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# **Paradiplomacy as a Sustainable Development Strategy: The Case of Russia's Arctic Subnational Actors**

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## **Abstract**

This paper examines how paradiplomacy is exploited by the Russian Arctic subnational actors (regions and municipalities) for building their sustainable development strategy. More specifically, three research questions are addressed: First, what are the actors' incentives for subnational international activities? Second, what are the main paradiplomatic strategies, instruments and institutions? Third, what are the implications of paradiplomacy for center-periphery relations and Russia's foreign policy? The paper focuses on the following strategies/methods of paradiplomacy: making direct agreements with international partners; attracting foreign investment; creating a positive image of the regions; cooperation with international organizations; establishing representative offices in foreign countries; the twinning of cities; participation in sub-regional arrangements; and capitalizing on national diplomacy and federal infrastructures. The authors conclude that in the foreseeable future paradiplomacy will retain its importance for the subnational actors of the Russian Arctic as an efficient instrument for building sustainable development strategies.

## **Introduction**

The external activities of subnational actors, which are a concomitant of the process of regionalization, have become typical for many countries, including Russia. The active development of international contacts is considered by many Russian regions and municipalities not only as an efficient instrument for problem solving but also for building sustainable development strategies. These actors believe that even their marginal location can be an additional resource or competitive advantage in their development strategies: with international cooperation they can transform themselves from terra incognita into attractive places for investment, tourism, cultural events, etc.

The concept of paradiplomacy denotes international activities of subnational and non-state actors that have limited capabilities – in terms of resources and legal powers – in the foreign policy sphere.

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According to Soldatos<sup>1</sup> and Duchacek,<sup>2</sup> paradiplomacy is a part of the processes of globalization and regionalization, under which sub- and non-state actors play an increasingly influential role in world politics. Regions, municipalities, companies, NGOs, and other relevant organizations seek to promote international cooperation, and account for a significant part of contemporary cross- and trans-border contacts. The phenomenon of paradiplomacy raises new theoretical questions concerning the role of the state, sub-state and non-state actors in international affairs, and at the same time, it challenges the existing state system and international law (which together represent the very basis of the international political order in the Westphalian era).<sup>3</sup>

The paradiplomacies of Russia's subnational actors is a controversial issue in the academic literature. One group of researchers prefers to identify the negative aspects of paradiplomacy.<sup>4</sup> They believe that external activities of Russian subnational actors would lead to the disintegration of the Russian Federation and the rise of corrupt and separatist regimes in the Russian regions. The gloomy forecasts regarding the implications of paradiplomacy for the country's integrity became especially popular in periods of crisis, such as the crises of 1998 and 2008–2010. Conversely, there is a group of authors who are absolutely positive about the paradiplomacy of subnational units because the latter are healthy for the center-periphery relationship and serve as a check on the growing authoritarianism in Russia's domestic and foreign policies under the Putin regime.<sup>5</sup> There is also a group of scholars who believe that paradiplomacy is a "natural outcome" of the glocalization process and coincides with the global trend of subnational and non-state actors' growing international activities.<sup>6</sup>

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<sup>1</sup> Panayotis Soldatos, "An Explanatory Framework for the Study of Federal States as Foreign-policy Actors" in *Federalism and International Relations: the Role of Subnational Units*, eds. Hans Michelmann and Panayotis Soldatos (Oxford: Clarendon Press, 1990), 34–53.

<sup>2</sup> Ivo Duchacek, *The Territorial Dimension of Politics: Within, Among, and Across Nations* (Boulder and London: Westview Press, 1986); Ivo Duchacek, "Perforated Sovereignties: Towards a Typology of New Actors in International Relations" in *Federalism and International Relations*, 1–33.

<sup>3</sup> Heidi Hobbs, *City Hall Goes Abroad: The Foreign Policy of Local Politics* (Thousand Oaks: Sage, 1994); Brian Hocking, *Localizing Foreign Policy, Non-central Governments and Multilayered Diplomacy* (London: Palgrave Macmillan, 1993); Michael Keating, *Paradiplomacy in Action* (London: Frank Cass, 1999).

<sup>4</sup> Douglas Blum, ed. *Russia's Future: Consolidation or Disintegration?* (Boulder, CO.: Westview, 1994); Graeme Herd, *Russia's Systemic Transformation: Trajectories and Dynamics?* (Copenhagen: Copenhagen Peace Research Institute [COPRI Working Paper no. 26], 1999); Peter Kirkow, *Russia's Provinces: Authoritarian Transformation versus Local Autonomy?* (London: Macmillan, 1998); Gail Lapidus, ed., *The New Russia: Troubled Transformation* (Boulder, CO.: Westview Press, 1995); Neil Melvin, *Regional Foreign Policies in the Russian Federation* (London: Royal Institute of International Affairs, 1995); Martin Nicholson, *Towards a Russia of the Regions* (London: International Institute for Strategic Studies [Adelphi Paper no. 330], 1999); Jessica Stern, "Moscow Meltdown: Can Russia Survive?" *International Security* 4 (1994): 40–65.

<sup>5</sup> Pertti Joenniemi, *Kaliningrad as a Discursive Battle-field* (Copenhagen: Copenhagen Peace Research Institute [Working Paper no. 15], 1999); Pertti Joenniemi, *Bridging the Iron Curtain? Cooperation around the Baltic Rim* (Copenhagen: Copenhagen Peace Research Institute [Working Paper no. 22], 1999); Pertti Joenniemi and Jan Prawitz, eds. *Kaliningrad: The European Amber Region* (Aldershot: Ashgate, 1998); Gulnaz Sharafutdinova, "Paradiplomacy in the Russian Regions: Tatarstan's Search for Statehood," *Europe-Asia Studies* 4 (2003): 613–629.

<sup>6</sup> Mikhail Alexeev, *Russia's Periphery in the Global Arena: Do Regions Matter in the Kremlin's Foreign Policy?*

The purpose of this study is to examine how the Russian Arctic subnational actors<sup>7</sup> use paradiplomacy as a resource for problem solving and ensuring their sustainable development. The discussion below focuses on three specific questions: First, what are the incentives for subnational actors' international activities? Second, what are the main paradiplomatic strategies, instruments and institutions? Third, what are implications of paradiplomacy for the center-periphery relations and Russia's foreign policy?

### **Regions and Cities as New International Actors**

In contrast with the Cold War era, when subnational actors were expected to remain exclusively within the "domestic" sphere, presently the prerogative of states to insert divisive borders has gradually eroded and consequently various subnational actors have been able to establish international relations of their own.

As far as the European subnational units are concerned, their motivations were in the first place idealistic and aimed at de-polarization, the bolstering of mutual understanding and the creation of ties of friendship between people across the East-West barrier. Cooperation itself was symbolic in character and rarely driven by any pragmatic concerns and interests. In remaining primarily symbolic in essence, the contacts established amounted to meetings between regional and local leaders, the shaking of hands, cultural events and organizing festivals but they could, in a few cases, also consist of deliveries of aid to partners from the post-Socialist countries and the establishment of somewhat permanent ties.

As far as the Russian Arctic subnational actors are concerned the initial thrust for their external activities can be explained by the harsh realities of the 1990s. At that time many of Russia's far-northern territories were almost abandoned by the federal government; they had to develop survival strategies. Foreign aid and investment were seen as one of the most efficient instruments for keeping local economies afloat. However, when the socio-economic situation in Russia improved, subnational entities tended to see international cooperation as an integral part of their sustainability strategy rather than as an emergency tool.

It should be noted that subnational actors do not aim in general at applying and copying the principles and characteristics of state-to-state relations. They do not reach out on behalf of the state but

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(San Diego: San Diego State University, 2000); Andrei Makarychev, ed. *Mezhdunarodnye Otnosheniia v 21m Veke: Regionalnoe v Globalnom, Globalnoe v Regional'nom* [*International Relations in the 21st Century: Regional in Global, Global in Regional*] (Nizhnii Novgorod: Nizhnii Novgorod Linguistic University, 2000); Alexander Sergunin, "Regions vs. the Center: Their Influence on Russian Foreign Policy," *Internationale Politik* 5 (2000): 29–36.

<sup>7</sup> According to Russian legislation, subnational entities stand for two categories of actors: (1) members of the Russian Federation (national republics, *krais* (provinces), *oblasts* (regions), autonomous regions and districts) and (2) municipalities (cities, towns, settlements of urban type, [this is the Russian specifics – AS] townships and districts/counties).

usually do so for reasons of their own. This is to say that they do not regard the relations established as an integral aspect of more formal “foreign” policies. As noted by Beate Wagner,<sup>8</sup> if sub-state actors try to copy the political type of relations that exist between states, they are mostly unable to develop the necessary plurality or bring about the trans-national quality of their relations. Upholding the distinction between the national and the regional or local departures conceptually as well as a sphere of practice also entails that states can for their part remain quite lenient vis-à-vis cooperation between regions and cities. They may view the relations established as being in the first place societal and pragmatic in nature (rather than pertaining to various spheres of “high-policy” or security-related concerns), this then allows them to stay aloof from any references to “diplomacy” in the context of their quite non-politicized region-to-region or city-to-city relations.

It may also be noted that it has become easier to distinguish between the societal and more statist departures in the sphere of subnational entities’ international contacts. Whereas the previous and more idealistically premised relations of the early 1990s remained in some sense statist and political in nature – the aim of international contacts being one of contributing to statist policies in a constructive manner and to complement and reproduce the statist policies on a regional/local level – the idealist features have over time disappeared. They have changed with economic and growth-oriented issues coming to the fore. Regions and municipalities now coalesce across borders in order to solve concrete and shared problems, and this is done for reasons of their own and by employing the competence that they themselves possess. They aim at adding to their strength by transgressing various borders – be they conceptual, identity-related or spatial – and do so by joining their forces in the context of various regional endeavors, or for that matter, through lobbying in various broader contexts. What used to be idealistically motivated and mainly citizen-driven endeavors concerning issues such as peace, friendship and mutual understanding high on the agenda has more recently turned into something far more mundane and elite-oriented. In essence, the driving force, one spurred by various economic, social, cultural as well as environmental concerns, amounts increasingly to that of self-interest.

Furthermore, the logic has turned transnational rather than state-oriented (bi-national). With some of the financial means available for the Euroregions, twinning and other forms of cooperation coming from international donors, the profile of the subnational actors involved has become outward-oriented. Previously closed and barred spaces in the Russian High North – with regions/cities at the edge of statist space being unavoidably seen as peripheral – are opened up as these border entities aim at benefiting from cross-border networking. It may also be observed that subnational actors have, for a variety of reasons, become part of an increasingly competitive logic, and they have been compelled to devise active strategies of their own. What is important, they seem to have the self-confidence required to act in this context according to their own self-understanding and specific needs.

On a more general note, although the networking of subnational actors is underpinned by the

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<sup>8</sup> Beate Wagner, “Twinning: A Transnational Contribution to More International Security?” in *From Town to Town. Local Actors as Transnational Actors*, ed. Christian Wellmann (Hamburg: LIT Verlag, 1998), 42.

logic of competition and maintained by an interest in conducting “foreign economic policies,”<sup>9</sup> the consequences of such moves reach far beyond the economic sphere. The currently ongoing “economization” of inter-regional and inter-city relations implies that these actors now follow a rationale of their own in linking up and networking with each other. They seem less state-oriented and aim instead, through new forms of signification and imagining space, at bolstering their own subjectivity also in the sphere of transnational relations.

In sum, both practitioners and experts identify – in quite a pragmatic way – the following benefits from the external activities of subnational entities:

- Bolstering economic and business development
- Improving service delivery and problem solving
- Improving transport infrastructure
- Promoting freedom of movement of people, goods, services and capital
- Accessing international organizations and financial institutions in search of funding
- Promoting community well-being
- Promoting stronger community partnerships
- Increasing global and regional awareness
- Yielding more intense regional/local government staff development and training
- Providing resources for developing education and culture
- Promoting tolerance and increasing understanding
- Enhancing youth/women’s activities<sup>10</sup>

### **Paradiplomacy: Strategies and Methods**

Specialists distinguish two main types of subnational actors’ international activities – direct (i.e., developing external relations of their own) and indirect (influencing Russian federal foreign policies).

***Direct strategies/methods*** include:

*Creating a legislative basis for paradiplomacy.* This was particularly important for subnational units in the Yeltsin era when paradiplomacy was in its infancy and in need of legitimacy. The regional and city constitutions/charters and normative acts of the 1990s aimed at legitimizing the foreign policy activities of sub-state entities. Some regional/local legislation came into conflict with the federal law (e.g. the

<sup>9</sup> Christian Wellmann, “Introduction” in *From Town to Town. Local Actors as Transnational Actors*, ed. Christian Wellmann (Hamburg: LIT Verlag, 1998), 11.

<sup>10</sup> Susan Handley, *Take Your Partner: The Local Authority Handbook on International Partnerships* (London: Local Government International Bureau, 2006), 6–8. Accessed May 27, 2011: <http://www.lga.gov.uk/lga/aio/190428>; Pertti Joenniemi and Alexander Sergunin, *Laboratories of European Integration: City-twinning in Northern Europe* (Tartu: Peipsi Center for Transboundary Cooperation, 2012), 8.

Karelian and Yakutia/Sakha constitutions). However, in some cases the local legislation (Karelian, Murmansk, Arkhangelsk, Yamal-Nenets, Yakutia/Sakha, Chukotka and so on) forestalled the federal one: for instance, in areas such as encouraging foreign investment and land ownership, development of common transport and border infrastructure, academic, cultural and environmental cooperation. By developing their legislative base, regional elites carved out their own policies in hope of becoming more independent from Moscow.

In the early Putin period, however, regional and local legislation was streamlined and put in accordance with the federal legislation

*The use of the “treaty-making power.”* Over the two past decades, this strategy was at the center of the heated debate on the treaty-making powers of the federal center, regions (members of the Russian Federation) and municipalities. Despite Moscow’s resistance, since the early 1990s many Russian border sub-state actors have concluded direct agreements with similar types of international partners. Since some agreements were signed bypassing Moscow this led to conflicts between the federal center and the regions.<sup>11</sup> As a compromise between the center and local actors it was stipulated by a special federal law on the coordination of regions’ external activities of 1999 that such agreements should not have the status of full-fledged international treaties (this is still considered as a federal center’s prerogative), they should be concluded with same-level partners (not with foreign governments) and should be prepared in consultation with the Foreign Ministry.

In the post-Soviet period, the Russia’s northern regions and municipalities concluded hundreds of international agreements. Depending on the size, socio-economic and cultural potential the intensity of the treaty-making policies varied greatly among the subnational actors.

For example, the Arkhangelsk and Murmansk regions, which are considered to be relatively large (by Arctic standards) subnational actors, pursue rather intensive treaty-making policies. The Arkhangelsk region has concluded cooperative agreements with two Norwegian provinces, two Finnish provinces, one Belorussian province and one Armenian province. This region is also allowed to make agreements not only with foreign subnational units of the same status but also with foreign governments – on sectoral cooperation. The Arkhangelsk region has an agreement on trade, research and humanitarian cooperation with Armenia and with Norway (on children and families at risk).<sup>12</sup> The city of Arkhangelsk has 12 foreign twin-city partnerships throughout the world, including four Nordic cities – Ljusdal and Kiruna (Sweden), Oulu (Finland) and Vardø, Norway. The Murmansk region has bilateral agreements with three Norwegian provinces, three Finnish provinces and one Swedish province. Moreover, this region is a part of the Finnish-Russian intergovernmental agreement on multilateral cooperation in northern Russia.<sup>13</sup> The city of Murmansk has eight foreign twin-city partnerships, including five Nordic cities –

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<sup>11</sup> Not only with peripheral but also with centrally located regions such Tatarstan and Bashkortostan.

<sup>12</sup> Accessed July 16, 2014: <http://apparat.gov-murman.ru/intercoop/direction/index.html>

<sup>13</sup> Accessed July 16, 2014: <http://apparat.gov-murman.ru/intercoop/direction/index.html>

Akureyri (Iceland), Luleå (Sweden), Rovaniemi (Finland), Tromsø and Vadsø (Norway).

In contrast with larger municipalities, the Pechenga district (Murmansk region), which is seen as a relatively small-scale actor, has only one international agreement – with the Sør-Varanger community (Norway). The document signed in 2008 includes a pilot project that aims at establishing twin cities between the mining towns of Nickel and Kirkenes, which are located on the Russian-Norwegian border.<sup>14</sup>

Despite periodic collisions with Moscow, many regions and municipalities continue to see the



**Figure 1: Russia and Nordic Countries**

and trade missions – to pursue their international policies.

*Accommodating foreign consular offices and trade missions.* To maintain sustainable relations with neighboring foreign countries and facilitate travel for its citizens some Russian regions and municipalities favor establishing foreign consulates and representative offices. For example, Arkhangelsk and Murmansk are the homes to Norwegian consulates while Petrozavodsk accommodates a Finnish consulate.

<sup>14</sup> Svetlana Smirnova, “Sovmestnye Proekty Pogranichia: Zadumano, Znachit Sdelano” [Joint Border Projects: Planned Implies Implemented], Pechenga, April 19 (2008). Accessed May 27, 2011: <http://pechenha-gazeta.ru?i=2020>; <http://www.b-port.com/news/archive/2009-09-23-33/full.jpg>



*Attracting foreign investment, promoting joint projects.* A number of Russia's northern regions and municipalities succeeded in creating favorable conditions for foreign investment. For example, Canadian companies have invested or plan to invest in the mining industries (gold and silver) in Chukotka and Yakutia, and in the oil fields and renewable energy sector in the Nenets Autonomous District.<sup>15</sup> Another example is the plan to create a U.S.-Russian natural park for the protection of biodiversity in the Bering Strait region with the provisional name of Beringia. This project is crucial for the local economy, which is heavily dependent on fishing. It is believed that such a park could be based on the experiences of an existing ethno-natural park with the same name on the Russian side of the Bering Strait (est. in 1993).<sup>16</sup>

*Creating a positive image abroad.* To attract foreign investors and provide the regional/local projects with national and international support, the Russian Arctic subnational actors launched a rather aggressive public relations campaign. For example, they arrange exhibitions, hold so-called cooperation days or festivals with sister cities, take part in international fairs and promote themselves in the local media of their partners. Regional and municipal leaders undertake regular foreign trips for PR purposes. Some regions and towns run bilingual periodicals and websites oriented to foreign audiences. The main goal of such public relations campaigns is to present regional/local actors as creative and innovative rather than as remote and depressed areas.

*Cooperation with international organizations.* To confirm their status as global actors many regions and cities try to develop relations with international organizations. For example, they cooperate with UNESCO, UNIDO, the EU, the European Congress of Municipal and Regional Governments, the Council of Europe, the Barents Euro-Arctic Council (BEAC) and Nordic institutions.

For some Russian Arctic subnational units (the Arkhangelsk and Murmansk regions, the Republic of Karelia and Nenets Autonomous District) it was particularly important to cooperate with the EU within the framework of the Kolarctic program (2007–2013) where the northern provinces of Finland, Sweden and Norway have been engaged.<sup>17</sup>

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

*Increasing familiarity.* While Murmansk and Arkhangelsk enjoyed some international contacts even in the Soviet period, and the era of openness was not particularly frustrating for their inhabitants, many

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<sup>15</sup> Accessed July 16, 2014; <http://pda.www.minregion.ru/Arctic/552/650/1693.html>

<sup>16</sup> See the Beringia park's website. Accessed July 16, 2014: <http://beringiapark.ru/>

<sup>17</sup> *Obshee Prostranstvo Sosedstva [Neighborhood Common Space]* (2012). Accessed March 25, 2014: [http://www.kolarcticenpi.info/c/document\\_library/get\\_file?folderId=101794&name=DLFE-8618.pdf](http://www.kolarcticenpi.info/c/document_library/get_file?folderId=101794&name=DLFE-8618.pdf)

other regions and towns of the Russian North were behind the “Iron Curtain” in the Cold War period and needed time to familiarize themselves with the neighborhood. In some cases, the process of familiarization was fast and deep, resulting in the emergence of transnational places.

For example, the growing town of Kirkenes (northern Norway), consisting of some 7,000 inhabitants, has been a major meeting-point for Russian-Norwegian contacts since the 1990s on a variety of levels. It is multicultural in the sense that in addition to a Norwegian majority, there is a Sami population in the region, a considerable number of Finnish-speakers as well as an increasing number of Russians in the city and the surrounding vicinity. The latter group amounts to some ten per cent of the city’s population.<sup>18</sup>

As noted by Rogova, also a considerable number of Russians living in the Murmansk region view the Norwegian-Russian border in terms of a shared borderland. The border has become far less divisive not just politically and in administrative terms, but also culturally. Rogova claims that a borderland has emerged “which is neither Russia, nor Norway to the full extent.”<sup>19</sup> Russians visiting Kirkenes do not have the feeling of being abroad, as also indicated by Kirkenes being named “Kirsanovka” or “Kirik” with connotations of a small local and nearby entity/village in the language used in the Murmansk region. Visits have become more frequent for reasons of shopping or, using Kirkenes airport for flights abroad.

In one of its aspects, Norwegian-Russian cross-border cooperation can draw upon the somewhat idealized legacy of the so-called Pomor trade. These coastal trade contacts, which lasted for nearly three centuries before dwindling out after the Russian Revolution of 1917, were quite important for the development of the northern areas. This legacy is frequently referred to and reactivated with the present-day cooperation and border-crossings seen as a return to traditional constellations.

Still another memory impacting local attitudes is the considerable number of German troops that were once stationed in the region. The German troops pursued repressive policies prior to the area being liberated by the Soviet Army in 1944. For sure, the Cold War period, with perceptions of enmity as the prevalent approach, impacted the views of Russians. The negative views have, however, gradually changed and normalized. For instance, it became a common tradition to jointly celebrate the date of the liberation of the Murmansk region and East Finnmark from Nazi occupation in October 1944.

*The establishment of twin cities became one of the most successful and interesting forms of cross- and transborder cooperation (CBC-TBC).* Establishing twin cities stands for shared citizenship and is a manifestation of new urban forms. It testifies, as an aspect of regionalization, with considerable clarity that the order-producing impact of national borders is waning. Northern Europe is particularly distinct in regard to experimenting with the twinning of cities. In this region, twinning is used by cities aspiring to create a

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<sup>18</sup> Anastasiia Rogova, *From Rejection to Re-embracement: Language and Identity of the Russian Speaking Minority in Kirkenes, Norway* (Kirkenes: Barents Institute, 2008), 29.

<sup>19</sup> Anastasiia Rogova, “Chicken is Not a Bird: Kirkenes is Not Abroad. Borders and Territories in Perception of the Population in a Russian-Norwegian Borderland,” *Journal of Northern Studies* 1 (2009): 31.

distinct, visible, and favorable profile; and it is, in this sense, part of their policies of place-marketing and branding in the context of the increasingly intense and transnational regionalization.

To coordinate and institutionalize twinning activities the City Twins Association (CTA) was established in December 2006. Altogether 14 cities were associated with the CTA, including four pairs located in Northern Europe: Valka-Valga (Latvia–Estonia), Imatra-Svetogorsk (Finland-Russia), Narva-Ivangorod (Estonia-Russia) and Tornio-Haparanda (Finland-Sweden).<sup>20</sup>

These pairs differ by their experiences and effectiveness. While Tornio-Haparanda can be seen as a success story, Valka-Valga and Imatra-Svetogorsk can be viewed as relatively successful pairs, whereas Narva and Ivangorod are close to a failure.<sup>21</sup>

With the outbreak of the world economic crisis (2008), the subsequent crisis of the Eurozone and the new round of the Schengen zone's expansion (2007), the whole twinning project in Northern Europe has seemingly stalled (with a rare exception of the Tornio-Haparanda pair). Against this background the joint Kirkenes-Nikel initiative to launch a twinning project (2008) and plans to join the CTA look like a bold attempt to revive the very idea and spirit of twinning.

Twinning is perhaps still in its infancy and often oriented towards short- rather than long-term perspectives but will probably get more established and stronger over time; thus calling for added theoretical insight as well as further empirical enquiry as local experimenting in testing the fixity of identities and questioning the divisive effects borders may potentially have some far-reaching consequences.

*Euroregions.* A number of the Russian border regions and municipalities were involved in the Euroregion projects in the 1990s and 2000s. Euroregions are in essence administrative-territorial entities. They have been established in order to promote cross-border cooperation between neighboring local or regional authorities of different countries located along shared land or maritime borders. In fact, they constitute widely known mechanisms of cooperation between regions. For example, Karelia has participated in the Euroregion Karelen together with three regional councils of Finland – Kainuu, Northern Karelia and Northern Ostrobothnia.<sup>22</sup>

It should be noted that despite the implementation of some successful projects within the Euroregions framework their overall results remain rather modest. Moreover, quite often the Euroregions are basically reduced to what common Russians call “bureaucratic tourism,” i.e. exchanges between regional and municipal officials. With rare exceptions, Euroregions do not promote cooperation or horizontal links at the people-to-people, company-to-company or NGO levels. In other words, the Euroregions concept – being a potentially important tool for sub-regional cooperation – does not work properly.

To improve the performance of the Euroregions the Russian and international experts recom-

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<sup>20</sup> *History of the City Twins Association.* City Twins Association (2010). Accessed October 28, 2013: <http://www.citytwins.org/en/page/13/>

<sup>21</sup> Joenniemi and Sergunin, *Laboratories of European Integration.*

<sup>22</sup> Accessed July 16, 2014; <http://eurogio.karelia.ru/article/52?lang=eng>

mend (1) to clarify the legal status of Euroregions both in the Russian national legislation and European law; (2) to provide Euroregions with a sustainable financial basis through EU and national long-term funding schemes; (3) to receive funding to the local/regional budgets, activities of Euroregions should be highlighted and visualized, so that lobbying for recognizable projects in national and international bodies becomes much easier.<sup>23</sup>

***Indirect methods*** are:

*Influencing the federal legislation.* The local legislation not only legitimizes the external relations of the regions and municipalities but also affects federal legislation. For example, some regional laws on protection of foreign investment and special economic zones were later used by the federal parliament to draft similar legislation.

*Capitalizing on national diplomacy.* Since the national law envisages the participation of pertinent Russian regional and local governments in international activities, subnational actors strive to have an impact on federal diplomacy. For example, the Murmansk authorities assisted the Russian Foreign Ministry in negotiating the Russian-Norwegian agreement on the delimitation of maritime territories in the Barents Sea (2010). The Murmansk regional government helped Russian diplomats and border guards prepare for the 2010 Russian-Norwegian agreement on a visa-free regime for border residents.

It should be noted that subnational units' international cooperation projects do not stand out as something isolated but are instead part and parcel of a broader Russian strategy of cooperation with Europe. To sum up, national diplomacy and paradiplomacy mutually reinforce and complement rather than contradict each other.

*Conflict prevention and resolution.* With time, Moscow has realized that regionalization can serve as an instrument for problem solving with respect to Russia's relations with neighboring countries. For example, cooperation between Finland and the Russian Republic of Karelia was conducive to producing an eventual solution to the Karelia issue in Finnish-Russian bilateral relations. Murmansk-Norwegian cooperative links were helpful in striking a compromise between Moscow and Oslo on the demarcation of the Barents Sea. The Alaska-Chukotka cooperation has eased U.S.-Russian tensions on the delimitation of the Bering Sea.

*Exploiting parliament.* The Russian regions use the Federal Assembly to lobby their foreign policy interests at the federal level. The Council of the Federation (the upper chamber) made up of regional repre-

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<sup>23</sup> Katri-Liis Lepik, "Euroregions as Mechanisms for Strengthening Cross-border Cooperation in the Baltic Sea Region," *TRAMES: Journal of the Humanities and Social Sciences* 13 (32009) (2009): 265–284; Markus Perkmann, "Cross-border Regions in Europe: Significance and Drivers of Regional Cross-border Cooperation," *European Urban and Regional Studies* 10: 2 (2003): 153–171; Alexander Sergunin, *Kaliningrad and the Euroregions* (Nizhnii Novgorod: Nizhnii Novgorod State Linguistic University Press, 2006).

sentatives is the most popular vehicle for regional lobbying. The senators often use official foreign trips to find new partners for their home regions and promote them on the international arena.

*Capitalizing upon federal infrastructure.* To influence federal foreign policy, the regions use the institutional structure created by Moscow. For example, the Russian Foreign Ministry has established a special unit on inter-regional affairs. Along with the diplomatic agency, other ministries and federal bodies such as Ministry of Industry & Commerce, Customs Committee, Federal Border Service, etc., have established offices in the regions engaged in intensive international economic and cultural cooperation. Theoretically, these agencies should coordinate and control regions' international contacts. However, they often provide additional leverage for regions to put pressure on Moscow rather than being instruments of the federal center. The problem is that they are dependent on local authorities in terms of housing, salaries, professional career and so on. Moreover, these agencies are usually staffed by locals with close connections to regional elites.

The growing dependence of the so-called power structures (armed forces, police, special services) on subnational authorities – even under the Putin regime – casts doubt on their loyalty to the center.

*Exploiting international organizations.* To put pressure on Moscow the regions managed to use not only federal institutions but also international organizations. For instance, the northern areas of Russia represented at the Barents Regional Council (BRC) use this forum to develop direct ties with the neighboring regions of Finland, Norway and Sweden as well as to gain a more privileged status inside the country (visa-free regime for border residents, a more liberal customs regime, federal funding for the development of international academic cooperation, etc.).

It should be noted that in the real life subnational units usually combine both direct and indirect methods because they are complementary rather than mutually exclusive.

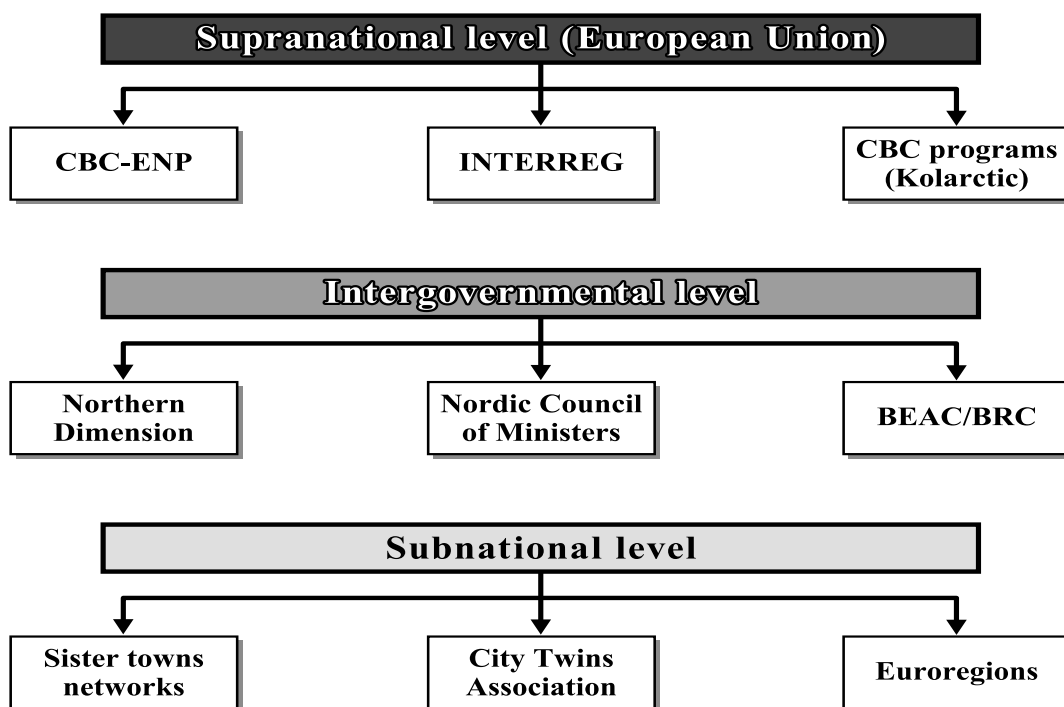
## **Institutional Framework**

The above-mentioned theories suggest that to be efficient paradiplomacy should be placed in a favorable institutional setting. Without proper institutional support, paradiplomacy is doomed to fail. On the contrary, if there is a supportive institutional framework in place, subnational units tend to be both more active and successful in their paradiplomatic initiatives. It should be noted that, for example, Northern Europe (NE) has one of the densest institutional networks in the world and this can explain why Russia's northern sub-state actors were inclined to international cooperation and relatively successful (as compared to other regions).

The NE institutional network includes several layers (see Figure 2).

On the top, supranational level, there are institutions set up by the EU, the largest regional

actor. For example, the European Territorial Cooperation (ETC), previously known as the INTERREG Community Initiatives, has been part of the EU policy since 1990, providing a framework for the implementation of joint actions and policy exchanges between national, regional and local actors from different member states and neighboring countries. The ETC has grown from a relatively small INTERREG program to a fully-fledged strand of EU regional policy with a separate regulatory framework envisaged for the period 2014–2020.



**Figure 2: Paradiplomacy Framework**

In 2007–2013 the Kolarctic program was run by the CBC program of the European Neighborhood Partnership Instrument. The Kolarctic program has included the Norwegian provinces of Nordland, Troms and Finnmark, the Swedish Norrbotten, the Finnish Lapland and three Russian subnational units – the Arkhangelsk and Murmansk regions and the Nenets Autonomous District. The Republic of Karelia and Leningrad region were eligible for some Kolarctic-related projects as well. The Finnish province of Lapland was responsible for the administration of the program. About 50 projects related to the development of economic and transport infrastructures, logistics, small and medium-sized businesses, innovative entrepreneurship, preservation of the economies and cultures of indigenous peoples, research and education were supported and implemented by the Kolarctic program in northern Russia.<sup>24</sup>

As for the future of the ETC, the three strands (cross-border, transnational and interregional)

<sup>24</sup> Accessed July 16, 2014: <http://www.kolarcticenpi.info/ru>

will be maintained in the financial period of 2014–2010. Hopefully, this will facilitate its implementation and the use of the already gained experience.

To avoid unnecessary inter-institutional duplication it is important that in the future the ETC place stronger emphasis on thematic concentration and the strengthening of links to other EU programs. However, it should be guaranteed that the themes to be presented by the European Commission are sufficient to cover the differing needs of CBC-TBC. A delicate balance between a greater regional flexibility and the need to achieve results with scarce resources has to be found. However, balance can be achieved only if all the parties treat each other as partners.

As Hübner emphasizes, the ETC should be encouraged, not only with words, but also with money.<sup>25</sup> This is why the European Parliament (where various regional interests are better represented) pushed for the 7% target in the ETC spending in all its three strands and all its dimensions, internal and external, in the multiannual financial programming period for the years 2014–2010.

The intergovernmental level is represented by several institutions. The Northern Dimension (ND) which has been transformed from an EU project to a system of equally-funded partnerships between the EU and three neighboring countries (Iceland, Norway and Russia) is the most important one. Currently, ND includes four partnerships (on environment; transport and logistics; public health and social well-being; culture) which are seen as promising venues for CBC-TBC with Russia. Since 2007 (when the transformed ND was launched) dozens of projects in the above areas were implemented in the regions of Kaliningrad, Karelia, Murmansk, etc. These projects were supported by international financial institutions such as the European Bank of Reconstruction and Development, Nordic Investment Bank and Nordic Environment Finance Corporation.

The Nordic Council of Ministers (NCM) is another important regional actor of the intergovernmental type. According to the guidelines for the NCM's cooperation with North-West Russia 2009-2013, the Council's priority areas include: (a) education, research and innovation, including creative industries; (b) the environment, climate and energy; (c) promotion of conditions for economic cooperation and trade, including legislative cooperation, anti-corruption measures and the protection of intellectual rights and patents; (d) the ND's partnerships – especially for public health and environment; (e) promotion of democracy and civic society through cooperation on local government and good governance, cooperation between parliamentarians, cooperation between the media and journalists, and cooperation between NGOs.<sup>26</sup> The NCM has several information offices in northern Russia.

The problem with the ND partnerships and NCM is that they have a multi-focused agenda as

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<sup>25</sup> Danuta Hübner, "Regional Policy after 2013: Towards New European Territorial Cooperation," *Baltic Sea States Subregional Co-operation Newsletter*, December (2012): 1–2. Accessed January 19, 2014: [www.bsssc.com/upload/dokumenty/f\\_377.pdf](http://www.bsssc.com/upload/dokumenty/f_377.pdf)

<sup>26</sup> Nordic Council of Ministers, *Guidelines for the Nordic Council of Ministers' Co-operation with North-West Russia 2009-2013* (2009), 2–3. Accessed September 12, 2012: [www.norden.org/en/nordic-council-of-ministers/ministers-for-co-operation-mr-sam/russia/documents/guidelines-for-the-nordic-council-of-ministers-co-operation-with-northwest-russia](http://www.norden.org/en/nordic-council-of-ministers/ministers-for-co-operation-mr-sam/russia/documents/guidelines-for-the-nordic-council-of-ministers-co-operation-with-northwest-russia)

their activities cover not only the Barents and Arctic regions but also the Baltic Sea Region (BSR). Both institutions should avoid duplications and need to establish a more efficient division of labor between them. This is especially important in view of the scarcity of resources available to regional actors.

In addition to the ND and NCM, the Barents Euro-Arctic cooperation is present in the region. Along with the inter-ministerial BEAC there is the BRC, which includes 13 counties from Finland, Norway, Sweden and Russia (five of them belong to the Russian North). For example, at its Kirkenes meeting (June 3, 2013) the BRC adopted the new Barents Program 2014–2018 with the aim to promote creative businesses and fast growing enterprises in the region; increase CBC to achieve economies of scale and quality of life; support joint management and preservation of natural resources; implement a joint climate change adaptation; enhance innovation and research cooperation by increasing critical mass; focus on missing cross-border links in transport infrastructure; foster mobility across the borders for workers, entrepreneurs, tourists and students; focus on cultural cooperation in order to develop mutual understanding and regional development.<sup>27</sup> Given the numerous overlaps with “sister” institutions involved at the subnational level (ND, NCM, Arctic Council), BEAC and BRC are seeking synergy with them. These councils managed to establish cooperation through specific projects such as climate change research and the Barents environmental hot spots elimination.

In addition to the supranational and intergovernmental levels, there is also a purely subnational layer represented by the City Twins Association, networks of sister towns and Euroregions. These organizations and arrangements are extremely important in encouraging paradiplomacy in the NE as they operate at the subregional and municipal levels. The problem with the upper institutional levels is that they are run by supranational bodies and/or national governments, not by subnational units themselves and, for this reason, mostly aim at the macro- rather than mezo- and micro-regional levels, neglecting cooperation between sub-state units. In contrast with government-sponsored institutions, the above fora were created by subnational units themselves from the bottom up.

A proper division of labor between all these actors should be established. For example, the BRC and the ETC could be especially useful in developing and implementing joint projects with Russian regions in areas such as environmental protection; energy; development of local transportation, cross-border infrastructure, public-private partnerships and fund-raising for specific projects. In some spheres, the ND and NCM could take a lead in such areas as regional transport systems; public health and quality of life; science, education and culture. The CTA is helpful in sharing the best practices in urban development as well as solving common municipal problems.

To sum up, almost all the actors involved more or less clearly understand that their task is to ensure the rightful architectural and financial demands for further cooperation in the NE.

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<sup>27</sup> The Barents Euro-Arctic Council, *The Barents Cooperation* (2013). Accessed January 19, 2014: [www.barentsinfo.fi/beac/docs/Barents\\_Cooperation\\_information\\_English\\_October\\_2013.pdf](http://www.barentsinfo.fi/beac/docs/Barents_Cooperation_information_English_October_2013.pdf)



## Conclusions

This paper has explored a demonstrable shift in the subnational units' motivation regarding paradiplomacy. While in the Yeltsin period paradiplomacy was part and parcel of a survival strategy, as well as an additional factor in the tug-of-war between center-periphery, in the Putin and Medvedev eras it became a means to ensure the subnational units' sustainable development and improve their international image. Paradiplomatic activities have become less anarchical and destructive, more pragmatic, better organized and coordinated with federal diplomacy. Although disagreements periodically break out, both sides – the centre and the periphery – now increasingly see paradiplomacy as a common resource rather than an area of contention.

The subnational actors managed to develop an arsenal of specific methods for paradiplomacy that fall into two categories – direct (e.g. seeking legitimacy and international recognition via the adoption of local normative acts; signing partnership agreements; establishing representative offices abroad; attracting foreign investment; improving their international image; cooperating with international organizations; city-twinning; involving participating Euroregions, etc.) and indirect (such as influencing federal legislation, exploiting the national parliament, capitalizing on federal diplomacy and infrastructure in the regions, exploiting international organizations, etc.). It is considered that the combination of direct and indirect strategies is the best guarantee for the success of paradiplomacy.

The Russian sub-state units have managed – with or without Moscow's help – to exploit the institutional network that was shaped by supranational (EU), intergovernmental (ND, NCM, BEAC/BRC), and subnational actors, and now through the BSR and NE. However, this rather dense network needs better coordination, organization and division of labour in order to eliminate bottlenecks, bureaucratic procedures, and duplications.

It should be noted that the “paradiplomacy” pursued by various Russian Arctic sub-state actors has had a mixed record as to its impact on the policies of the federal center. On the one hand, the aspirations of the sub-national actors and the center often overlap. Their interests have been compatible in matters such as the promotion of cross-border trade, attracting foreign investment and know-how, development of cross- and trans-border transport infrastructures, facilitation of visa regimes for the residents of border regions, environmental projects, tourism, youth cooperation, cultural and academic exchange. A number of success stories as to center-periphery cooperation can be identified consisting among other things of the visa liberalization agreement with Norway and the twinning of Nikel-Kirkenes.

On the other hand, the federal center has been uneasy about Russian regions and municipalities going international. It breaks with the state-centric logic of constructing political space and generates concerns in the centre over separatism. There were some interesting region-building initiatives, but they have not developed and matured. It may also be noted that the regional and local actors have, on a number of occasions, expressed their discontent with and mistrust in regard to the policies pursued by the center. Sub-state actors have depicted these policies as being – at a minimum – inefficient. As evidenced by the social protests in Russia's northern regions against the regional and federal governments' crisis

management policies in 2010–2011, the critique has contributed to Moscow's decision to re-install the old system of popular gubernatorial elections.

In general, there is a growing feeling among the subnational actors that the very philosophy of the center-periphery relations in the field of external relations should be radically changed as the current one has proved to be inefficient. There is an obvious need on the federal side to improve its record if it is to cope properly with the challenges that sub-state entities are facing in the context of glocalization and in their pursuit of paradiplomacy. Federal policies should undoubtedly be more in tune with, and complement rather than conflict with, the policies of the subnational actors. In short, the search for better coordination and an optimal combination of the international strategies of regional/local and central governments is bound to continue. In the foreseeable future paradiplomacy will retain its importance for the Russian Arctic subnational actors as an efficient instrument for building their sustainable development strategies.