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INTERNATIONAL RELATIONS OF RUSSIAN REGIONS
(CASE OF THE VOLGA FEDERAL DISTRICT)

МЕЖДУНАРОДНЫЕ СВЯЗИ РОССИЙСКИХ РЕГИОНОВ
(НА ПРИМЕРЕ РЕГИОНОВ ПРИВОЛЖСКОГО
ФЕДЕРАЛЬНОГО ОКРУГА)

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В учебном пособии рассматриваются теоретические и практические проблемы международных связей российских регионов. Возможности осуществления регионами международных связей оцениваются с позиций наиболее влиятельных теорий международных отношений. Рассматриваются конституционно-правовые и исторические аспекты отношений между федеральным центром и регионами в Российской Федерации. Особое внимание уделяется международным связям трех регионов Приволжского федерального округа: Нижегородской области, Республики Татарстан и Оренбургской области.

Рекомендовано магистрантам, изучающим международные отношения и политологию.

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Introduction

Since the late 20th century, the idea that international relations underwent major transformations has become widespread among social scientists. Globalization and technological revolution formed a more fluid, interconnected and less state-centric world where plenty of new actors have actively engaged in international processes. As a result, according to prominent international relations theorist Joseph Nye, today's world has to be analyzed at three levels (supranational, national, and subnational) with three groups of participants in mind (public sector, private sector and the "third sector").

At the subnational level, above changes promote active development of international contacts of the regions. Many of them obtain significant resources, including natural, human, linguistic, cultural etc. to establish and maintain their own international ties for the wellbeing of their populations. This becomes increasingly important in times of economic distress when more diversified economic and social structures tend to be more sustainable.

The goal of this paper is to analyze international relations promoted by Russian regions with particular focus on the Volga Federal District and the Nizhny Novgorod Region. *Chapter 1* provides a theoretical framework for the analysis. It deals with conceptualization of the "region" as a notion employed in social sciences; gives an overview of relevant International Relations theories that help to explain why, how and under what circumstances we may expect regions to act as important international players; provides a classification of Russian regions based on their international potential. *Chapter 2* focuses on the issue of Russian federalism, self-government, and federal-regional relations in the Russian Federation. It offers legal analysis of the Russian Constitution and a historical and political survey of relations between the federal authorities and Russian regions in the 1990s. *Chapter 3* gives an institutional perspective of the regional decision-making mechanism for international affairs. This mechanism encompasses not only regional (and federal) authorities, but also various business and social actors that are actively involved in shaping international relations at the regional level. *Chapter 4* is devoted to the Volga Federal District and three of its regions that are particularly challenging in terms of their diverse international potential. Nizhny Novgorod, being the capital of the Volga Federal District, is a natural center of attraction for international relations actors. Tatarstan, as an ethnic region, is particularly important to identify the ethnic component of today's international relations at the subnational level. The Orenburg Region that is neighboring Kazakhstan is the right territory to explore the role of border regions in international affairs.

Chapter 1. Regional International Relations: A Theoretical Framework

1.1. Defining “Region” in International Relations

Being the core target of research in various sciences, the term “region” is defined differently in almost each of them. It is possible to speak of “administrative regions”, “economic regions”, “geographical regions”, “cultural regions” etc. Some scholars advocate a relativist approach to regionology. Thus, according to Andrew Isseman, the notion of “region” shall be defined in line with the research question we are trying to answer (Isseman 1993: 5-6). On the other hand, there is a systemic approach (or the so-called 'broad' approach) that views the region as a territory with similar characteristics that distinguish it from other territories or regions (Turovsky 2006: 37). The systemic approach is universal and used explicitly or implicitly in every definition of the term “region” regardless of the field of study.

Political science adds a very important component to the understanding of regions. It is crucial that a region should be a (relatively) independent actor able to formulate, express and pursue its interests (Turovsky 2006: 39). In International Relations, the “region” is generally analyzed at different levels. First, the term may refer to political entities between states and the international system as a whole. According to Karl Deutsch, the region is a group of states more interconnected with each other than with outside states (Deutsch 1981). In this case, we can speak of the European Union, the Asia-Pacific Region etc. Second, the “region” may include territories of the neighboring states (for example, transborder or cross-border regions). Third, regions may be understood as subnational units (subnational regions) engaged in international affairs.

For the purposes of this analysis we shall stick to the third approach and there are several reasons for that. First, in Russian regional studies, “regions” are traditionally understood as constituent entities of the Russian Federation also referred to as the federal subjects of Russia (Medvedev 2002: 8). This approach is recognized officially. Thus, the top governmental document on regional policy in Russia known as the Basic Provisions of Regional Policy in the Russian Federation adopted in 1996 says that a region may coincide with the territory of the subject of the Russian Federation, or may span several of them. Second, in most cases administrative division of states is not voluntary but rather is based on the so-called natural regions – historically formed entities with distinctive ethnic, religious, economic, social, cultural and other features that are products of a long-term evolution. Thus, administrative understanding of the region naturally includes various characteristics of a distinctive territory¹. At the same time, other influential approaches to the notion of the region (constructivist, poststructuralist) will be used whenever appropriate.

¹ It should be noted however that sometimes administrative division of regions in a country has its own reasoning inconsistent with historical, economic, ethnopolitical or other possible traditions. For example, after Federal Districts in Russia were formed, numerous observers questioned the decision to include ethnically Russian Stavropolsky Krai in the same District with the republics of the North Caucasus.

Various regional international activities can be summarized as follows:

- foreign economic relations (foreign trade, investments, loans, international production cooperation, industrial and agricultural fairs, regional presentations abroad etc.);
- international cooperation in science and technology (congresses, seminars, joint developments, academic exchanges etc.);
- cross-border cooperation (modernization of border checkpoints, border infrastructure development, cooperation in the fight against smuggling and drug trafficking, mutual aid in emergencies, environmental cooperation etc.);
- cultural and humanitarian relations (launch and promotion of centers of national culture, festivals and celebrations with international participation etc.).

Regions usually participate in international relations either directly autonomously promoting contacts with foreign partners (“direct” relations); or indirectly by relying on the assistance of the central government in pursuing regional interests abroad (“indirect” international relations). The first approach was rather popular in Russia in the 1990s, while the second one has become more relevant since the 2000s.

1.2. International Relations Theories on Regional International Relations

International Relations theories view regional aspects of the world politics differently.

Realism (geopolitical approach). Realism represents the most ancient view on international relations expressed, for example, in the works of Greek historian Thucydides (460-400 B.C.) and Chinese military strategist Sun Tzu (544-496 B.C.). But as an IR theory, realism formed only in the mid-20th century largely due to the efforts of such prominent political thinkers and practitioners as H. Morgenthau, G. Kennan, R. Aron, H. Kissinger, A. Wolfers and others.

Realism is the state-centric approach to international relations. It sees world politics, first and foremost, as interactions between nation-states which are the primary political actors and units of analysis for realists. In their policy, states are guided by national interests. This term is used by realists to describe basically what states want in international affairs. Although it is widely acknowledged that states may have different aspirations (wealth, prosperity, domination, or hegemony), survival or self-preservation is the core of the national interest. Since national interests of different states rarely coincide (unification against a common enemy is just about the only exception), states tend to view other states as their natural adversaries and international relations – as the area for Hobbesian “war of all against all”.

Realism also sees states as unitary or internally integrated actors. Internal configuration of the political system does not affect the state international behavior. Moreover, independent political voices of internal structures are considered highly undesirable since they can distort presumably rational and logical actions of the state and make its overall policy less predictable and,

consequently, more dangerous². From the realism perspective, the regional policy is a system of actions used by the central government to regulate its relations with regions³. The primary motives of the center in such relations are territorial integrity of the country, control over its regions, and harmonization of interregional relations to avoid possible clashes by smoothing regional differences. This interpretation of the regional policy is oriented on the central government as the major (and the only) decision-maker while regional governments are merely passive objects of influence. Although it is true that the central government may grant some degree of autonomy to regions, from the realist point of view, such autonomy can be taken away whenever the central government wishes.

From this perspective, international relations of regions (if it is even possible to speak of them) are ultimately dependent on the great powers' policies. Borders between states should be considered not as areas of international communication and cooperation but rather as barriers that should be defended. For example, Stein Rokkan explained underdevelopment of border territories with the geopolitical rivalry between the neighboring states (Dmitrieva 2008: 105). This view is crucial to understand certain political processes in some border regions of Russia (Kaliningrad, Pskov, Karelia, Primorsky Krai, Kuril Islands). Foreign aid provided to regions by other states or international organizations is seen by the central government not as a tool of socio-economic development but rather as a threat to the country's integrity. In this case it is worth mentioning that major foreign aid initiatives in the 1990s focused on Russian regions were aimed to promote decentralization of Russia which was a major Western interest with respect to Russia. A number of influential foreign institutions had "clear 'regional bias' in their activities" in Russia (Makarychev 2000a: 466). At the same time, the Russian federal center tended to perceive globalization as intrusion of something foreign and ultimately hostile (Topical Issues of Globalization 1999: 39, 47). Consequently, realism suggests that regional international relations should be a dimension of the national foreign policy. Regions are supposed to be limited in their rights to participate in foreign affairs: they should not have any political rights (especially to conduct diplomatic and military policy) and should not insist on becoming the subjects of international law. At the same time, they might be allowed to take part in international cooperation in such "non-political" spheres as economy, science, technology, culture, education etc. (Plotnikova 2005: 30-31).

The realist perspective helps to understand the root of the conflicts between the federal center and some regions in the 1990s. It also explains why

² For example, prominent American realist thinkers S. Walt and J. Mearsheimer in their book on the US decision-making process express this view with respect to political influence of the Israel lobby on the US policy in the Middle East. Mearsheimer, J.J., Walt, S. (2007). *The Israel Lobby and U.S. Foreign Policy*. N.Y.: Farrar, Straus and Giroux.

³ This is exactly how the regional policy or strategy is seen in the political regional science. See, for example: Turovsky, R.F. (2006). *'Politicheskaya Regionalistika'* [Political Regional Science]. Moscow: HSE. P. 79, 82.

the Russian Foreign Ministry insisted on its coordination role with respect to international initiatives undertaken by different governmental (both federal and regional) bodies in Russia in the 1990s. The realist approach became an even more important analytical tool since the early 2000s, when President Putin began to form his “power vertical” to ensure regional subordination to the federal center.

At the same time, the realist approach to the regional dimension of international relations has certain shortcomings. It may create an inadequate picture in today’s world that every display of international activity is engineered and executed by the states at the national level. Distinguished American political scientist Graham Allison showed in his seminal work on the Cuban Missile Crisis that this could not be the case even in such clearly large-scale events as this crisis. Allison claimed that the realist approach was not enough to fully understand the course of events and should be complimented, from his perspective, by the organizational and bureaucratic models that acknowledge independent influence of government’s internal structures on its foreign policy (Allison 1971).

Another problem with the realist approach is that it focuses decision-makers on negative aspects of regional international relations (disintegration of the country, separatism etc.). Consequently, positive effects of globalization, such as economic cooperation, development, intercultural communication and professional exchanges, may be simply overlooked.

Liberalism (geoeconomic approach). The liberal IR theory developed in the works of J. Rosenau, J. Nye and R. Keohane, T. Risse, R. Putnam and others helps to explain the increased potential of subnational actors in modern international relations.

Unlike realism, liberalism insists that although states are still the most important actors in the international relations, they are definitely not the only ones. Technological revolution, economic cooperation, and globalization made it possible for non-state actors to rise high in the world politics. So, instead of the state-centric view on the international affairs typical of realists, liberals prefer to speak of the plurality of international actors. That is why the liberal approach is sometimes referred to as “pluralism”. James Rosenau, for example, even claimed that the term “international politics” became obsolete, because of its initial focus on the primary role of nation-states in the world, and should be replaced with “post-international politics”. For the same reason Joseph Nye and Robert Keohane also preferred to speak of “world politics” instead of “international relations”.

The pluralist perspective presupposes that in today’s world, the political power shifts from states to other actors (multinational corporations, international organizations, nongovernmental organizations etc.). That power shift creates an obvious opportunity for subnational players (regional and local governments, business structures, and civil society groups) to involve in international relations

either directly (as autonomous actors) or indirectly (by influencing their central governments). Moreover, non-state actors naturally seek to widen their international activities due to shared interests in economic cooperation, social and cultural exchanges. Liberals therefore conclude that in today's world the boundaries between domestic and foreign politics are largely blurred, thus creating an "intermestic" political reality. This trend may result in regional integration driven by the development of trade. Regional interests in international relations are focused on trade, investments, ecology, and humanitarian contacts. In modern world even unitary states are forced to grant their subnational units more rights in pursuing international affairs (Plotnikova and Dubrovina 2016: 96).

An increased role of transnational actors in international relations was also partly explained by the presumed shift from "hard security" (military-political) to "soft security" (socio-economic) after the collapse of the Soviet Union. If "hard security" is a natural prerogative of a nation-state as a whole, "soft security" issues can be more effectively managed on the regional level, thus favoring relative regional autonomy (Elazar 1994).

Borders between states are seen not as barriers but rather as opportunity areas. No wonder that from the liberal point of view, border regions tend to be more involved in formation of international institutions that, for example, took place in the Russia-EU relations in the 1990s – early 2000s. After the Cold War, the Europe's North rather quickly transformed "from an area with very little and mostly state-regulated cross-border interactions into the most regionalized part of Europe" (Sergunin and Joenniemi 2003: 10). Some subjects of the Russian Federation united into the so-called Euroregions that used to encompass subnational units of various countries and diverse professional and business structures. The idea of the Euroregions was based on shared interests of border territories in economic development, cooperation in such areas as transport infrastructure, ecology, education, healthcare, culture, tourism. The legal background for the Euroregions rested on various international documents (for example, the 1980 European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities, the 1985 European Charter on Local Self-Government), international treaties, national legislation of the Member States. The Euroregions adopted various organizational forms: local and regional authorities' associations, formal organizations with administrative structures, NGOs, working committees. It meant that the same Euroregion could take different organizational forms in different countries (Nasyrov 2009: 240). For example, the statute of Karelia Euroregion established in 2000 by Russia and Finland underlines that the region is not a final model but rather an ongoing process of cooperation guided not by an organizational structure but rather by a common goal to ease the process of border crossing, to develop border infrastructure, to assist transborder economic and social contacts, and thus, to promote the welfare of the population (Plotnikova and Dubrovina 2016: 63).

Liberalism pays particular attention to the processes of globalization and regionalization. In fact, in the age of globalization, the world politics is increasingly shaped by local and regional processes (Katzenstein 1996). Informational revolution stimulates development of democracy and open society both on national and regional levels. On the other hand, international economic trends may lead not only to greater independence of subnational units. In fact, pressure from foreign investors was one of the reasons why Vladimir Putin initiated his administrative reform in the early 2000s, as investors were “confused by the tug-of-war between the federal center and the regions” (Makarychev 2002b). This case also proves that in the age of globalization, governmental structures may fall under external influence.

The formation of an increasingly interdependent global economy was at least partly triggered by foreign investments. Foreign investors are usually interested in natural resources, special economic areas with preferential taxation regimes, large internal markets of foreign countries⁴. From this perspective, regional engagement in international relations is seen as an opportunity for further regional development. A number of Russian regions (Nizhny Novgorod, Novgorod, Samara, Tatarstan) conducted a more liberal economic policy than the federal center to attract foreign investments.

Globalization and internationalization help to spread the norms and rules dominating in the developed countries all around the world. Engaging in international cooperation with more developed partners may have positive implications for regional political processes, thus helping to form a more advanced institutional framework. Such framework may become, according to the institutional theory, the key factor in regional development (North 1993) and create new opportunities, resources and rules of the game for regional actors. It also stimulates new actors to emerge (like NGOs or professional networks) that would be actively involved in international cooperation and would help to adjust regional institutions to it. Thus, globalization promotes further diversification of regional public spaces – political, social, economic, informational etc. (Makarychev 2003a: 15). Russia’s involvement in international contacts led to the introduction of such principles and practices as “good governance”, “electronic governance”, “public-private partnership”, “corporate social responsibility” etc. Pluralism may also be a good way to fight corruption: large numbers of actors have to constantly check each others’ activities which may result in more transparent and responsible decision-making⁵.

Technological revolution and globalization lead to what may be referred to as the organizational revolution of the modern age which is a shift from hierarchical (bureaucratic) structures to networks. This transformation caused

⁴ Mommen, A. (ed.) (1994). *Comparative Regionalism: Russia – CIS – Europe*. Amsterdam: INTAS-Report. P. 5.

⁵ (2001) *The Russian Initiative: Reports of the Four Task Forces*. Carnegie Corporation of New York. P. 112 - 113.

redistribution of power particularly from states to regions and cities and other possible territorial units. Russia's regionalization dynamics was caused by very quick collapse of the centralized Soviet Union. Understandably, Russian regionalism at least in the 1990s was focused on regional autonomy (to the degree of independence) from the federal center.

The liberal tradition in political thought also implies that the right of self-government is politically and economically relevant (especially for such big countries as Russia). It reduces the distance between decision-makers and those being governed and allows greater popular involvement in politics. It gives regional and local communities the autonomy required to formulate and independently pursue their interests without interference from the centre. It also reduces the price of economic and political experimenting on the regional and local level, helps to test best practices on this level, and then possibly distribute them to other territories (the concept of "pilot regions" may serve as a good example here). Consequently, if the central government ignores regional peculiarities the growing gap in socio-economic development and an increase in the regional elites' ambitions may follow (Gladky and Chistobaev 2002: 8). Taking into account the above, states may begin to see regional autonomy as a way to promote international cooperation. As a result, a number of regional integrationist projects appeared, in particular, in the Russia's North (the Nordic Council, the Council of the Baltic Sea States (CBBS), the Barents Euro-Arctic Region). For example, the CBBS initiated subregional cooperation in the areas of economy, transportation, ecology, border control, and countering organized crime.

Developed foreign economic ties also improve the sustainability of regional economy which may have a positive effect on the national economy in general. This seems to be especially important for Russia since its economy heavily dependent on the exports of hydrocarbons is too sensitive to external economic shocks. The models of regional integration, transborder cooperation, and innovative regional development adopted by numerous developed countries are often seen as proper remedies for the problem (Chub 2015: 3).

The liberal perspective sees not only regions but even cities as important international actors. A number of scholars refer to the so-called global cities as the key results of globalization and the best places to study global processes (Sassen 2001; Castells 1996). Global cities (or the cities with international status) are usually open to the outside world; they import capital, resources, and are also involved in international trade and direct international contacts. Such cities host various international organizations (embassies, consulates, chambers of commerce, headquarters of multinational corporations, international mass media companies and law firms etc.). They offer international transport infrastructure and advanced supporting services, including hotels, telecommunication, conference halls (Soldatos 1993). Several types of cities are expected to play a significant international role: capitals; border or port cities;

ethno-regional cities naturally engaged in ethnic relations; industrial cities attractive for international workforce (Elazar 1994). Global cities can become the “points of growth” that stimulate the influx of professionals, scientists, as well as technological progress and some increase in productivity. The “points of growth” thus also stimulate the development of periphery through diffusion of innovations, i.e. spread of innovations and economic growth from the cities to the adjacent territories.

To use the opportunities of international cooperation in the era of globalization, subnational actors could be directly involved in international relations. Such “paradiplomacy” usually involves cooperation agreements with their foreign counterparts (“horizontal” cooperation) or states (“diagonal” cooperation), and twin-city relations. The rise of “paradiplomacy” is also caused by relative insensibility of traditional (official) diplomacy to regional problems and interests. “Paradiplomacy” takes various forms:

- transborder regional microdiplomacy (for example, the US-Canadian transborder cooperation between states and provinces on environmental issues);
- transregional microdiplomacy as the “diplomatic leapfrogging”, i.e. the relations between non-adjacent regions of the neighboring countries (for example, between California and distant Mexican regions);
- global microdiplomacy referring to far-reaching international activities driven by economic or political purposes (as illustrated by a number of American states that set embargo on South-African companies to show their disapproval of apartheid);
- protodiplomacy focused on establishing full sovereignty of intrastate regions (Quebec in Canada, Chechnya in Russia during the 1990s) (Duchacek 1984: 5-31).

On the other hand, the liberal approach may ignore certain challenges arising from greater subnational involvement in international affairs. Since regional political activity is driven by regional interests, it is impossible to imagine the situation where regional interests may trump the national ones for the regional decision-makers. And if, as Rostislav Turovsky mentions, regional interests are determined by the desire for political autonomy from the center (Turovsky 2006: 42), it may logically lead to separatism and disintegration of the country. A number of cases during the 1990s in Russia showed that national and regional interests may contradict each other. When the Russian Foreign Ministry was interested in cooperative relations with China, for the regional authorities of the Primorsky Krai illegal immigration became the key priority. Tatarstan on numerous occasions openly disagreed with the Moscow-led foreign policy. In 1999 Governor of the Samara Region Konstantin Titov opposed the decision to send Russian troops to Kosovo due to lack of budget resources for social and economic programs in Russia.

Regional elites may be disinterested in broadening regional economic contacts since foreign actors and increased competitiveness may curb their political power. If regional political regimes consider increased openness to unpredictable global world as threatening, they may finally evolve into autocracies (Alexandrov and Makarychev 2002). International contacts can be used by regional elites to advance their private interests. For example, Russian regional delegations have been increasingly interested in visiting developed countries and the centers of global tourism. Although not always well-justified, such trips tend to be costly to regional taxpayers (Nasyrov 2009: 167). Regional international activity may be used by regional authorities not as a source of regional development but as a tool to boost their popularity among voters.

Since liberalism insists on the plurality and diversity of international relations actors, the problem of proper communication and coordination between them rises high on the agenda. Robert Putnam illustrates this complexity with a “two-level game” model when international actors have to be engaged in both “domestic negotiations” and “foreign diplomacy”. Some scholars claim that this administrative problem is one of the biggest challenges to the whole liberal IR theory (MacMillan 2007: 34). As for the regional aspects of international relations, it is also clear that any consensus among subnational units on an appropriate national foreign policy would be notoriously hard to achieve given the diversity of their interests. Federalism also complicates the conduct of national foreign policy creating joint jurisdictions of the federal center and the regional units (Kincaid 1990: 54-75). The necessity for cooperation between different actors slows down foreign policy decision making. It may also produce certain democratic deficit as a result of reduced ability of the central government to control its regions. Uncoordinated regional international involvement may lead to unforeseen economic competition between the regions of one country on foreign markets. That is what actually used to happen quite often with Russian regions in the 1990s.

Subnational actors often lack some legal basis required to comply with their international responsibilities, as well as relevant experience and resources. Regional leaders do not always have sufficient knowledge of the legal systems in partner countries, their traditions. Regions often lack experts able to establish and manage regional international contacts. The need to finance foreign representative offices may be a financial burden to a region. It explains why region-building projects on numerous occasions turn out to be rather artificial and short-lived. The participation of Russian regions and municipalities in numerous transborder structures with the EU that did not provide visible positive results may be a prime example here. Furthermore, many Russian businesses demonstrated reservations or inadequate understanding of the nature of foreign investments being reluctant to change the structure of their enterprises and let investors participate in managing their property as they were afraid to lose their decision-making powers (Makarychev 2001b). Despite the fact that

the innovation approach to regional and national development is widely recognized among Russian politicians and academics, there is a number of challenges related to its implementation: narrow time horizons for economic planning (sometimes called the “short rules”); alternative (to innovations) sources of income that logically reduce any incentives to innovate; practical resistance of administrative personnel to innovations due to their unpredictable nature; underdevelopment of innovation and scientific infrastructure (Chub 2015: 168).

International economic environment is a highly competitive space which often puts underdeveloped players and newcomers at a disadvantage. Direct regional involvement in foreign relations may provide benefits if a subnational unit can compete internationally. Otherwise the challenges of international competition and the necessity to play by international standards and laws may turn it into a loser of globalization. In case of Russia, at some points international partners got a relatively easy access to cutting-edge Russian technologies. Regional international cooperation develops unevenly across geographical borders of the country. Since the early 1990s, the primary dimension of Russian regional international contacts has understandably been the European one, taking into account higher levels of European economic and political development. International relations with Russia's near abroad on the post-Soviet space, despite official statements, have been underdeveloped (Plotnikova 2005: 12-13).

Constructivism (cognitive approach). Constructivism sees the world (and international relations as a part of it) as “socially constructed”, which means that it is not a set of material objects independent of human consciousness, but rather it is (re)created by people in their interactions. As Christian Reus-Smith puts it, “normative or ideational structures are just as important as material structures” (Reus-Smith 2005: 196). According to Alexander Wendt, “material resources only acquire meaning for human actions through the structure of shared knowledge in which they are embedded” (Wendt 1995: 73). Ideas, norms, and values influence various social practices that can also transform the existing institutions and thus change the world politics (Adler and Haas 1992: 373). Ideational structures define identities of political actors and, in turn, their actions. This process is carried on by discourses that are used to persuade others. Political actors go through socialization and adopt norms and rules of proper behavior (Checkel, 1999).

Given the above theoretical stance, it is clear that constructivism presupposes the plurality of actors in the world politics (states, international organizations, regions, NGOs, social movements, and networks) because all of them are involved in (re)defining the world. At the same time, “expert (or epistemological) communities” become crucially important political actors since they are able to evaluate (and thus choose!) political problems, to form identities and interests of other subjects of politics. From this perspective, the ability to

generate ideas is considered as a “soft” form of political power. Experts’ significance may be demonstrated by the following scheme: problem situation – expert interpretation – (re)formation of identities – transformation of interests – institutional change – transformation of regimes (Hasenclever *et al.* 1997: 136-183).

Through constructivist lenses, subnational regions are also socially constructed phenomena. They are not defined by territorial borders but rather by cultural and discursive practices that form mental connections between geographical objects or, in other words, shared knowledge about a geographical space (Zamyatin 2006). Regional boundaries are set not by administrative practices but instead by common identity, shared sense of belongingness to a particular space (Makarychev 2003c: 14). Thus, they can be reconfigured and rearticulated by social interactions. The constructivist line of deduction presupposes that geographical borders of states in the modern world do not necessarily coincide with the configuration of major issues defined by “soft security” agenda, economic and cultural phenomena. The modern international relations are going through the process of “de-bordering”, i.e. making borders between states less significant.

Constructivism analysis recognizes the importance of the image that political players possess. Thus, the regional image may stimulate certain activities of internal actors and send proper signals to the external ones. Theoretically, it may lead to greater involvement of a region in international relations, attract foreign political actors, investors and tourists (Galumov 2004: 295). Some Russian regions have widely recognizable images and have been eager to promote them both inside Russia and abroad. Thus, St. Petersburg is known as “the cultural capital of Russia”, Novgorod – as “the birthplace of Russian democracy”, Kaliningrad – as the “western gate of Russia” or “the amber region”, Nizhny Novgorod – as the “pocket of Russia” or “the Russian Detroit”.

Constructivist theory shaped some methodological background for new approaches to regional studies. In the late 20th century, the so-called new regionalism appeared (Ehrenfeucht 2002; Spindler 2002). New regionalism criticized the “old regionalism” developed by states in their integration attempts. The latter was state-centric, protectionist and inward-oriented. On the contrary, new regionalism intended to be more pluralistic, liberal and open. It rests on transborder activities of various non-governmental actors (intrastate regions, cities, business organizations, professional communities etc.). New regionalism is therefore a product of globalization which increases the significance of transborder, non-territorial relations promoted mostly by non-governmental actors with only secondary role of states. New regionalism also sees regional political space as heterogeneous and self-organized.

Various social networks play a key role in formulating the political agenda, choosing priorities, and thus, initiating political changes. Many regional

spaces emerged from informal mechanisms of cooperation. As a result, the “new geometries” of regionalism may form: “triangles” (for example, the Weimar triangle of Germany, France and Poland), “groups” (the Visegrad Group), “areas” (the Baltic Free Trade Area). Another example is the Barents Euro-Arctic Region, the idea of which was proposed by a group of Norwegian experts on political planning. Similarly, the concept of the EU’s Northern Dimension appeared as a result of debates in Finland on the future of Europe after the Cold War (Makarychev 2003a). In this context, the “Megaregion – network confederation” project should be mentioned. The project started as an Internet portal with a much broader goal to form a new “virtual megaregion” at the confluence of the Russian North-West, the Baltic and Scandinavia as a platform for intellectuals⁶.

Since new regionalism is supposed to boost international cooperation, it may ultimately promote peace in international relations. In the process of cooperation and experience gaining, the actors “study” each other and, as a result, more correctly interpret each other’s actions that enhance mutual understanding. The formation of transborder regions based on shared values leads to the rise of the so-called “non-war communities” consolidated not by external threats but rather by interconnectedness and interdependency. Such communities are not focused on “hard security” issues allowing the borderlines between “us” and “them” to be blurred (Parker 2002). “New regions” could become mediators between different political worlds. The concept of “northernness” popular in the 1990s – early 2000s was widely understood in this context. The formation of Baltica Euroregion (which included the Kaliningrad Region of Russia) became an attempt to shift from “Eastern Europe” (with geopolitical connotations) to the “Northern Region” as an area of socio-economic and political development and progress.

The case of the Kaliningrad Region in the 1990s – early 2000s may demonstrate the constructivist logic. During that time the region in the eyes of many experts lost its significance as a military outpost, which clearly had been the case in the Soviet Union (Sergunin 2000: 1). Some scholars saw the mission of Kaliningrad to become a “bridge” between Russia and Europe (or “the meeting place”) by easing the visa regime. Other projects considered Kaliningrad as a “window” to Europe, an “international business center” (with preferences for foreign business), the “Russian Hong Kong” (proposed by the Union of Right-Wing Forces to show the need for administrative and economic liberalization of the region), the “five-star-hotel” (to attract tourists and foreign businessmen).

A “learning region” concept has been another approach advocated in regional studies and inspired by constructivism. The “learning region” (Adler and Barnett 1998; Price and Reus-Smith 1998) is based on its intellectual capital

⁶ Мегарегион – сетевая конференция. URL: <http://net-conf.org/russian.htm>.

that becomes the key factor in regional external activities and positioning. In order to be “learning”, the region should be able to notice and adopt the innovations from the outside world, and its political elites should constantly draw lessons from other regions. The “learning region” is expected to have human capital, institutions for strategic planning, open intellectual environment, vibrant regional discourse, and internationally oriented regional elite. Regional “learning” includes not only the changes in policy instruments (such as new laws), but also reconfiguration of policy goals (for example, the agenda shift from “hard security” to “soft security”). Regional “learning” is the region-building and, as such, a transnational process (Bort and Evans 2000: 9). “Learning regions” tend to be engaged in transfer of knowledge or policy transfer. “Policy transfer” is “a dynamic whereby knowledge about policies, administrative arrangements or institutions is used across time or space in the development of policies, administrative arrangements and institutions elsewhere” (Stone 2001: 1). Tourism, “public diplomacy”, international business cooperation are the ways to adopt advanced socio-political norms and rules of behavior.

The concepts of “new regionalism”, “learning region”, “transfer of knowledge” show that regions may become the key actors to stimulate innovatory development. Some experts believe that globalization leads to the formation of a new layer of Russian regions – “cultural-economic regions” (as opposed to the “old”, “political-administrative” regions) which understood the necessity to create innovatory environment (On the Threshold of New Regionalization of Russia 2001: 22-30). The political practice of “pilot regions” used to test socio-economic and political innovations on the regional level and then, if successful, spread them to other territories is a good example of this logic.

Since constructivism allows for different (re)interpretations of reality, subnational regions may realize their competitive advantages and use them to form relations with central governments and international partners. It opens the possibility for regional project-based activity. For example, after the formation of the Volga Federal District in 2000, Presidential Envoy Sergei Kirienko began to incorporate a project-based approach to the regional development in the form of annual fairs of social and cultural projects, the “Cultural Capital” contests presented as a way of civil society engagement in the public policy.

Despite the abovementioned positive implications for regional international development, constructivism can be criticized as a regional studies approach. Constructivism presupposes that geographical images are relative and may transform with the appearance of new identities. Regional images are largely constructed by mass media and political elites based on a narrow set of relevant topics or events. A good example may be the so-called “red belt” of Russian regions formed by the media to rather artificially unite in the public consciousness the regions where the Communist Party regularly won the

elections in the 1990s. Also, the effectiveness of regional international efforts depends on the matching “wants” of political actors. But since constructivism sees regional political space as extremely pluralistic, such unity may be hard to achieve.

Constructivism sees identity transformation as a relatively easy process. However, the ability of norms, values and ideas to change actors’ identities and interests should not be exaggerated. For example, not everyone would agree that new social actors can transform regional identity. From this perspective, regional consciousness cannot be changed easily since it is formed by centuries-long stay on certain territory that affected peoples’ traditions, social behavior, psychology, and culture (Gladky and Chistobaev 2002: 152). Experts claim that the capacity of Russian regions to generate identity transformation in the adjacent territories of neighboring countries is questionable (Makarychev 2007: 43).

It is true that the formulation of political ideas may be seen as a form of political power. But the problem remains, how to persuade decision-makers to incorporate these ideas into political practices. And even if politicians include experts’ ideas into political programs, their meanings can be significantly changed. For example, although “new regionalism” is theoretically inspired by postmodernism and desouverenization, it may be used by states as a tool to promote national interests. Thus, the formation of Karelia Euroregion was seen in Finland as an attempt to reintegrate this territory into Finnish cultural space (Heininen 2003). It is also clear that “new regionalism” seems to be more applicable to the regions that are not strategically significant. Otherwise, their international contacts would be ultimately limited for national security reasons.

It is important to bear in mind that territorial or local identity is not dominant in contemporary Russia except for several groups (such as the Cossacks, for example) (Turovsky 1999: 95). The national (all-Russian) identity is of most importance for the majority of the population. Although Russians tend to associate themselves with their official regions (political-administrative regions), this regional identity is mostly secondary. In the past (the 1990s – early 2000s) polls in some regions (specifically, in the ethnic republics of Russia) showed almost equal importance of regional and national identities, or even the domination of regional self-identification over the national one. However, since 2004 when the gubernatorial elections were cancelled, the all-Russian identity became the primary one (Russian Identity in a Sociological Dimension 2007: 35). It is also important to understand that when regional identity strongly dominates over the national one, it may result in separatism and irredentism as it was the case in Chechnya in the 1990s – early 2000s. Some polls showed that separatist ideas were widespread among the Kaliningrad youth since most of them had visited European countries but rarely other parts of Russia (Kortunov 2004).

International forces may influence regional political processes not only positively but also negatively. For example, “globalization” is basically seen by many Russians as “American imperialism” which is dangerous, threatening, and requires defensive reaction. According to a research by the Russian Institute of Sociology, since 2014 most Russians see the main source of threats outside Russia (while in 2008–2014 they saw it inside the country) (Russian Society in Spring of 2016: 15). Western standards and practices are often understood as the opposite to the Russian ones. In many Russian border regions in the south and in the east, foreign influences are also perceived as mostly negative: smuggling, drug trafficking, illegal migration. As Andrei Makarychev noted, “it is no coincidence when we find authoritarian and nationalistic regimes in these crisis-racked areas of Russia” (Makarychev 2002a). In some of the Russian border regions the defensive psychology has developed. The Cossacks, for example, constantly demonstrate their interest in the powerful center, “strong hand”, order and national symbols. It explains such political phenomena as the “triumph of Zhirinovsky” in the 1993 parliamentary elections to the State Duma in several Russian border regions: Pskov, Belgorod, Sakhalin, and Stavropolsky Krai showed 30–40 % support to his party that relied heavily on nationalistic rhetoric (Gladky and Chistobaev 2002: 54).

As it was demonstrated above, there were attempts to reinterpret the image of the Kaliningrad Region in more internationally-oriented and cooperative ways. On the other hand, the opposite interpretations were also common: the “infrastructural hole”, the “civilizational bankrupt”, the “poor neighbor” (the metaphors showing the region’s disadvantages in comparison to more prosperous European neighbors), or “the island”, “the garrison” (the metaphors implying Kaliningrad’s military role that became more important after the 2008 decision to deploy Iskander missiles there to counterbalance the NATO Missile Defense System).

1.3. Varieties of Russian Regions

By their role in international relations Russian regions can be divided into several groups: 1) border regions, 2) developed regions (economic centers), 3) export-oriented regions, 4) ethnic regions, and 5) “regions-introverts” (inward-oriented regions). The first four groups have sufficient resources to play internationally meaningful roles and demand more independence from the center in terms of their international ties. The last group, on the contrary, sees foreign influences mostly as national security threats and prefers tighter control of the central government over international economic operations, although it will be demonstrated below that such attitudes may be widespread in border regions also.

Border regions. Russian border regions are again not equal. It is relevant here to distinguish between the regions bordering the EU (“western border regions”) and the subjects of the Russian Federation neighboring the CIS and

Asian countries (“southern and eastern border regions”). If the former have been mostly engaged in cooperative activities with their European counterparts forming transborder spaces, the latter have often served as barriers against “negative” external influences.

Border regions are the natural candidates for transborder cooperation. The 1980 European Outline Convention on Transfrontier Cooperation defines this process as “any concerted action designed to reinforce and foster neighborly relations between territorial communities or authorities within the jurisdiction of two or more Contracting Parties and the conclusion of any agreement and arrangement necessary for this purpose” (Article 2). Subnational regions usually pursue the following general goals in their transborder cooperation: development of economy, cross-border trade, transportation, science and technology, environmental protection, border control, facilitation of social and humanitarian contacts (Nasyrov 2009: 229). To this list the European Outline Convention on Transfrontier Cooperation adds improvement of public facilities and services and mutual assistance in emergencies (the Preamble). In 1999 Russia signed this Convention and used it as a basis for its own document – the 2001 Concept of Transborder Cooperation. The concept recommended Russian border regions to focus their efforts on the same areas of trade, investments, science and technology, transportation, ecology, law enforcement, migration regulation, and humanitarian cooperation.

Cooperation between border regions may result in formation of transborder regions understood as territorial entities that cross at least one state border and consist of at least two local or regional authorities belonging to different states. Active transborder cooperation is usually developed by democratic and politically stable countries, the EU being a good case in point. “Euroregion” is a special type of transborder region encompassing two or more contiguous territories of different countries. Euroregions began to form in Europe in the second half of the 20th century. Since the late 1980s, the EU started supporting border regions “outside of the Community” (Fritsch *et al.* 2015: 2595). And Russian regions joined Euroregion-building in the late 1990s. Neman Euroregion formed in 1997 included the regions of Russia (Kaliningrad), Belarus, Poland and Lithuania. A number of Euroregions promoted Russian cooperation with Northern Europe (Baltica, Saule, Karelia). The Kaliningrad Region, being the Russian exclave in Europe, became the most active Russian participant in Euroregions. Later in the 2000s, a number of experts suggested adopting the practice of Euroregions to promote cooperation within the CIS (especially between Russia and Ukraine) (Makarychev 2001a). Several Euroregions for this purpose were formed in the 2000s (Dnepr, Slobozhanshina, Yaroslavna, Donbass). It is worth mentioning that even after centralization of Russian federalism under Vladimir Putin, Karelia, for example, kept its powers to sign agreements with European countries without the approval from Moscow (Bezborodov 2012: 18).

Transborder cooperation may help pursuing both regional and national interests. Transborder cooperation may have positive political results for the country as a whole. According to former Deputy Foreign Minister Valery Loschinin, it is critical to form the “belt of good neighborliness” around Russian borders (Loschinin 2003: 6). At the regional level, transborder cooperation enhances economic development, professional and social contacts. It may also help to overcome the shortcomings of the peripheral location of border regions and (re)integrate them into the country’s regional landscape. For example, cooperation between Norway and the Murmansk Region was positively evaluated by experts. A number of infrastructure projects in such spheres as energy, transport, nuclear security, science and technology were implemented (Shilovsky 2008). The Association of Norwegian Enterprises (over 30 companies) was set up in 2007 to support the Norwegian business in the region. Close relations between the Murmansk Region and the Finnmark County of Norway have been established. In 2014 the regions signed an agreement to promote cooperation in economy, healthcare, tourism, culture, education, sport and environmental protection.

As for transborder social and humanitarian contacts, Russia and many neighboring territories used to form a single country – the Soviet Union. Human contacts between them never stopped after 1991 and should have been managed on the official level. Furthermore, during the Soviet period many ethnically Russian territories were given to other republics (for example, to Ukraine and Kazakhstan). Consequently, after the collapse of the Soviet Union, the Russian population became divided by borders of newly formed independent states. No wonder that transborder cooperation with the CIS countries was the only reasonable step to take.

However, transborder relations may have rather disappointing results. Euroregions were criticized by experts for bureaucratization and misapplication of the EU funds (Busygina 2005: 983). The Euroregions with Russian participation often lack financial resources required for effective transborder activity (Nasyrov 2009: 256). The legal framework for transborder cooperation generally falls behind the development of socio-economic contacts. For example, the legal basis for the Euroregions with Russia’s participation was set only in 2008 when Dmitry Medvedev signed the laws on ratification of the protocols to the European Outline Convention on Transfrontier Cooperation.

Participation of Russian regions in transborder cooperation with Europe has been mostly asymmetric due to a higher degree of development among the European regions. Just to take the example of the Pskov Region which is one of Russia’s most problematic because major trade routes between Russia and the EU never passed through it. Any attempts to attract foreign investments from Finland to Karelia and Komi also failed to meet the expectations (Gladky and Chistobaev 2002: 267, 274). Even the Kaliningrad Region which was seen in the 1990s as the pilot region for EU-Russia relations showed mixed results in

international economic cooperation. A special economic zone was created in the region already in the early 1990s. However, even by the 2000s, it failed to perform its core goal and to attract foreign investments to the region (Rubchenko *et al.* 2002). Although a number of Russian regions engage in transborder cooperation (such as Kaliningrad, Primorsky Krai, Krasnodar, Khabarovsk, Karelia, Magadan, Sakhalin, Rostov), most of them maintain their foreign economic relations by predominantly exporting energy resources, metal ores, wood, seafood. Only a few of them (Kaliningrad, Primorsky Krai, St. Petersburg) are large importers mostly due to their functioning as logistic centers on international trade routes (Nasyrov 2009: 246).

An obvious limitation to transborder cooperation is its dependence on political relations between the neighboring participants (Busygina 2005: 984). Multiple controversies between Russia and the West on the European Missile Defense System brought Kaliningrad strategic status to the foreground of Russia-EU relations. The political climate between Russia and the EU used to be much more favorable in the 1990s and 2000s before the Ukrainian crisis. Current political discontent discourages intensive development of cross-border activities. Although it is worth mentioning that transborder cooperation between Russia and the EU was not targeted by the sanctions and countersanctions (Fritsch *et al.* 2015: 2582).

The belt of Russian border regions is sometimes pictured as a structural barrier for Russia to enter the world economy (Busygina 2005: 981–982). Russian border regions (mostly “southern and eastern regions”) belong to the least developed subjects of the Russian Federation with their GRP below the average. It could be explained by inland localization of Soviet economic enterprises clustered deep in the country for strategic reasons to defend them from possible external aggression. Moreover, economic ties between Russian regions and the neighboring territories were weakened after the collapse of the Soviet Union. The border regions of Russia are also less populated. To make matters worse, the majority of Russia’s neighbors are less developed, a factor downplaying any incentives for cross-border regional cooperation. Russia shares 50 % of its borders with the CIS countries (34 % with Kazakhstan); 35 % with China, Mongolia and North Korea. Cross-border relations in these areas are burdened with such security issues as illegal migration, drug trafficking, and smuggling. These challenges also affected the EU-Russia relations with respect to Kaliningrad: in order to get a more liberal transborder regime with Kaliningrad, Russia had to tighten border control with the CIS countries that could threaten the very existence of the Community (Gemal 2002: 4).

Border regions are a natural matter of territorial disputes between states. South Sakhalin and the Kuril Islands are still negotiated between Russia and Japan. The issue has not been legally settled since the end of the Second World War. Those border regions that are not intensively involved in international economic cooperation could try to capitalize on their geopolitical location and

demand contributions from the center in exchange for political loyalty (North Caucasian Republics).

Developed regions. Developed regions play a number of critical roles in international relations of any country. They may spur innovations⁷, attract foreign investments, transfer knowledge and innovations in politics, economy and social practices to other regions.

In the history of the Russian Federation only a small number of regions have fallen into this category. The regional structure of the Russian economy formed after the collapse of the Soviet Union has not undergone substantial changes. Russian regions are usually divided into “donors” (economically developed regions sending money to the federal budget) and “recipients” (those who need subsidies from the federal center). Currently only a dozen of regions (out of the total 85 Russian regions) can be considered “donors”⁸. Although it is worth mentioning that the division into “donors” and “recipients” in Russia is obscure since the regions that do not get federal subsidies may nonetheless receive money from the center in other forms (for example, federal funds to arrange international megaevents).

Three types of Russian regions are the most economically prosperous.

1. “Capitals” (Moscow, St. Petersburg) that are acting the role of the “command heights” in the Russian economy, mobilizing foreign investments and headquartering international and domestic corporations. Although today the structure of FDI inflows shows some difference between the two “capitals”: Moscow is the financial center while St. Petersburg is mostly industrial, thus being the ultimate leader in attraction of FDI in manufacturing (Kuznetsova 2015: 53).

2. Export-oriented mining regions that specialize generally in oil and gas (the Khanty-Mansi and Yamal-Nenets Autonomous Areas, Tyumen), or metal ores (Sverdlovsk, Chelyabinsk)⁹. Among the regions mentioned above, only those engaged in oil production can be considered the major donors for the federal budget. The “capitals” and the mining regions have attracted the lion share of foreign investments in Russia. In pre-crisis 2007, almost 80 % of FDI inflows went to Moscow, the Moscow Region and Sakhalin (Finansy Rossii 2010: 370). In 2015 the leaders remained almost unchanged: Moscow mobilized 48 % of FDI, Sakhalin – 10 %, St. Petersburg – 6,7 %, Tyumen – 4,5 %, the Moscow Region – 2,4 % (Kuznetsova 2015: 50).

3. Industrial regions (Tatarstan, Bashkortostan, Nizhny Novgorod, Samara, Perm, Yaroslavl). These regions raise a substantially smaller share of FDI in Russia (11.6 %). Nevertheless some regions get over 70 % of their

⁷ This role is generally played by the developed regions of the “first world” countries and thus, has only limited implications for Russia.

⁸ See, for example: Results of Equalizing Distribution of Subsidies among the Subjects of the Russian Federation in 2016.

⁹ Although the so called “circle investments” (investments from Russian companies registered in foreign offshore areas) are especially widespread in Russia’s metallurgical industry (Kuznetsova 2015: 57).

industrial investments from abroad (Vladimir, Ryazan, Tula) (Kuznetsova 2015: 53). Kaluga attracted FDI from foreign car manufacturers (Doing Business in Russia 2012: 1). Since the industrial regions are relatively densely populated and located in the central part of European Russia, they attract market-oriented foreign investments (Gonchar and Marek 2014: 614). And all the regions with big cities (over a million people) naturally tend to be more involved in international relations (Vardomsky and Skatershikova 2002: 163). It is quite telling that the World Bank began to release reports on Russia's subnational economic activity with particular focus on business regulations. The first one was issued in 2009 and covered 10 major Russian cities (Irkutsk, Kazan, Moscow, Perm, Petrozavodsk, Rostov-on-Don, St. Petersburg, Tomsk, Tver, and Voronezh). The second one (2012) took into account already 30 Russian cities¹⁰.

Interestingly enough, the “capitals”, the industrial regions, and the border regions of Russia usually have rather a diversified import-export structure, mature legislation and special programs on regional foreign economic relations. Meanwhile, the mining regions lag in setting solid laws and regulations for international cooperation (Plotnikova 2005: 57). It may be explained by tighter governmental control over the oil and gas industry in Russia due to its strategic importance: major companies in the sector are state-controlled.

Ethnic regions. Subnational regions formed on the ethnicity principle have a stronger tendency to promote international relations with representatives of their ethnic groups in other countries.

According to the recent population census in Russia (2010), ethnic Russians compose 81 % of the population. At the same time Russia is a multiethnic country with more than 190 ethnic groups. Most of them are fringe groups, although several of them constitute relatively large portions of the Russian population: the Tatars (3.87 %), the Bashkirs (1.15 %), the Chuvashes (1.05 %). More importantly, these groups are mostly concentrated in certain regions (Tatarstan, Bashkortostan, Chuvashia). Thus, among the 85 subjects of the Russian Federation 32 are ethnic-based.

The ethnic factor may stimulate development of international economic relations between regions. Finland, for example, has traditionally been the major trade partner for Karelia. The ethnic factor, however, in this case is not necessarily the dominant one as Karelia also has an advantageous geographical location on the border with Finland. As for the foreign economic ties of other Finno-Ugric subjects of the Russian Federation, their main partners are various countries without clear ethnic characteristics: France, Ukraine, Belorussia, England, Germany. Thus, although ethnic and cultural factors do not play a key part in foreign economic relations (Bahlova 2013: 82), they still can be used to promote investment and business cooperation.

¹⁰ Kaliningrad, Kaluga, Kemerovo, Khabarovsk, Kirov, Murmansk, Novosibirsk, Omsk, Samara, Saransk, Stavropol, Surgut, Ulyanovsk, Vladikavkaz, Vladivostok, Volgograd, Vyborg, Yakutsk, Yaroslavl, and Yekaterinburg (Doing Business in Russia 2012: 1).

Some of Russia's ethnic regions have been actively involved in promoting cultural and humanitarian relations with foreign countries. Mordovia and Karelia are hosting the annual festival of the Finno-Ugric peoples with the participation of Estonia and Finland. The World Congress of Tatars has taken place in Kazan since 1992. The Tatar summer festival Sabantuy has been celebrated in different countries.

Since religious affiliation sometimes coincides with the ethnic one, these two factors may be taken into account simultaneously. In some regions of Russia that are fairly homogeneous with respect to both religion and ethnicity, ethnic and religious identities are partially fused. For example, the majority of Tatarstan people are both Tatars and Muslims, whereas in multiethnic regions (like Dagestan) religion is a more important self-identification factor than ethnicity. Ethnic (religious) regions could be used to promote all-nation foreign policy with certain countries. In the 1990s Tatarstan represented Russia on several international negotiations with Islamic states. Currently, Tatarstan is positioned as the center of traditional Islam, as opposed to Radical Islam espoused by terrorists. Ethnic (religious) affiliation may also serve as a background for regional foreign economic ties. It helped Tatarstan to develop economic relations with Egypt, Iran, Turkey and Azerbaijan.

However, ethnic regions may advocate separatism seeking independence from the center and recognition in the international community according to the national self-determination principle. Separatist claims, almost extinct in contemporary Russia, were most popular among the Islamic regions of the North Caucasus in the 1990s (especially in Chechnya). In those years even the idea of the Caucasus Confederation independent of Russia appeared. However, the project seriously exaggerated the ethnic and linguistic homogeneity of the Caucasus peoples (Gladky and Chistobaev 2002: 195). More importantly, the North Caucasus Republics are economically underdeveloped that objectively limits their chances for independence. Most of Russia's ethnic regions are inland and do not share borders with foreign states. Moreover, they are usually surrounded by ethnically "Russian" regions and have substantial portions of Russian population residing in them (Tatarstan, Bashkortostan) which makes their sovereignty prospects less realistic.

Regions-introverts. Since globalization creates economic incentives for international activity only in certain types of regions, many subnational units in a country are not expected to be deeply involved in foreign relations. Such regions can be called "introverts" or "inward-oriented" (Vardomsky and Skatershikova 2002: 163-168). In Russia these regions are located mostly in Siberia and the North Caucasus. Besides, peripheral areas in Russian federal districts are economically underdeveloped and dependent upon the central areas. Some explanation can be found in historical evolution of the Russian economy that has formed as a set of industrial bases founded with Russia's eastward enlargement. Those bases have been mostly inland and separated from each

other by large distances (Plotnikova 2005: 154-155). Since economic development tends to be the most important factor in regional foreign relations, a growing number of stagnating regions is a warning sign (Valentey *et al.* 2014: 9–22). The chances are high that such regions would perceive foreign influences as threatening and demand a stricter control over foreign relations from the federal center.

Thought Questions

1. How can a “region” be defined in International Relations?
2. What is the political realists’ attitude towards international relations involving subnational units?
3. Why do liberals claim that regions may act as independent actors in world politics?
4. What are the advantages and disadvantages of the constructivist approach to regional international relations?
5. What types of subnational regions are expected to be more involved in international relations?

Suggested readings

Gladky, U.N., Chistobaev, A.I. (2002) *Regionovedenie* [Regional Science]. Chapter 2.

Plotnikova, O.V., Dubrovina, O.U. (2016) *Mezhdunarodnye svyazi regionov gosudarstv: kharakteristika i osobennosti* [International Ties of State Regions: Characteristics and Peculiarities]. Moscow: NORMA: INFRA-M. Chapter 1.

Tsygankov, P.A. (ed.) (2016) *Teoriya mezhdunarodnykh otnosheniy* [International Relations Theory]. Moscow: Urait. Chapters 2 and 6.

Chapter 2. Russian Federalism and Local Self-Government

2.1. Federalism and Local Self-Government: Theoretical Issues

Federalism represents a form of state structure with a certain degree of regional political autonomy from the federal center. Thus, the main distinctive characteristic of a federal state is a two-tier political power comprising the federal level and the regional one (Medvedev 2002: 19). Theoretically, federal states fall in between unitary states (with no subnational political autonomy) and confederations (the unions of states, or international structures with some characteristics of common statehood). In practice however, the distinction between different modes of state structures has been blurred. There are no confederative states in our today's world, although such a political entity as the European Union is sometimes considered as a confederation. A confederation was mostly an interim step on the way to the formation of federal states. On the other hand, unitary states tend to become more decentralized allowing their regional autonomies a certain degree of political independence and in some cases granting a different legal status to its subnational units (Italy or Spain being the cases of asymmetric unitary states). Nonetheless, given the above differences, the regions of federalist states are more independent in political affairs in general, and in international relations in particular.

Several reasons are considered to be fundamental and underlying the federalist project. Firstly, federalism appeared as a liberal model of state structure based on the principle of contractual relationships between various social groups. According to this view, a state represents an organized, treaty-based system of unions. Federalism could be understood as a “vertical” separation of powers created to ensure the liberal framework of state. Federalist states are characterized by multiple loyalties of their people since the latter undertake political action on different levels (local, regional, federal). That is why federalism is stronger in the countries with widespread individualism (Zakharov 2008: 93–94).

Secondly, federalism is sometimes used to satisfy political demands of ethnic minorities. Ethnicity should be taken into account in the process on nation-building to avoid ethnic violence. For example, Alexei Zakharov claims that multinationality is the key factor ensuring survival of federalism in contemporary Russia (Zakharov 2008: 119). Democracy and federalism are naturally bound in a multiethnic state. The alternatives for federalism are either disintegration, or empire (Zakharov 2008: 5). However, although there are many ethnic federations in the world (India, Pakistan, Ethiopia), ethnic and regional boundaries nowhere completely coincide (Turovsky 2006, 197). Consequently, ethnic federations are considered less stable due to a permanent threat of separatism. Indeed, the collapse of socialistic federations (the USSR and the SFRY) accompanied by the rise of nationalism confirm this point.

Thirdly, federalism may make a system of governance more efficient, especially in a large state. Federalism may be understood as implementation of

the subsidiarity principle which presupposes that the powers that may be exercised at local or regional levels should be delegated to these levels and should not be exercised on a higher level. According to William Riker, technological development was another main reason for the transition from empires to federalist states (Riker 1964), since it increased political self-sufficiency of territorial units and made it impossible to control vast territories from a single center. In contemporary states, decentralization is used to increase effectiveness of territorial development. If the central government consolidates all political power it may result in disregarding regional interests and lead to regional grievances. Excessive bureaucratization unable to react rapidly to regional problems would also be a negative consequence in this scenario (Turovsky 2006: 163).

Fourthly, the reasons for national security, national survival, and territorial expansion are crucial to explain the formation of federalist states. William Riker saw two incentives that would lead to a federal bargain: the desire to enlarge the territory by peaceful means, and an external threat (Riker 1964: 12–13). Federalism also helps a large country to survive deep socio-economic crises. That was the case in Russia both in 1917 and in 1991 or in Latin America in the 19th century (Zakharov 2008: 136).

Scholars distinguish between two forms of federation: treaty federation and centralized federation. The former refers to a union of states that decide to delegate certain powers to the federal level, while the latter presupposes that regional political life should be to a greater extent guided by decisions from the federal center (Medvedev 2002: 19). Theoretically, it makes a treaty federation a rather loose organization somewhat similar to a confederation. The USA and Switzerland once used to be treaty federations. It is quite logical that federations formed through unification of previously independent states would set more liberal federalist systems. Different approaches to federalism triggered discussions on the nature of sovereignty in a federalist state. One group of scholars claims that only constituents of a federation are sovereign and therefore obtain the secession right. Another group favors the idea of shared sovereignty in a federation which means that regions are sovereign within their jurisdiction (Turovsky 2006: 96).

However, it is widely believed that federations in the course of their development evolved from a treaty federation to its more centralized forms that do not recognize the right of secession for their subjects. Contemporary constitutional theory and practice does not treat subjects of federation as sovereign states and does not recognize their right to freely leave the union (Baglay 2007: 88). Although it should be mentioned that the Soviet Union was an exception since it granted its subjects this right. It was politically meaningless during most part of the Soviet history due to tight political control of the Communist Party over political decisions at all levels. But when the control began to fade away in the late 1980s, some subnational units tried to exercise

their right to secession, thus threatening the territorial integrity of the country. It also should be mentioned that federalism in Russia was not prompted by any social activity from below but rather was instilled from above by the political elites (Zakharov 2008: 102–103) which apparently makes it less liberal in nature.

Today subjects of federation are not considered sovereign therefore it is preferable to speak about their jurisdiction (not sovereignty) (Elazar 1999). Jurisdiction in a federation is two-layered: the federal center exercises its powers across the whole territory, while subjects have powers within their territories. A classical formula for power sharing is the liberal one which regulates specifically only federal jurisdiction leaving all the unmentioned powers to regions (Turovsky 2006: 245). However, optimal power sharing between the federal and regional levels still represents a major problem for federal states (Baglay 2007: 339).

According to Rostislav Turovsky, there is no universal system of power sharing among the federations of the world, the general principle still presupposes that everything closer to geopolitics is in federal jurisdiction, whereas everything that is closer to common people and local territories is under the regional control (Turovsky 2006: 254). Common practice of federalist states includes into federal jurisdiction the issues of war and peace, national security, foreign policy (including foreign economic policy), citizenship and migration control. States as a whole are the main subjects of international law and are acting as natural representatives of their peoples in international affairs. Only federation as a body can open embassies and consulates in other countries, make international treaties. The federal level is also responsible for the state integrity which means the necessity to establish and maintain a united system of authority, common legal and economic environment, and a single communications system (postal service, railroads, seaports, telecommunications). The federal center often has the ultimate control over the strategic natural resources of a state, especially over its hydrocarbon deposits.

At the same time, all federations in practice allow their regions to conduct international relations even if some constitutions do not recognize any subnational independence with respect to foreign relations. Foreign activity at the regional level usually includes the right to open foreign representative offices, make international agreements, and participate in international organizations of regional cooperation. However, such activities are possible within the regional jurisdiction set by the federal constitution and with the permission of the federal center (Plotnikova 2005: 140–141). The sharing of economic power between the center and regions is extremely complex since any ultimate division seems impossible. Federations often put a lot of economic issues (including foreign economic matters) in the “transitional area” of joint jurisdiction (Germany and Brazil).

Power sharing in a federalist state presupposes a system of federal control over regional political behavior: federal legislation supremacy, congruence of regional acts with federal laws (including mechanisms used to recognize possible incongruence and bring it in line with federal legislation); federal administration agents in regions; federal intervention in order to sanction regional bodies that violate federal legislation.

At the same time, subjects of federation have powerful mechanisms to influence policies of the federal center. The most obvious way to do it is to form a special “regional chamber” in the parliament. Such “regional chambers” are often the upper ones with broader powers regarding major issues of political life that consider legislation approved by lower chambers.

Regional lobby is another way for regions to influence the decisions at the center. It is based upon eagerness of the members of lower chambers to pursue the interests of the regions where their electoral districts are located and generally to form a kind of regional caucus. Members of the Russian State Duma in the 1990s formed such regional groups as “The Regions of Russia” or “The Russian Regions”, but the electoral and party legislation reform in the 2000s made this practice impossible (Turovsky 2006: 525). Regional lobby also affects the ministries and departments of the executive branch especially if there are special regional development bodies or bodies set up for certain regions of national significance. Thus, there is the Ministry of North Caucasus Affairs and the Ministry for Development of the Russian Far East in the Russian Government.

To provide regions with additional mechanisms to express their interests and communicate with federal authorities, federal governments create consultative bodies composed of both federal and regional government representatives. Special conferences are held in Germany to bring together heads of regional governments and parliaments. In 2000 the Russian Federation established the State Council bringing together regional heads in one advisory body to assist the President.

Local self-government allows people to make independent decisions on the issues of local importance through the institutions of direct democracy (referendum, public gathering etc.) or local representative and executive bodies. Local self-government, like federalism, is based on the liberal ideas that people should govern themselves, and also on the effectiveness logic dictating that some questions are better and quicker answered by the local communities themselves.

Local self-government deals with the issues of local importance or, in other words, the issues affecting local communities within their boundaries. In countries with lasting traditions of self-government, power sharing between governmental and local authorities varies from place to place. On the contrary, modern reforms of local self-government set a more precise and unified regulation of municipal powers. The Russian Federation in its relatively short

history of local self-government adopted two laws on the matter in 1995 and 2003. In practice, responsibilities of the local self-government may be widened as higher governmental levels can delegate some of their powers to the local level. Since there are very many units of local self-government with different problems, resources and traditions, the central government can specify the scope of authority individually based on a unique combination of factors on a certain territory (Turovsky 2006: 291). General principles of delegation are quite universal: delegate to the level where a power can be better exercised, provide resources sufficient to exercise the delegated powers, control the exercise of delegated powers.

There are two basic models of local self-government today. The Anglo-Saxon model (England, USA, Canada, Australia) makes local governments autonomous within their jurisdiction; they are not embedded in the governmental “vertical line of power”, and there are no local agents of central governments. The continental model (otherwise known as the French model widespread in Europe, Africa, Latin America, the Middle East) means that direct governmental control and local self-governments coexist: local governments obey higher authorities, there are local agents of central governments. Today the two models are converging (Medvedev 2002: 76).

However, theory and practice of local self-governments reveal some of their shortcomings. The first problem would be the dual nature of local self-governments. On the one hand, a local self-government is a social institution. For instance, the Russian Constitution officially places local self-governments outside the system of state authority. On the other hand, it is by nature a political and governmental institution. Theoretical discussions on whether a local self-government should be considered primarily as a social or governmental institution are still ongoing (Medvedev 2002: 74). In reality, it is impossible (and not that important) to draw clear distinctions between state government and local self-government. The strength of local self-governments is determined by the activity of local communities pursuing their political interests. Without it there is no local autonomy, and the powers of self-governments are in practice exercised by state authorities. In this case it is worth mentioning that professionalization and bureaucratization became a major trend with local self-governments in the 20th century and led to growing powers of local executive bodies (Turovsky 2006: 276, 287).

Local self-governments often lack resources to be truly independent which is sometimes referred to as the “local self-government trap” (Turovsky 2006: 279). Consequently, the central government has either to exercise some powers of the local governmental, or to provide economic support for underfunded municipalities.

Local self-governments In Russia used to play a much more politically visible role in the 1990s when the relatively weak federal center saw it as a counterweight to the increased influence of regional heads. But regular conflicts

between governors and mayors of economically developed cities decreased the effectiveness of the political system in Russia and often led to public disappointment in local politics. Putin's "power vertical" reduced the political autonomy of local and regional leaders who were completely subordinated to the federal center, although some controversies between them still persisted.

The *1993 Russian Constitution* recognizes federalism and local government as fundamentals of the constitutional system (Chapter 2). It is important since the fundamentals are protected by the Constitution stronger than its other provisions. They cannot be changed even by amending the Constitution. It requires gathering a special body known as the Constitutional Assembly (Article 135) to review these provisions which are highly unlikely in practice.

The Constitution sets up a power sharing system between the center and regions (Articles 71–73). It distinguishes between exclusive jurisdiction of the Russian Federation, joint jurisdiction of the Russian Federation and its regions, exclusive regional jurisdiction. With respect to international relations the federal jurisdiction includes "foreign policy and international relations of the Russian Federation, international treaties and agreements of the Russian Federation, issues of war and peace"; "foreign economic relations of the Russian Federation"; "defense and security, military production"; "determination of the status and protection of the state border" (Article 71). The joint jurisdiction with equal powers of the Russian Federation and its regions (Baglay 2007: 360) includes "coordination of international and foreign economic relations of the subjects of the Russian Federation, fulfillment of international treaties and agreements of the Russian Federation" (Article 72). The Constitution does not specify any exclusive regional jurisdiction stating that outside the federal and joint jurisdiction the subjects of Russia "shall possess full state power" (Article 73).

However, any practical distinction between the federal and regional powers is very complicated. As Andrei Zakharov puts it, the constitutional declarations on the federalist design are similar to "the revelations of the Greek Pythias – they are as foggy and ambiguous", which guarantees almost limitless freedom of interpretation (Zakharov 2008: 117–118). According to constitutional scholars, the Constitution limits the authority of the regions in international affairs: they are not allowed to leave the Russian Federation voluntarily, bring up the issue of their diplomatic recognition, or open international embassies (Baglay 2007: 382).

The Russian legislation recognizes autonomy (national-cultural autonomy) as a form of cultural self-determination of ethnic groups that allows them to engage in humanitarian contacts with citizens and civil organizations of

foreign countries. Such contacts are supposed to be aimed at promotion of national culture, language, and education¹¹.

Under the Constitution, local self-government is independent within its authority, its bodies are not part of the system of state authorities (Article 12). General principles of local self-government in Russia are to be set by both the Russian Federation and its subjects (Article 72, Section 1, Clause m). Nonetheless, in practice, it is impossible to draw clear distinctions between the state authority and local self-government. Their nature, functions and principles of formation are quite similar (Baglay 2007: 397).

It is possible to emphasize certain features of the Russian federalist structure. First, the influence of the regional chamber on the lawmaking process is limited as compared to other federations (Medvedev 2002: 48). A law blocked by the Federation Council can still be passed by the State Duma, if voted on by the qualified majority (2/3) (Article 105, Section 5). According to Andrei Zakharov, this system was introduced specifically to decrease the regional powers (Zakharov 2008: 77).

Second, the Constitution establishes a unified system of executive powers in Russia. Article 77 declares that within the federal jurisdiction and the joint federal and regional jurisdiction, executive bodies in Russia constitute “a single system of executive power”. This increases the dependence of regional executive bodies on the federal ones. With respect to the federal structures in a region, its leaders have only limited power to “participate in the approval of appointments of the territorial heads of federal executive bodies”, and, moreover, only if such federal bodies act within the joint jurisdiction of the Russian Federation and its subjects (as it is stated in the ruling of the Constitutional Court of June 7, 2000).

Third, federal authorities can create their representative establishments in the regions. These establishments act independently from regional authorities within the federal (and joint) jurisdiction. Such federal structures as the Foreign Ministry or the Defense Ministry have numerous representative offices in the regions.

The major (and, probably, the most controversial) issue of the Russian federalist structure is its asymmetric character. Officially all the subjects of the Russian Federation are equal as it is specified in Article 5, Section 1. They also share common jurisdiction under Articles 72 and 73 of the Constitution.

Nevertheless, even the language of the Constitution implies some differences among them. The subjects of the Federation are named differently: republics, territories (locally referred to as krais), regions (locally termed oblasts), cities of federal importance, autonomous regions, and autonomous areas (Articles 5 and 65). A republic in Article 5 is also referred to as “state” and shall be governed under its “constitution” while other subjects shall have their

¹¹ See the 1996 Law “On National and Cultural Autonomy”.

“charters” (Article 5, Section 2). It has led some scholars to a conclusion that Russian republics have more powers than other subjects of the Russian Federation. On the other hand, the dominating interpretation recognizes the equality of all Russian regions and considers any differences in terminology as historically or traditionally inspired (Medvedev 2002: 42). *De facto*, the asymmetry of Russia is also caused by different economic potential of its regions. Not surprisingly, more developed ethnic republics of Russia (especially, Tatarstan and Bashkortostan) claimed more autonomy from the federal control in the 1990s.

2.2. Federal-Regional Relations in Russia in the 1990s

The policy of the Russian Federation on regulation of regional foreign relations may be divided into three periods: 1) 1991-1994 when the federal legislation was underdeveloped, and the center had little control over regions; 2) 1995-1998 when the center started to adopt some legislation and tightened its grip; and 3) from 1998 on when the tendency towards centralization of Russia’s foreign ties became predominant (Sergunin 2001: 283; Busygina 2005: 973).

1. During the first period the balance of power in the federal-regional relations was clearly tilted towards regions. Even before the collapse of the Soviet Union the relations between union republics and autonomous republics (as parts of the former) were regulated by treaties. This was one of the reasons that caused the “parade of sovereignties”. As Russia adopted the Declaration of State Sovereignty, the republics within it also proclaimed their sovereign status (Medvedev 2002: 32). On his visit to Tatarstan in 1991, Boris Yeltsin famously allowed the republican leaders to “take all the sovereignty you can swallow”. When the Soviet Union ceased to exist at the end of 1991 the issue of Russia’s territorial integrity became paramount, especially when Chechnya tried to leave the Russian Federation. Although separatist demands were not very popular outside this republic, extremist and separatist groups in other regions indirectly strengthened the positions of some regional leaders (like in Tatarstan) in their negotiations with the center (Plotnikova 2005: 48).

During the “parade of sovereignties” Russian regions renewed their primary laws. All of them recognized the right to foreign economic activity of regions. A number of republics under their new constitutions became “sovereign states” and “subjects of international law”. Thus, the Constitution of Tyva included their regional right to secession. The fundamental law of Yakutia introduced a ratification procedure by the regional parliament for federal laws in the republic. Tatarstan proclaimed itself a “state <...> associated” with Russia, a state with its own rights to make international treaties, mutually open embassies and consulates, and other prerogatives under the international law. Bashkortostan insisted on the supremacy of their regional legislation over the federal one with its Supreme Council even dismissing several presidential decrees on the territory of the republic (Turovsky 2006: 447).

The federal-regional relations in the early 1990s were regulated by the 1992 Federal Treaty. The treaty granted sufficient powers in international relations to Russian subjects, first and foremost to the ethnic republics. Although the Treaty did not recognize the secession right, the republics were proclaimed “sovereign” based on their constitutions. They were recognized as autonomous actors of international and foreign economic relations, their lands and mineral resources were considered the property of their peoples (Baglay 2007: 344). The republics got more rights than other subjects of the Russian Federation (regions, territories and autonomous areas) which officially secured the asymmetry of the Federation. Constitutional lawyers say that Russian regions did not have sufficient legal foundations for such claims since Russia had never been a treaty federation (Baglay 2007: 384). At the same time, taking political situation into account, both legal and political experts see the Federal Treaty as a positive move that guaranteed Russia’s territorial integrity (Baglay 2007: 345; Medvedev 2002: 38).

However, despite relatively large powers, it became clear that international “sovereignty” of Russian republics was limited: they got no support from abroad, and no country recognized independence of any Russian republic. No republic (except for Chechnya) seriously counted on international recognition and full international sovereignty (Turovsky 2006: 447, 559). Another natural limitation of regional economic sovereignty was the fact that the only precondition for that – the abundance of natural resources – actually remained under federal control: such production should have been licensed and its export sanctioned (Nasyrov 2009: 397).

The 1993 Constitution of the Russian Federation officially set out a new federal structure. The legal status of the Constitution was higher than that of the Federal Treaty. The Constitution specified that “in case any provisions of the Federal Treaty fail to comply with the Constitution of the Russian Federation... the provisions of the Constitution of the Russian Federation shall prevail” (“Concluding and Transitional Provisions”, Section 1). With the adoption of the 1993 Constitution the period of the treaty federation or *de facto* confederation (Turovsky 2006: 446) ended. But although the Constitution of Russia insisted on the equality of all regions, as discussed above, it still allowed some degree of asymmetry in the Russian Federation. The Constitution also recognized that the division of powers between the Federation and its subjects shall be stipulated not only by its articles, but also by “the Federal and other treaties on delimitation of the subjects of authority and power” (Article 11, Section 3). This provision paved the way for negotiations on power sharing treaties between the center and regions.

In 1994–1999 around 50 such treaties and 200 agreements between the Federation and its regions were signed. Many of them contradicted the Constitution and the federal legislation, granted certain privileges to specific regions generally in exchange for political loyalty and the abandonment of

separatist demands. The power sharing treaties with Tatarstan, Bashkortostan, and Yakutia were of major importance since the republics had actively insisted on their special status in the Russian Federation. Tatarstan, for example, under the 1994 power sharing treaty kept its status of an “associated state”. All the three republics got the right to pursue international and foreign economic relations, make international treaties and agreements, although only those that would comply with the Russian Constitution. A specific regime of financial relations that formed in Tatarstan, Bashkortostan, Yakutia, Karelia allowed the republics to keep larger parts of their tax revenues within the regions (Turovsky 2006: 452).

Underdevelopment of federal legislation was one of the reasons that predetermined the growth of regional powers. According to the Russian Constitution, the joint jurisdiction of the federal and regional authorities should be regulated by further federal legislation. But in the early 1990s, the federal legislation lagged behind practical politics. Understandably, the Constitution regulated federal relations only in the most general way. All the necessary federal laws took some time to be adopted and a substantial part of the relations between the center and regions was put in a “grey area” without appropriate legal regulation. In that situation many regions adopted some sort of preventive legislation that would have inevitably contradicted federal laws, if any (Turovsky 2006: 531, 568).

Already in the early 1990s the regional interests with respect to Russia’s international relations were officially recognized by Moscow. The Russian Foreign Policy Concept of 1993 stated that the Russian foreign policy should acknowledge both the interests of the Russian Federation as a whole and the interests of its subjects (The fundamental principles... 1993: 19).

However, the Russian Foreign Ministry tried to impose its controlling functions with respect to regional international affairs. The 1993 Foreign Policy Concept specified that the Foreign Ministry should coordinate international contacts of the subjects of the Russian Federation (The fundamental principles... 1993: 50). In 1994 the Ministry formed the Advisory Council of the Subjects of the Russian Federation on international and foreign economic relations to ensure a consolidated federal policy regarding regional foreign affairs. The Council included regional representatives recommended by regional heads, various federal officials from the executive and legislative branches also took part in its activities. The Council played an important role in crafting federal legislation on international relations. Such seminal laws as “On International Treaties of the Russian Federation” and “On the Coordinating Role of the Foreign Ministry” were discussed at the Council meetings (Plotnikova and Dubrovina 2016: 135–160). However, in reality any federal control over regional international activities during that period was rather loose.

Some regions (Tatarstan, Yakutiya, Moscow) sometimes made unilateral statements on foreign issues that contradicted the official foreign policy.

Sakhalin leaders in the 1990s initiated lobbying and paradiplomacy campaigns to prevent the federal center from transferring the Kuril Islands to Japan. The actions of Governor Valentin Fedorov (1990–1993) particularly contradicted the official position of the Foreign Ministry as the latter was ready to resolve the territorial disputes with Japan. Fedorov planned to form Cossacks settlements on the disputed territories (Williams 2006: 265). Governor of the Nizhny Novgorod Region Boris Nemtsov in 1996 questioned the major component of the Russian policy in the near abroad – rapprochement with Belarus. According to Nemtsov, friendship with Belarus was too expensive for Russia, and Minsk should play a more subordinate role: the Belorussian customs service and the central bank should better coordinate their actions with Moscow (Makarychev 2001a).

Considering the troubled economic situation in Russia in the early 1990s, some regions relied on economic and technical assistance provided by their counterparts in nearby developed countries. Several Japanese prefectures did that to the cities of the Russian Far East (Khabarovsk, Vladivostok, Yuzhno-Sakhalinsk). In 1992 Niigata provided a number of buses to its sister city Khabarovsk after a bus garage in Khabarovsk was destroyed by fire. However, such assistance could have masked geopolitical interests. Japanese assistance programs in Sakhalin in the early 1990s (“transfer of knowledge” on Japanese-style management, Japanese language, privatization procedures, machinery supplies) were at least partly aimed at appeasing the opposition among the Sakhalin population to possible territorial concessions to Japan (Williams 2006: 265, 270).

The formation of special economic zones (SEZs) began in some Russian regions since the early 1990s. They were seen as the territories for intensive market development and potential “flagships” of capitalist economy. However, from the start, SEZs largely being the products of regional lobbying were rather disorderly organized without any common set of criteria. Only few of them (such as “Nakhodka” in the Primorsky Krai and “Amber” in the Kaliningrad Region) were relatively successful given their advantageous geographical location (Turovsky 2006: 559).

2. Since the mid-1990s, the center became increasingly concerned about independent international activity of its regions. In 1995 a special law on foreign trade regulation was passed. It treated an integrated foreign trade policy of the Russian Federation as a part of foreign policy as a whole (Article 4, Section 1). At the same time, the right of regions for autonomous foreign economic activity was recognized. Under the law, regions got the right to make trade agreements with their counterparts in foreign countries (Article 8, Section 7) and keep regional representatives in the Russian foreign trade delegations and representations, although at the expense of their budgets (Article 8, Section 8).

Under the 1995 Federal Law “On International Treaties of the Russian Federation”, Russian regions were officially allowed to participate in negotiating and signing of treaties with foreign countries. According to the Constitution,

regional authorities were now to be consulted if a negotiated treaty included provisions related to the regional jurisdiction. If such a treaty affects the joint jurisdiction of the Russian Federation and regions the regional authorities have two weeks to submit their proposals to the Federal Government. Regional representatives also could take part in negotiations, as agreed with the federal executive bodies (article 4).

Since the 1996 regional international contacts have been increasingly getting under federal control. The presidential decree “On the Coordinating Role of the Foreign Ministry of the Russian Federation in Pursuing a Consolidated Foreign Policy of the Russian Federation” was issued making the Ministry more active in its coordination of regional international ties (Salmin 2005: 765). Already in 1994 the Advisory Council of the Subjects of the Russian Federation on International and Foreign Economic Relations was established within the Ministry. In the late 1990s – early 2000s the Council served a platform for discussions between the center and regions on drafting federal legislation to regulate international affairs. Such issues as the status of foreign representative offices of Russian subjects, foreign investments, and cross-border cooperation were at the top of the Council agenda in the late 1990s.

The 1996 Russian Regional Policy Concept specially emphasized the importance of regional international contacts with respect to foreign investments (especially investments provided to underdeveloped regions), development of economic ties by border regions included joint production and shared technological networks. The concept also accentuated the importance for Russian regions to gain experience with respect to international relations, the necessity to take regional interests into account in the federal foreign policy decision-making, the coordination between the center and regions regarding execution of international treaties and agreements signed by Russia. The concept was also focused on promotion of humanitarian and cultural cooperation, especially with compatriots in foreign countries. Two regional dimensions were indicated as priorities in the document: all-European cooperation of regional and local authorities, and contacts with the CIS states. The federal center was supposed to assist regions in developing their export-oriented and import-substitution manufacturing, and in personnel training in the areas of international and foreign economic relations. In 1996 the federal legislation on special economic zones was adopted. The first Federal Law “On Special Economic Zone in the Kaliningrad Region” set forth the definition and clarified the status of SEZs.

Consequently, the regional policy of the Russian Federation became more consolidated. In 1991–1995 it was guided largely by rather chaotic decisions aimed to support specific regions due to their importance to the center or their successful lobbying. Since 1996 the Federal Targeted Programs became the main mechanisms of regional financial support. Only a few programs (for Tatarstan, Bashkortostan, and Chechnya) kept specific regional privileges. Other

regions got lesser financial assistance through Federal Targeted Programs (Turovsky 2006: 557–558). Approximately one-third of regional governors allied themselves in 1995 with the “party of power” (Nash Dom – Rossiya) to make their lobbying with the federal center more effective. At the same time, it showed that the eagerness for more coordinated relations between the center and regions was present on both sides.

After the 1996 presidential elections, power sharing treaties between the center and regions started to lose their significance. Although many treaties were signed at that time, they did not give any remarkable privileges to the subjects of the Russian Federation. By summer 1998, the practice of treaty-making with regions was abandoned as the center realized that individualized relations with regions became less politically relevant (Turovsky 2006: 545).

The institution of presidential envoys was strengthened with the formation of special bodies under their rule that included representatives of federal authorities in the districts. The envoys began to openly express discontent with the special status and privileges of republics. It signaled that the asymmetry of the Russian Federation began to annoy Moscow (Turovsky 2006: 572). During the 1990s, regional leaders resisted any attempts to form a unitary executive system, as it had been proclaimed in the Constitution. *De facto*, federal structures in regions (including presidential envoys) fell under unofficial influence of governors. It is worth mentioning that governors in the 1990s were publicly elected, and often the level of their public support (sometimes up to 68–76 %) was much higher than that of the federal leadership (from 5 to 15 % in 1995) (Savchenko 2012: 75). It naturally gave governors a political leverage in their relations with Moscow.

Some experts saw the Federation Council as an important mechanism for regional elites to pursue their interests in relations with the federal center. In the middle of the 1990s regional leaders became “senators” (members of the upper chamber) by virtue of their positions. Given the fact that in Russia the government is responsible before the parliament, this made federal ministries somewhat dependent upon the will of regional leaders (Medvedev 2002: 87–88). On the other hand, regions did not succeed in using the Federation Council to influence the federal center. The upper chamber was a heterogeneous and politically divided structure. Ratification of international treaties triggered no significant political battles since their texts were usually thoroughly elaborated (Busygina 2005: 967).

At the same time, Russian regions used opportunities for horizontal cooperation with each other and formed eight interregional economic associations to, among other aims, influence the socio-economic policy of the center: Central Russia, Big Volga, Black Earth (or Chernozemie), North-West, North Caucasus, Siberian Agreement, Far East, and Transbaikalia (or Zabaikalie) (Medvedev 2002: 90). Some experts predicted that regional associations would become the basis for a new model of Russian federalism in the 21st century

(Gladky and Chistobaev 2002: 264). Such political leaders as Evgeny Primakov also saw major political prospects for them. However, the heterogeneity of regional interests failed to turn associations into effective lobbying structures. Neighboring regions with concurrent economic specialization often competed with each other, while leaders of major regions within the association fought for power. Not surprisingly, only a few associations of regions both relatively developed and distant from Moscow were active in pursuing all-regional interests. Along with the development of interregional cooperation, the associations of municipalities were formed. The Union of Russian Cities appeared already in 1991. At the same time, such mechanism of political influence as regional parties failed to become widespread since their chances on federal elections were understandably minimal (Turovsky 2006: 527).

When Evgeny Primakov became the Prime Minister in 1998, the agenda for the hierarchization in the federal-regional relations was officially set. The project aimed at ensuring political supremacy of the center and presupposed formation of a special control system over governors with sanctions imposed in case of disobedience. The so-called “legal separatism” (non-compliance of regional legislation with the federal one) was recognized as a major political problem. Treaty-making between the center and regions as well as an individualized approach to Russian subjects was officially criticized (Turovsky 2006: 574). All these trends became more obvious under Vladimir Putin.

In 1999 a momentous law “On Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation” was passed. The law specified that regional international agreements were not equaled to international treaties (therefore, should not be ratified; Article 7). Regions were allowed to have their foreign representative offices but with no immunity or other diplomatic privileges (Article 10, Section 4). Regions were bound to notify the center in advance whenever they started negotiating an international agreement (Article 2, Section 2). The project of such an agreement was supposed to be submitted to the Foreign Ministry (Article 4, Section 1). The Ministry had one month to consider it. In case of disapproval, the conciliation procedure took place (Article 4). However, some regions attempted to reject the new federal regulation. Thus, Tatarstan passed its own law “On International Treaties of the Republic of Tatarstan” in 1999 which treated the republic as a subject of international law capable of making not only international agreements but also full-fledged international treaties that clearly contradicted the requirements of the federal law (Sergunin 2001: 282).

Prior to the 1999 law, coordination mechanisms of regional international activity had been formed rather chaotically, mostly by trial and error (Busygina 2005: 969). Regional autonomy in foreign agreement-making troubled the Foreign Ministry. For example, they expressed their deep concern that the agreement between Kabardino-Balkaria and Abkhazia was made without notifying both Moscow and Tbilisi. In 1995 the federal authorities had to

denounce an agreement between the Kaliningrad Region and Lithuania (Busygina 2005: 977). According to the Foreign Ministry, many international agreements signed by regions were inactive due to a rather loose character of their provisions or absence of any precise regional responsibilities. Some regions borrowed foreign loans that exceeded their budget revenues which naturally led to their bankruptcy. All that had a negative impact on Russia in general, damaged its international image, and destabilized its budget as the federal government was held responsible for international actions of its regions (Nasyrov 2009: 271, 305).

In 1999 the law on the principles of power sharing between the center and its regions redefined and limited the scope of power sharing, established a unified procedure for such agreements, and, thus, *de facto* stopped the practice of making treaties between the Russian Federation and its subjects. Within three years all the existing treaties and agreements were finally brought in line with the Constitution and federal legislation (Article 32, Section 2).

At the same time, it is possible to conclude that during the 1990s regional autonomy in international relations was indeed quite broad. Leaders of ethnic republics in Russia tried to use the integration processes on the post-Soviet space to claim more preferences from the federal center (Sergunin 2001: 276). In 1997 the leaders of Tatarstan, Bashkortostan, and Ingushetia said that if a new state was formed on the basis of the Russian-Belorussian Union, they would demand a higher status for their republics (Turovsky 2006: 464).

Most common problems arising in regional international activities were clearly defined in the 1990s: lack of personnel qualified in international relations, interregional competitiveness both within the country and abroad, financial irresponsibility and inability to serve their foreign loans. These problems predetermined further hierarchization of federal-regional relations in the 2000s.

2.3. Federal-Regional Relations in the 21st century

If Boris Yeltsin's model of regional politics was largely based on regional autonomy as a guarantee of political loyalty of regional leaders, Vladimir Putin relied on recentralization of the federal-regional relations in Russia building the so-called "power vertical".

One of the first steps in reforming the relations between the center and regions was to bring regional legislation in line with the Constitution and federal laws. On June 7, 2000 the Constitutional Court of Russia disallowed any claims for regional (especially republican) "sovereignty" within the Federation. Any demands for regional sovereignty, even for a limited one, were officially declared unconstitutional (Ruling of the Russian Constitutional Court No. 10-P of June 7, 2000). The subjects of the Russian Federation had to revise their fundamental laws containing any provisions about regional sovereignty. Interestingly enough, that Tatarstan and Bashkortostan still preserved the

provisions about their “sovereignty” in their constitutions. Although after the ruling of the Constitutional Court delivered in 2000 they are considered invalid (Baglay 2007: 387). It was also clear from the start that the relations between Moscow and Chechnya would be exceptional and different from other regional practices.

Since the 2000s, the issues of joint jurisdiction have been captured in federal legislation in a more detailed way shifting the balance of authorities towards the federal center. A striking example was the abolition of the so-called “two keys” principle that had been previously set forth in the law “On Subsurface Resources” to ensure that licensing of resource development activities would be granted by both federal and regional officials (Turovsky 2006: 537).

In 2003 the Federal Law "On General Principles of Organization of Legislative (Representative) and Executive Bodies in the Subjects of the Russian Federation" was amended (No. 95-FZ of July 4, 2003). Preventive regional legislation was not forbidden. However, when a federal law on the same matter came into force, regions had to bring their acts in line with that federal law within three months (Article 3, Section 3).

The mechanism of federal intervention in the regional jurisdiction was also improved. Federal intervention is now possible under a number of circumstances: state of emergency, non-compliance of regional laws with the federal constitution and legislation, insolvency (overdue debts exceeding 30% of the regional budget revenue) or financial irregularities (affecting the execution of federal laws on the regional level) (Budget Code of the Russian Federation, Article 168.2, Section 3). In the 1990s, the institute of federal intervention, although existed under the Constitution, was largely underdeveloped and relatively inefficient as the federal center had rather weak control over regions. Already in 2000, the federal legislation was amended to toughen the amenability of regional and municipal leaders for violation of the federal constitution and laws. Should they be found liable, they could be dismissed and the representative bodies dissolved. As a result, many constitutions and regional laws were brought in line with the federal legislation (Medvedev 2002: 57).

In May 2000, Vladimir Putin suspended the acts introduced by the leaders of Ingushetia, the Amur and Smolensk Regions as they appeared to intervene in the federal jurisdiction. Curiously enough, all of those acts addressed matters of international relations. The republican government of Ingushetia had forbidden to license recruitment of foreign employees in the absence of an agreement ensuring their safety. In the Amur Region the procedure of crossing the Russian-Chinese border had been regulated by the governor. In Smolensk a pollution charge had been introduced for foreigners using motor vehicles (Turovsky 2006: 492).

Formation of federal districts was one of the major elements in the “power vertical” in the early 2000s. The President by his decree of May 13, 2000

created seven federal districts (Central, North-Western, Southern, Volga, Ural, Siberian, and Far Eastern). Obviously, the key goal of those federal districts was to centralize the system of administration in Russia and ensure unified enactment of the constitutional principles and federal laws across the country. By the end of the 1990s, the constitutional multi-subjectivity of Russia (89 regions in the 1990s) aggravated by the practice of treaties between the Federation and its regions and between regions and autonomous entities and municipalities within them (Medvedev 2002: 57, 58, 85) was often criticized on the basis that it made the system of administration in Russia increasingly complex and fragmented.

The same presidential decree introduced a new regulation on the status and jurisdiction of presidential envoys. It sufficiently strengthened the institute of envoys that emerged in the early 1990s but had been relatively unimportant in federal-regional relations. Under the new regulation, the envoys got the powers and obligations to:

- control the execution of the federal constitution, laws and decisions on the regional level (Baglay 2007: 364);
- coordinate the activities of federal executive bodies in their districts (Medvedev 2002: 86);
- inform the center about the situation in their districts;
- mediate the relations between the federal, regional and municipal bodies, political parties, civil society structures and religious organizations (presidential envoys are expected to participate in a conciliatory procedure in case of disagreements arising between federal and regional structures);
- plan regional socio-economic development.

The federal district reform drew a mixed response from the Russian academic community. Some experts predicted, quite cautiously though, that federal districts could become new identity poles in Russia (Busygina 2002: 302). Others claimed that the formation of federal districts was an attempt to install a semi-military system of governance in Russia (Petrov and Titkov 2010: 2). Federal districts were increasingly compared with the governor-generalship model of the Russian Empire. There were some cautious hopes that envoys would enhance regional involvement in international relations. Their membership in the Russian Security Council naturally made them well-informed about various international issues. Thus, envoys could contribute to the attraction of foreign investments and loans at least partly by ensuring greater law abundance within their districts and even by introducing disarmament programs on the international basis as Sergei Kirienko did in the Volga Federal District.

However, the powers of presidential envoys in terms of regional activity were rather limited. Heads of the subjects of the Russian Federation still preferred to discuss regional issues directly with the President of Russia, thus bypassing the level of envoys (Medvedev 2002: 87). Also constitutionally,

regional heads had a somewhat higher symbolic status since their powers were proclaimed in the Fundamental Law of Russia, while the institute of presidential envoys was established by an executive order which is lower in the hierarchy of judicial documents. It is quite telling that significant conflicts between envoys and governors took place only in 2000, right after the reform. But since 2001 the relations between them have become better balanced and their interaction – more regulated and predictable (Turovsky 2006: 500).

To ensure regional compliance with the federal decisions, the center needed not only legal but also economic resources. According to the updated budget federalism model, Moscow redirected major tax revenues from regional budgets to the federal treasury. Since 2001 the value added tax has been going to the federal budget. Since 2002 approximately 80 % of the mineral extraction tax has concentrated in the center. Since 2004 100 % of the gas extraction tax and 95 % of the oil extraction tax have settled in the federal budget (Turovsky 2006: 537, 550). Then it was explained by the need to assist underdeveloped territories of Russia and to equalize regional development, although it definitely caused growing financial dependence of regions on the center. Regional leaders had to wheedle funds out of the federal budget in the form of subsidies. The Investment Fund of Russia was formed in 2006 to invest, among other things, in regional projects so that regions were encouraged to compete for resources.

Special economic zones in Russia also were increasingly becoming a federal matter. A new law on SEZs introduced in 2005 (No. 116-FZ of July 22, 2005) closed the door on overlapping of regional and SEZs boundaries and stated that formation, enlargement, unification and all the general principles of functioning were to be authorized by the Government of Russia.

Formation of the “party of power” became another way to consolidate the Russian political regime. The process was initiated already in the mid-1990s when the political movement “Nash Dom – Rossiya” started, but it culminated with the creation of the United Russia party in 2001. A new legislation on political parties (No. 95-FZ of July 11, 2001) *de facto* abolished regional parties because required that parties to have a network of representative offices in at least half of the subjects of the Russian Federation (Article 3, Section 2a). This move aimed at weakening regional elites. Under such circumstances, the most reasonable way for regional leaders to pursue their interests was to join the “party of power” which was a union of both regional and federal elites. On the one hand, the Kremlin encouraged regional leaders to join the party that “both identified governors with the party in the popular mind and increased their personal responsibility for the outcome of the elections in their regions” (Slider 2010: 262). On the other hand, the membership in the “party of power” increased the lobbying potential of regional leaders in the State Duma and in departments of the executive branch (Turovsky 2006: 570). The new political system allowed and even encouraged close relationships between major federal officials and regional elites (especially in those officials’ regions of origin).

A new formation procedure of the Russian upper chamber was reestablished in 2000. In 1995 regional leaders that used to act as its members were replaced with regional representatives appointed by governors and elected by regional representative bodies. The Federation Council became a more professional institution since its members worked there permanently, although the status of the chamber was downscaled as regional heads left it. Moreover, although officially the Federation Council remained the “regional chamber”, *de facto* the reform decreased regional influence but increased the presence of federal elites within it. Many appointments to the Federation Council were actually made by the federal center (Turovsky 2006: 516).

Putin’s “power vertical” reached its heights in 2004 with the abolition of direct elections of regional heads. The popular vote was replaced with a new system according to which the President would empower regional heads elected by respective regional representative bodies but only out of the candidates that he had selected. The procedure of dismissing regional heads was simplified: a presidential decree with a plain wording such as “loss of trust” or “improper execution of duties” was enough (Turovsky 2006: 607).

Formation of the “power vertical”, although mostly an internal process, had nonetheless an important international dimension. Actually, external pressure from international commercial circles that were interested in a more stable and predictable situation in Russia contributed to this political reform. By the 2000s, federal structures had the necessary resources to maintain order and stability required for smooth business operations, particularly with foreign partners (Blyakher 2012: 52). Another interesting line of argumentation based on comparison between Russia and China presupposes that Russian weak economic development in the 1990s was due to its political decentralization while China’s system of governance was more efficient in disciplining and inducing subnational authorities to favor growth (Blanchard and Shleifer 2001). It is quite telling that after the abolition of gubernatorial elections entrepreneurs increasingly began to infiltrate regional administrations and representative bodies (Raspopov 2005: 64).

The loss of political influence of regional elites was compensated partially by their membership in newly formed consulting bodies at the highest level. The State Council composed of the leaders of regional executive branches and chaired by the President of Russia was created in 2000. Through the Council governors could communicate directly with the head of state. In 2002 the Council of Legislators was formed to coordinate the federal and regional parliaments in Russia. The speakers of regional parliaments became the members of the institution where they discussed major federal legislative initiatives. However, the Council of Legislators functions under the Federation Council which makes its status lower than that of the State Council. At the same time, both the State Council and the Council of Legislators are purely consulting bodies without significant political powers (Turovsky 2006: 524). In terms of

foreign relations Vladimir Putin initiated the Council of Regional Heads (Council of the Heads of the Subjects of the Russian Federation) formed at the Foreign Ministry in 2003 to assist the regions in developing international relations. The Council included several regional heads (one from each federal district), officials from the Presidential Administration, the Government, and federal ministries. The structure of the Council was designed to ensure higher degree of coordination with the higher federal authorities (Plotnikova and Dubrovina 2016: 162). Also in order to compensate for decreased political influence on the federal center, regional heads got an opportunity to introduce their intraregional “power verticals” that broadened their powers and ensured control over local self-government bodies (including control over the regional budget).

However, the analysis of legislative processes in Russia in the 1990s and the 2000s shows that only a small portion of federal laws was initiated by regions (9 % between 1994 and 2009). The majority of documents and programs are developed at the federal level, which is a sign of “deregionalization” in the Russian legislative process (Chub 2015: 136–137).

In the second half of the 2000s, the center attempted to universalize its regional policy based on a system of efficiency indicators. The first system of that kind introduced in 2007 contained 43 economic and social indicators of regional development. Later it was updated so that by 2010 there were already 319 performance criteria. As the system was criticized for impracticability and excessive complexity, it was replaced with 12 indicators in 2012 used to determine the regions eligible for special assistance from the federal budget (Rochlitz *et al.* 2015: 430).

Abolition of gubernatorial elections also gave the center a new opportunity in terms of the personnel policy: regional heads could be appointed by Moscow regardless of their regional background (kind of an “external management system” in regional politics). It was highly unlikely that the so-called “varangians” would consolidate a political opposition to Moscow or play a regional politics of some sort instead of doing business and being efficient administrators.

Some experts characterized the new approach to the federal-regional relations as transition to “technological federalism” (Zakharov 2008: 59), “regional post-politics” (Makarychev 2005b: 82), or “depoliticized federalism” (Makarychev 2005a) when political discussions about federalism, power sharing and democracy were replaced with mostly technical discourse of effective administration and economic rationality. It is worth mentioning that there are theories (such as market preserving federalism, fiscal federalism) explaining that regardless of the formal structure of governance in a country, regional officials have significant opportunities to promote economic development and attract investments. Those theories were applied to explain China’s success in stimulating economic growth (Rochlitz *et al.* 2015: 422).

However, some regions enjoyed much greater attention from the federal center. Those were the hosts of megaprojects (Sochi Olympics, APEC Summit in Vladivostok, Kazan Universiade etc.) and geopolitically important regions of the North Caucasus (Makarychev 2012: 32) and the Far East (Savchenko 2012) that had been increasingly dependent on federal transfers and investments. In the Far East, for example, opinion polls showed that broad population would hardly be the driving force of regional development as 61 % of them would like to leave the region should the occasion arise (Larin and Larina 2011: 87).

At the same time, many experts and even top officials were rather skeptical about any unified and centralized regional policy. Research shows that even within the “power vertical” regions could choose their development priorities rather independently from the federal center and still get the support of the latter (Zubarevich 2011: 6). A study by Pyotr Panov and Cameron Ross reveals that even the main pillar of the “power vertical” (United Russia) is not as centralized as it is usually assumed: its regional branches in financially developed regions tend to be more autonomous from the party center (Panov and Ross 2016: 232, 251). Experts tended to agree on two major indicators of gubernatorial activity that were used in practice: social stability as shown by sociological level of regional leadership approval, and electoral support of United Russia in regional and federal elections. Regional economic performance assessed by the figures of economic growth, inflation and unemployment was of lesser importance and usually unrelated to governors' appointments (Remington *et al.* 2013: 1857; Makarychev 2012: 36).

Also even after the abolition of gubernatorial elections, the center was often disappointed in the performance of regional leaders that explains frequent resignations and rotations among them. For example, during his presidential term Dmitry Medvedev replaced around a half of regional heads (Makarychev 2012: 42) and above all dismissed powerful Moscow mayor Yury Luzkhov in 2010. Indeed, so far there have been only a small number of regions where regional administrations played a major role in promoting economic development and attracting foreign investments. One of the reasons for that may be that regional initiatives and experiments related to economic development in Russia have never been supported in practice as there is no correlation between governors' economic performance and their career opportunities (Rochlitz *et al.* 2015: 422, 425–426).

In 2012 the center decided to reintroduce direct gubernatorial elections although in a quite moderate and controlled manner that led some political analysts to conclude that it did not change anything in particular (Turovsky 2012; Gelman 2013). Indeed, the system of “filters” (regional and municipal) ensured the domination of the United Russia and its candidates in regional politics and the right of the President to dismiss governors at any moment naturally guaranteed their loyalty. Consequently, the return of gubernatorial elections caused no massive political campaigns exploiting regional uniqueness

or special interests. Quite logically, governors preferred to earn public support emphasizing their constructive relations with Vladimir Putin. Furthermore, reintroduction of direct regional elections was not embraced by all regional leaders. Some regions actively opposed this political move. The republics of the North Caucasus asked the President to make an exception for them and keep the appointment procedure intact claiming that elections would lead to social destabilization (Makarychev 2012: 11, 29).

Thus, the federal-regional relations in the 21st century are characterized by recentralization and growth of powers exercised by the federal center. Formation of the “power vertical” significantly limited the political capital of regional leaders. Regional policy has been mostly guided by the decisions made in Moscow. The center has utilized regional political potential when suitable, sometimes giving important missions to regional leaders. For example, in 2012 Governor of Krasnodar Alexander Tkachev was appointed the presidential envoy for Abkhazia and head of North Ossetia Taymuraz Dzambekovich – for South Ossetia. Various regions are now hosting high level international events, summits, and forums with the participation of the Russian and foreign leaders. At the same time, it does not mean that regional politics has completely disappeared. Given the diversity of Russian regional space, the negative impacts of the global financial crisis, and declining oil prices, Russian regions have a strong incentive to find new ways and forms for their development in general, and for international cooperation in particular.

Thought questions

1. How does a government system (federal, confederative or unitary) affect the international relations of subnational units?
2. What are the peculiarities of the Russian federalism?
3. What are the major characteristics of the Russian federal-regional relations in the 1990s?
4. How and why were the relations between the federal center and regions transformed under Vladimir Putin?

Suggested readings

(1993) Constitution of the Russian Federation. Chapter 3.

Plotnikova, O.V., Dubrovina, O.U. (2016) *Mezhdunarodnye svyazi regionov gosudarstv: kharakteristika i osobennosti* [International Ties of State Regions: Characteristics and Peculiarities]. Moscow: NORMA: INFRA-M. Chapter 6.

Turovsky, R.F. (2006) *Politicheskaya Regionalistika* [Political Regional Science]. Moscow: HSE. Chapters 2 and 6.

Chapter 3. Russian Regions in International Relations: Decision-Making Mechanism

3.1. Federal Level

Adequate perception of the regional decision-making on foreign relations in contemporary Russia cannot be achieved without analysis of the federal level. With the formation of the “power vertical”, the role of the federal center in regional development has increased significantly while regions have very often displayed a more passive behavior (Petrov and Titkov 2010: 40). Since the 2000s the center has started to play an increasingly important role not only in strategic dimensions of foreign policy, but also in regional economic (introduction of special economic zones, federal investments) and cultural development (organization of numerous international megaevents).

Top authorities in Russia have both legally and practically supreme powers with respect to Russia’s foreign affairs. Federal laws¹², executive orders¹³, government decrees shape the mode for regional international relations. Under the 1999 law "On coordination of International and Foreign Economic Relations", the subjects of Russia should have their international initiatives approved by the Russian Foreign Ministry. The 2001 Transborder Cooperation Concept recommends regions to concentrate on specific areas of cooperation such as investments, science and technology, transport and infrastructure, environmental protection. It is important to remember that the Russian Federation accepted some international norms on regional international contacts (such as the 1980 European Convention on Transfrontier Cooperation). Russia also made many international treaties aimed at promotion of interregional cooperation. The Federation signed international agreements on interregional and cross-border cooperation with the CIS countries, China, Poland, Finland, Lithuania and other countries. These documents also guide regional international activity.

The federal center supports many major international projects in regions such as the 2006 agreement to produce KIA cars in Izhevsk. The center also assisted in arranging supplies of liners produced at the Ulyanovsk Aircraft Plant to Egypt and China. The development of KAMAZ requires vigorous federal assistance. Participation of regional representatives in Russian official delegations to foreign countries usually implies that international agreements would presume some international economic activity within the region (Nasyrov 2009: 169–170, 172). Strong connections at the federal level naturally help governors to develop regional economy, including promotion of regional international relations. Since the late 1990s, leaders of the Leningrad Region and St. Petersburg have used their close ties with Moscow to become more

¹² For example, "On the State Border of the Russian Federation" (1993), "On Government Regulation of Foreign Trade Activity" (1995), "On International Treaties of the Russian Federation" (1995).

¹³ For example, "On the Coordinating Role of the Foreign Ministry of the Russian Federation in Pursuing a Consolidated Foreign Policy of the Russian Federation" (1996), "Basic Provisions of the Regional Policy in the Russian Federation" (1996).

successful in attracting foreign investments. Probably the most notable example of it was that many major car producers (such as Toyota, Nissan, GM, Hyundai) launched their assembly both in the city and the region (Obydenkova and Libman 2012: 358).

The federal center has a number of institutions dealing with regional matters, including international affairs. The Russian Foreign Ministry plays a key role in coordinating foreign ties of Russian regions. This function of the Foreign Ministry presupposes 1) control over regional activities; and 2) assistance in developing their international contacts.

1. Under the 1999 law “On coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation”, regions shall inform the Ministry about their international activity, missions to foreign countries and negotiations on international agreements to ensure the unity of the Russian foreign policy, avoid unnecessary competition between the regions and possible diplomatic complications. As for the latter, some awkward situations occurred in the 1990s when Russian embassies were informed about the visits of Russian regional representatives to the countries of their location through diplomatic channels (Nasyrov 2009: 333).

If a Russian region initiates an international agreement it should submit a project to the Ministry for evaluation “not later than a month prior to its signing” (Article 4, Section 1). The Ministry shall in 20 days inform the regional government about the results of the examination (Article 4, Section 2) so that it would be possible to launch conciliatory procedures in the event of disagreement. The Foreign Ministry approval is required to open regional representative offices in other countries as well as to permit the opening of foreign representative offices in Russian regions (Article 10, Sections 1, 2). Also Russian envoys in foreign countries are expected by the Foreign Ministry to control the activity of foreign representative offices established by Russian regions.

2. As for the assistance to Russian regions in developing their international contacts, the Russian Federation in line with the Constitution and the legislation on foreign activity of its subjects, recognizes their right to establish and maintain international relations and open their representative offices abroad as well as their legitimate interests in foreign countries. The Foreign Ministry provides regions with legal, analytical, consultative and organizational assistance to develop their international and foreign economic relations, prepare international agreements and conduct negotiations (Article 9). The Foreign Ministry also informs regions on the general aspects of the Russian foreign policy and the state of affairs with other countries. Russian envoys in foreign countries shall also assist regions in searching for new markets and partners for their industries (Nasyrov 2009: 167) Thus, the federal level does not only control and shape regional international relations, it also provides an opportunity for regions to be more active with respect to their foreign ties using

the potential of federal bodies (the so-called *indirect regional international relations*). Regions can rely on Russia's official representative offices in foreign countries to promote their international contacts. Expert on regional international affairs Olga Plotnikova specifically advocates for a more active usage of this mechanism by Russian regions (Plotnikova 2005: 220).

The Russian Foreign Ministry has a special body to coordinate international relations of Russian regions – the Council of the Heads of the Subjects of the Russian Federation established in 2003. Its main objective is to assist Russian regions in developing international and foreign economic relations and to provide them with an opportunity to participate in the formation of Russia's foreign policy agenda. The CIS countries and the relations with the compatriots in foreign countries are of special importance to the Council (Regulations on Council of the Heads of the Subjects of the Russian Federation at the Ministry of Foreign Affairs, Section 4). The Council is chaired by the Russian Foreign Minister. Its members are the regional heads from each federal district (approved by respective presidential envoys), representatives of the Presidential Administration, federal ministries and agencies. The Council convenes at least once in six months.

Since regional international relations encompass the issues of economy, migration, culture, education and others, various federal ministries could be involved in regulating them. Federal legislation requires regions to seek the approval of their international initiatives not only by the Foreign Ministry but also by other ministries concerned (see Article 4, Section 1 of 1999 law FZ-4). For instance, the government of the Nizhny Novgorod Region used the assistance of the Finance Ministry during negotiations with the London Club on restructuring the regional foreign debt in the early 2000s.

Since economic issues usually dominate the regional agenda in Russia, regional Ministries of Economic Development, Industry and Trade are, in practice, the leading developers and executors of the regional policy. The Ministry of Economic Development also supervises the activities of Russian trade missions in foreign countries. In 2015 the Ministry entered into agreements with several Russian regions to represent them in foreign countries through the Ministry trade missions¹⁴. Although this practice has shown some signs of becoming a trend in the federal-regional relations with respect to foreign affairs, it has clear limitations. Thus, the issues of culture and education would naturally be outside the jurisdiction of trade delegations and representations. Also, the Ministry has its trade representative offices only in less than 60 countries. For example, Tatar experts point out that there is no Russian trade mission in the United Arab Emirates, although the country is of interest to Tatarstan with respect to the supplies of KAMAZ trucks (Gimatdinov and Nasyrov 2015).

¹⁴ “Torgovye predstavitel'stva stanut osnovnymi provaidierami interesov rossiyskikh regionov za rubezhom” [Trade Delegations will become the main providers of the interests of Russian regions abroad]. Agency for Strategic Initiatives. December 5, 2012. URL: <http://asi.ru/news/6178/>.

The Russian government attempted to establish a single federal body on regional politics. The Ministry of Regional Development appeared in 2005 and developed the Strategy Concept for the Socio-Economic Development of the Russian Regions. However, in 2014 the Ministry was dissolved which, according to some experts, meant that it failed to become an important decision-making center, and in practice regional policy has been (and would be) shaped by other actors (Starodubtsev 2014: 571, 572).

Federal district administrations may be involved in organization of various international events from presentations of the regional investment potential to the formation of united business missions with the participation of federal officials that would understandably build up their status (Nasyrov 2009: 173). The Volga Federal District administration includes the Commission on Investment Environment Development aimed at coordinating the relations between state authorities and subjects of investment activities and the transfer of knowledge about best investment practices.

Since the early 2000s many high-level international events have taken place outside Moscow, in quite distant regions of Russia (G8 Summit in St. Petersburg in 2003; Kazan in 2005; Russia–EU Summits in Sochi in 2006, in Samara in 2007, in Khabarovsk in 2009; SCO Summits in Chelyabinsk in 2007, in Yekaterinburg in 2010; APEC Summit in Vladivostok in 2012 etc.). Russian regions hosted major international sports events (Kazan Universiade, Sochi Olympics). The 2018 World Football Championship is going to take place in 11 Russian cities (including Nizhny Novgorod). Some regions of Russia have become platforms for international cultural events (festivals of the Finno-Ugric peoples, Tatar summer festival Sabantuy). The 850th anniversary of Moscow (1998), the 300th anniversary of St. Petersburg (2003), the Millenniums of Kazan (2005) and Yaroslavl (2010) were the opportunities for numerous international events: summits, conferences, and tournaments. The celebration of the 800th anniversary of Nizhny Novgorod recognized by the presidential decree as a nation-level event is planned for 2021.

The federal center has paid greater attention to the regions and cities where significant international events and celebrations should take place to demonstrate the resurrection of Russia after the crisis of the 1990s (Petrov and Titkov 2010: 80). Organization of such events has been supervised by specifically formed bodies or committees at the federal level. For example, a specific state corporation “Olimpstroy” was formed in 2007 to develop and maintain the Olympic objects in Sochi¹⁵. Vice Premier of the Russian Government Igor Shuvalov headed the Organizing Committee of the 2013 Universiade in Kazan.

Fairly recently the federal center has begun to form specific ministries for the regions of strategic importance. The Ministry for the Development of the

¹⁵ The corporation was terminated in 2014 after the Olympics.

Russian Far East (Minvostokrazvitiya) was established 2013, the Ministry of North Caucasus Affairs (Minkavkaz) – in 2014. Their major priority is to formulate and execute socio-economic development programs for respective regions. Thus, the Minkavkaz supports such regional activities as import substitution and tourism, as well as activities to improve the international image of the North Caucasus to attract tourists and investors. The Minvostokrazvitiya pays special attention to the development of free port Vladivostok and the cooperation with Russian neighbors in the Far East (the Ministry has cooperation agreements with Korean and Chinese organizations). A special ministry on Crimea (the Ministry of Crimean Affairs) functioned in 2014-2015 to integrate the region into the Russian Federation. Its activity was mostly inward-oriented, and having officially achieved its goal the ministry was dissolved in March 2015. However, the effectiveness of Russian regional ministries has been questioned because the programs of regional development are managed mostly by sector ministries while the regional ministries are unable to fully coordinate this process¹⁶.

The federal-regional relations in Russia are also governed by federal bodies in regions. With the formation of the “power vertical” these federal structures got out of the informal gubernatorial influence of the 1990s and very often became tools to control governors. At the same time it rarely led to open conflicts since both the center and regions usually preferred compromises (Turovsky 2006: 654).

In terms of international relations, the main federal structures in Russian regions are the representative offices of the Foreign Ministry. The Russian Foreign Ministry has a nationwide net of offices (over 30) to maintain relations with regional state authorities and international representatives in regions, assist presidential envoys in preparation for international events, participate in dealing with matters of labor migration, passport and visa issuing. The Foreign Ministry representative office in Nizhny Novgorod was established in 1993. Four of its divisions have opened since 2000 in Saransk, Kirov, Cheboksary and Izhevsk.

The Volga Customs Administration of the Federal Customs Service set up in Nizhny Novgorod in 1993 is aimed at promoting the Volga District foreign economic activity by improving the quality of customs services, reducing nonmanufacturing costs of foreign economic activity and the amount of time required for customs operations, using short-cut methods (such as the “green corridor”, selectivity and sufficiency principle) to simplify customs procedures. It also provides information needed for foreign economic activity and maintains investment projects of significant importance through a special task force within it.

¹⁶ See the Interview with Tatyana Golikova. July 27, 2016. URL: https://rns.online/interviews/Tatyana-Golikova-o-zaprose-na-sotsialnuyu-spravedlivost-2016-07-27/?utm_medium=rexchange&utm_campaign=28&utm_content=39273&utm_source=rg.ru.

Regional administrations have their representative offices in the federal center. Their official titles may vary (Presidential Representative Office, Governmental Representative Office etc.) but largely these are the main regional lobbying bodies (Turovsky 2006: 610). The Government of the Nizhny Novgorod Region has its representative office in the Government of Russia. The office participates in international fairs in Moscow representing Nizhny Novgorod, learning and applying the best practices with respect to organization and holding of such events.

3.2. Regional Level: Nizhny Novgorod Region Case Study

Although under the Constitution regional authorities are entitled to establish their local bodies autonomously, the overall structure on the regional level should resemble the federal one. Thus, regions should have representative and executive bodies and actively develop their local self-government. However, the official names of executive and especially representative bodies vary significantly due to diverse cultural and historical traditions of Russian regions.

Top regional authorities are responsible for formulating the basic principles of regional international activity. Most Russian regions have specific laws on regional foreign activity (Busygina 2005: 972) and development strategies involving the international perspective. The law on regional international agreements was passed in Nizhny Novgorod already in 1995 (Law No. 15-Z) and the law on coordination of international relations on the territory of the region was enacted in 2001 (Law No. 181-Z). The Development Strategy of the Nizhny Novgorod Region adopted in 2006 paid close attention to the issues of globalization, Russia's prospective WTO membership, the roles of China and India in the global economy.

The subjects of the Russian Federation can also pass resolutions and issue statements expressing their opinion on foreign policy matters. Some regions resorted to this practice quite often in the 1990s, although unilateral statements at that time made mostly by the governments of Yakutia, Tatarstan, and Moscow are considered a violation of the Constitution (Busygina 2005: 976).

Since the 1990s, regional heads (governors or presidents) have played a key role in the regional politics, including international ties. Governors have the right to veto any decisions passed by the regional assemblies and the right to dissolve them. Moreover, governors, in practice, have significant control over elections in their regions and other routine functions of regional assemblies. Being the "regional leaders" in historical and cultural terms, governors are primarily responsible for stabilizing the regional politics and building a chain-of-command system at the regional level (Turovsky 2006: 630–631, 645). The head of the region represents this system in international relations and conducts international negotiations, although he may appoint other people to negotiate on his behalf. Research shows that the dominant position of the head of the

executive branch in a Russian region could be still strengthened by international factors, more specifically, by close economic relations with the countries having more authoritarian political regimes. Since such countries are characterized by greater involvement of politicians and bureaucrats in economic affairs, it is expected that the latter would like to negotiate with their counterparts, thus creating incentives for Russian regional leaders to play an even more important and visible role in foreign economic decision-making: “Any delegation representing regional business elite must include a high-ranking official of the political elite; otherwise, the negotiations are doomed”. This logic is especially applicable to the Russian regions that have close economic cooperation with CIS countries (Obydenkova and Libman 2012: 375).

The Governor of the Nizhny Novgorod Region chairs the Investment Council that was established in 2006 and since then has served as a direct communication channel between businessmen and the regional head aimed at immediate settlement of investment problems. The Council is composed of various regional and federal authorities, heads of major municipalities and leading regional companies. The Governor also publishes an annual report on the investment climate and investment policy in the region.

Regional governments naturally play a key role in the formulation of regional development strategies. In the 2000s most regions adopted their development strategies that allowed perspective planning of regional policies. Although first regional development strategies in Russia appeared already in 1993, most of them were adopted much later in 2006–2008 (Petrov and Titkov 2010: 45).

Regional legislative assemblies unlike governors play a less significant role in regional international relations. Although they have their rights to make regional laws, ratify international agreements, control the regional budget performance, some regional assemblies control appointments to major positions within the executive branch. Governors report to legislative assemblies on regional development, including the state of regional international affairs. Regional parliaments have certain rights, specifically concerning international relations. For example, the head of the representative body represents the region in interparliamentary affairs and negotiates interparliamentary agreements.

Regional administrations are especially helpful in promoting international relations by providing legal, information, and organizational assistance as well as regional guarantees for foreign investors and by creating proper business environment (including construction of business centers) (Plotnikova 2005: 73).

With the approval of the Russian Foreign Ministry, regions are in a position to establish their representative offices or bureaus in foreign countries and international organizations. Although they have no privileged status of embassies, sometimes they get certain tax and customs preferences from host countries (Plotnikova 2005: 103). Russian regions participate in several international structures arranged to strengthen regional cooperation (Congress of

Local and Regional Authorities, Barents Euro-Arctic Council, Organization of the Black Sea Economic Cooperation etc.) as well as in a number of Euroregions. Usually the regions that enjoy the highest potential in terms of extensive foreign relations (like ethnic regions that are well-developed) have more international representative offices. For example, Tatarstan currently has 13 offices in foreign countries. The republic also lobbies to amend the 1999 Federal Law “On Coordination of International and Foreign Economic Relations...” to authorize “diagonal” agreements between Russian regions and central governments of foreign countries concerning the establishment of regional representative offices abroad (Gimatdinov and Nasyrov 2015). “Diagonal” agreements are usually made for one of the two reasons: 1) in centralized countries subnational units do not have the necessary rights to make international agreements; 2) the size and potential of neighboring regions of adjacent countries may differ significantly (Plotnikova and Dubrovina 2016: 108).

Regional representative offices in foreign countries usually fulfill the following functions: 1) representative; 2) organizational (project documentation development, arrangement of official meetings, communication with diasporas etc.); 3) analytical (provision of information to regional authorities on the state of affairs in their countries of location).

However, regional representative offices face a number of common problems. First, financial resources are scarce (since offices are supposed to be funded from regional budgets). Second, there is a lack of qualified personnel having general knowledge of International Relations, professional language skills, and practical experience in the country of residence. Third, there is a need to comply with certain performance indicators such as the numbers of signed agreements, contracts, active business projects, as well as stakeholders’ level of satisfaction (Gimatdinov and Nasyrov 2015).

Border regions can form special organizational structures with their counterparts abroad to maintain cross-border relations. In the 1990s the Council of the Leaders of Border Regions of Russia and Ukraine was formed. Initially it comprised 5 border regions from each side. Later two more regions from Ukraine and Russia joined it as well as two Belorussian regions.

Many foreign countries, organizations, and subnational units are represented in Russian regions in the form of branches of official embassies, consulates and economic missions. Some embassies of foreign countries located in Moscow also have a net of their branches in other major cities of Russia. For example, the Embassy of Belarus has 9 branches across Russia, including one in Nizhny Novgorod. Kazakhstan as well as Ukraine has 5 consulates in Russian cities. Considering the size of Russia’s territory, foreign countries also rely on the institute of honorable consuls to promote economic and cultural relations with Russian regions. There are several honorable consulates in Nizhny

Novgorod, including consulates of Austria, Abkhazia, Hungary, Slovenia, Portugal and Malta.

International relations at the regional level in Russia are sometimes managed by special institutions within regional administrations. A number of regions formed specific government bodies to stimulate regional foreign affairs (for instance, Astrakhan, Orenburg, Nizhny Novgorod etc.). The Nizhny Novgorod Department of Foreign Affairs is responsible for coordination, organizational and informational support of international, foreign economic and interregional relations. The Department establishes and promotes relations with foreign subnational units and organizations, assists the governor in international negotiations, represents the region in all-Russian bodies for international cooperation, drafts regional legislation on international relations, organizes regional events with foreign participation, promotes a positive image of the region in foreign countries. According to the annual reports of the Department¹⁷, the most noticeable part of its activity is receiving foreign delegations and arranging international visits of regional leaders.

The Department is also involved in the activities of coordinating bodies that are established by the regional administration and certain foreign partners. The Council for Business Cooperation of the Nizhny Novgorod Region and the Republic of Belarus was established in 2005. There is the Subgroup on Cooperation of the Nizhny Novgorod Region and the Ministry of Employment and Economy of the Finnish Republic within the Intergovernmental Russian-Finnish Commission on Economic Cooperation. Both bodies include representatives of the regional administration and business community. In 2013 under the decree of the Russian President on promotion of cooperation with China, the Joint Task Force on Trade, Economic and Humanitarian Cooperation between the regions of the Volga Federal District and the Chinese regions of the Yangtze River was formed. The Task Force worked on the agreement between the Nizhny Novgorod Region and the Chinese Anhui Province to establish cooperation in several economic sectors (machinery, textile, chemical industries, investments, transport infrastructure) and to carry out cultural and educational projects.

Given the fact that Russian regions are increasingly concerned with investment attraction (including foreign investments), the respective ministries of regional administrations are also involved in regional international affairs. The Ministry of Investments, Land and Property Relations of the Nizhny Novgorod Region is the chief administrative body pursuing the policy of attracting foreign investments into the regional economy. The Ministry introduced a one-stop-shop principle to assist investors in their relations with various authorities to receive all the necessary documentation and services. It is

¹⁷ Department of Foreign Affairs. Government of the Nizhny Novgorod Region. Annual Reports. URL: <http://www.international.government-nnov.ru/?id=6585>.

also primarily responsible for arranging the International Business Summit that has been held annually in Nizhny Novgorod since 2011.

The primary task of the Ministry of Industry, Trade and Entrepreneurship is to support entrepreneurial activities in the region, including foreign economic relations of regional companies. The ministry established the Center for Export Development of the Nizhny Novgorod Region in 2010 to encourage export activities of regional small and medium-sized enterprises. The center provides informational, organizational, consulting, legal, language services to assist companies in their foreign economic activity.

Under the Russian Constitution, local self-government in Russia is autonomous with respect to “the issues of local significance”. Such issues may imply certain rights of local self-government bodies to establish and develop local international relations. The 2003 law on local self-government in Russia recognizes the right of local authorities to develop international and foreign economic relations under the federal legislation (Article 17, Section 8). Although with the formation of the “power vertical” in the 2000s the bodies of local self-government got under tighter control of regional administrations, in practice, major cities still have some political autonomy from the regional level (Turovsky 2006: 648). At the same time, cities as well as regions can rely on the federal center in their international relations. Thus, the Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad, and International Humanitarian Cooperation (Rossotrudnichestvo or previously known as Roszarubezhstsentr) represents the interests of some Russian cities in foreign countries.

Municipalities also cooperate with each other and form their associations that may be a channel to develop local foreign relations. In the 1990s the relations between municipalities in Russia developed rather disorderly. Since the 2000s, a tighter regional and federal control over intermunicipal relations has been established: a special council of municipalities appeared in every subject of the Russian Federation, the All-Russian Union of Municipalities was formed at the federal level (Turovsky 2006: 643). It is worth mentioning here that administratively the bodies that promote local foreign relations are usually responsible for cooperation with other municipalities and regions in Russia. For example, the Committee on Foreign Economic and Interregional Relations operates under the Administration of Nizhny Novgorod.

Major cities in Russia actively develop economic and cultural relations with foreign partners. Their core activities usually involve attraction of foreign investments, promotion of local produce for export, organization of cultural and sports events, and development of sister-city relations.

Under the 2003 law on local self-government, Russian municipalities are governed by 1) the representative body, 2) the head of municipality, and 3) the local administration (Article 34). The local representative body adopts the municipal charter, budget, development programs, and sets the municipal

administration structure. It is also empowered to dismiss the head of municipality.

The head of municipality (for example, a city mayor) is the top local official representing the municipality in its foreign relations. At the same time, he may also preside over the local administration under the 2003 law. However, another official may be contracted to this position as well (Article 37, Section 2). Big cities in Russia usually have both the head of municipality and the head of local administration as two separate positions taken by two different officials. However, the head of municipality keeps the overall responsibility for the settlement of issues of local importance.

Major cities in Russia often have special bodies responsible for international relations within their administrations. The Committee on Foreign Economic and Interregional Relations carries out these duties in Nizhny Novgorod. The Committee develops and implements the strategy of the city foreign economic relations, promotes the foreign image of Nizhny Novgorod as a city with strong economic, scientific and cultural potential, provides informational, organizational and analytical support to the city administration with respect to international and foreign economic ties. As for developing foreign economic relations of the city, the Committee works closely with the business community of Nizhny Novgorod (in particular, with the Nizhny Novgorod Association of Industrialists and Entrepreneurs, the Council of Directors of Nizhny Novgorod, the Chamber of Commerce and Industry).

3.3. Non-Governmental Actors in the Nizhny Novgorod Region

In the globalized world various non-governmental organizations tend to be involved in regional international relations. Given the primary importance of the economic dimension of regional foreign ties, businesses actively shape international cooperation in Russian regions.

International companies could provide investments in regional economy and lobby regional administrations to adjust their economic policies. In addition to individual lobbying strategies, foreign business players can also form associations. For example, the International Community Association of the Nizhny Novgorod Region (ICANN) established in 1997 unites the efforts of foreign companies and citizens in the region to create a more favorable business environment through cooperation with the regional administration. ICANN is primarily focused on the organization of various events and meetings between representatives of the international business community and the regional and local administrations as well as the branches of federal bodies in the region. Listed among ICANN members are the regional branches of *Intel*, *KPMG*, *Liebherr*, *Heineken*, *Raiffeisen Bank*, *Societe Generale Group (Rosbank)*, *TyssenKrupp Industrial Solutions (RUS)*, *Volkswagen Group (RUS)*, *Elster* and others.

The Chamber of Commerce and Industry is also a good platform to promote international economic activity across regions. Primarily focused on pursuing Russian business interests, the Chamber, among other things, works closely with business communities and organizations from foreign countries. It assists cooperation between numerous Russian business councils and their international partners. The Russian Chamber is a member of various international associations: the World Chambers Federation, the European Association of Chambers of Commerce and Industry, the Council of Heads of Chambers of Commerce and Industry of the CIS Member States, the Confederation of Asia-Pacific Chambers of Commerce and Industry etc. The All-Russian Chamber has 180 territorial units across Russia, including one in Nizhny Novgorod. The Chamber arranges congresses and exhibitions, prepares documentation for foreign economic operations and finalizes licensing issues to open branches of foreign chambers of commerce and business associations in Russia.

The Nizhny Novgorod Chamber of Commerce has several “international” bodies within its structure. The Chamber Committee on Foreign Investments is aimed at analyzing and adopting advanced foreign expertise to perfect the regional investment policy. It also forms a database of foreign investments and investors in the region, participates in international events to promote investment attractiveness of Nizhny Novgorod, consults companies involved in international investment projects in the region, conducts seminars, conferences, and meetings on a variety of issues related to regional investments. The Chamber has three special centers to develop economic cooperation with Azerbaijan, Iran, Turkey, Kyrgyzstan and Kazakhstan. There is also the Committee on Foreign Economic Activity Promotion aimed at establishing and maintaining business contacts with partners in other countries and regions. The Chamber hosts the Nizhny Novgorod International Students Club as a platform where foreign students studying at different universities can communicate with each other, as well as with representatives of the regional business and university communities, and participate in cultural, scientific and sport events.

Another crucial aspect in activities of business companies, especially international ones, is corporate social responsibility. International companies can be charity providers in Russian regions. Before the crisis several foreign corporations (*Mercedes-Benz*, *Raiffeisen Bank*, *Intel* among others) took part in the Russian contest “Corporate donor”. Foreign companies participated in the “Leaders of Corporate Charity” project, which is a joint project of the *Vedomosti* newspaper and the PricewaterhouseCoopers audit company aimed at revealing and spreading knowledge about the best practices of corporate charity in the Russian business community and society.

Regions and cities under certain circumstances can be proactive in establishing relations with international business actors. For example, the administration of the Nizhny Novgorod Region used the support of foreign

banks and auditors to issue Eurobonds. The government of Tatarstan used the assistance of an international audit company to evaluate by international standards the situation at *KAMAZ* in order to restructure the EBRD debt of the plant.

Regional businesses also have certain potential for international activities. On the one hand, regional companies engaged in foreign economic relations are able to develop economic ties directly. On the other hand, regional business can influence regional administrations and, thus shape regional politics to some degree. Given the fact that many businessmen joined regional administrative bodies in the 2000s, experts say that the post-Soviet business elite seems to be a natural “pool of candidates” to replace the generation of regional leaders with Soviet background (Turovsky 2006: 658, 669). Although according to some research, with the formation of the “power vertical” the potential of business leaders to initiate political changes shrank (Starodubtsev 2014: 573), almost everywhere businesses influenced implementation of regional development strategies (Petrov and Titkov 2010: 45). Additionally, regional businesses in recent years have shown the tendency to integrate with national and international companies (Petrov and Titkov 2010: 72). Regional businesses can participate in significant international events. Thus, the regional business has been permanently represented at the International Business Summit in Nizhny Novgorod.

Human contacts across state borders constitute the “social dimension” of regional international relations (Granberg 2001: 244) as a space of non-official regional foreign policy taking form of conferences, seminars, cultural days etc.

Since the early 1990s, various international organizations have had specific programs for Russian regions (TACIS, EBRD, UNESCO, UNISEF, WB) aimed at developing civil society in the country. Many Russian regions cooperated with the UNDP. Since the early 1990s, a large number of conferences and seminars under the aegis of the Council of Europe took place and involved representatives of all Russian regions (Kuzmin 2004: 54). Some initiatives were specifically aimed at social contacts development. For example, the Informational Bureau of the Nordic Council of Ministries established in St. Petersburg in 1995 with its representative offices in Arkhangelsk, Murmansk, and Petrozavodsk coordinated education and professional exchanges of teachers, scholars, politicians, journalists (Nasyrov 2009: 207). In 2000 Russia signed the RUSFED program crafted by the Council of Europe to promote regionalism, democracy and international cooperation in Russian regions and to assist them in personnel training in international relations (Plotnikova 2005: 134). Non-traditional confessions, INGOs such as Greenpeace and Amnesty International, foreign charitable and cultural foundations have been active in Russia since the collapse of the Soviet Union.

However, the desire of the federal government to put such activity under tighter control has been visible since the mid-2000s. With the creation of the

“power vertical”, federal influences have clearly affected regional activities in this field. Such challenges as terrorism and religious extremism aggravated by the influence of radical Islam especially in the southern regions of Russia tend to make regional politics more concentrated within the executive branch (Light 2012: 223) and preoccupied with security challenges.

Major cities in Russia are especially attractive to the organizations that support international cooperation between people. For instance, numerous international cultural and educational centers operate in Nizhny Novgorod: branches of the German Goethe Institute, the Japanese Center, the French Cultural Center “Alliance Française – Nizhny Novgorod”. There is a branch of the International Exchange Center in Nizhny Novgorod, an organization providing students with an opportunity to work, travel and study abroad and share their experience and knowledge with others.

Regional universities play an important role in international educational and cultural cooperation. Thus, being natural platforms for cultural and educational activity, Nizhny Novgorod universities host many international cultural centers. Linguistics University of Nizhny Novgorod, given its advantages with respect to language education, has several language and cultural centers (Roman Languages Center, Japanese, French, Spanish, Italian, Swiss, Slavic centers, Confucius Institute, English-language literature library). There are Czech, French and Serbian centers at Lobachevsky State University of Nizhny Novgorod. The Nizhny Novgorod branch of Higher School of Economics hosts the Austrian Library. These centers promote language education, arrange and participate in international cultural events.

International cultural and humanitarian cooperation is also an important part of the activity of federal and regional administrative structures in the subjects of Russia. For example, the Regional Department of Foreign Affairs, the Municipal Committee on Foreign Economic and Interregional Affairs and the Foreign Ministry Representative Office in Nizhny Novgorod cooperate to organize various international cultural events that take place both in the region and in foreign countries (such as the “weeks” of foreign countries, art exhibitions, round tables, festivals, sports events in the region and abroad etc.). Cultural events in foreign countries involving representatives from Russian regions are an important mechanism of public diplomacy increasing Russia’s “soft power” and promoting a more attractive image of the country as well as its territories and people.

Thus, international relations of Russian regions involve plurality of actors from the public, private and “third” sectors. Pursuing international activities, they may rely on numerous mechanisms and platforms. It is also possible to conclude that foreign economic relations clearly dominate the international agenda in Russian regions and receive greater attention from regional administrations.

Thought questions

1. What federal authorities are involved in regional international relations?
2. How does the Russian Foreign Ministry coordinate international relations of Russian regions?
3. What structures of the regional government are managing international relations in the Nizhny Novgorod Region?
4. How are non-governmental actors involved in international relations in the Nizhny Novgorod Region?

Suggested readings

Makarychev, A.S. (2003). "Globalizm, Globalizatsiya, Globalisty: Regionalniy Vzglyad na Problemu" [Globalism, Globalization, Globalists: Regional Outlook], in: *Globalists and Anti-Globalists: An Outlook from the Volga Federal District*. Research Proceeding. N. Novgorod: 12–53.

Plotnikova, O.V., Dubrovina, O.U. (2016) *Mezhdunarodnye svyazi regionov gosudarstv: kharakteristika i osobennosti* [International Ties of State Regions: Characteristics and Peculiarities]. Moscow: NORMA: INFRA-M. Chapters 5 and 6.

Chapter 4. International Relations in the Volga Federal District

The Volga Federal District (VFD) consists of 14 subjects of the Russian Federation: 6 republics (Bashkortostan, Mari El, Mordovia, Tatarstan, Udmurtia, Chuvashia), 1 territory (Perm), and 7 regions (Kirov, Nizhny Novgorod, Orenburg, Penza, Samara, Saratov, Ulyanovsk).

The VFD is one of the most densely populated districts in Russia with 21.3 % of the Russian population residing there. The VFD has a unique geographical location at the crossroads of the international transport routes “North-South” and “East-West” connecting Siberia, the Far East, the South-East Asia and Central Asia with the European part of Russia and European states. Transport infrastructure development is a key district priority. Its development strategy aims at modernization of motor roads and railroads to increase their traffic capacity, logistics infrastructure development which is especially important given the fact that 80 % of imported cargo for the VFD still go through Moscow and St. Petersburg¹⁸. The VFD has sufficient industrial potential and accounts for a quarter of all Russian manufacturing output, including 85 % of the car industry, 65 % of the aircraft building, 40 % of the petrochemical industry, 30 % of the shipbuilding industry, and 30 % of the military production. The district incorporates 5 of the most investment-attractive regions in Russia: Bashkortostan, Tatarstan, Perm, Samara, Nizhny Novgorod.

The VFD is a proper case study of how Russian regions are involved in international activities since it includes subjects of various types with respect to their ability to promote foreign relations. The Nizhny Novgorod Region is both an industrial and a “capital” region being an administrative center of the district. The Republic of Tatarstan is an economically developed and an ethnic region. The Orenburg Region is a border region adjacent to Kazakhstan.

4.1. The Nizhny Novgorod Region

The Nizhny Novgorod Region has several distinctive characteristics shaping its international potential:

- geographical location (at the crossroads of railroad, water and air routes and in relative proximity to Moscow);
- industrial potential (especially, a well-developed automobile industry that may be attractive for foreign car producers);
- educational and innovative potential (as measured primarily by the number of universities and research centers);
- large consumer market (attractive for foreign producers of consumer goods);
- “capital” status (in the 1990s Nizhny Novgorod was an important center of economic and political reforms, in the 2000s it became the capital of the VFD).

¹⁸ (2011) The 2020 Volga Federal District Strategy for Socio-Economic Development: 23.

Historically, Nizhny Novgorod was a prominent center for international business cooperation as its Fair played the role of an important international trade point since the 19th century. However, during the Soviet period the region was a closed area since its economic activity was to a significant degree concentrated within the military-industrial complex. After the collapse of the Soviet Union, Nizhny Novgorod made a symbolic and practical attempt to return its international status reinventing the merchant brand of the past – the “pocket of Russia”.

Since the early 1990s, various groups of actors involved in international activity appeared in the region. Those were the “islands of globalization” (Makarychev 2000b): business associations (such as “Partnership” and “Business Perspective”), banks and companies (cooperating with foreign partners such as the EBRD), education and research institutions (engaged in intensive international exchange), non-governmental organizations (environmental, gender, human rights etc.), ethnic, religious and cultural actors. Foreign governments and international organizations (USAID, UNESCO, Soros Foundation, TACIS, Peace Corp. etc.) began to pay attention to the civil society development in the region and sponsor various regional and local projects.

However, not all social and political actors welcomed globalization and internationalization of the region. Nationalistic and conservative attitudes were widespread among the regional academia, the regional business elite expressed serious concerns about Russia’s membership in the WTO. The regional administration was not always enthusiastic about civil society activities: human rights, religious and ecological organizations were sometimes accused by the regional authorities of threatening the regional stability and impeding regional economic development with their critique of the activities undertaken by political and economic players (Makarychev 2002b).

Since the early 1990s, regional contacts with the world evolved dramatically. The first governor of the region Boris Nemtsov (1991–1997) enjoyed strong support from the federal center as the region became an experimental platform for liberal economic and political reforms, thus turning into one of the most politically important subjects of Russia. Constructive relations with the federal center were strengthened further by good personal relations between the President and the Governor. The image or the “third capital” was created specifically for Boris Nemtsov. No wonder, Nemtsov enjoyed enthusiastic support from international political and financial circles. In 1996 according to the Bank of Austria, Nizhny Novgorod was ranking third (after Moscow and St. Petersburg) by investment attractiveness. Joint enterprises with foreign participation were launched in the region and their number began to grow. The Regional Development Agency was established in 1997 to assist regional and foreign companies in investment project development. Many high-level international delegations paid visits to Nizhny Novgorod (Valuev 2006: 152). At the same time, economic outcomes of liberal reforms and radical

privatization were controversial and sometimes resulted in bankruptcies of regional enterprises (*Korund* and *Orgsteklo* in Dzerzhinsk).

After Nemtsov, regional leaders pursued a more conservative and socially-oriented economic policy, cooperation with international partners often led to disappointing results. In 1997 only Nizhny Novgorod along with Moscow and St. Petersburg got the right to issue bonds and borrow from foreign financial markets (Eurobonds). It was considered an outstanding success for the regions and made them far more significant international actors. But the loans were used ineffectively as the regional government decided to spend them on ecological projects and payroll payments instead of investing those funds into high-return economic initiatives. As a result, the region faced difficulties repaying its debts already in 1998 and defaulted in 1999 (Sharafutdinova 2007: 375). That was reasonably a huge blow to the financial reputation of the region and its leadership. The regional foreign debts were repaid only in 2004.

During the gubernatorial term of Ivan Sklyarov (1997–2001) the conflicts between the regional head and the mayor of Nizhny Novgorod intensified. The governor and the mayor of Nizhny Novgorod in 1998 demonstrated different attitudes to foreign investors that were constructing a hotel in the city when Ivan Sklyarov decided to freeze the construction after archeologists had found the remnants of medieval tombs there. Furthermore, as the regional government faced problems in repaying its Euro-loans in 1999, the mayor of Nizhny Novgorod Yury Lebedev tried to independently initiate international investment projects.

Since the late 1990s, “federal” (all-Russian) business and political actors began a more intensive penetration into regional space. Business groups and officials from Moscow often appeared on regional economic and political stages. The process was sometimes referred to as the “capital transfer” of administrative practices from Moscow down to regions. Thus, major Russian financial industrial groups (*Sibal*, *Interros*, *Severstal*, *LUKoil* etc.) purchased manufacturing companies in the Nizhny Novgorod Region (*GAZ*, *Pavlovo Bus Plant*, *Krasnoye Sormovo* and others). The process correlated with the appearance of Gennady Khodyrev, the representative of Moscow elite in the regional government (2001–2005). However, the “capital transfer” did not necessarily mean that the regional international activity would be limited. On the contrary, Russian big business players preparing to enter the world market showed eagerness to cooperate with international partners as well as adjust their financial, accounting and other business procedures to international standards.

When in 2000 the federal districts were established in Russia, Nizhny Novgorod became the administrative center of the VFD. The city benefited in terms of its foreign activity and investment attractiveness. Thus, after the decision on the administrative center the investments in the regional economy the following year increased nine times (Valuev 2006: 172). Presidential envoy Sergei Kirienko attempted to promote foreign affairs of the VFD regions

through a number of initiatives. He supported annual Fairs of Social and Cultural Projects partly sponsored by international organizations. He used his position to promote the regional investment potential abroad on various international events. The envoy also formed a special board to develop the “capital of the Volga Region” brand for Nizhny Novgorod. A special program appeared in 2003 although its goals and execution mechanisms were defined rather vaguely (Valuev 2006: 161). In 2001 another project to establish a free customs zone called the “Pocket of Russia” appeared to support import-substitution and export-oriented activity of district enterprises.

At the same time, during the governorship of Gennady Khodyrev the confrontation with the newly appointed presidential envoy Sergei Kirienko took place. Khodyrev considered the level of envoys an unnecessary complication, “a filler” (*prokladka*) in the federal-regional relations¹⁹ leading only to increased bureaucratization and unnecessary coordinating activities in the political process. The conflicts between governors, mayors and presidential envoys substantially limited the “capital potential” and investment attractiveness of Nizhny Novgorod (Valuev 2006: 163).

The abovementioned “capital transfer” intensified further as former Vice Mayor of Moscow Valery Shantsev became the Governor of the Nizhny Novgorod Region in 2005. The federal center encouraged regions to adopt special programs of socio-economic development. As a result, in 2006 the 2020 Nizhny Novgorod Region Development Strategy was proposed. It took into account international trends and foreign economic relations of the region as the key aspect of its foreign activity. Special attention was paid to economic globalization and Russia’s accession to the WTO, in particular. According to the strategy, Russia’s WTO membership was expected to increase competition in a number of regional economic sectors. Nonetheless, the strategy suggested that competitive regional enterprises would gain benefits from the WTO accession, including access to new markets. The strategy paid attention to organizational transformations in the world economy: increased popularity of outsourcing, “economic power” of international corporations and foreign investments. Regional companies were expected to outsource some of their activities to China and India to be able to focus on products with higher added value. Furthermore, ambitions to fight terrorism and consequent increase in defense spending were expected to generate additional demand for the regional military-industrial complex production. The strategy specifically addressed the need for the regional government to assist small and medium-sized businesses in foreign economic relations by creating a shared information space that could demonstrate the regional economic potential, by launching educational programs

¹⁹ Makarychev, A.S. (2003) “Novye slozhnosti dlyz vlasti” [New Challenges for the Authorities] *Birzha (Nizhny Novgorod)*, 3 February.

for entrepreneurs on international marketing, and by presenting regional enterprises on international fairs and conferences²⁰.

Since the 2000s, the trend towards formation of joint ventures and localization of foreign production in the region has become evident. A number of significant international business projects were launched. Major foreign companies (*Coca-Cola*, *Galina Blanca*, *Heineken*, *Wella* etc.) brought their production facilities to the region. In 2011 Swiss company *Liebherr* started a plant in Dzershinsk. In 2013 French corporation *Saint-Gobain* built a plant for gypsum plasterboard production in the Pavlovo District. In 2014 Russian-Belgium PVC enterprise *Rusvinyl* was commissioned in the Kstovo District. In 2014 German corporation *Daimler* arranged production of Sprinter cars on the GAZ plant in Nizhny Novgorod. Thus, car industry, construction and chemical industry are the most attractive sectors of the regional economy for international cooperation. Major distribution networks, trade, entertainment and business centers, hotels made the city more attractive for businessmen and tourists.

Investment policy became one of the top priorities for the regional government especially since the mid-2000s. The 2006 Regional Development Strategy stated that the region, although ranking fourth in the Expert Regional Investment Ranking, was characterized by a low degree of internationalization and integration in the international division of labor. The region was ranking 29th in Russia in terms of attraction of foreign investments and only 44th in terms of foreign trade turnover per capita²¹. It is worth mentioning, that despite an increase in the number of international contracts, the regional potential has not always been converted into economic benefits. In 2000 Boris Nemtsov who was then the Vice Speaker of the State Duma harshly criticized the Government of the Nizhny Novgorod Region for their ineffective foreign investment attraction policy (Makarychev 2001a).

A decision to form a special Investment Council under the Governor was made already in 2005. The 2025 Nizhny Novgorod Investment Strategy was adopted in 2013²². Leading investors to the region include the Netherlands (41 %), Germany (29 %), Cyprus (10.5 %) and Austria (9.7 %)²³. Foreign investors generally invest in the regional manufacturing and trade. The strategy aims specifically to inform foreign companies about the investment potential of the regional enterprises, including to form an interactive investment map of the region, annual reports on the investment climate in the region, an investor's guide to the region²⁴. The strategy analyzed the goals and prospective moves of foreign investors in the five most attractive sectors of the regional economy (car and petrochemical industries, ship and airplane building, nuclear sector) and

²⁰ (2005) The 2020 Nizhny Novgorod Region Development Strategy. P. 6–7, 28–29.

²¹ Ibid. P. 9.

²² (2013) The 2025 Nizhny Novgorod Region Investment Strategy.

²³ Ibid. P. 13.

²⁴ Ibid. P. 35.

presented a map of most probable investors for each of them²⁵. A special informational investment portal supporting seven languages was created (<http://www.nn-invest.com/>). It contains information about the regional investment potential, its investment strategy, mechanisms of business support, and the regional investment map with details on completed projects as well as upcoming ones. The Government actively presents the regional investment potential through various channels: multimedia presentations (available in five languages), the Investor's Guide (available in six languages), the Investment Projects Catalogue (available in three languages). These products are distributed through Russian trade delegations and representations in foreign countries, as well as through the Federal Agency for Strategic Initiatives (Shantsev 2016: 3–4).

The region is engaged in infrastructure development to increase its investment attractiveness. Since 2012 two territorial clusters in the Nizhny Novgorod Region have been established: the Sarov Innovative Cluster located in the Russian Nuclear Center in the town of Sarov and the Industrial Automobile and Petrochemical Cluster with *GAZ* and *Sibur* as its core enterprises. The modernization of the Strigino International Airport began in 2011, and in 2015 the construction of a new passenger terminal was finished. The Strigino passenger flow has increased 5.5 times since 2005²⁶.

Like some other regional centers in Russia, Nizhny Novgorod has become a place to host major international events. Since 2012 Nizhny Novgorod has hosted the International Business Summit which is a forum for authorities and businesses to discuss the prospects of economic development and forge cooperation agreements. Official statistics of the Summit shows an increase in international representation and in numbers and values of signed contracts. Thus, in 2012 delegations from 15 countries took part in the first summit, and 17 agreements for the total amount of 13 billion rubles were signed. In 2015 the Nizhny Novgorod Fair, the core venue of the Summit, welcomed representatives from already 50 countries, 16 agreements worth 70 billion rubles were signed. Although in 2016 the official numbers dropped a little: 45 foreign countries visited Nizhny Novgorod, and 24 agreements worth 62 billion rubles were made²⁷. Selected to host the 2018 FIFA World Cup, Nizhny Novgorod began to develop tourist infrastructure, including the construction of high-class hotels. The first five-star hotel opened in 2016 and the second (as well as two more hotels of lower classes) is scheduled for 2017.

However, the region faces certain challenges impeding international involvement. Its geographical location hinders regional development due to, among other things, “brain drain” to other regions (especially Moscow) and

²⁵ (2013) The 2025 Nizhny Novgorod Region Investment Strategy. P. 15-16.

²⁶ (2016) ‘Informatsiya o realizatsii strategii razvitiya Nizhegorodskoy oblasti do 2020’ [Information on Implementation of the 2020 Nizhny Novgorod Region Development Strategy]. April 2016. URL: <http://minec.government-nnov.ru/?id=78485>: 19.

²⁷ International Business Summit 2016. URL: <http://www.ibs-nn.ru/page/show/1>.

countries, as well as competition with Moscow and St. Petersburg as the major logistics centers. It is at least partly responsible for some deficit of skilled managers in the region and certain difficulties in applying international financial and accounting standards. Even in the 1990s, when international relations of Russian regions developed actively, foreign actors mostly focused their attention on quite narrow groups of regional players (mostly in business and financial circles) and initiated only a few media and public projects to increase awareness about them among the regional population (Makarychev 2002b).

Localization of foreign economic enterprises in Nizhny Novgorod is another challenge. With new joint ventures established, foreign producers continue to develop new and more advanced products thus cutting off Russian regions as their competitors. It became more than clear when cooperation between GAZ and a number of European car producers resulted in a number of joint ventures in Russia, but at the same time, foreign manufacturers developed new models with lower emissions and consumption. Western companies usually have no social and housing facilities at their disposal which is standard practice for major Russian enterprises, especially in company towns. To put such facilities on local or regional budgets would be an unbearable financial burden for local authorities. Technological standards for Russian production (for example, car safety) also often fall behind the international ones which also limits international competitiveness of Russian companies. Dependence on foreign technologies and materials leads to an increase in production prices quoted by the regional enterprises. It happened after the 1998 crisis (when the Pavlovo plant experienced difficulties selling its buses containing *Volvo* parts) as well as after the ruble exchange rate dropped in 2014.

There is also a frequent lack of cooperation between the regional and municipal authorities in Nizhny Novgorod. Mayors in the city have always been the center of oppositional influence groups (Turovsky 2006: 709). And in 2016 Presidential Envoy Mikhail Babich openly criticized the years-long confrontation between the regional and municipal administrations in Nizhny Novgorod that was disadvantageous to the regional development²⁸.

4.2. The Republic of Tatarstan

Tatarstan is an industrially developed region of Russia considered attractive for foreign business. Since the 1990s, Tatarstan has always been among the leaders by the gross regional product (GRP) and investment attractiveness. The republic is currently ranking 7th in terms of investment attractiveness²⁹ and 14th by the GRP (2015 Regiony Rossii: 32). Their

²⁸ Renkova, T. (2016) "Mikhail Babich rascriticoval pravitel'stvo Nizhegorodskoy oblasti, goradministratsiyu i Zaksobranie" [Mikhail Babich Criticizes the Government of the Nizhny Novgorod Region, the City Administration, and the Legislative Assembly] *NewsNN.ru*, 6 December. URL: <http://newsnn.ru/news/2016/12/06/164377/>.

²⁹ (2016) Investitsionnye reitingi regionov Rossii [Investment Rankings of Russian Regions]. URL: http://raexpert.ru/ratings/regions/?scale_type_id=1&sort=rating&type=asc.

experience was used by the Federal Agency for Strategic Initiatives to develop a universal Russian standard to assess the performance of regional authorities and thus to promote a favorable investment climate³⁰. Tatarstan hosts the largest industrial special economic zone in the country (“Alabuga”). It is the center of car (*KAMAZ*) and petrochemical (*Tatneft*) industries. Tatarstan takes the lead among other Russian regions in terms of creating the business support environment: the republic has special economic zones, industrial parks and technoparks, business incubators, youth innovation centers etc.³¹

Tatarstan is an ethnic republic with the titular ethnic group constituting the majority of the population and the pool of candidates for political elite: the Tatars make up the bulk of the regional bureaucracy (Valuev 2006: 95). The ethnicity factor helps Tatarstan to develop its international relations in a number of ways: economic, cultural and even political cooperation with Muslim countries and ethnic diasporas, societal consolidation that stabilizes the regional political regime making it more attractive for foreign business, certain autonomy from the federal center, and advanced lobbying potential in Moscow.

Economic and ethnic factors, along with natural resources, reinforce each other giving Tatarstan clear advantages to develop a wide range of international activities. There are 1400 joint ventures with international capital in the republic³². Tatarstan has signed agreements and protocols on cooperation in economy, science and technology with over 30 foreign countries and regions³³. The region has 8 representative offices and 3 trade missions in foreign countries³⁴. The region hosts Consulates General of Turkey, Iran, Kazakhstan, and Hungary, the branch of the Belorussian Embassy, a number of Honorary Consulates (France, Spain, Belarus, Macedonia). Tatarstan has often been chosen as a venue for major international events, like the 2013 Kazan Universiade. The republic is hosting the 2018 FIFA World Cup, the 2019 WorldSkills Championship.

In the 1990s Tatarstan pioneered the ethnic approach to regional international relations by relying heavily on the concepts of “nations beyond states” and “global federalism” that allegedly gave subnational ethnic units more freedom in pursuing their goals in the global world. Tatarstan made a number of international peace-keeping proposals (the Hague Initiative on the settlement of regional conflicts) and suggested to use its resources to promote Russia’s ties with the Islamic world. Some republican officials even flirted with the ideas of major international reforms such as establishment of a new Popular Chamber in the United Nations. At the same time, the republic’s international stance gave

³⁰ (2013) Pryamyie inostrannye investitsii v Rossii: regional’nyi aspekt [Foreign Direct Investments in Russia: a Regional Perspective]. Analytical Survey. URL: <http://www.ra-national.ru/sites/default/files/other/12.pdf>: 12.

³¹ The 2030 Socio-Economic Development Strategy of the Republic of Tatarstan: 195.

³² Foreign relations of the Republic of Tatarstan. URL: <http://tatarstan.ru/about/vs.htm>.

³³ International Treaties and Agreements Record. URL: http://mpt.tatarstan.ru/rus/mejgos_sogl.htm.

³⁴ Representative Offices of the Republic of Tatarstan. URL: http://prav.tatarstan.ru/rus/representative_offices.htm.

certain backing to ethnic and religious radicals (like the Tatar Public Center) who called for boycotting the federal bodies in the region, recognizing the “colonial” status of the republic within Russia, developing contacts with “national liberation movements” around the globe. They even recruited forces for Chechen separatists and planned terrorist attacks (Valuev and Makarychev 2002). However, the influence of the republic’s radicals should not be overestimated: they have never had power to seriously affect the regional policy and, moreover, were even used by the regional elite as leverage in bargaining with the center (Valuev 2006: 124).

Furthermore, as stated above, the Tatarstan leadership at some points made moves and statements that contradicted the official policy of Russia. However, it would be an overstatement to assume that Tatarstan took entirely anti-federal stance in the 1990s. Its policy was more pragmatic and based on rather careful balancing between “West” and “East”, the center and regions. Tatarstan never claimed full sovereignty from Russia and preferred, as Mintimer Shaimiev put it, “moderate sovereignty” that recognized the power of the federal authorities at the same time leaving the republic a wider autonomy. Tatarstan was relatively successful in establishing special relationship with the center that included increased republican quotas for oil export and the right to keep the majority of tax revenues in the region. As for its relations with the West, in spite of regular appeals to the Western public opinion, Tatarstan officials nonetheless criticized the West for selective approach to human and minorities rights, were skeptical of the Western-sponsored shock therapy reforms, cooperated with Iraq despite the Western sanctions against the country (Valuev and Makarychev 2002).

In the 1990s Tatarstan positioned itself as the leader of Russian federalism and the most internationally active Russian region. It signed many agreements with foreign countries and regions – Austria, Hungary, Canada, Spain, Germany, Turkey, France, Iraq and other countries. Tatarstan used its ties with diasporas to position itself as the ethno-political center of the Tatar people. The republic regularly conducted the World Congress of the Tatars to legitimize this status. Tatarstan tried to entrench in the international community a unique “Tatarstan model” of relations between the federation and its subjects which excludes separatism and is based on the principles of democracy, political dialogue and Euro Islam (as opposed to radical Islam) (Valuev 2006: 119, 121). For example, the Russian Islamic University was established in Kazan to educate Muslim priests for Russian regions and thus reduce the influence of radical preachers coming from abroad. Euro Islam was seen as a mechanism to develop contacts with European Muslims. Tatarstan also tried to use its national language to promote international relations. In the 1990s the idea appeared to

translate the Tatar language into the Latin alphabet to enhance economic cooperation³⁵.

Although with the formation of the “power vertical” Tatarstan lost much of its “uniqueness” in terms of relations with the federal center, the republic got new opportunities for further development. Thus, the budget reform of the early 2000s stripped Tatarstan of some of its tax privileges, but the federal center agreed to sponsor some republican projects (Valuev and Makarychev 2002). The republic got federal assistance to organize international mega-events (Kazan Anniversary, Universiade). It is also worth mentioning that Tatarstan has maintained its power-sharing treaty with the federal center despite the fact that the majority of Russian regions decided to abrogate them at the beginning of the 2000s.

Although the republican legislation with respect to foreign investment attraction appeared in Tatarstan in the early 1990s (the foreign investments law was passed in 1994), in the 2010s the region enhanced its efforts even further. The republican Investment Council was established in 2012. Tatarstan annually adopts a special investment memorandum to inform investors on the priority development fields and the efforts undertaken by the regional authorities to promote investments. Tatarstan adopted an investment tax credit aimed at encouraging investments by allowing deferment of tax payments, the regional income tax for investors has also been reduced.

Numerous development institutions were established in the republic: a special industrial economic zone “Alabuga”, a special innovation economic zone “Innopolis”, several industrial parks and business incubators. “Alabuga” is the center of attraction for foreign investors due to infrastructural, tax and customs benefits. International companies and joint ventures amount to a half of the Alabuga residents³⁶. Alabuga was granted the free customs zone regime in 2008 which allowed its residents to import advanced technological equipment duty-free.

Tatarstan went on developing economic cooperation with foreign partners. Although the majority of its international agreements Tatarstan made in the 1990s, they were mostly framework agreements on general principles of cooperation in economy, culture, science and technology. The agreements and protocols of the 2000s reveal two tendencies in the republic’s international affairs. First, the development of cooperation with the near abroad (Belarus, Central Asian states) and the East (China). Second, more targeted cooperation with developed countries: Tatarstan made a number of protocols with business structures and associations of Switzerland, France, Finland and US to promote economic cooperation between the republican companies and foreign partners.

³⁵ The Latin alphabet is also used by Turk peoples in Central Asia (Uzbekistan). Although the languages of Kazakhstan and Kyrgyzstan are based on Cyrillic characters, there are signs that it is going to be translated into the Latin alphabet too. Turkmenistan switched to the Latin alphabet in the 1990s.

³⁶ (2013) *Pryamye inostrannye investitsii v Rossii*: 43.

Tatarstan continues to use its ethnic potential to pursue overall Russian interests. In 2015 Tatarstan reintroduced the strategic analysis group “Russia – Islamic World” to coordinate international efforts in fighting the threats of terrorism and religious extremism and to promote international educational and youth cooperation. Tatarstan hosts many international cultural events: Feodor Chaliapin International Opera Festival, Rudolf Nureyev International Classic Ballet Festival, Kazan Muslim Cinema International Festival, International Theatre Festival of Turk Peoples “Nauruz”, international modern music festival “Europe-Asia”. The World Congress of Tatars is gathered every five years.

Tatarstan was among the first regions in Russia to adopt a strategic development program. The current program (the 2030 Strategy) is the fifth five-year document of the Republic³⁷. Tatarstan sought the assistance of major international consultant companies to develop the 2030 Strategy: a world-class consulting group *Ernst&Young LLC* (UK) and the major private consulting company in Japan *Nomura Research Institute*. The 2030 Strategy is remarkable in several aspects. First, it utilizes most of the advanced development concepts, including sustainable development, human capital, learning region, creative class. The strategy implies that in our today’s world, leadership in development shifts from nations to regions that are becoming “growth poles” (p. 7). Second, making human capital its core element, the strategy specifically focuses on education as a development factor. Tatarstan is up to developing a competitive system of vocational schools and promoting a regional system of WorldSkills Russia contests (p. 76–77). The republic is aimed at developing partnerships with foreign universities and getting Kazan into the Learning Cities International Association as well as into UNESCO rankings of innovation cities (p. 79).

Tatarstan sets a number of ambitious goals:

- as a “global actor” Tatarstan is planning to attract major business players to the region, intensify cooperation between regional and transnational enterprises, enhance export activity of regional small and medium-sized businesses (p. 188–199);
- as a “global hub” Tatarstan wants to utilize the advantages of its location at the crossroads of the transport routes connecting Europe and Asia. The plans of a new international thoroughfare St. Petersburg – Tatarstan – Kazakhstan – Western China are very important for the regional development. Tatarstan is planning to establish world-class transport and logistics centers and business facilities. A special governmental program to achieve this goal was launched in 2015 (p. 173–174);
- as an “ethnic center” Tatarstan is going to attract ethnic Tatars from Central Asia (p. 60) by signing intergovernmental agreements and upgrading the system of migrant adaptation that should specifically

³⁷ The 2030 Socio-Economic Development Strategy for the Republic of Tatarstan.

include premigration professional education involving Russian tutors (p. 63).

However, while promoting its foreign relations, Tatarstan faces a number of problems common for most Russian regions: poor incentives for innovations, dependence on federal decisions and capital, brain drain and lack of qualified personnel, low international competitiveness of industrial enterprises etc³⁸. The republic itself recognizes that hyperconcentration of decision-making powers at the presidential level, unnecessary bureaucratization and a dominant role of the government in the regional economic management limit the development opportunities for Tatarstan. A more flexible mechanism of cooperation between the government, business and civil society is needed³⁹. Tatarstan international relations show the importance of the ethnic factor combined with economic rationality, taking into account that the latter is becoming more relevant in contemporary Russia.

4.3. The Orenburg Region

The Orenburg Region is a border region adjacent to Kazakhstan. The longest part of the Russian-Kazakhstan border (1876 km) accrues to the region. It is also advantageously located at the crossway of transit routes “Center – Central Asia” and “West – East” which allows the region to hold itself as “Russia’s Eurasian Gate”⁴⁰. Not surprisingly, development of the transport potential (and especially, the construction of the “Europe – Western China” transport corridor) is a priority for the regional government to be able to further promote economic relations with Central Asian states.

The regional economy is predominantly based on gas, oil, energy, as well as agriculture. Although in the total Russian output the extraction sectors of the Orenburg Region are not very significant, the region accounts for 3.3 % of the national gas and 3.7 % of oil; the Ural Steel Company produces 6 % of all Russian ferrous metals⁴¹. The production of the fuel-energy complex, metallurgy and car industry dominates the regional foreign economic relations. Economic relations of the region are mostly focused on far abroad countries (75 % in the regional structure of foreign trade). The major trade partners are Uzbekistan (15.5 %), USA (14.5 %), Estonia (11.1 %) and Italy (8.1 %)⁴². Like other Russian regions, Orenburg is aimed at developing foreign economic relations and attracting foreign investments. Currently around 400 enterprises with foreign investments operate in the region. The major foreign enterprises in the

³⁸ The 2030 Socio-Economic Development Strategy for the Republic of Tatarstan. P. 29.

³⁹ Ibid. P. 255.

⁴⁰ (2016) Orenburg Region: Economic Potential, Investment and Innovation (Investment Passport of the Orenburg Region). URL: <http://orenburg.mid.ru/documents/16383767/23219205/orenburg-invest-passport-2016.pdf>:3.

⁴¹ Ibid. P. 10–11.

⁴² Orenburg Region. Foreign Ministry Representative Office in Orenburg (2016). URL: <http://orenburg.mid.ru/orenburgskaa-oblast->

region are: *John Deere* (USA), *Kremonini Group* (Italy), *Bosal International Management* (Belgium), *KazRosGas* (Kazakhstan), *Deutsche Vilomix* (Germany), *Aircraft Industries* (Czech Republic)⁴³.

Regional advantages with respect to promotion of intercultural communication are based on long-standing traditions of good-neighborliness, shared history, and family ties. The region has passed a new legislation that allows academic programs for international students and ensures academic mobility as well as joint educational and scientific events. The region hosts traditional international cultural events like Vostok-Zapad Film Festival, Gostiny Dvor Theatrical Art Festival, a number of musical festivals (Europe-Asia, Simphoniya Stepnoy Palmiry) and the Orenburg Puhoviy Platok Folk Art Festival promoting perhaps the most famous regional brand⁴⁴. The region has adopted a special program for 2014–2020 to assist resettlement of compatriots. Being a border region, Orenburg is attractive to migrants from the CIS countries that have a visa-free regime with Russia: Uzbekistan, Kazakhstan, Tadzhikistan and Kyrgyzstan. Uzbekistan accounts for the majority of labor migrants to the region (over 70 % in 2011)⁴⁵.

The regional administration includes the Ministry of Culture and Foreign Affairs which establishes international contacts, presents regional potential abroad and coordinates cross-border relations with Kazakhstan. The issues of foreign economic relations lie mostly within the responsibility of the Ministry for Economic Development, Industrial Policy and Trade coordinating the execution of the regional development strategy⁴⁶.

Most of the international agreements that the Orenburg Region has concluded are with Kazakhstan. Belarus also stands out among Orenburg international partners (5 agreements). Furthermore, the region has 3 agreements with China and the same number of agreements with Uzbekistan. The cooperation agreements have also been signed with Hungary, Slovakia and Turkmenistan. Most of the agreements are based on general principles of trade, economic and cultural cooperation. However, two of them with Kazakhstan border regions are more specific dealing with cross-border cooperation in environmental protection, resource management and civil protection in emergency situations⁴⁷.

Unlike many other Russian regions that used to claim for increased autonomy from the center in terms of foreign relations, Orenburg since the 1990s was more focused on closer cooperation with Moscow and restoration of

⁴³ (2016) Orenburg Region... P. 11.

⁴⁴ Ibid. P. 36.

⁴⁵ (2011) Orenburg Foreign Labor Migration. URL: <http://www.orenburg-gov.ru/Info/ForeignComm/externalmigration/>.

⁴⁶ List of Governmental Programs in the Orenburg Region. URL: <http://www.orenburg-gov.ru/Info/Economics/governmentPrograms/RegProgram/list/>.

⁴⁷ List of International Agreements of the Orenburg Region (2016). URL: <http://orenburg.mid.ru/mezdunarodnye-soglasenia-orenburgskoj-oblasti>.

a strong state in Russia. It makes sense since in the 1990s the region was mostly associated with the “dark side” of internationalization: illegal migration, organized crime, and smuggling that limited the prospects for beneficial foreign economic relations given the lack of foreign investments, underdeveloped transport corridors and tourist infrastructure. According to some experts, the region suffered from the historical “periphery complex” (Makarychev 2002b) meaning that it was too far away from the territories of economic development. International humanitarian and intercultural relations were also challenging. With Kazakhstan trying to distance itself from Russia and considering itself culturally different, attempts of the Kazakh diaspora to reach powerful positions in the regional authorities understandably caused much concern. As a result, the Orenburg Region largely acted as a buffer zone between the Christian and the Muslim world (or “sanitary cordon”, “geopolitical barrier”) and a keeper of traditional Russian statehood and territorial integrity (Valuev 2006: 58, 59). The regional authorities repeatedly pointed at the need to improve border security (communication, screening equipment, qualified personnel, reinforced law enforcement teams) and asked the federal center for assistance. In doing so, they referred to historical precedents when border regions were granted additional preferences for their border protection activities. The regional elite also blamed the federal government for ineffective Eurasian policy that passed the international relations initiative in the post-Soviet space to Astana (Valuev 2006: 68). Like in other Russian regions, some initiatives of the Orenburg administration triggered international complications. Thus, in 1996 the regional administration began an experiment of civil border protection by the Cossacks. The Kazakhstan Foreign Ministry criticized the decision as potentially harmful for the traditions of good-neighborliness. As a result, the region abandoned the experiment (Valuev 2006: 91).

On the other hand, the Orenburg Region made attempts to enhance its cross-border economic cooperation with Kazakhstan. The regional authorities developed a free trade zone project called “Menovy Dvor” to promote cooperation with this country. They asked Moscow for a special trade regime, tax cuts for cross-border economic activity, lower export and import tariffs, simplified border-crossing checkpoints and procedures (Valuev 2006: 75–76).

In the 2000s, when Russia launched a more active Eurasian policy, the Orenburg Region became a natural location for international events and meetings: 2006 Russia-Kazakhstan Border Regions Forum, 2007 Interparliamentary Forum “Russia – Tadzhikistan” (Petrov and Titkov 2010: 93). By the mid-2000s, the “border discourse” among the regional elite was mostly rather positive and focused on the benefits of foreign economic ties. The regional authorities repeatedly advocated closer cooperation with CIS states and the development of various forms of governmental support for border regions, including subsidies, budget preferences, assistance programs, and credit guarantees (Valuev 2006: 45, 54). The regional initiatives included establishing

a regional center for strategic research to make recommendations for Russia's south-east policy, promoting geoeconomic expansion (by recreating the preferential trade regime of the 19th century) and geocultural expansion (by supporting educational projects for the Russian diaspora in Kazakhstan) (Valuev 2006: 71).

In 2010 the region adopted a new 2020 and 2030 development strategy⁴⁸. According to the document, the Central-Asian vector of regional foreign policy is seen as the most logical and the most important one. Orenburg intends to ensure positive effects from developing relations with Kazakhstan, the Shanghai Cooperation Organization and the EuroAsian Economic Community. The region aims to promote its export potential in tourism, recreation, business services, logistics, education, and medicine in Central Asia (p. 13). The transport infrastructure development is indicated as a key point in performing the region's contact function with Central Asian states (p. 11). To perform functions of a "transit region", Orenburg is planning to establish modernized crossing points, transport centers (86). However, the region explicates its hopes for federal assistance in carrying out strategic projects which are considered the major development tool (p. 1).

The region is aimed at promoting cooperation with a number of international institutions, including the World Bank (to support infrastructure and social projects), the European Bank for Reconstruction and Development (to raise loans to the regional enterprises), the Food and Agricultural Organization (to develop the regional agricultural sector), the Asian Development Bank (to finance the construction of the Europe-Western China transport corridor), and foreign trade chambers and business communities (p. 89–90).

The strategy pays special attention to cross-border cooperation with Kazakhstan. Environmental cooperation is seen as a priority considering the risks of increasing desertification and fresh water deficit (p. 6). The ecology of the Ural River basin has often been a subject of concern for the regional authorities. The regional authorities on numerous occasions pointed at the threats of trans-border pollution from Kazakhstan territory. At the same time, possible cooperation prospects involve common usage of melioration systems (p. 87). To make cross-border transport corridors operational, Orenburg is planning to enhance shared use of transit infrastructure and promote joint border control. Since migration is a major issue in regional relations with Kazakhstan, Orenburg is looking to establish a network of migration centers along the border with Kazakhstan (p. 86). The strategy proposes the format of "Eurasian region" (an adaptation of the Euroregion model) to promote cross-border cooperation with Kazakhstan. Due to its special legal status and organizational structure, the Eurasian region is also seen as a chance for closer cooperation with international development institutions (p. 100). It is worth noting that energy cooperation

⁴⁸ (2010) The 2020 and 2030 Development Strategy for the Orenburg Region.

with Kazakhstan is one of the key dimensions in Russia's relations with this country. A prominent example of this cooperation is a joint venture on gas conversion set up at the Orenburg gas processing plant where the companies of other VFD regions also participate⁴⁹.

The border location of the region still represents a number of challenges such as a possible deterioration of relations with Central Asian states due to different attitudes towards migration policy or changes in political elites⁵⁰. The strategy specifically factors in a disintegration scenario in Russia's relations with Central Asia that presupposes a decrease in Moscow's influence in the region and strengthening of the positions of Middle East countries, Turkey or the USA. In the event of that, the barrier function of the region should be enforced⁵¹. Orenburg sees Russia as a natural counterbalance to growing China that Central Asian states can cooperate with to prevent an increased dependence on Beijing⁵².

The region is dependent on federal assistance in terms of its economic development and national security protection. The strategy specifically stresses the importance of close cooperation with Moscow to achieve the goals of regional growth and to utilize the advantages of its border location. To underline its significance to the Federation, Orenburg presents itself as a territory of intercultural communication using its long-term experience to promote the national interests of social stability and to curb ethnic and religious extremism. The region is vulnerable to the challenges of illegal migration, smuggling, international drug trafficking. Thus, the majority of drugs get into Russia from Kazakhstan that has shared borders and a visa-free regime with a number of Central Asian states.

The 2015 regional development strategy also recognized a number of major challenges to the regional foreign economic cooperation, such as limited final product manufacturing, technological underdevelopment, relatively low workforce productivity, noncompliance of the regional transport system with the international standards, ill-equipped border with Kazakhstan that increases expenses for cross-border business cooperation⁵³. The region lags behind in terms of innovation and scientific potential. Attraction of foreign investments to the region was not very successful. A 2013 analytical report by the National Rating Agency ranked it 60th by FDI attraction⁵⁴ with the majority of foreign investments (93.3 %) coming from offshore zones.

Thus, it is possible to conclude that all the regions of the Volga Federal District discussed above pursue a number of common goals, such as modernization of their transportation systems, investment attraction, export

⁴⁹ The 2020 Volga Federal District Socio-Economic Development Strategy: 76.

⁵⁰ The 2020 and 2030 Development Strategy for the Orenburg Region: 4.

⁵¹ Ibid. P. 11.

⁵² Ibid. P. 5.

⁵³ Ibid. P. 3.

⁵⁴ (2013) Foreign Direct Investments in Russia: 10.

support and international cooperation in culture and sports. Like many other regions in Russia, they establish and develop similar management mechanisms to optimize decision-making systems, support multilateral cooperation between state authorities, businesses and civil society, mechanisms of public-private partnership and the cluster approach. At the same time different combinations of foreign relations resources presuppose varieties of regional strategies to conduct international affairs.

Thought questions

1. What characteristics of the Volga Federal District are the most important for international relations of its regions?
2. What factors have affected the international affairs of the Nizhny Novgorod Region?
3. What are the peculiarities of Tatarstan international relations?
4. What are the advantages and challenges for the Orenburg Region in developing international relations?

Suggested readings

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Conclusion

In contemporary world international relations of subnational units have become an integral component of world politics. Being no exception from this worldwide trend, Russian regions have demonstrated their potential to be active participants in international affairs. They have formed legal and institutional frameworks to develop foreign contacts, taken part in interregional cooperation across state borders, hosted numerous high-level international events, adopted strategies for socio-economic development that pay specific attention to regional international ties.

Finally, it is possible to highlight several interdependent trends in international activities of Russian regions.

- **Recentralization.** In the Soviet times, regional international relations could not have existed due to overcentralized nature of the state. After the collapse of the Soviet Union some Russian regions claimed to be almost entirely independent from the central authority in general, and in pursuing their affairs with other countries in particular. It resulted not only in tensions with the federal center, but also caused certain problems for the regions themselves as their relations with foreign actors formed rather chaotically and often failed to lead to any significant positive results. Since the 2000s, Moscow regained control over foreign activity of Russian subjects. Specific federal legislation was adopted, coordination institutions were formed to strengthen coordination of regional foreign relations from the federal center. On the other hand, Russian subjects got opportunities to rely on federal assistance and expertise in developing their international ties.
- **Economization.** Although economic issues are naturally the key priority in regional international relations, Russian subjects initially paid much attention to political and symbolic aspects of their foreign activities. Later the federal center reestablished its control over the political dimension of regional foreign affairs reasserting, however, the regional right to develop international contacts in economic, social and humanitarian fields. Reasonably enough, the need to restore Russian economy after the dire situation of the 1990s and the global financial crisis, as well as to diversify it and make it more sustainable put economic agenda at the top of regional priorities. Clear regional focus on FDI attraction and a significant number of foreign economic projects and events at the regional level (such as the annual international business summit in Nizhny Novgorod) to some extent bespeak the tendency towards “economization” of regional foreign activities in Russia. It is worth mentioning that this trend may have a positive effect on Russia’s international affairs. Being relatively free from the repercussions of “high politics”, regional international relations may be kept intact by political complications of interstate relations as it was demonstrated by the fact that Russia–EU

interregional contacts were not affected by sanctions and countersanctions after the Ukrainian crisis unfolded.

- Unification. Practices and forms of regional international relations in Russia have experienced a certain degree of unification. Russian regions brought their legislation in line with the federal one, began to rely on common procedures in their relation with the federal center and the Foreign Ministry. They adopted socio-economic development strategies that usually included a foreign relation component. Russian regions frequently served platforms for major international events (summits, sport mega-events, festivals etc.).

However, being mostly reactions to excessive regionalization of Russia in the 1990s, these trends do not necessarily represent some untimely nature of regional international affairs in Russia, nor they constrain legitimate regional impulses to make beneficial contacts with foreign players. For instance, “economization” does not mean that international social contacts and cultural projects are irrelevant for regions. Recentralization and unification do not strip regions from any powers to develop international ties within their jurisdiction. Some regions established specific institutions for foreign relations, and numerous actors from public, private and “third” sectors are actively involved in regional foreign relations.

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**INTERNATIONAL RELATIONS OF RUSSIAN REGIONS
(CASE OF THE VOLGA FEDERAL DISTRICT)**

**МЕЖДУНАРОДНЫЕ СВЯЗИ РОССИЙСКИХ РЕГИОНОВ
(НА ПРИМЕРЕ РЕГИОНОВ ПРИВОЛЖСКОГО
ФЕДЕРАЛЬНОГО ОКРУГА)**

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