EUROPEAN COMMISSION

- FACTSHEET -

EU-RUSSIA RELATIONS - KALININGRAD

The issue
The 2004 EU enlargement resulted in the Kaliningrad oblast of Russia becoming an exclave surrounded by EU territory and bordering on Poland and Lithuania. Russia’s concerns about the possibly negative impacts of EU enlargement on the transit of goods and people to and from Kaliningrad were addressed in a Joint Statement on EU enlargement in April 2004.

The law and order situation in Kaliningrad has been a concern for neighbouring EU Member States as has the high HIV/AIDS rates. The prosperity gap between Kaliningrad and the neighbouring regions is a further issue to be addressed.

EU Policy Aims
• Ensure that Kaliningrad region can benefit from and contribute to the sustainable development of the Baltic Sea region.
• Provide assistance to Russia to help with the socio-economic development of Kaliningrad.
• Ensure the smooth and efficient functioning of the transit of goods and persons between Kaliningrad and the rest of Russia.

EU strategy
Agreement has now been reached on further steps to improve the efficiency of border crossings and the socio-economic development of the region.

Customs authorities of Lithuania and Russia together with the Commission cooperate to make the transit arrangements function as smoothly as possible. The strong growth rates in transit volumes in 2004 and 2005 suggest that the arrangements work well.

Technical meetings/consultations between the Commission and the relevant authorities are addressing the outstanding issues on the transit of live animals, veterinary and phytosanitary checks, the limitations on the amount of personal goods allowed to be taken by a train passenger and capacity problems at border crossing points are being addressed through.

Lithuania and Russia have acknowledged the good functioning of the facilitated transit regime of persons, which has entered into force in July 2003.
The EU-Russia Agreement on visa facilitation which should enter into force early next year, defines a number of simplified procedures (facilitations) for issuing short-term visas, (e.g. waiving of the visa fee for various categories of persons, documentary evidence to obtain a visa, length of procedures).

Kaliningrad suffered a steep economic decline in the 1990s, with negative social consequences. However, since 2001 economic growth in Kaliningrad has been faster than the Russian average. It has become an important export hub for raw materials from Russia and an import centre for manufactured goods from the EU and lately also China. Trade is booming in Kaliningrad, due to customs and tax benefits granted to it by the federal government.

Kaliningrad’s status as a Russian Special Economic Zone has been recently renewed, although with small changes. The new legislation is geared towards attracting investment in manufacturing industries. Whilst investment levels are still relatively low, there are a few examples of welcome foreign investments in Kaliningrad, such as the BMW car assembly plant. The most important trading and investment partners of Kaliningrad are Lithuania, Poland, Germany, Sweden and the UK. Chinese companies have recently become increasingly interested in Kaliningrad, probably due to the opportunity to overcome high import duties.

For Kaliningrad, the EU has committed over €50m for technical assistance in the period 2001-2003 and another €50 million have been earmarked for the period 2004-2006. Implementation of projects has just started. Projects cover institution building, energy, transport, enterprise restructuring, management training and environment. The intention is to support Russian efforts to promote the economic and social development of the Kaliningrad region and to strengthen cross-border co-operation along the borders of the enlarged EU with Russia. Examples of projects include:

- promotion of innovative small and medium-sized business activities, trade and investment, the improvement of energy distribution and its efficient use at industrial and municipal levels, and the development of regional authorities’ administrative capacity.
- cooperation, exchange and networking between Kaliningrad and EU universities.
- programmes to combat drug addiction, HIV/AIDS and tuberculosis.
- environmental assistance, with particular emphasis on waste water treatment and monitoring of oil spills in the Baltic Sea.
- Improvement of health indicators and vocational training.

Emphasis has recently been placed on projects intended to develop the administrative capacity of the region (particularly on improvement of overall conditions for business development); to improve the quality of primary and preventive health care services; to promote the intellectual potential of the region; and to encourage cross-border cultural exchange.

For more information go to:
The Commission Directorate-General for External Relations website: