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Baltic Region—The Region of Cooperation

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Baltic Region—The Region of Cooperation

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Preface

The Baltic Sea region (BSR) is traditionally considered a region of international cooperation developing at all levels—international, interregional and intermunicipal. Located in different countries, cities and towns, enterprises, social institutions and non-governmental organizations have established good neighbourly relations with their counterparts from the BSR. This fact has a positive impact on all spheres of public life: political, economic, social and cultural.

The BSR boasts various spatial forms of cross-border cooperation, including Euroregions, which facilitate the implementation of mutually beneficial projects launched by border areas of the neighbouring countries. The Council of the Baltic Sea States is an international body coordinating the activity of the BSR countries and regions. Researchers and academia from all countries of the region meet regularly to discuss topical issues of international cooperation at numerous conferences, round tables and seminars.

Kaliningrad has become a centre of international conferences, many of which have been hosted and organized by the Immanuel Kant Baltic Federal University (IKBFU). The university has close ties with many research centres located in the Baltic Sea region and researchers studying the socio-economic and political processes taking place in the BSR.

Saint Petersburg State University and the Immanuel Kant Baltic Federal University publish the "Baltic Region" journal in two languages—Russian and English. The journal is indexed in the Russian science citation system and the Web of Science and Scopus. The "Baltic Region" is on the list of the Higher Attestation Commission of the Ministry of Science and Higher Education of the Russian Federation, where doctoral and postdoctoral researchers publish their articles.

This collection of articles is based on the proceedings of the international conference "Baltic Region—the Region of Cooperation", held in Kaliningrad on 13–16 September 2017. The publication presents an overview of different research areas that geographers from Russia and Poland are interested in—economics, physical geography of the Baltic region, its spatial organization and the development of cross-border cooperation.

The articles show that despite the recent deterioration of political relations between Russia and its Baltic neighbours, cooperation in economic research, the social and cultural spheres and environmental protection continues.

Based on the research conducted by the Russian and Polish scientists in recent years, this collection of articles describes the current socio-economic development of the BSR countries as well as various forms of cross-border cooperation. The authors offer recommendations on the further development of the BSR. Special attention is paid to the study of interactions between Russia and the European Union in the Baltic Sea region. The agenda of this interstate cooperation includes environmental management and environmental protection, cross-border cooperation between enterprises, universities and people, the development of international tourism, expanding the contact function of the border and spatial and landscape planning.

A number of articles focus on the theoretical aspects of economic development and cross-border cooperation, international clustering, challenges of transition from the extensive to intensive economic development, etc.

Cross-border cooperation is an important factor in enhancing international competitiveness and ensuring the dynamic and sustainable development of neighbouring countries and regions. Therefore, the proposals substantiated in the book can be used for the development of strategies of economic development and intergovernmental projects under the umbrella of the Council of the Baltic Sea States.

The book is of interest to the regions, municipalities and institutions working on their strategies, as well as institutions and organizations of the Baltic region countries. Many of the questions discussed in the articles require further research and discussion.

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Gdańsk, Poland — Tadeusz Palmowski
Moscow, Russia — Vyacheslav A. Shuper
Saint Petersburg/Barnaul/Kaliningrad, Russia — Dmitry Subetto
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Geographic Research: Development of the Theory

Self-organization at the Trajectory Turn: Shift to Intensive Development

Vyacheslav A. Shuper

Abstract

In the development of the world economy, global integration and disintegration cycles alternate. Global economic growth can be viewed as hyperbolic by analogy with the population growth in S. P. Kapitsa's theory, meaning that its internal laws rather than external constraints determine it. S. P. Kapitsa formulated this concept as the principle of the demographic imperative. Its significant slowdown in the coming years is inevitable. There are two possible scenarios. One is pessimistic, "the Limits to the Growth"-like, the other is the shift from extensive to intensive development, which is similar to the ideas of the embattled Soviet philosopher Michael Petrov. There are several currently observed processes. First of all, it is the rapid intensification of industrial, agricultural and intangible production processes. Secondly, intangible consumption is largely replacing tangible one. The third prerequisite for social progress in the context of the significant slowdown in GDP growth rates is a reversal of the trend of progressive decrease in educational and intelligence level.

Keywords

Integration and disintegration cycles · Nonlinear dynamics · Hyperbolic growth · Intensive development

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Introduction

"The current moment is characterized by the fact that it is static. And since it is not known when the static moment begins and when its end comes, I will first give my final remarks and then the opening ones" (V. V. Mayakovsky. The bathhouse). Comrade Pobedonosikov's speech before the launch of the time machine, i.e. before sending the expedition to the future, is of immediate relevance to the current situation, as it is characterised by the lack of understanding which direction the processes follow. There is a natural fear of change and no picture of a desirable future. There is Pobednosikov-like mentality of the shapers of our destinies and the rulers of our minds even in the most developed countries. The latter is explained by the fact that the folly of civilized people is no better than the folly of barbarians since there is only one kind of folly. Meanwhile, in the critical time, the familiar folly becomes an unaffordable extravagance.

Cycling of Integration and Disintegration Processes

The results of the US presidential election on November 8, 2016, as well the referendum on Brexit on June 23, 2016, and the constitutional referendum in Italy on December 4, 2016, were a clear demonstration of how deeply estranged the globalized elites are from the rest of the population. People of their countries have lost trust in them and no longer invest their hopes for a better life in them. This course of events is a natural result of the alternation of integration and disintegration cycles in the development of the world economy,[1] that was pieced together to form a coherent whole in the middle of the 19th century, when the electric telegraph made it possible to exchange information between stock exchanges in real time. Since in the middle of the XIX century England was producing half of the world's industrial output. It became the leader of the integration cycle that lasted until 1914. It went down in history as *Pax Britannica.* Its climax was *La Belle Époque*, which began in 1879 according to the French, and in the 1890s of the XIX century as believed by other countries. Sometimes this beautiful name stands for the fifteen-year period before World War I.[2] The first globalization was in many principal aspects deeper than the second one. Suffice it to say that visas were invented only after the World War I. In the world bristling with boundaries, the happy children of the first globalization cherished the sweet memories of their round-the-world trips made with a name card as the only proof of identity.

[1]Studies of the cyclical nature of integration processes were initiated in the late 1970s. in the Institute of Geography of the USSR Academy of Sciences B.N. Zimin (1929–1995) and continued LM. Sintzerov (Gorkin and Lipets 2003; Sintserov 2000).

[2]For France *Belle Époque*—the heyday of the Third Republic (in 1879, Marseillaise became a national anthem, in 1880, July 14 became a national holiday).

The disintegration of the world economy of 1914–1945 was not only the consequence of poor political decisions but also the result of objective socio-economic processes, which fall outside the scope of the text. We shall only note that the second global integration cycle, i.e. the ongoing globalization, began after the end of World War II and naturally went down in history as *Pax Americana*, as in 1945, the American economy accounted for a half the world's economy. It can be assumed that this period ended in 2008 with the peak of the current crisis. It is difficult to resist drawing an analogy and calling the "unipolar world" that existed between the collapse of the USSR and this crisis *Belle Époque 2.0,* as this was the culmination point of the second globalization. The classic signs of global disintegration have already appeared. They include the growth rate gap between world economy and world trade, as well as the rise of protectionism (they are obviously interrelated). We can assume that the third global integration cycle will begin in 15–20 years. However, there will be another leader. Presumably, it will be *Pax Sinensis et Indus*. It is the first time in 500 years that the global West has lost its leadership.

Current Changes from the Perspective of Synergetics

Apparently, the synergetic revolution is the last scientific revolution of the XX century, the last breakthrough of the era of the exponential growth of science. It absorbed its now inconceivable intensity of scientific creativity. The ideas of synergetics blossomed in socio-geographical studies (Shuper 2015). Important results were obtained by Yu. G. Lipets (1931–2006) and the Laboratory of Geography of World Development that he headed at the Institute of Geography of the Russian Academy of Sciences. The traditional for geography focus on spatial factor found its new materialisation in the notion of space as a source of development (Lipets and Pulyarkin 2001).

The works of S. P. Kapitsa (1928–2012) should be considered the most successful applications of the mathematical apparatus of nonlinear dynamics to geographical problems. The results obtained within the framework of his phenomenological theory of world population growth are widely known. Perhaps the most important result in terms of paradigm is that the growth of the Earth's population has never been constrained by external factors, i.e. conditions or resources, its pace has always been determined by the internal patterns of the process. "This fact allows formulating the principle of demographic imperative. It contrasts Malthus's population principle, according to which the resources determine the speed of population growth and its limit. The mathematics counterpart of the principle of the demographic imperative is the principle of subordination in Synergetics (Kapitsa 1999, p. 157)". These patterns and regularities expressed in nonlinear dynamics terms (so-called, hyperbolic growth) serve as the basis for the prediction of the Earth's population stabilization by the end of the XXIst century at the level of 12 bln. people, with 90% of this population (10.7 billion) to be reached

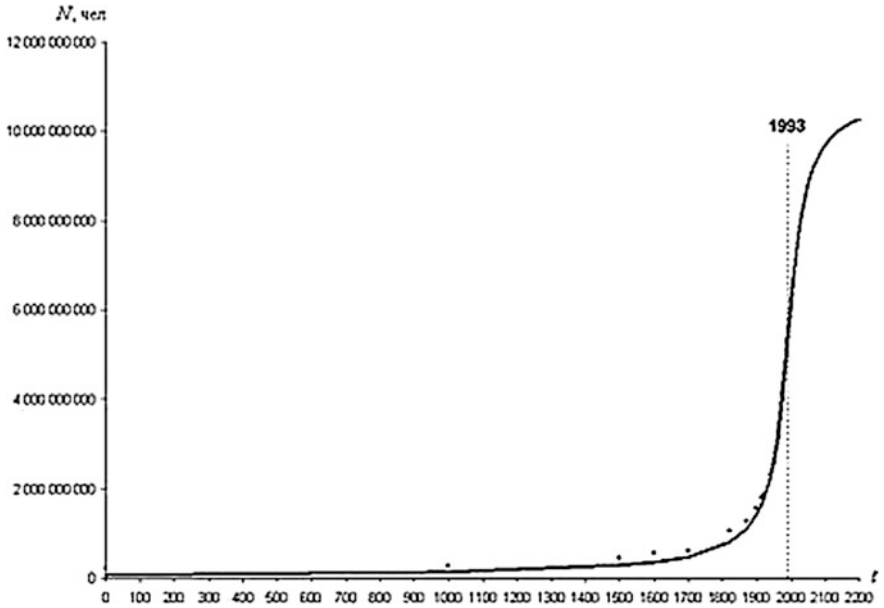

Fig. 1 Evolutionary model of the world population (Akaev and Akaeva 2011)

by mid-XXIst century. Figure 1 shows the results of calculations performed by A. A. Akaev and B. A. Akaeva using the model developed by S. P. Kapitsa.

S. P. Kapitsa continuously emphasised the fundamental relationship between demographic and historical processes. Population stabilisation and its subsequent gradual decline will be accompanied by profound changes in society to a certain extent caused by the population ageing. This author even raised the question of the inevitability of the return of some elements of the Middle Ages, which sadly seems less and less fantastic. It is reasonable to assume that the growth of the world economy is also hyperbolic, and can be described using the apparatus of nonlinear dynamics. "The Limits to the Growth" studies that flourished in the 1970s are identical to Malthusian fears and largely reflect them. The fact that the reality proves the fears of the exhaustion of natural resources to be unfounded, nevertheless, does not imply the possibility of maintaining high rates of economic growth for an unlimited period.

The Slowdown in Economic Growth

The economic growth rate will certainly slow down, however, similarly to demographic growth, this will happen not because of external constraints, but under the influence of its internal characteristics and patterns. The concept of sustainable development that does not stand any criticism appeared due to an exceptionally

sharp economic slowdown in highly developed countries arising from the hollowing-out of the industry. It was necessary to convince the electorate that they were getting not the growing level of consumption but the better quality of life. "New normality" in China, which has become the powerhouse of the world economy, is a part of the same story. Even if the heroic efforts of the Party, the Government and all the great Chinese people to maintain the GDP growth rate of 6.5% required to build "xiaokang" moderately prosperous society for another 10 or 15 years are successful, the general trend will not change. The inflextion point is passed, and the world economy will gradually slow down.

It is common knowledge that the world is a product of high rates of economic growth to a much greater extent than we used to think. A. N. Pilyasov in his report at the Seminar on Regional Economics MSE MSU on April 6, 2017, reasonably assumed that the USSR could maintain its stability only at high rates of economic growth. Extremely slow economic growth dooms many institutions, including eminently respectable ones, to share the fate of the USSR. In many aspects, this will be underpinned by technological progress. Democracy loses ground due to the erosion of its social base, the middle class. This is exacerbated by the continuous improvement of technologies for manipulating the public consciousness. The extensive use of robots to meet sexual needs can become the last straw for the institution of the family. As in many other cases, virtual reality will inevitably materialise, since the robot's capabilities will by far exceed human ones. Moreover, robots will be most likely increasingly entrusted with child caring tasks. Hardly there will be no impact on the psychological formation of children. These are just a few examples that come to mind.

The Primacy of Human Potential

More optimistic scenarios are also possible. For example, crowdsourcing that confounded expectations will probably be replaced with the collective intelligence technologies (Slavin 2017). These technologies return to proven principles on a new technical level. One of them is personal responsibility, the absence of which inevitably corrupts a person. Anonymity will no longer exist, and evidence will be required. These technologies will prevent the endarkenment of society and facilitate the revival of public spirit, the basis of any normal democratic process. We must always remember that the future is uncertain, the trajectory at the bifurcation points can depend on the efforts of a small group of people or even an individual. E. Lorenz (1917–2008), one of the founders of chaos theory, called this phenomenon the "butterfly effect". Self-organization shows its effects in dissipative systems characterized by openness, non-equilibrium and non-linearity. Increasing non-equilibrium is not bound to lead to chaos, as it also facilitates the creation of order from chaos.

Without a doubt, humanity has now reached the bifurcation point, thus it can choose its development trajectory. It could be miserable mediocrity in keeping with "the Limits to the Growth", or the shift from extensive to intensive development. The concept was developed by the embattled Soviet philosopher M. K. Petrov (1923–1987), who managed to publish only a few articles during his lifetime, and nevertheless was highly regarded in the scientific community. The book that provided a comprehensive reasoning for the shift to intensive development was among his posthumously published works (Petrov 2004).

It was back in 70-80-s that M. Petrov put forward the ideas that exponential growth in the number of people employed in science could not last long, that further social development of society requires fundamental revision of the principles of education, science and other spheres of public life. It is not possible to expound the views of the insightful thinker on the need for a radically different education system, both secondary and higher, especially taking into account that some of his recommendations were bound to become outdated 30 years after his death. His book is not a manual for reformers, rather it is a proof of the necessity for *a new intellectual revolution,* the necessity recognised long before the extensive model evidently ran out of steam.

At the moment, there is no need to convince anyone of the catastrophic drop in the educational and intellectual levels, and the dramatic decline in the effectiveness of scientific research. In the 1970s, these trends have just been developing; nevertheless, they caused major concern among those who looked much farther ahead than most people did. It has become obvious that only a drastic reform in education and consequently in science can improve the intellectual level of modern society without which it will fail to adjust to new realities. It is essential not to teach longer but to teach better and in a way radically different from the old (that is when many of the bright Petrov's ideas will be practical), that is the only chance to survive.

Conclusion

We are facing a difficult voyage through a stormy sea of chaos, from which the structures of the new world can and will emerge. What they will turn out to be largely depends on us. Using the beautiful metaphor of B. B. Rodoman, we should not build the future; instead, we shall cultivate it on the basis of the objective laws of social development. In this voyage, it will be necessary to pass between Scylla of network democracy and Charybdis of healthy authoritarianism, which is strictly necessary for good education. It will hardly be possible to provide a decent education being unable to speak to students honestly and truthfully about their knowledge, abilities, and general level of competence.

However, the game is worth the candle. If successful, this dangerous and hazardous enterprise will give us much more than expeditions of several caravels struggling through storms and winds to uncharted lands, clashing with hostile aborigines, suffering great losses. As a result, the future world will be favourable for

thinkers, people who are not obsessed with material consumption, passionate about their practical activity or theoretical issues but critically analysing any information, and therefore not suitable for manipulation. We are not destined to live in such a world, but if we this future to come, we should spare no effort to teach and train "young navigators of the future storm".

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The Notion of Path Dependence in the Regional Economic and Geographical Studies

Anastassia L. Kuznetsova

Abstract

The notion of *path dependence*, which is "dependence on the prior development", appeared in economics as part of the evolutionary approach in the 1970s. Since the 1990s, the term has been used in the evolutionary economic geography. *Path dependence*—dependence on the previous development—makes it structural changes in the economy difficult, and overcoming it requires significant efforts. Economic geographers are studying the regional *path dependence* and "lock-in" of development path, shock phenomena and other sources of the regional *path creation*, the regional technological *path dependence*. Comparative analysis of regions showing *path dependence* is actual as well as analysis of the influence of institutional factors (special zones, territories of advanced development, etc.) on the formation and evaluation of *path dependence*. Some possibilities of applying the concept of *path dependence* are shown in this publication on the materials of the Kaliningrad region.

Keywords

Path dependence · Lock-in · Path creation · Economic restructuring · The Kaliningrad region

One of the main questions of economic geography is the reasons for spatial heterogeneity of economic processes. The notions pertaining to the nature of economic processes and the development factors play an increasingly important in this field of studies. Therefore. The development of economic geography as a science is closely related to the development of economic theory and the notions and ideas arising in its context. Path dependence belongs to a group of such ideas.

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The notion of *path dependence* has emerged in the frame of the evolutionary approach that appeared in the 1970s in opposition to the then prevailing neoclassical economics (Martin 1999).

Path dependence means that history matters and that current state of affairs depends on the historical development of a territory and is a result of the previous development path.

A. Auzan notes that the emergence of the theoretical background for path development analysis goes back to D. North who received the Nobel prize in economics in 1993 (Auzan 2015). According to D. Horth, path dependence means that decisions once made are difficult to cancel.

The most general definition of the path dependence notion was given by P. David, the founder of the concept: "path dependence is a process of changes in which small events, including those purely dominated by chance or luck, of the process's own history, leads to an eventual outcome which might not necessarily be the most efficient one. However, the impact is persistent and enduring and, therefore, leads to the state of lock-in" (David 1985).

The hypothesis made by North and David has created frameworks for the understanding of how and why economic development path differ, what reasons are for choosing the path and how it is possible to shift from one path to another. In particular, the consequence of the hypothesis is a rebuttal of the thesis that development is inevitable and that efficiency and profit maximization determine success. Otherwise, the concept of path dependence allows us to study how institutional innovations become possible and why institutional innovations are not always successful.

However, the notion of path dependence is not just a claim or a proof that 'history matters'. The notion has already been formulated and there is a theory that describes the 'behavior' of these systems. The theory identifies the reasons for path dependence, some of which are enumerated below:

(1) institutional complementarity;
(2) economies of scale;
(3) low value of local assets;
(4) increased returns of technological development;
(5) imperfection of information (Shiryaev 2013).

Since the mid 1990s research works on path dependence have spread from natural sciences and economics to geography, regional development and planning, other social sciences.

Economic geography deals with uneven spatial distribution of economic activity. The evolutionary approach rests on historic processes that form economic structures in space. From the evolutionary paradigm point of view, time and space are intrinsically linked. Thus, economic geography is inseparable from economic growth because spatial patterns emerge from economic processes laid down in the past.

New concepts and instruments of spatial analyses that economists have started to use led to what R. Martin named 'geographical turn' in economics. Following

Krugman, economists discovered economic geography for their research (Krugman 1991). This has entailed increasing diffusion of both sciences and renewed the interest to economic geography. During the last two decades, economic geographers have started to use such evolutionary concepts and metaphors as path dependence, lock-in and co-evolution.

Evolutionary economic geography aims at studying the emergence of spatial particularities of regional specialization, the achieved development level (routines in the economic sense) and its changes. It is especially interesting to use the analyses of the emergence and diffusion of new regional competences (specialization, technology etc.), and the mechanisms of successful competences replication. This change in the approach reflects a more general transition of economic geography from the spatial analysis of capital assets to the analysis of organizational competences, and their anchoring in the local and global economy (Frenken and Boschma 2007).

Most economic geographers employ the concept of path dependence to explain why changes take a particular direction, and how regional industrial patterns vary or fail to change. Research works on regional path dependence focus on the following areas (Henning et al. 2013):

(1) regional path dependence and lock-in;
(2) disruptive events and regional path dependence;
(3) regional technological path dependence and a branching process.

A comparative analysis of regional path dependence, the influence of institutional factors (special economic zones, etc.) on regional path dependence are popular areas of research.

The evolutionary approach in the Russian economic and historical studies gained attention during the last decade. The most impressive research works were written by the scholars from the Russian Academy of Science (V. Polterovich), M. Lomonosov Moscow State University (A. Auzan) and State University High School of Economics (R. Nureev). Economic studies in path dependence theme are mainly concentrated on questions of institutional traps of the Russian economy and socio-cultural aspects of economic transformations in Russia. From the beginning of 2010, a number of articles on path dependence have been written by geographers from Moscow State University (A. Fetisov) under the general title “evolutionary geography” (Fetisov 2011).

Their works are especially important for the Kaliningrad region, Russia’s exclave in the Baltic Sea region, as the economy of the region requires serious changes due to continuously changing external and internal factors of its development. The prevailing regional specialization makes this process difficult.

A retrospective analysis shows that the of the Kaliningrad region has been subjected to restructuring several times during a short historical period of its development due to changes in the external environment (Gareev et al. 2005; Gimbitskii et al. 2014; Gareev 2014). Every time the region had to overcome its path dependence with significant difficulties.

I. In the second half of 1940s, at the time of the regional economy formation, the main difficulties were related to the necessity of transformation of market (capitalist) economy, which used to be part of Germany's economy, into centralized administrative (socialistic) economy of the Soviet Union. In the new conditions, many industries remained economically effective only because of the then existing industrial assets (the pulp and paper industry, mechanical engineering and machine building). Their economic effectiveness was beyond any doubt. Small-scale settlement system corresponded to a network of small private agricultural enterprises and small towns. This system existed during the Soviet period. Even now small settlements and towns prevail in the region.
II. During 1950–1970—the period of the region's extensive growth through the creation of new industries—a strong maritime and food processing complex was formed and several precision machinery enterprises were built. The agriculture of the region (dairy and meat production, pig and poultry farming, and the production of fur) was rather effective for the USSR. Land management played an auxiliary role compared to the production of milk, meat and vegetables for the population of the region. Kaliningrad sea ports were rapidly developing. The role of the region as a centre for recreation and tourism was increasing. Another direction of the region's specialization was defense. It was during this period that a big navy base was built and a large number of troops were deployed in the region.
III. Since the second half of the 1970s an attempt to reform Russia's economy in general and that of the region, in particular, was made. The reforms were aimed at raising labour productivity and stimulating economic growth. However, the path dependence effect was still strong because of the high costs of the earlier built capital assets, the structure of the labour market and the professional qualification of the labour force, etc. the main reason was the tradition to develop in an extensive way, to create new jobs that didn't differ a lot from those that already existed. New machines and equipment replaced obsolete assets extremely slowly. The administrative command economy and lack of innovations played an extremely negative role. Attempts to develop the economy of the Kaliningrad region intensively failed.
IV. The second half of the 1980s was a period of the so-called *perestroika*—an attempt to modernize socialism and among other things to introduce a decentralized market economy. During this period, path dependence affected USSR as a whole. Opposition to the old state order was so strong that it led to the collapse of the Soviet Union. The Kaliningrad region became Russia's exclave on the Baltic.
V. The 1990s were characterized by a global qualitative change of the previous path. This change turned out to be even more profound for the Kaliningrad region than for Russia as a whole. There was very little left from the former economic specialization of the region. The most radical changes were caused by the Special Economic Zone regime in the Kaliningrad region and

the process of privatization particularly regarding capital assets of the maritime industry (sea vessels were privatized and sold or re-registered under a flag of convenience). The reform of the political system facilitated the formation of a new regional economy.

VI. Since the end of the 1990s, a new economy of the region has been forming based on the effect of the Law "On the Special Economic Zone in the Kaliningrad Region" (1996). Industries based on partial import replacement have been created; they use imported parts or semi-finished goods to produce new products to be exported to other Russian regions. A radical reform of the previous economic system was an indispensable condition for that wiping out the previous path dependence effect.

VII. The adoption of a new law on the Special Economic Zone (2006) was aimed at attracting large investments and a new restructuring of the regional economy. Extending the period of custom preferences allowed Kaliningrad exporters to sell their goods in other parts of Russia enjoying the benefits of the Special Economic Zone. Import-based goods having low added value were an illustration of a new path dependence: the previous form of the economy would not be coming back. That is why when the custom preferences regime was cancelled on April 1, 2016, the Russian Government had to allocate considerable sums to compensate for the losses.

VIII. In 2017, many enterprises, which appeared during the Special Economic Zone of 1996, still existed. Political and economic relations between Russia and Western countries worsened. Russian countermeasures to Western sanctions have negatively affected the industries processing import agriculture produce (especially meat). But path dependence is still visible: it makes it more difficult to form a new economy, which is less dependent on import and logistics costs and is more innovation-based and less energy intensive. By the end of 2017, the State Duma adopted changes to the Law on the Special Economic Zone to stimulate new industries. There is a new strategy of the social and economic development of the region that can lock-out the regional dependence path and bring in new economic patterns.

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Topical Issues of Cross-Border Cooperation in the Baltic Sea Region

Transboundary Clustering in Russia's Baltic Coastal Zones Amid Geopolitical Turbulence

Alexander Druzhinin

Abstract

The gravitation of the economy and population towards seacoasts is a universal trend, which is turning marine environments not only in hotbeds of environmental problems but also into arenas for active transnational economic collaborations. In this study, I address economic integration in the Baltic region—particularly, in its Russian segment—and the effect of today's geopolitical turbulence on transboundary clustering. The methodological and theoretical framework for this research spans the theories of globalisation, economic regionalism, and the 'maritime factor' in transboundary integration and clustering. In this work, I present the Baltic region as an aquatic-terrestrial international socioeconomic and environmental-economic system, the development of which was initiated by the rapid European integration in the post-Soviet period. The growing geoeconomic influence of China, India, and other countries of South and East Asia and the geopolitical divergence between Russia and the West shape the new reality of the second decade of the 21st century. I demonstrate that, in these conditions, Russia's Baltic areas (the Leningrad and Kaliningrad regions and Saint Petersburg) retain their potential for transboundary cooperation and transboundary clustering. I emphasise that a central priority is a geoeconomic diversity of emerging and mature clusters' connections. To this end, the 'maritime factor' should be used to full extent, which requires the development of seaport infrastructure.

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Transboundary connections · Clusters · Coastal zones · Baltic · Russia · Eurasia

Introduction

Since the late 1980s, when the USSR and its military, political, and economic bloc were on the brink of dissolution, the Baltic Sea coast—including its southeastern and eastern stretches—have been involved in large-scale European integration processes. This gave rise to 'Baltic regionalisation'—the emergence of the 'Baltic region' as an international macroregional whole (Mezhevich et al. 2016). The Baltic regionalisation process intensified in the mid-2000s (Hosli et al. 2009). At the time, Poland, Lithuania, Latvia, and Estonia acceded to the EU, whereas a favourable economic situation was turning Russia's North-West—particularly, Saint Petersburg and the Leningrad and Kaliningrad region—into not only a 'communications corridor' but also a 'development corridor' incorporated into the global economy.

Although creating mostly beneficial conditions for transboundary ties in the coastal areas of Russia's North-West (Druzhinin 2016), the Baltic region has been faced in recent years with multi-aspect external and internal challenges. Committed to common interests and even identities of constituent countries and regions (Fedorov et al. 2012) and characterised by asymmetric economic dependencies, the Baltic region format has partly collapsed and partly transformed. All this has affected the processes of economic clustering.

The Global Economic and Demographic Changes of the Early 21st Century: The Baltic Perspective

Global and Eurasian trends have most significantly affected the realm of geo-economy, which—as experts stress (Dizen 2017)—is no longer the remit of the West. Over the past decade and a half, the Eurasian continent has witnessed an eastward shift in the economic potential with China rising to become a geoeconomic pole, equal to the EU.

As the World Bank's twenty-five-year statistics show, the contribution of both the old[1] and the new[2] 'European West' to the total Eurasian GDP reduced from 51 to 39%, whereas that of China grew from 2.5 to 23.5% (Table 1).

[1]The European states that were members of NATO and the EU before 1991, as well as Austria, Andorra, Cyprus, Malta, Monaco, Lichtenstein, Finland, Switzerland, and Sweden.
[2]Albania, Bulgaria, the Czech Republic, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

Table 1 The contribution of macroregions, associations, and states to the total Eurasian GDP (at the official conversion rate), %

	1992	2000	2013	2015
Eurasian Economic Union	2.82	1.41	5.18	3.37
of which Russia	2.57	1.25	4.52	2.83
'old European West'	49.61	44.39	38.33	36.36
'new European West'	1.66	2.06	2.89	2.74
China	2.58	5.84	19.45	23.41
Japan	21.54	22.83	9.94	8.77
India	1.64	2.30	3.77	4.46

Source Prepared by the author based on World Bank data

Amid general geopolitical changes, the global positioning of the Baltic metaregion is changing too. According to approaches found in the literature (Fedorov et al. 2012), the Baltic region includes Denmark, Latvia, Lithuania, Finland, Sweden, Estonia, and certain areas of Germany, Poland, and Russia. In 1992, these countries accounted for 12.8% of the gross world product (at the official conversion rate). In 2000, their contribution was estimated at 8.9%, in 2013, at 10.4%, and, in 2015, at 8.5%. Note that, if Russia is taken out of the calculation, the proportion of the other Baltic countries will steadily decrease from 11.0% in 1992 through 8.0% in 2000 and 7.4% in 2013, to 6.7% in 2015. The general trend is explained by the slow economic growth rates observed in Denmark, Sweden, and Finland and the economic performance of Germany—the regional behemoth that has been steadily its position as a major contributor to the gross word product since the 1990s.

Although remaining in a privileged position within the global core/periphery system, not only the Baltic region recreates the existing cross-country and cross-region socioeconomic differences but it is also turning into one of many major geoeconomic hubs of the emerging multi-polar world economic system.

Structural changes are accompanied by demographic processes that are transforming the Baltic States into an area of not only relative (in comparison to the global dynamics) but also absolute depopulation. According to the UN data, only in 2010–2015, the annual population decline rate reached 0.2% in Germany, 0.1% in Estonia, 0.4% in Lithuania, and 0.4% in Latvia. Poland's population ceased to grow. Only the Baltic region's Nordic segment—Denmark, Finland, and Sweden—is witnessing a population increase (0.3–0.6%) that is backed by positive net migration. However, in the most socioeconomically developed coastal regions of Germany (with the exception of Mecklenburg-West Pomerania) and Poland, the population is growing despite the overall negative demographic trends (Fedorov et al. 2017). A similar situation is observed in the Russian sector of the Baltic (Druzhinin 2017a, b), which is explained by the attractiveness of the Saint Petersburg and Kaliningrad agglomerations. Nevertheless, since as early as the mid-20th century, the proportion of Europe (which includes Russia, according to the UN) in the total Eurasian population has been steadily decreasing. Its contribution fell from 27 to 14% in 1950–2015. At the same time, the demographic potential of the countries of South, East, and West Asia has been growing.