

## KALININGRAD\_RECOMMENDATIONS

Based on the following studies:

- *Kaliningrad, an attractive location for EU investors*, Kari Liuhto, Director of Pan-European Institute
- *Kaliningrad/Russian Federation. Social Measures: Integrating Civil Society in Kaliningrad*, Volkmar Wulf, Europa Consultant, Advisor to Kaliningrad Oblast Duma
- *Efficient borders between the EU and the RF at the Kaliningrad enclave*, Alvydas Medalinskas, Director of Lithuanian International Policy Centre

### ECONOMIC MEASURES : STRENGTHENING INVESTMENT IN THE KALININGRAD OBLAST

	EUROPEAN UNION	RUSSIAN GOVERNMENT	KALININGRAD OBLAST ADMINISTRATION
<b>ORGANISE A "GUICHET UNIQUE" FOR EU (FOREIGN) INVESTORS UNDER THE KALININGRAD OBLAST ADMINISTRATION</b>	<ul style="list-style-type: none"> <li>• <b>Support a Foreign Investment, Trade and Tourism Agency</b>, which should provide EU investors with a monthly review containing relevant statistics, a summary of essential legislative changes, and business news. The review should be translated into English and be provided free of charge to major EU chambers of commerce, EU embassies in Russia, major European companies and research institutes. The agency should also create a website offering foreign investors basic information on Kaliningrad's economy, business legislation, and potential investment projects.</li> <li>• <b>Fund an EU liaison officer</b> who should provide assistance to EU companies willing to invest in Kaliningrad</li> <li>• Participate in the <b>training of local personnel</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Allow EU citizens to stay in Kaliningrad up to two weeks (possibly more) without visas</b> in order to promote business contacts and tourism</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Create a virtual fair of Kaliningrad-based exporting firms</b> (possibly on the website of the Kaliningrad Chamber of Commerce) presenting their exports, financial performance, suggestions for cooperation, and contact information</li> <li>• <b>Encourage advertising of the Kaliningrad Oblast</b>, and invite foreign journalists specialising in tourism and/or investment for a "prepaid study tour" in Kaliningrad</li> </ul>
<b>ESTABLISH A EUROPEAN</b>	<ul style="list-style-type: none"> <li>• <b>Fund both the European Information Centre and the Institute for European Studies</b> for at least three years. Both</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Support financially</b> both the European Information Centre and the Institute for European Studies</li> </ul>	<ul style="list-style-type: none"> <li>• Provide both institutions with <b>logistical/financial support</b></li> </ul>

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<p><b>INFORMATION CENTRE UNDER THE KALININGRAD CHAMBER OF COMMERCE AND AN INSTITUTE FOR EUROPEAN STUDIES WITHIN THE IMMANUEL KANT STATE UNIVERSITY</b></p>	<p>institutions should be run by people knowing perfectly the EU institutions and the Kaliningrad Oblast as well as major EU-Kaliningrad issues.</p> <ul style="list-style-type: none"> <li>• Organise <b>Jean Monnet professorships</b> and support the <b>exchanges of students, researchers and teachers</b> with the Baltic Sea countries</li> <li>• <b>Open a "subsidiary" of the EC Delegation in Kaliningrad</b> or expand the Tacis Local Support Office facilities</li> </ul>		
<p><b>FOUND A KALININGRAD BUSINESS CLUB (KALININGRAD'S SINGLE BUSINESS VOICE TOWARDS MOSCOW AND BRUSSELS)</b></p>			
<p><b>PROVIDE EU (FOREIGN) INVESTORS WITH TAX INCENTIVES AND FACILITIES</b></p>			<ul style="list-style-type: none"> <li>• <b>Invest in Kaliningrad's infrastructure</b> such as airport buildings, passenger terminals, transport network, industrial sites, etc.</li> <li>• <b>Create a list of industrial sites</b> which could be proposed to potential foreign investors</li> <li>• Follow the example of the St Petersburg/Leningrad Oblast and <b>offer investors facilities and tax advantages<sup>1</sup></b></li> </ul>
<p><b>HARMONISE RUSSIAN STANDARDS (GOSSTANDARD) WITH EU STANDARDS (CEN)</b></p>			

**BORDER MANAGEMENT: EFFICIENT BORDERS BETWEEN THE EU AND KALININGRAD**

	EUROPEAN UNION	RUSSIAN AUTHORITIES	POLISH AUTHORITIES	LITHUANIAN AUTHORITIES
<b>SPLIT UP WAITING LINES AND CREATE "GREEN" LANES</b>			<ul style="list-style-type: none"> <li>Follow Finland's positive example of creating a <b>"green corridor"</b>. In December 2002, Finnish, Swedish and Russian customs administrations signed an agreement, which simplified border passage for two companies (Volvo and Scania) at three different Finnish-Russian border posts.</li> </ul>	
<b>CREATE A COMMON INFORMATION SYSTEM</b>			<ul style="list-style-type: none"> <li>Follow the example of Finnish-Swedish-Russian cooperation which includes <b>shared databases</b> and a <b>common computer centre</b><sup>2</sup>. The information arrives at the border checkpoint in electronic form prior to the arrival of cargoes, thus reducing the document processing time from hours/days to several minutes. The system also allows preventing illegal deals between customs officials and other interested parties.</li> </ul>	
<b>ESTABLISH JOINT BORDER CHECKPOINTS</b>			<ul style="list-style-type: none"> <li>According to the Schengen rules, joint checkpoints with non-Schengen countries can be established only in the territory of the Schengen member states. Grzechotki - Mamontovo-2 on the Kaliningrad/Polish border and Nida - Rybachii on the Kaliningrad/Lithuanian border could be possible options to establish such checkpoints.</li> </ul>	
<b>INTRODUCE A SPECIAL VISA FOR KALININGRAD'S RESIDENTS</b>			<ul style="list-style-type: none"> <li>A special visa for Kaliningrad's residents living in the border area should be introduced for the specific purpose of local border traffic. The territorial validity of the visa should be limited to the border area of the member state that issues it, and allow the holder to cross the border of this member state many times for a stay of up to seven consecutive days and less than three months every half-year. It should be valid for at least one year and issued free of charge.</li> </ul>	
<b>ENHANCE A CLOSER</b>	<ul style="list-style-type: none"> <li>Encourage cooperation between similar authorities of</li> </ul>	<ul style="list-style-type: none"> <li>Encourage Russian border guards and customs</li> </ul>		<ul style="list-style-type: none"> <li>Address the lack of a common information database between</li> </ul>

<p><b>COOPERATION BETWEEN BORDER GUARDS AND CUSTOMS SERVICE</b></p>	<p>Russia/Poland/Lithuania with common use of equipment</p>	<p><b>cooperate more closely.</b> At present, they are located some distance from each other in the same border checkpoint. Various competing agencies on the border are not keen to share information with each other<sup>3</sup>.</p>		<p>Lithuanian border guards and customs, which should also conclude a <b>cooperation agreement</b> in order to facilitate their coordination</p> <ul style="list-style-type: none"> <li>• <b>Create a direct telephone line and sign a cooperation agreement</b> between Russian and Lithuanian border guards</li> </ul>
<p><b>UPDATE BORDER INFRASTRUCTURE</b></p>	<ul style="list-style-type: none"> <li>• <b>Provide financial support</b> to help Russian side modernise its border infrastructure. Russian customs lack sophisticated equipment such as radiation detectors, x-ray technology, computer systems, etc.</li> </ul>			
<p><b>HARMONISE RUSSIAN NORMS IN COMPLIANCE WITH EU NORMS</b></p>		<ul style="list-style-type: none"> <li>• <b>Harmonise customs work</b> which is still organised on selective control, where mainly the attitude/interest of customs officers matters (main source for bribes on border checkpoints)</li> <li>• <b>Harmonise veterinary certificates</b> to allow single veterinary controls for transit of animals and farming products</li> </ul>		

**SOCIAL MEASURES: INTEGRATING CIVIL SOCIETY IN THE KALININGRAD OBLAST**

<p><b>ENCOURAGE POLISH AND LITHUANIAN NGOs TO SHARE THEIR EXPERIENCE WITH THEIR KALININGRAD'S COLLEAGUES</b></p>	<p><b>ENCOURAGE KALININGRAD UNIVERSITIES TO PARTICIPATE IN PARTNERSHIPS AND SPONSORSHIPS</b></p>	<p><b>STRENGTHEN AND EXPAND INTERREG IIIA PROGRAMME</b></p>	<p><b>PROVIDE FINANCIAL SUPPORT TO EU AND RUSSIAN ORGANISATIONS DEALING WITH STREET CHILDREN</b></p>
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<sup>1</sup> Note: The new **Federal Law on the Special Economic Zone in Kaliningrad** (came into force on 1 April 2006) provides foreign/Russian investors with important tax preferences. Thus, income and property tax rates are 0 percent for the first six years and 50 percent for the next six years. However, the law is aimed at larger companies as it requires investing no less than 150 million roubles. Small and medium enterprises which are unable to make such investments cannot benefit from this special tax regime.

<sup>2</sup> Note: The Finnish-Russian border is one of the most efficient EU external borders. The border cooperation between Finland and Russia has a long tradition. This is based on the Border Regulation Agreement of 1960, amended by a protocol signed on 12 May 1997. A permanent Finnish-Russian Border Guard Committee meets 4-6 times a year. Finland's successful border management is based on the understanding of importance of having a **unified and professional border authority** responsible for all external borders and border crossing points. The Finnish-Russian border is controlled using **mobile units, technical control equipment and aircraft**. A network of **electronically supervised target areas** has been constructed on the most important stretches of the land border between Finland and Russia. Along the sea border there are sophisticated **radar and camera surveillance systems**. Border crossing points are also equipped with modern technology, such as **x-ray and scan facilities**.

<sup>3</sup> Note: In May 2006, the head of the Russian Federal Customs Service (FTS), Aleksandr Zherikhov, and two of his deputies, Leonid Lozbenko and Yury Azarov, were fired, while 20 cases against senior customs officials were investigated. Earlier, the Federal Customs Service was transferred from the Ministry of Economic Development and Trade to the Russian Government. **Andrey Belyaninov**, former KGB officer and director of Russia's main arms exporter Rosoboronexport, was appointed as a new head of the Federal Customs Service.