This article considers the development of cross-border trade and tourism in the Russian-Finnish borderlands in the 19th/21st centuries. We describe the evolution of cross-border trade in the Russian-Finnish borderlands at different stages of the territory's development. The patterns of cross-border trade have always been depended on the national policies of the two countries. Since the 19th century, cross-border trade in the Russian-Finnish borderlands has been the product of two factors. The first one is the demand from local residents for certain imported goods that are either absent or much more expensive in their own country. The second factor is the possibility of receiving additional or even basic income. We distinguish several periods (peddler trade, Soviet-Finnish tourism, shuttle trade, shopping tourism) in the evolution of Russian-Finnish cross-border trade and identify their major trends and characteristics. We describe the general patterns of cross-border trade in these historical periods and juxtapose the pertinent institutional, organisational and infrastructural settings. We explain why the direction of the flow of finance and goods changed. Until the early 20th century, goods were brought to and money collected from Finland's borderlands. Since the 1920s, the opposite situation has been observed. The latter trend has been growing in recent years.

In this article, we aim at providing a periodisation and detecting the trends in and features of the evolution of cross-border trade in the Russian-Finnish borderlands in the 19th/21st centuries. To this end, we carry out a statistics and data analysis. We describe the Russian and international approaches to studying cross-border shopping tourism. We address Finland's experience in stimulating inbound shopping tourism from Russia and examine why the Russians are attracted to the neighbouring state.

Keywords: border region, Russian-Finnish borderland, shopping tourism, Republic of Karelia, Finland, peddler trade

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Introduction

The cross-border trade in the Russian-Finnish border area developed in the 19th—20th centuries (peddler trade, Soviet-Finnish tourism, shuttle business, shopping tourism). It can be explained by the demand of the local population for certain types of goods due to their absence or a much higher price in their own country. Cross-border trade often helps to get an additional or sometimes basic income. Besides, leisure activities have a positive impact on the development of shopping tourism. Cross-border trade existed during all periods of the Russian-Finnish border development. Its forms have been changing depending on the policies pursued by the two states. It should be emphasized that throughout the history of the two countries peddler trade, the Soviet-Finnish tourism and the shopping tourism contributed to the formation of the interest in the Russian-Finnish border area.

The works of Russian and Finnish researchers consider a variety of aspects of cross-border trade in the Russian-Finnish borderland. The Karelian researchers D. V. Bazegskiy and I. S. Nesterova analysed the historical aspects of the development of peddler trade. The largest number of studies is devoted to the Soviet period, including those written by Finnish researchers: L. I. Vavulinskaya, Yu. M. Kilin, A. Kostainen, A. Käyhly, A. Laine, T. Hämönen, and Yu. Shikalova. These research works reveal the political, economic, socio-cultural and other aspects of people-to-people interaction in the Russian-Finnish borderland. The article of O. Yu. Gurova and S. Ratilajnen describes the preferences of Russian tourists and study the change in the attitudes of the local community towards tourists. At the same time, these research works do not describe the phenomenon of cross-border trade in detail and do not assess its scale in the Russian-Finnish border area during the 19th-20th centuries. In addition, the available materials are fragmented and can be obtained in some areas only (for example, in Helsinki, Vyborg, etc.).

We aim at a comprehensive study of the problem of cross-border trade, which will be organized according to historical periods. Moreover, we use our findings to justify the trends and specifics of the cross-border trade in the Russian-Finnish borderland in the past and at present.

We pay special attention to practices of cross-border trade and tourism in the border regions of Finland. This country takes different measures to attract Russian visitors, because of the multiplicative effect on the local economies of its border regions. The novelty of the study lies in the fact that we define the periods and identify the main trends and specificity in the development of cross-border trade in the Russian-Finnish borderland during the 19th—21st centuries.

The development of trade in the border area in the 19th century and the beginning of 20th century: historical aspects

In the 19th—20th centuries, peddler trade in the Grand Duchy of Finland was crucial for earning money to live on. Although the exchange of goods was a common practice, the majority of the Karelian peasants needed money to pay taxes and purchase grain. The distance between settlements, a weak rural trading network in Finland as well as the similarity of the languages and cultures [1—7] contributed to the development of peddler trade. Peddlers usually delivered bread, flour, salt, flax, leather, cloth, needles, mirrors to Finland and furs (foxes, squirrels, ermines etc.), as well as the ‘Danish’ skirts, tea, coffee, rum, wine from Finland to Russia. Products of the chemical, pulp and paper industry as well as metal ware extended the list at the beginning of the 20th century [2; 5]. At the same time, the Karelian population of several border districts of the today’s Republic of Karelia purchased their essentials in Finland, because of the territorial proximity and economic benefits [4]. The scale of peddler trade increased significantly after the inclusion of the Grand Duchy of Finland into the Russian Empire [2].

Both poor and well-off peasants of the border territory of today’s Republic of Karelia were peddlers. Poor peddlers (the ‘horseless’) accounted for about 40% of the total number of merchants and depended on wealthy peasants who provided goods at the 20% interest. Better off peasants, who had a small, but steady income from their own farms, were less active in peddler trade [5]. In some cases, successful trading allowed merchants to open their own shops in Finland. Rich Karelians moved to the neighbouring state in the second half of the 19th century [1; 3].

According to the then existing regulations, a merchant had to obtain a certificate from the governor of the province where he was going to start his business. Then he had to make an annual contribution to the province treasury and pay the community tax on the income from his trade. Finally, he received a poster passport. In fact, there was confusion with the documents and the majority of peasants had no documents and took secret roads. The following measures impeded the development of the Karelian peddler trade: the Senate decree of March 12, 1818 and signed by Alexander I in 1820 (the ban on peddler trade in the Arkhangelsk province); the decree on rural commerce in the Grand Duchy of Finland in 1859 (the right to open a shop which was granted to Finnish citizens only); the decree on crafts approved by Alexander II in 1868 (only Finnish citizens, who knew how to write and fill out the book of accounts; the right to sell only the Finnish goods) [3; 4].

Peddlers ceased to play the same role in trade with the fall of trade fair turnover in the Russian North. According to the decree of March 31, 1879, individuals were allowed to trade and export their goods only after sending a written request to the governor. The request was to be sent together with a certain certificate of the peddler's good name and the guarantee for the payment of the state duty for three years [3; 4; 6; 7]. However, from 1,000 to 2,000 merchants visited Finland annually at end of the 19th century [6; 7]. During the Crimean War (1853—1856) the cost of goods delivered by the Karelian peddlers to the Grand Duchy was about half of Russia's official export [1]. In the middle of the 19th century, the annual revenue of one merchant reached 250—300 roubles in silver. Goods, which were worth 1.3 million rubles, were exported to into Finland. In the 1870s, the trade turnover reached 2 million roubles per year, the total profit — 80—90,000 rubles per year and the profit for one trader reached 30—80 rubles. In the 1870s, almost a quarter of all goods exported to Finland from Russia were brought by peddlers [5].

At the beginning of the 20th century, there were rumours about the redistribution of land, the Karelian peddlers began to endure the harassment. Some Finnish communities gave locals instructions how to deal with different traders from Karelia. Local Finnish residents, on the contrary, often helped merchants from Karelia (hiding them during raids) and were punished for it. In the summer of 1899, the Karelian peasants from Ukhta, Voknavolok and Kestengi sent a petition to the governor-general of the Grand Duchy of Finland asking to legalize peddler trade since it was the only way to make a living [3]. The decree of July, 2, 1900 equalled the rights Russian and Finnish peasants. However, in 1859, the decree on crafts (the ban on rural trade) remained in effect. Gradually, the competition of the Finnish shopkeepers, including the Karelian wealthy merchants who moved to Finland, reduced the income of peddlers.

In the 1885—1990, the earnings of one merchant did not exceed 40—60 rubles [5]. Thus, during the 19th and early 20th centuries the legal status of the Karelian peddlers remained uncertain. However, the unclear rules were rather beneficial for merchants: people used the opportunity to feed their families and pay all the necessary taxes.

Soviet-Finnish tourism and cross-border trade

The development of the outgoing tourism and cross-border trade in the USSR was determined by the country's dominant ideology and policy (following the formation of the 'iron curtain' in the 1920s). It resulted in a very small number of Soviet citizens travelling to capitalist countries. Likewise, visits of foreign citizens to the USSR were also restricted. Fin-

land, having friendly relations with the USSR, was an exception among capitalist states and the leader in the development of international tourism. Tourists from Finland accounted for more than half of all arrivals from capitalist countries [8; 9].

To go abroad, a Soviet citizen had to submit a package of documents to get permission from several authorities. Provided the person got good references from all of them, the permission to travel abroad was given. There was a special guidebook for Soviet citizens on how to behave abroad. In addition, each tourist group had an appointed leader who was responsible for reporting to the authorities [9]. The limited amount of currency as well as the fixed travel itinerary made it almost impossible to shop abroad. However, cross-border trade was still developed even under the restrictions in 1960—1980. Consequently, ‘shadow’ trade in foreign goods (‘fartsovka’) appeared. Those goods were bought from Finnish tourists visiting the USSR, or bought in Finland and then smuggled to the country. For example, in the 1970s, Finnish tourism was an important factor of local life in the city of Vyborg. There were illegal traders specialized in Finnish goods. It was then that the first currency exchange emerged [10]. Vyborg was named the ‘city of illegal traders’, who made profit on price difference that often allowed the Finns to almost cover their travel expenses [11].

The development of a network of sister-cities served as the basis for the development of bilateral contacts between the two states (Leningrad — Turku, 1953; Petrozavodsk — Varkaus, 1965; the exception is Vyborg — Lappeenranta, 1987). The experience of Petrozavodsk — Varkaus sister-cities is a good example. International tourism was one of the cities’ cooperation areas: in 1966, 110 tourists from the Republic of Karelia visited Finland and 300 Finnish citizens traveled to the Republic of Karelia in organized groups. Besides, about 300 individuals traveled to Finland annually to see their relatives or for other reasons. More than 500 people per year visited Finland and Russia at the end of 1980s [12].

Theoretical aspects of the development of shopping tourism in the border area

In the contemporary context, cross-border shopping is one of the most popular trends in the consumption practices of people living in the border areas of neighbouring countries. Theoretical aspects and the development practices of cross-border shopping tourism are widely discussed in international research literature [6; 11; 13—18]. Russian authors started writing about cross-border shopping tourism much later due to the specifics of Russia’s border areas development [19—20]. According to professor



D. Timothy (USA, Canada), the three main driving factors for a shopping trip are the following: searching for the necessary consumer goods (a particular product, souvenirs, duty free shopping), the choice of a specific destination and price advantages [21]. It is particularly evident in the border regions characterized by the significant economic, legal and social differences. There are four main conditions that reveal the development possibilities of cross-border shopping tourism [21]:

- difference in the range, quality and price of the product on the opposite side of the border;
- information about opportunities on the opposite side of the border;
- the ability and willingness of the population to travel;
- transparency of the state borders.

The development of cross-border shopping is stimulated by the following economic factors: shopping in duty free shops, seasonal sales and shopping in second-hand shops and flea markets [13].

Two types of interactions between tourism and shopping are described in research literature. They depend on the preferences of tourists and the purpose of their trip. It leads to different approaches to the marketing of goods and services in border areas [17; 21]:

- shopping tourism when shopping is the main purpose of the trip;
- tourist shopping or recreational shopping when shopping seems to be an integral, but not the main part of the journey.

Researchers point out that besides the need to purchase certain goods and services on the opposite side of the border, shopping tourism seems to be a pleasant pastime and a leisure activity, for example, during the holidays and vacations [22]. Based on the study of shopping tourism and tourist attractions, T. Makkonen, a researcher at the University of Southern Denmark, concludes that shopping tourism is an integral part of territorial attractiveness, impressions and experience of the tourist [16].

There are three categories of shopping tourism depending on the motivational factors: the character of goods or services (cheaper, better or unique); shopping during a vacation (usually souvenirs and gifts) and shopping as an organized commercial trip.

Tourist shopping is an integral part of holiday tours and most tourists want to buy souvenirs and presents to remember holidays by. Tourist-oriented industries are able to satisfy tourist needs and develop marketing strategies for these consumers, including visits to shopping centers, souvenir shops and other outlets. We will not consider such kind of practices and pay more attention to the development of cross-border shopping tourism (purchasing goods both for private and commercial purposes). Goods purchased for a commercial purpose are sold through social networks, friends, courier delivery or organizations. Despite restrictions on the volume of imported goods, this type of activity is very common. However,

residents of the Russian-Finnish borderland prefer not to report their income to tax authorities. Moreover, in recent years, the organization of shopping tours has become an increasingly popular tourist product oriented towards the local population of Russia's border regions.

At the same time, many researchers indicate that the development of the near-border retail trade poses some threats: the possibility of changing the direction, difficulties at state border crossing-points (queues), the 'mirror' profits and losses of the companies on the opposite sides of the border [15; 23].

Shopping tourism of Russian citizens in the border regions of Finland

At present, Russian entrepreneurs who purchase goods for commercial purposes as well as shopping tourists appear to be a source of wealth for some residents of Finland's border regions (Fig. 1).

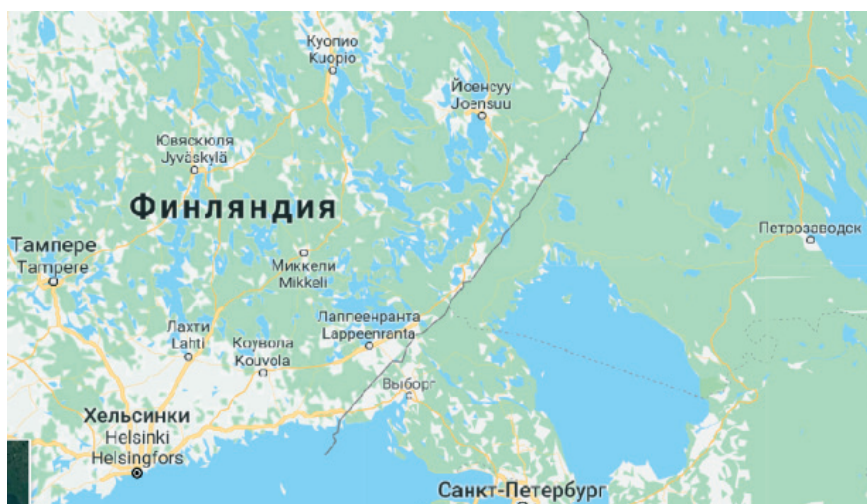


Fig. 1. Parts of Finnish-Russian border

* compiled by the authors based on Google maps.

According to A. Käyhty, the border town of Lappeenranta has transformed from the 'remotely located border town into a 'shopping mall' thanks to Russian tourists [24]. In 2013, 2 million tourists visited Lappeenranta (the population of the city is 75 thousand people), and 1.8 million people were Russians who spent 300 million euros there.

In the historical context, the removal of the 'iron curtain' served as a prerequisite for the development of shopping tourism in the Russian-

Finnish borderland. Every tenth Russian who arrived in Finland participated in the shuttle trade business. Several decades after the demise of the USSR various customs procedures (customs duties, restrictions on the weight of imported and exported goods) led to the emergence of ‘professional’ shuttle traders commuting between Finland and Russia. In 2006, due to the weight-restriction (from 50 to 35 kg) and the frequency of duty-free transportation from once a week to once a month, the number of shuttle traders decreased [13].

O. Gurov and S. Ratilajnen indicated that the perception of ‘tourists from the east’ (Russians) in Finland has changed. At the beginning of 1990, shuttle traders endangered the internal social order, now Russian tourists are seen as consumers and potential clients [14].

In recent years, cross-border trade and shopping tourism has become popular among Russians. Tourists from Russia constitute the largest group (36% in 2016) in the inbound tourist flow to Finland. In 2016, Russian tourists spent about 470 million euros there (in 2015 — about 1 billion euros; in 2013—1.3 billion Euros). It accounts 174 euros per trip or 82 euros per person per day. Finland is one of the most popular shopping directions among residents of the border regions of North-West Russia.

Finnish companies take the following measures to increase the flow of Russian tourists:

- increase the social function of navigation (signs in Russian);
- offer tourist services in Russian;
- publish tourist booklets and guidebooks in Russian;
- develop and operate web-sites in Russian.

The duty free system (from January 5, 2017 the refund is carried out at the Allegro and Leo Tolstoy trains), the invoice system and service culture, the infrastructural features of the commerce [13, 25], as well as Duty Free shops (at the border crossing points ‘Torfyanovka’, ‘Brusnichnoye’, ‘Vyartsilya’, at the Finland Station for the passengers of the ‘Allegro’ train, the airports and the ferries) are very important.

Helsinki stores welcome Russian tourists: there are navigation signs in Russian and in many shops, shop assistants speak Russian, etc. [13]. This practice of expressing interest in welcoming Russian shopping tourists is also noticeable in retail outlets and shops in other border settlements in Finland. Finnish border cities began to open shopping malls (for example, Laplandia Market, 800 m from the Brusnichnoye border crossing point) and hotels with different pricing and develop tourism-related services (recreation, spas, and aquaparks and spas). Besides, they run advertising campaigns in Russian. For example, advertising in different mass media, social networks, tourist portals and shopping malls in St. Pe-

tersburg have become the main tool of promoting Lappeenranta and Imatra. A good example of a successful promotion is the Go Saimaa information portal with a budget of 3.3 million euros.¹

Transport logistics, prices, the possibility of obtaining the multiple-entry Schengen visa and the convenience of international border crossing points are of particular importance for the residents of the Republic of Karelia, the Leningrad Region and St. Petersburg.

It should be noted that citizens of the Russian Federation residing in the North-West Federal District and having a permanent or temporary residence permit do not need to provide documents to prove the purpose of the trip. The visa centre in Petrozavodsk simplifies the procedure of obtaining a visa for the residents of the Republic of Karelia and issues visas for a period of up to two years and up to 360 days stay. There is a wide range of shopping tours organized by tourist and transport companies to the territory of the neighbouring state (Table 1). The standard price of a shopping tour package includes: transfer, insurance, visits to shopping malls, sometimes accommodation, food and sightseeing.

Table 1

Popular destinations of shopping tourism in Finland

Departure	Petrozavodsk			Saint-petersburg		
Arrival	Joensuu	Savonlinna	Kuopio	Lappeenranta	Helsinki	Imatra
Distance	365 km	426 km	501 km	196 km	378 km	200 km
By car (private trip)						
Travel time	5—6 hours	6—8 hours	7—8 hours	3 hours	7—8 hours	3 hours
Price one way	1 000 ru	1 000 ru	1,3 t pyđ.	500 ru	1 000 ru	500 ru
By bus (shop-tour)						
Price round trip	1400 ru	6 000 ru (night stay)		800—1300 ru	1 600—2 000 ru	800—1300 ru

* compiled and calculated by the authors based on the tourist companies proposals from the Republic of Karelia and Saint-Petersburg (may 2017).

Residents of St. Petersburg have the opportunity to get to Helsinki by rail (the Allegro train covers the distance in 3.5 hours and the Leo Tolstoy train — in 6 hours). There are several bus routes (it takes 6 hours to get to Helsinki by bus). There is a daily international bus route Petroza-

¹ Kitajskie turisty — novaja cel' goroda Lappeenranta [China tourists as a new goal of Lappeenranta city], available at: <http://fontanka.fi/articles/20095/> (accessed 17.04.2017) (in Russ.).

vodsk — Joensuu (travel time — 7 hours) in the Republic of Karelia. The intensification of the tourist flow across the Karelian-Finnish border at the Wärtsilä border crossing point was a prerequisite for a small café ‘Kolmas’ in the 1990s. The café is located in 2 km away from the checkpoint on the territory of the Republic of Karelia. Now, the main activities of the Kolmas Karelia LLC are tourism, retail trade and catering.

O. Gurova points to the paradox of the border regions integration, which, on the one hand, enhances opportunities of cross-border mobility, and on the other, reduces the effect of the ‘novelty’ of the border area of the neighbouring state. For instance, the emergence of foreign trade networks reduces the need to visit border areas of the neighbouring state. The reasons that restrain the Russians from shopping in the neighbouring Finland are the following ones: time, market economy development in the border regions, disappointment in the product characteristics, and the prices that most Russian tourists cannot afford [13].

The introduction of sanctions against Russia and the increase of the euro exchange rate had a negative impact on the inbound flow of Russian tourists to Finland. In recent years, there is a significant decrease in the interest of Russian tourists in the neighbouring Finland: in 2014, 4.2 million people visited Finland for sightseeing or shopping, in 2015—3.1 million people, and in 2016—2.9 million people². According to the Director of the Centre for Parliamentary Studies of the University of Turku, Markku Jokisipilä, the fall in the exports of food was 25% after counter-sanctions were imposed by Russia³. According to the Global Blue Oy, in November 2014, Russians spent 43% less money in Finland compared to 2013. At the same time, the tax return of Russian tourists is 83.5% of the total tax refund⁴. In December 2014, the duty-free sales in the border cities of Finland decreased more than 70%. It affected the economy of Joensuu, Imatra, Kotka, Kouvola, Kajaani, Lahti and Kuopio⁵. Researchers point out that Russia’s counter-sanctions affected Finnish producers and the Finland’s market: for example, the cost of the Oltermanni cheese

² Official'nyj sajt Federal'nogo agentstva po turizmu. [Official web-site of Federal Tourism Agency], available at: <http://www.russiatourism.ru/> (accessed 17.04.2017) (in Russ.).

³ Uchastniki ‘Baltijskogo dialoga’: Obshhenie grazhdanskogo obshhestva i jekspertov ne dolzhno zaviset' ot politicheskoy konjunktury [Participants of ‘Baltic dialogue’: communication of civil society and experts shouldn’t depend on politicians], available at: <http://gorchakovfund.ru/news/17531/> (accessed 15.03.2017) (in Russ.).

⁴ Official'nyj sajt Global Blue Oy [Official web-site Global Blue Oy], available at: http://localservices.globalblue.com/fi_su/local-news/myyntitilastot-marraskuu-2014-tax-free-shopping/ (accessed 17.04.2017) (in Russ.).

⁵ Tax-free sales drop by up to 75 percent, available at: http://yle.fi/uutiset/osasto/news/tax-ree_sales_drop_by_up_to_75_percent/7726403 (accessed 03.05.2017) (in Russ.).

went down from 6—7 euros per 1 kg to 4 euros and the demand among Finish consumers increased [14]. However, cross-border trade continues to develop thanks to the traditional preferences of Russian tourists.

Shopping tourism from Russia gradually begins to recover after a sharp decline. In 2016, the decrease in sales was 18%⁶. According to the data provided by the Finnish office of Global Blue, during the period from January to March 2016, the sales volume increased in Lappeenranta (+63%) and Imatra (+84%) compared to 2015. According to the data provided by the TAK Oy research centre for January-August 2016, the average spending of the Russian traveler was 172 euros, 114 euros of which was spent on shopping⁷. In 2016, high sales growth rates were observed in the cities bordering Russia: Lappeenranta (+34%), Joensuu (+32%), Imatra (+19%) and Vantaa Airport (+48%), and Lahti and Hamina (+37%)⁸. In 2017, according to the Global Blue, the largest increase in sales according to the tax free system was registered in Savonlinna (98%), Hamina (80%), Lahti (66%), Imatra (65%) and Rovaniemi (58%). In January-April 2017, the duty-free purchases of Russian tourists in Finland increased 44% compared to the same period last year. The most dynamic growth was registered in February, when duty-free purchases of Russian tourists increased 64% year-on-year⁹.

According to Mirka Rahman, Head of Marketing, Tourism and Customer Service at City of Lappeenranta, the main reason for the return of Russian shopping tourists is the stabilization of the ruble exchange rate¹⁰. The most popular goods purchased in Finland by Russian tourists are food (75%, cheese and dairy products, fish, tea and coffee, sweets), household goods (30%, household chemicals, such as Fairy dish washing liquid, tablets for dishwashers etc.) and clothes¹¹.

⁶ Prodazhi sredi rossijan v Lappeenrante yrosli natret'. [Sales among Russians in Lappeenranta have tripled], available at: <https://colibris.ua/countries/finland/news/2175/> (accessed 17.04.2017) (in Russ.).

⁷ Rossijane snova edut na shopping [Russians again go shopping], available at: <http://fontanka.fi/articles/31620/> (accessed 17.04.2017) (in Russ.).

⁸ Prodazhi sredi rossijan v Lappeenrante yrosli natret'. [Sales among Russians in Lappeenranta have tripled], available at: <https://colibris.ua/countries/finland/news/2175/> (accessed 17.04.2017) (in Russ.).

⁹ Suomalais-Venäläinen kauppakamari. URL: <https://www.svkk.ru.html> (accessed 16.07.2018) (in Finn.)

¹⁰ Rossijane snova edut na shopping [Russians again go shopping], available at: <http://fontanka.fi/articles/31620/> (accessed: 17.04.2017) (in Russ.)

¹¹ Shopping v Finljandii: Men'she 'Fejri', bol'she restoranov [Shopping in Finland. Less 'Feiry', more restaraunts], available at: <http://m.fontanka.fi/articles/33230/> (accessed 03.05.2017) (in Russ.); Top samyh populjarnyh tovarov iz Finljandii. [Top of the most popular products from Finland], available at: <http://gubdaily.ru/blog/obzor/top-samyx-populyarnyx-tovarov-iz-finlyandii/> (accessed 17.04.2017) (in Russ.).

Conclusions

The study revealed several periods in the development of cross-border trade in the Russian-Finnish borderland in the 19th—20th centuries:

- peddler trade — up to early 20th century in the Grand Duchy of Finland;
- Soviet-Finnish tourist exchanges, 1920—1990;
- shuttle trade in the 1990s and beginning of 20th century;
- shopping tourism at the beginning of 21st century — up to the present.

There are several criteria for distinguishing these periods: the state structure, functions of the state border, as well as the institutional, organizational and infrastructural conditions for the development of cross-border trade. In different historical periods, cross-border trade in the Russian-Finnish borderland differed significantly in its intensity.

The peculiarity of the peddler trade period is the purchasing of necessary goods by the Karelian peddlers for making profit. This type of cross-border trade was quite profitable and allowed traders to open their own shops in the neighbouring state.

The Soviet period was characterized by the restriction of cross-border mobility of people, goods and services. Cross-border trade was practically absent, but its ‘shadow’ forms appeared during the Soviet time. Nowadays, the growing trend is shopping tourism aimed at purchasing Finnish goods and services. Moreover, there is a need not only to purchase goods and services but also to have leisure activities. Thus, in the development of the cross-border trade in the Russian-Finnish borderland, we can distinguish a change of commodity and financial flows. Until the beginning of the 20th century, there was a tendency to export goods from Russia to Finland in order to generate profit, and starting from the 1920s the reverse trend has been forming. It has even increased lately.

The interest of local residents and the travel possibilities were determined by the degree of the border openness, the established contacts and the attractiveness of the adjacent territory. The contemporary residents of the Russian borderlands choose Finland as an attractive destination due to the transport accessibility, the developed tourist infrastructure and a wide range of the high-quality goods at affordable prices.

Stimulating the cross-border entrepreneurship is considered as a priority direction for the development of the border regions on both sides of the Russian-Finnish state border. Taking into account the positive effect of the cross-border trade on the development of the Finnish border regions, it is crucial to attract the Finnish tourists to the Russian border are-

as. The distance of the settlement from the state border is not as important as the availability of the necessary goods and services for the consumer.

Based on the measures implemented by the Finnish party aimed at stimulating the flow of Russian shopping tourists to the border regions and to Finland in general, it is possible to draw a number of recommendations for boosting the economy of the Russian border regions. These measures include: better navigation and better services for the Finnish citizens provided in Finnish, translation and localization of websites ready to work with Finnish companies or companies from the neighbouring state as well as road infrastructure etc.

Developing detailed recommendations for regional and municipal authorities, business, the non-profit sector of the Republic of Karelia and other Russian border regions requires a more thorough study of the shopping needs and preferences of the Finns. Further research will be aimed at identifying the specifics of the shopping tourism of Finnish citizens in North-West Russian border regions and elaborating measures of attracting tourist flows and revitalizing the economy of the Russian border regions.

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