

**Regionalization of Russian Foreign
and Security Policy:
The Case of Kursk Oblast**

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Foreword

Kursk Oblast is a relatively small region of about 29'800 square kilometers, located 500 kilometers south of Moscow on the border to Ukraine. It is rich in mineral resources and has regional industries (including iron mining and enriching, machine building, chemicals and petrochemicals) that are of national importance. Due to its large nuclear power plants, Kursk Oblast is also an important source of energy for neighboring regions. The oblast offers rich soil that is used for intensive farming. The rural population makes up roughly half of Kursk's total population.

The study on Kursk Oblast is presented by Sergei Sarychev, a PhD student at Kursk State Pedagogical University. It deals with different aspects of the region's international engagement. The author looks at the region's interests and possibilities in the spheres of economy and international trade and tackles the various security problems arising on the Russian-Ukrainian border. Other parts of this paper deal with the region's relations with the federal center in the foreign and security policy realm; in particular, the author looks at the role of Kursk Oblast in the framework of Russian-Ukrainian relations.

Kursk Oblast is known in the West preliminarily through its former governor Aleksandr Rutskoi, who was Vice President of the Russian Federation until 1993 and one of the main participants of the fall 1993 confrontation between President Yeltsin and the Supreme Soviet. As elected head of Kursk Oblast, Rutskoi tried to make use of his high political profile to speed up the region's economic development and make its voice heard both domestically and internationally. Yet his governorship gave mixed and very controversial results. On the one hand, there were some positive changes in recent years in the sphere of international cooperation; on the other hand, Kursk Oblast authorities have

often made use of protectionist trade measures and failed to build up working relations with the federal bodies. It is hard to expect Ruskoi's successor, Communist Aleksandr Mikhailov, who is known for his anti-Semitic attitudes and general skepticism to the West, to be able and willing to drastically improve the region's international credentials.

Yet Kursk Oblast remains an important international actor due to its border with Ukraine, which makes the region a natural participant in all bilateral projects between Moscow and Kiev, be they in the fields of transportation, ecology, agriculture or energy. As Ukraine is again growing in importance for Russian foreign policy, it can be anticipated that Kursk, like other Russian provinces bordering Ukraine, will have a role to play in a possible rapprochement between the two countries.

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Introduction

The dissolution of the Soviet Union and Russia's emergence as a federal state initiated significant changes in the spheres of international security and foreign policy. One of the important tendencies has been the gradual transformation of subjects of the federation into participants in foreign policy processes. This tendency is reflected in our understanding of the processes of regionalization and globalization in Russian foreign policy.

The present situation challenges a researcher interested in problems of political regionalism to find answers to a number of important questions. The first group of questions is related to the impact of foreign policy factors on the regions. It also makes sense to study the reverse influence – regional influence on international relations and security, both within individual states and within groups of states. The second group of questions touches upon the emergence, substance and formulation (legislative, organizational and other) of a region's own foreign policy. The third group of questions touches on specific differences between the Russian regions in terms of making their own foreign policy: determinants, actors, results, possible consequences, and so on. Questions regarding the interaction between the regions and the federal center on issues of foreign policy are grouped separately.

In this paper, we have tried to find answers to the questions mentioned above by relying on available sources of information regarding one of the Russian regions – Kursk Oblast. This region's foreign contacts have been strongly influenced by its border location, the dominance of raw materials and the energy production sectors of the economy, as well as its internal political situation.

Regional interests of Kursk Oblast in the area of international relations and security

The participation of subjects of the Russian Federation in foreign policy, as well as their direct involvement in economic trade and humanitarian cooperation with foreign states, represent a new episode in Russian external relations over the last ten years. The partial transfer of authority from the center to the regions regarding international contacts and security has led to serious and often controversial changes in the economic, political and social arenas.¹ Some believe that regionalization in Russia has influenced international relations because the subjects of the federation have started acting in the international arena, and that this has undermined the monopoly of the federal center on international relations and has shifted attention from the “high” politics towards the needs of the subnational actors.² There is no doubt about the legitimacy of such opinions as generalizations and tendencies, but the degree of involvement in international relations varies for different regions. The results of globalization are, therefore, also different.

It would be natural to explain such differences by inter-related determinants within the system, such as the geographic location and the geopolitical status of the region, the level and the specific features of its economic development,

- 1 Perovic, Jeronim. *Internationalization of Russian Regions and the Consequences for Russian Foreign and Security Policy*. Regionalization of Russian Foreign and Security Policy, Project organized by the Russian Study Group at the ETH Center for Security Studies and Conflict Research, Working Paper no. 1, April 2000, p. 7 (<http://www.fsk.ethz.ch/documents/WorkingPapers/wp1.pdf>).
- 2 Sakva, Richard. “Russian Regionalism, Development of a Political Course and State Development” (<http://www.mpsf.org/kpvo/kpvo429/Sakwa1.html>).

the status of the region in the system of federal relations, the internal sociopolitical situation and the complex of regional legislative acts, and so on.³ The analysis of the influence of processes of regionalization and globalization on Kursk Oblast is significant because of its location bordering Ukraine (and its proximity to the federal center), as well as the dominant development of the commodity, energy and agrarian sectors of its economy, and because of the prevailing political influence of the Communist Party of the Russian Federation.⁴ This original combination is atypical for other regions of Russia, even those bordering Kursk Oblast.

1.1 Kursk Oblast as a subject of foreign policy

The regional interests of Kursk Oblast in the sphere of international relations are primarily determined by its geographical location, and by its geoeconomic and geopolitical status. Kursk Oblast is located in the southwestern hills of the Mid-Russian Plateau and occupies a territory of 29'800 square kilometers, extending 305 kilometers from west to east, and 171 kilometers from north to south. The oblast's territory makes up 0.2% of the territory of the Russian Federation. The total length of its borders is approximately 1250 kilometers. In the north, Kursk Oblast has a 120-kilometer border with Bryansk Oblast, in the northeast it borders on Orel Oblast for 325 kilometers, in the east it shares a 65-kilometer border with Lipetsk Oblast, in the southeast its border with Voronezh Oblast extends for 145 kilometers, and in the south the boundary with Belgorod Oblast is 335 kilometers long. After the dissolution of the Soviet Union in 1991, the geopolitical status of the oblast changed substantially after it became a border oblast. In the southwest and the west, the oblast shares a 245-kilometer border with the Ukrainian Sumy Oblast, making the boundary a state border of the Russian Federation (this section makes up approximately 20% of Kursk Oblast's borders).⁵

The region's economic situation

The regional economy is industrial-agrarian. According to the Black Earth Inter-regional Association (*Chernozemie*), a comparison of the value of industrial goods produced in the region with the value of agricultural products resulted in a ratio of 10.4 to 1 in 1991.⁶ According to the data of the State Statistics Committee of the Russian Federation, the oblast's share in the gross national product is 0.6%; in

3 Perovic, *Op. cit.*, p. 20.

4 Governor Aleksandr Mikhailov, Chairman of the Oblast Duma Aleksandr Anpilov, and a significant part of the deputies of the Oblast Duma are members of the Communist Party of the Russian Federation (CPRF).

5 Belianskii, Yurii, ed. *Kurskii krai: istoriia i sovremennost'* (The Kursk Region: history and present). Kursk, 1993, p. 173

6 Pokazateli sotsial'no-ekonomicheskogo razvitiia oblastei, vkhodiashikh v assotsiatsiiu "Chernozemie" (Indicators of socioeconomic development of oblasts belonging to the Black Earth Association), official web site of the Black Earth Economic Association (<http://www.chernozem.ru/paket.htm>).

industrial production, it is 0.8%; and in agricultural production, it contributes 1.5%.⁷ The rural population makes up 52.5% of the total population.

The following industries play a defining role in the industrial production: the nuclear power industry (approximately 35% of the total value of industrial production), machine-building (14%), ferrous metallurgy enterprises (13%), food industry (13%), and the chemical industry (11%).⁸

According to expert estimates, the result of the economic transformations of the last decade of the 20th century for the oblast's industry was a substantial transformation of the structure of industry. The share of ferrous metallurgy enterprises more than doubled; at the same time, the share of the machine-building industry decreased by almost a half, while the power industry grew by 1.5 times, and the share of the food industry remained relatively stable.⁹ This information reflects a common tendency for territories of the Central and Black Earth economic regions. The leading industries of the region – the ferrous metallurgy and food industries – were able to preserve their potential, mainly due to the export orientation of the former, and to the restructuring of those sectors of agricultural production that supply the food industry with raw materials. A unique feature of Kursk Oblast is its developed power-generating industry, which is also oriented towards export to the countries of the Commonwealth of Independent States (CIS). The third area of specialization of the region – the machine-building industry – suffered most in the process of the Russian reforms due to insolvent customers and a subsequent decrease in demand for products of the machine-building industry (especially for agricultural machines and their spare parts).

The development of transport infrastructure is characteristic of Kursk Oblast. The network of railway transportation is well developed: two main railway lines cross Kursk Oblast along the meridian and one along the parallel. It is possible to reach most of the oblast's regional centers and to deliver goods by railway. By Russian standards, the network of highways is also well developed. There are two federal highways – Moscow-Simferopol and Moscow-Kiev – as well as significant inter-regional highways connecting Kursk-Voronezh, Kursk-Kurchatov-Rylsk-Ukraine, and Kursk-Sudzha-Ukraine. The local network of highways is noticeably less developed. Kursk airport has the capacity to host international flights (it has a suitable runway). The network of local air traffic control is not well developed, however.

7 Statinformatsiia. Kurskaia oblast' (Statistical Information. Kursk Oblast), official web site of the State Statistics Committee of the Russian Federation (<http://www.gks.ru/regions/statinfo/reg53.asp>).

8 The data cited on this question in various sources differ by 1-1.5%. See Statinformatsiia. Kurskaia Oblast (<http://www.gks.ru/regions/statinfo/reg53.asp>) and Pokazateli sotsial'no-ekonomicheskogo razvitiia oblastei (<http://www.chernozem.ru/paket.htm>).

9 Golubitskaia, M. "Sotsial'no-ekonomicheskoe polozhenie regionov Rossii" (Social and economic situation of Russian regions). *Obosrevatel' – Observer*, no. 3 (2000), pp. 85-98.

The developed network of transport routes – railways, highways, main oil and gas pipelines (Urengoi-Pomary-Uzhgorod and Bryansk-Orel-Kursk-Belgorod-Kharkov-Shebelinka) – that stretch from the west to the east and from the south to the north, enables the region to exchange goods with many other economic regions of Russia, and also with foreign countries. This network is very important for contacts with the Central and Black Earth areas of Russia and with Ukraine.¹⁰ Historically (since the 16th century), Kursk has played a dominant role in the trade between Russia and Ukraine. One of the main trade routes passed through Kursk, and there was a customs office where, up until 1753, duties were levied on transported goods. Today, history is repeating itself. The role of Kursk Oblast as an important transit station in the relations between sovereign states has been growing. As a producer of industrial and food products, the region can participate in economic contacts not only as an intermediary, but also as an initiator of such contacts.¹¹ According to the Black Earth Association, commercial turnover of goods from transport enterprises of Kursk Oblast has increased by 48% in 1999.¹² Automobile and railway transport make up the lion's share in this growth.

Kursk Oblast 's lies in a zone of major iron ore deposits of the Kursk Magnetic Anomaly (KMA), and is surrounded by large metallurgic enterprises – the Oskol Electro-metallurgic Complex, the Novolipetsk Metallurgic Complex, the Orlovsk Sheet Steel Plant, and metallurgic and machine-building enterprises in Tula. Taking into account that the unified resource base for ferrous metallurgy has been disrupted since the dissolution of the Soviet Union, the KMA assumes strategic importance for Russia, as well as for a number of CIS countries.

The KMA's reserves of iron ore are pre-eminent even by world standards. Almost all known natural iron ores have been discovered in its territory. Both the rich ores – with a 56-66% content of iron – and the poor ores – ferriferous quartzite in which iron makes up only 35-37% – have practical importance. There are seven prospected iron ore deposits in the territory of Kursk Oblast: the Mikhailovka, Dichnia, Reutets, Tim-Shchigry, and also Pochepnia, Fateevo, Rylsk, and Kostel'tsevo deposits. The location of iron ores at a depth of 50 meters enables the open-cast development of deposits. At present, only the Mikhailovka deposit (called the pearl of the KMA) is being developed. In this deposit alone, the reserves of rich iron ores are estimated at 430 million tons, and the reserves of ferriferous quartzite are estimated at 10 billion tons. The Mikhailovsk Ore Mining and Processing Enterprise produces approximately 20 million tons of iron ore annually. In 2000, this enterprise exported all of its production outside of Kursk Oblast, 16% of it directly to Poland, the Czech Republic, Ukraine and Belarus. The value of iron ore exports amounts to approximately one billion rubles. The rest of the ore

10 Kabanova, Rosa, ed. *Geografiia Kurskoi oblasti* (Geography of Kursk Oblast). Kursk 1997, p. 7.

11 Belianskii, *Op. cit.*, p. 175

12 Pokazateli sotsial'no-ekonomicheskogo razvitiia oblastei (<http://www.chernozem.ru/paket.htm>).

is processed by enterprises of the “Metalloinvest”¹³ holding company into ferrous metal and is partially exported to the United States.

The uniqueness of the KMA does not diminish the value of other natural resources of Kursk Oblast. Many of the raw materials have great practical value for the region’s residents. Raw materials for construction, such as sand, clay, plastic clay, fossil meal, and chalk present valuable resources for the construction industry and, therefore, for the building of roads, housing and for industry. The distribution of these resources throughout the region allows for the local extraction of resources and production of construction material.

The presence of raw materials for the production of mineral fertilizers is important for an agricultural territory like Kursk Oblast. Forty deposits of phosphorites, with total reserves of about 340 million tons, have been discovered. The largest among them are Ukolovsk in the Zolotukhin region, Shchigrovsk and Trukhachevsk in the Shchigrovsk region, and Koshelevsk in the Soviet region. Phosphorites were extracted up until the 1970s. Because of the extensive use of chemical fertilizers, the extraction of phosphorites has been stopped.¹⁴ The ecological situation in the region and the high cost of producing and transporting chemical fertilizers to the region, however, has put the development of these deposits back on the agenda.

The nuclear power station (NPS) is an important factor in determining the economic and geopolitical status of Kursk Oblast. The Kursk NPS, which is a twin of the recently closed Chernobyl NPS in Ukraine, is located 30 kilometers west of the oblast center. Construction began in the middle of the 1970s and has not yet been completed. The last fifth power block with a capacity of 1 million kilowatt-hours is currently being built. The electricity production in 2000 was approximately 22 billion kilowatt-hours.¹⁵

The NPS’s generation capacity is clearly excessive for the region; therefore, a network for transporting electricity to the adjacent regions of Russia, Ukraine and Belarus has been well developed. It is notable that the directorate of the Kursk NPS and the Russian Ministry of Nuclear Energy are subject to systematic pressure by the European Bank of Reconstruction and Development. The bank has been demanding that the first and the second power blocks of the power station be shut down as security hazards. It is, however, difficult to predict whether the reactors in question will be shut down. Managers of the Kursk NPS and its

13 The Mikhailovsk ore mining and processing enterprise is included in the structure of “Metalloinvest,” part of the shares and seats in the board of directors belong to it. The majority of stocks belong to the Russian Credit Bank (Moscow).

14 Kabanova, *Op. cit.*, p. 18

15 Maleeva, Dar’ia. “Govoriat, ot AES tol’ko pol’za” (They say there are only benefits from the NPS). *Kurskii vestnik*, no. 1 (January 4, 2001).

operating personnel adhere to the opinion that the first and second power blocks should be modernized and reconstructed rather than shut down in the future.¹⁶ Like all the enterprises of the nuclear energy complex in Russia, the Kursk NPS is a federal property and therefore the decision to shut it down or not rests with the federal center.

Border problems

From a geopolitical point of view, a determining factor in the external activity of Kursk Oblast is its location on the border between Russia and Ukraine. Whereas during the Soviet period, Kursk Oblast was considered central (and was included in the Black Earth Association), the oblast immediately became a remote area and a border zone following the “Belovezhsk Agreements”. This does not mean, however, that Russia and Ukraine have shut down transit across their borders. On the contrary, the establishment and delineation of the state border has been going on for over ten years, and there is no end in sight. The member countries of the CIS have made border transparency a matter of principle among themselves. This meant an absence of borders in practical terms for the period 1992-1993, and in subsequent years, the Russian-Ukrainian border was just beginning to take shape. The main factor determining the specific features of a border zone is its geographic location. According to some researchers, borders between the CIS countries have been absolutely transparent in the recent past, existing as pure formalities as far as their function is concerned. Currently, border transparency has sharply decreased as a result of changes in their political status, and their barrier function has increased, which has led to changing circumstances and factors of social and economic development of the territories of the new Russian border region. The importance of the state border for the region is felt in two ways: through its contact function (development of trans-border cooperation, creation of “free economic zones”) and through its barrier function (geopolitical situation, territorial disputes).¹⁷

The problems of delimitation and subsequent demarcation of the border (with a total length of over 2000 kilometers) represent one of the most pressing challenges in Russian-Ukrainian relations. The work on border delimitation has been going on since April 1998. According to official statements from the Ukrainian Ministry of Foreign Affairs, over 1300 border crossings have been coordinated and tentatively described, while approximately 30 sections of the border remain

16 Kotiaev, Yevgenii. “‘Semerka’ protiv AES” (‘The seven’ against the NPS). *Kurskaia pravda*, no. 235 (December 29, 1999).

17 Maliavina, D. “Ekonomiko-geograficheskii podkhod k otsenke znachimosti prigranichnykh regionov Rossii” (Economic and geographic approach to rating the importance of border regions of Russia), web site of the Department of Economic and Social Geography of Russia at Moscow State University (<http://ekoross.chat.ru/old/malyav99.htm>).

uncoordinated; they consist of approximately 200 points of demarcation.¹⁸ Uncoordinated sections are found in the territory of Rostov Oblast (Russian Federation) and the Lugansk and Donetsk oblasts (Ukraine). The tenth session of the Russian and Ukrainian commissions on border delimitation took place in Kiev in December 2000. According to Oleg Sazonov, a member of the commission for the Russian side and deputy chairman of the organization committee for the Kursk Oblast government, Kursk Oblast is the only of five border regions that has its own permanent representative. The other oblasts – Belgorod, Bryansk, Voronezh and Rostov – are represented by participants who are members of working groups only.¹⁹

The sections of the border belonging to Kursk Oblast are pretty much coordinated on the map; in reality, however, there are numerous problems on the border. In the southeast of the oblast, for example, the railway Bryansk-Vorozhba crosses the Ukrainian territory three times in the section between the stations Lokot and Tetkino (only about 18 kilometers in total). High custom tariffs on imports of sugar beet, collected by the Ukrainian customs, make the export of this commodity to the Tetkino sugar plant from the area located along the railway very expensive and, therefore, unprofitable. Sugar producers have even expressed their intention to build sections of railway avoiding the border. There are a number of cases where the border crosses residential areas or even divides private property. In the Glushkov region, the village Ryzhovka received wide publicity because the Russian-Ukrainian border divided this village in two. In order to visit one's neighbor, one had to cross the border in the area of the border checkpoint, which is located 24 kilometers away.²⁰ The production facilities of the Tetkino bread storage enterprise ended up on two sides of the border, creating inconveniences as one may imagine. The commissions usually worked on the principle of mutual exchange, but they were not able to reach agreement on all sections of the border.²¹

Ethnic Ukrainians make up 20 to 31% of the population in the three border regions located in the south-west of Kursk Oblast; in other regions of the oblast their number is still higher than in other oblasts of Russia (by an order of tens of thousands of people). In Kursk Oblast, the Ukrainians have established a cultural and educational association that regularly organizes public events and publishes a newspaper. The issue of introducing a regime of free travel for residents of

18 "Mezhdu Rossiei i Ukrainoi provedena liniia. Tochkami" (A line has been drawn between Russia and Ukraine. With dots). *Web site "Korrespondent.net"*, October 31, 2000 (http://www.korrespondent.net/display_print.php?arid=8047).

19 "Prodolzhaetsia rabota komissii po delimitatsii rossiisko-ukrainskoi granitsy" (The work of the commission on delimitation of the Russian-Ukrainian border continues). *Informational portal "Sovtest Online,"* January 13, 2001 (<http://online.sovtest.ru/citynews/?27606>).

20 "Problemy progranich'ia" (Problems of being a borderland). *Kurskaia pravda*, no. 222 (November 24, 2000).

21 Sazonov, Oleg. "Kak podelit' granitsu" (How to divide the border). *Kurskaia pravda*, no. 10 (January 18, 2001).

border zones has been discussed for three years and still remains urgent, but is not fully resolved. All in all, the oblast has five border checkpoints in Sudzha, Rylsk, Glushkovo, Tetkino, and in the Kursk city airport. It is characteristic that the local authorities (of the oblast level and at the level of the *raiony*) often express more interest in the smooth functioning of the border and customs services than the federal center. This is shown in actions such as transfers of oblast property for the use of above-mentioned services, assistance in the resolution of social issues, issues of living standards, and so on, which are really within the responsibility of the federal center.

Personal contacts between representatives of *raiony* and oblast authorities of Russia and Ukraine often help resolve concrete issues regarding economic interaction and maintenance of security, but it is too early to call these mechanisms developed and smooth-running.

Security issues on the Russian-Ukrainian border

Crimes committed on the border occupy an important place among the problems of the Russian-Ukrainian border. According to the statistics of Russian border troops, contraband narcotics and weapons trade are among the most widely committed crimes. Illegal migration takes second place – there are many people who want to get to Poland, Hungary, and countries of Western Europe through Ukraine. Many refugees from Asian countries go to Russia through Ukraine. In just nine months in 2000, over 750'000 people passed through the Kursk checkpoints; almost half a million among these were foreigners. The border guards identified three people with fake documents or documents that did not belong to them. In addition, 230 people did not have the necessary passports or visas, 58 were illegal migrants, and 113 people who were attempting to cross the border by avoiding checkpoints were detained. This is only the tip of the iceberg.²²

The law enforcement organs differentiate four main groups of illegal migrants. The first group comprises mostly citizens from the states of Southern and Southeast Asia (Vietnam, Bangladesh, Sri Lanka, India, China, Afghanistan and others), who use the territory of the oblast as a convenient springboard for future transit through Ukraine, Moldavia, Poland and Bulgaria and the Czech Republic to Western Europe. According to data presented by the Department of Internal Affairs of Kursk Oblast, illegal migrants often establish contacts with criminal groups made up of foreigners and also with corrupt bureaucrats already residing in the region who specialize in the illegal trafficking of people across the border. The former head of the migration service of Kursk Oblast, Vladimir Ostankov, was sentenced in 1999 precisely for crimes of this kind. The second group is made up of citizens of Armenia, Azerbaijan and Ukraine. For the most

²² Vaganov, Valerii. "Granitsa, kotoroi kak by net" (The border that practically does not exist). *Kurskii vestnik*, no. 21 (May 24, 2000).

part, these are people who are hiding from investigation for having committed crimes and for avoiding military service in their countries. They try to settle temporarily, only to cross the border illegally again after staying in the region for a short time. The third group comprises criminals who are engaged in the especially profitable illegal business of contraband weapons, explosives and narcotics, as well as legal trade in these goods. Over 50 such crimes committed by foreign citizens were registered in 2000 in Kursk alone. The fourth group can be classified as illegal labor migrants who are, for the most part, citizens of Ukraine. In the border region of Glushkovo, inspection revealed about 500 foreigners employed illegally, and also over 200 underground migrants of working age.²³

The Federal Security Service (FSB) Bureau in Kursk Oblast expresses considerable concern over the possibility that illegal migrants may represent quite a favorable milieu for creating conspiratorial agent networks by foreign special services: "How many intelligence officers are among those people? Nobody knows, but one can confidently say that there are some."²⁴ Illegal border crossing to Russia has become a mass and routine phenomenon in Kursk Oblast. The task of countering the activities of international criminal groups and the movement of illegal migrants is well understood in Russia and Ukraine.²⁵

Customs services also represent the interests of the state at the border. According to the head of customs services of Kursk Oblast, Nikolai Vaskov, his office issued over 7'000 cargo customs declarations between January and October 2000. Over 2'215'000 tons of goods were exported from Kursk. Out of over 5000 enterprises located in the territory of Kursk Oblast that are registered as participants of foreign economic activities, only 376 engage in such activities in practice. And this number is relatively stable. It is interesting that the imports are worth almost twice as much as the exports, but that the total weight of oblast exports is seven times that of the imported goods. Taking into account that the top exporting enterprises are the Mikhailovsk Mineral Processing Complex, the joint-stock company "Intershina," and the joint-stock company "Plant RTI" (Rubber-Technology Products), this phenomenon is quite understandable. As far as violations of currency legislation are concerned, there were over 60 such cases this year. The amount of money that the traffickers were trying to take across the border amounted to a total of US\$2'337'000.²⁶

One should not expect any serious changes in the status of this section of the Russian border (separating Kursk Oblast in Russia from Sumy Oblast in Ukraine)

23 Osherov, Aleksandr. "S 'rabov' nalogov ne berut" (They don't collect taxes from 'slaves'). *Kurskaia pravda*, no. 4 (January 10, 2001).

24 Federal'naia Sluzhba Bezopasnosti soobshaet... (The Federal Security Service informs...), Press Release of Department II of the Kursk Oblast FSB (http://www.kursk.ru/files/news_fsb.htm).

25 Paradoksy strategicheskogo partnerstva" (Paradoxes of strategic partnership), Fond Zluka: Rossiia-Ukraina-Zapad (http://www.zluka.isr.lviv.ua/files/smi_6.htm).

26 Korshunova, Anna. "Import darozhe, zato eksport tiazhelee" (To import is more expensive, but to export is more difficult). *Komsomol'skaia Pravda - Voronezh* (October 27, 2000)

in the near future. Russian officials have made statements to the effect that Russia does not intend to introduce a visa regime with Ukraine. As the Minister of Foreign Affairs of the Russian Federation, Igor Ivanov, stated after negotiations with his counterpart Anatolii Zlenko, Russia would not demarcate the border with Ukraine or introduce a visa regime with that country. At the same time, Ivanov emphasized that “. . . we are not talking about a demarcation of the Russian-Ukrainian border – we are not going to put up poles, and we are not going to introduce visas.”²⁷ Both Russia and Ukraine intend to complete the delimitation of the land border by the summer of 2001.²⁸ The final demarcation of the border will probably take another decade.

International contacts in the economic sphere

The importance of foreign policy and international ties for the region can be judged, first of all, by the engagement of the region's enterprises in foreign economic activity, in trade with foreign countries, and in the joint production of goods and services. Industry and commercial companies based in Kursk Oblast are quite active in various forms of foreign economic activity.

Cooperation between enterprises of Kursk Oblast and foreign partners is carried out mostly via joint ventures. In 1997 (before the “default” of August 17, 1998), 22 joint ventures were registered in Kursk Oblast, employing over 2'300 people.²⁹ By May 2000, 137 enterprises with foreign investments had been registered. One in three joint ventures is created with the participation of partners from countries of the CIS.³⁰ Enterprises that have been successfully functioning for over five years include the Russian-Swiss company “Komsak,” which recycles metallurgic waste, and the Russian-Belgian “Kubel” company, which produces Russian vodka. The joint-stock company Shveia, created in cooperation with the Canadian company “Good bye – Lada”, produces warm coats from Russian furs; and a long-term contract for sewing stylish jackets from materials supplied by American partners was signed with the firm “Amerex” from the United States.³¹ The Russian-German enterprise “Geovirt,” specializing in the production of mobile geological prospecting technology for oil and gas industries, operates in Shchigry. The joint-stock company “Kursk Cellular Communications”, created in

27 “Rossiia ne sobiraetsia vvodit' vizovoi rezhim s Ukrainoi” (Russia is not going to introduce a visa regime with Ukraine). *LENTA.RU: IN RUSSIA*, October 23, 2000 (<http://www.lenta.ru/russia/2000/10/23/visas/>).

28 “Mezhdu Rossiei i Ukrainoi provedena liniia. Tochkami” (A line has been drawn between Russia and Ukraine. With dots). *Web site “Korrespondent.net”*, October 31, 2000 (http://www.korrespondent.net/display_print.php?arid=8047).

29 Zaitsev, Vladimir, ed. *Vneshneekonomicheskie sviazi Kurskoi oblasti za ianvar'-dekabr' 1997 goda (statisticheskii biulleten')* (Foreign economic relations of Kursk Oblast for January-December 1997 [statistical bulletin]). Kursk 1998, p. 4.

30 Tkachev, Aleksandr. “Vneshneekonomicheskaia deiatel'nost' Kurskoi oblasti” (Foreign trade activities of Kursk Oblast). *Kurskaia pravda*, no. 110 (May 24, 2000).

31 Levchenko, Valerii and Tamara Griva. *Vstrechi s Kurskom* (Meetings with Kursk). Kursk 1993, pp. 11-12.

1993 with the participation of “Millicom International Cellular” (MIC), could be cited as an example of a joint venture in the sphere of communications. As a rule, foreign partners participate in these kinds of enterprises by providing technologies and spare parts for production. The volume of annual direct investment in joint ventures does not exceed US\$1.5 million.

In comparison with joint ventures, the situation in industries that produce quick and substantial profit is very different. Foreigners become shareholders by purchasing a substantial number of shares. Firms like “ICN Pharmaceutical, Inc.” and “SUN-Interbrew” provide characteristic examples in this regard. The Kursk open joint-stock company “ICN Leksredstva” (producer of medical facilities) achieved significant results over the period of business cooperation with its foreign partner. For almost three years (from 1996 onwards), this well-known Kursk enterprise was a Russian subsidiary of the American ICN corporation. Investments of over US\$200 million over 5 years (following the initiative of ICN’s CEO, Milan Panich) into production, and the local manufacturing of pharmacological substances and primary commodities (from which medicines are made) in Kursk have encouraged the successful economic and social development of the enterprise. This enterprise has developed a program for manufacturing generic (non-brand name) pharmaceuticals rather than imported ones; these generic ones are, of course, less expensive for the Russians. Whereas after the economic collapse of August 1998, medicines became 3.5-4 times more expensive, the pharmaceuticals produced in Russia and, in particular, at “ICN Leksredstva”, only became 2-2.6 times more expensive. This makes them very competitive on the Russian market.³²

The majority of stocks of the joint-stock company “Pikur” (Kursk Beer) has belonged to one of the largest beer producers in Russia, “SUN Brewing” company, since 1992; its production volume reached approximately ten million decalitres in the year 2000. Contacts between Kursk beer brewers and their colleagues from Britain, Canada and the Czech Republic have expanded substantially over the last eight years. Foreign owners of the enterprise want to adjust the production to international standards, so that the beer can be exported to other countries. For these purposes, the filtration department has been completely re-equipped; a biological sterilizing filter made by the Swiss firm “Filtrox” was brought in, which enables the beer to be stored for longer without adding preservatives and pasteurization. A new brewery, provided by the German firm “Huppmann,” was opened in the beginning of 1999. After the merger of two large European beer producers – “SUN Brewing” and “Interbrew” – in July 1999, “Sun Interbrew” (with its headquarters in Belgium) became the owner of seven large Russian beer

32 “‘ICN Pharmaceutical’ namerena vytesnit’ importnye lekarstva s rossiiskoi rynka” (“ICN Pharmaceuticals” intends to push the imported drugs out of the Russian market). *Informatsionnoe agentstvo Maksima Sladkogo*, Release no. 36, July 9, 1999 (<http://www.geocities.com/Paris/Opera/8845/mxxxvi.html>).

breweries (among them “Pikur”) and three breweries in Ukraine. The location of the “Pikur” brewery next to the Russian-Ukrainian border is of strategic importance for the owners of the enterprise. In the very near future, “Pikur” plans to develop the markets of the Central and Black Earth regions and in the South Russia. For these purposes, the “Pikur” brewery is scheduled to acquire equipment valued at US\$13 million in 2000-2001. By the oblast’s standards, this represents a large volume of foreign investment in manufacturing. The equipment is provided by leading German and Belgian producers.³³

The French firm “Rustica Prograin Genetique” shows a promising approach in penetrating the agricultural market of Kursk Oblast. The main products of this firm, which it advertises on the Russian market, are hybrid corn and sunflower seeds. The French specialists are able to facilitate the entire cycle of production, from basic genetic research, to the selection of hybrids, the testing of new plants, the delivery of the seed to the producers, the introduction of progressive agrotechnology, up to deliveries of specialized equipment. An office of “Rustica” was opened in Kursk Oblast in 1999. The regional government expressed a clear interest in purchasing the entire complex of technologies: the hybrid sunflower seed, and the technology and methodology of their cultivation. Over 150’000 hectares of land were used for the cultivation of sunflower from that particular seed in 2000, and 100’000 hectares were planted with corn, which accounts for over 11% of the oblast’s arable land. The net profit from sales of sunflower seeds in Kursk Oblast amounted to US\$140-150 per hectare.

The presence of transnational corporations in Kursk Oblast is especially noticeable in the high saturation of the local market with their products. One of the ubiquitous Coca-Cola plants, for example, is located in adjacent Orel Oblast, and the product of this plant is delivered throughout the Kursk, Belgrad, Voronezh and Tula oblasts, reaching even rural towns and villages. The “PepsiCo” corporation has adopted a different market approach. On the basis of agreements concluded with local producers, the company delivers raw materials and technology to the local producers, who then independently make and sell the product. Foreign automobile corporations are represented through “Ford Motors” and “Daewoo Motors,” which both enjoy substantial sales. “Sony” and “Samsung” have penetrated the local market for home electronics, and the Italian “Olivetti” company established its branch for Southern Russia in Kursk. The “Henkel” corporation, which produces washing powder and chemical products for the home, has won a large share of the local market. The German concern “BASF” is a significant player in the market for chemical products – from goods for the cultivation of agricultural plants to communications technologies. The

33 “Kompaniia ‘San interbriu’ namerena investirovat US\$13,000,000 v rasshirenie proizvodstva piva v Kurske” (The company “Sun Interbrew” is going to invest US\$13’000’000 in the expansion of beer production in Kursk). *Informatsionnoe agenstvo Maksima Sladkogo*, Release no. 50, October 15, 1999, (<http://www.geocities.com/Paris/Opera/8845/mxm.html#2>).

latest pharmaceutical products are manufactured by the enterprise “ICN Lek-sredstva.” The corporations that have their own manufacturing base in Russia are usually more successful than others. Kursk Oblast has become a market for products of transnational corporations. It is not a coincidence that the ratio of imports to exports is 206.3%.³⁴ The experience of Kursk Oblast shows that it is easier for actors in foreign economic activity to establish and develop initial contacts where a foreign company or organization already has a branch in Russia.

Foreign Trade

Foreign trade (the import and export of products) is an important part of interaction with foreign countries at the regional level. According to official information, the volume of foreign trade of Kursk Oblast reached US\$357.1 million (with a prevalence of imports by US\$31.6 million) in 1997.³⁵ As a result of the crisis of August 1998, the foreign trade volume dropped to US\$227.2 million in 1999.³⁶ Before the crisis, the oblast’s main partners in foreign trade were the Czech Republic, Poland, Slovakia and Germany (they accounted for up to 60% of the exports). After the crisis, however, the countries of the CIS (especially Ukraine, which accounts for 76% of the exports and 73% of the imports of Kursk Oblast) became the main trade partners.³⁷ According to Ukrainian experts, practically all subjects of the Russian Federation cooperate with Ukraine today, and approximately 200 direct agreements have been concluded between different regions of Russia and Ukraine. The border oblasts, including Kursk Oblast, play a special role in this process.³⁸

The importance of trade with Belarus has been increasing over the past three years. Direct contacts have been established between Kursk Oblast and a number of regions of Belarus. There are many examples of concrete interaction, but the first treaty on economic cooperation at the level of the oblast was concluded with Gomel Oblast of Belarus. Gomel Oblast has an interest in trade and economic cooperation with Kursk Oblast because it is a central oblast of Russia, with a developed industry and agriculture. First of all, its interest lies in buying food-stuff (up to 25’000 tons of wheat annually) and electricity, which is produced at the Kursk nuclear power station, and also rubber technologies. In turn, Gomel Oblast delivers agricultural machines (seeding machines, harvesting machines, combines made by the plant “Gomselmash”), oil products, plant seeds, furniture and shoes. In the year 2000, it delivered 20 million rubles’ worth of agricultural

34 Pokazateli sotsial’no-ekonomicheskogo razvitiia oblastei (<http://www.chernozem.ru/paket.htm>).

35 Zaitsev, *Op. cit.*, p. 3.

36 Pokazateli sotsial’no-ekonomicheskogo razvitiia oblastei (<http://www.chernozem.ru/paket.htm>).

37 *Ibid.*

38 Paradoksy strategicheskogo partnerstva (http://www.zluka.isr.lviv.ua/files/smi_6.htm).

machines to Kursk. The economic potentials of the two oblasts, therefore, complement each other.

Kursk Oblast plans to expand this cooperation; this is reflected in a protocol on the results of a visit by a delegation of Gomel Oblast to Kursk Oblast at the end of 2000. The oblasts regularly exchange delegations. The perspectives for expanding their cooperation are linked to Belarusian deliveries of semi-processed products for the confectionery and rubber industries. Practically all the Belarusian goods, which are characterized by high quality and low prices, can compete successfully with imports from other countries, including those from the countries of the CIS. The reason is very simple: Belarusian imports are cheap, they are not subject to customs tariffs (including Russian imports to Belarus), and there is no double taxation on value-added goods. This allows for a reduction in wholesale prices for Belarusian goods by almost a half, and for creating favorable conditions for their circulation on the Russian market. Trade fairs for Belarusian goods have been held twice in Kursk; hundreds of producers (also from beyond Kursk and Gomel) took part in these trade fairs. Future plans include creating a joint “Kursk-Gomel” trade house in 2001. The most interesting feature of this cooperation is that no financial transactions are made. All accounting is done on the basis of barter and virtual transactions. Belarus is in debt to Russia not only for gas and oil deliveries, but also for electricity. All the large – and many small – enterprises of Gomel Oblast are in debt to the Kursk nuclear power station, and the nuclear power station itself has accrued considerable debts towards Kursk Oblast (in excess of 500 million rubles). The government of the oblast receives bills of credit and debt certificates from the nuclear power station in lieu of payment. It uses these money-substitutes in its transactions with producers from Belarus, and the Belarusian manufactured products are sold in Russia for rubles. As a result, everybody is satisfied and no money transactions are required.³⁹

1.2 Kursk Oblast in the system of federal relations

The status of the regions in the Russian federal system seriously differs from one region to another depending on their relations towards the federal budget. Some regions are donors experiencing an economic boom, while other regions receive subsidies; there are also a number of states in transition between recipient and donor status. For the whole ten years of the Russian Federation’s history, Kursk Oblast has depended on subsidies, its social-political situation depending to a large extent on the volume and regularity of money transfers from the federal center. The federal center, in its turn, has been known to use subsidy transfers to manipulate such regions as depend on them. In the last five years, the dynamics of Kursk Oblast’s interaction with the federal center, and especially with the

39 “Torgovlia Kurskoi oblasti s Belorussiei – dominiruet barter” (Trade between Kursk Oblast and Belarus is dominated by barter). *Informatsionnoe agenstvo Maksima Sladkogo*, Release no. 64, February 11, 2000 (<http://geocities.com/Paris/Opera/8845/mxmxiv.html#2>).

executive branch, have been determined by political circumstances, especially by the processes and results of gubernatorial elections and elections of deputies to the State Duma of the Russian Federation and the president of Russia. The attitude towards Aleksandr Rutskoi (who was elected governor) on the part of the Russian federal government, President Yeltsin and his administration in October 1996 could be described as distant and cold. None of them wanted him to be elected to the gubernatorial position. The federal center openly supported his main rival, Vasili Shuteev. In response, Rutskoi was vocal in his criticism of the federal authorities and, to a large degree, built his electoral campaign on his opponents' shortcomings.

The harsh disagreements between the subjects of the federation and their leaders in the governments of Chernomyrdin, Kirienko, Primakov and Stepashin are well known. In the period under consideration, one can distinguish between "rejection" and "attraction" in the government's attitude toward the subjects of federation. Rutskoi found himself subject to the latter treatment. Numerous and aggressive efforts by Rutskoi to resolve some of the problems at the government level were simply blocked or remained unanswered. Examples of unresolved problems of that period are: the completion of the fifth block of the Kursk nuclear power station, construction of the "Kursk Sea" (which is still not completed), financing of agricultural technology and others. The subjectivity of the federal center in its relations with the regions found its expression in its effort to rely on the politically loyal heads of subjects of the federation and to reject the less loyal governors (including their regions).

Ministers and their deputies passed Kursk Oblast by in every sense of the word. Between 1996 and 1999, this was the nature of relations between Rutskoi and the majority of the ministers. The Minister of Emergency Situations, Sergei Shoigu, was probably the only exception; he repeatedly visited Kursk and provided significant material and financial resources for the organization and development of a unified system of dispatch and rescue services from his ministry's budget. In general, good relations have developed with the Ministry of Defense and with the military stationed in the territory of Kursk Oblast. Rutskoi welcomed the decisions of the Ministry of Defense to deploy helicopter, air force and other military units in the territory of the oblast. He also supported military requests to provide humanitarian assistance to the nuclear submarine "Kursk," to the hydrographic service of the Black Sea fleet, and to the Air Force educational center in Lipetsk. Of course, it was not enough to have good relations with two or three ministers. The few good relations could not replace federal transfers and financing of regional programs from the federal budget. The oblast government tried to compensate for the absence of financing from the federal center by attracting foreign investors and loans (the largest known loan from the Latvian "Parex Bank" has not yet been paid back).

It is characteristic that, while Rutskoi was trying to negotiate and establish permanent contact with actual officials at the government level and with individual ministers, he was, to the contrary, trying to dominate and control others at the regional level. For him these two levels represented two different issues and not two constituent parts of one vertical line of the executive branch, which he liked so much to talk about. Mutual misunderstandings and aggravation of the relations with the government in general and with individual ministers led to tense relations with the representatives of federal organs in Kursk Oblast. The most tense of these developed with the Department of Internal Affairs in Kursk Oblast and its head, Aleksei Volkov. Volkov, however, enjoyed the absolute support of the Minister of Internal Affairs, Vladimir Rushailo, and of the heads of departments of that ministry. It was impossible to replace him. Rutskoi's relations with the Oblast Office of the Public Prosecutor in the period under consideration also resembled a persistent exchange of blows.⁴⁰ Numerous criminal cases were brought against individuals belonging to the governor's inner circle. Only on the eve of the presidential elections 2000 was the Oblast General Prosecutor, Nikolai Tkachev, replaced with a neutral figure, Aleksandr Babichev.

Elections to the State Duma and the subsequent presidential elections signified a new stage in the relations between Kursk Oblast and the federal authorities. The most characteristic indicator of these changes was the attitude of the Moscow media to Rutskoi. They showed him on TV more often, and there were more publications about him after the creation of the "Unity" movement. Rutskoi's appearance on the ORT channel and an interview with him on the occasion of the foundation of the "Unity" movement created a genuine sensation in Kursk Oblast and signified the emergence of new relations with the federal government. Until that time, the mustachioed face of the governor appeared only rarely on the NTV channel in shows like the "Hero of the Day without a Necktie," which showed all governors without exception. It is, however, one thing to be sitting at home and talking about one's favorite turkey meal, and a completely different thing to give political commentary in a news program. Rutskoi's active participation in "Unity" essentially represented an effort to change relations with the federal executive branch, and that effort was generally successful. The volume of federal transfers received by Kursk Oblast at the end of 1999 and in the beginning of 2000 was higher than it had been in the preceding three years. The peak of the rapprochement between the federal government and the government of Kursk Oblast coincided with Putin's trip to Kursk in the beginning of May 2000. Even in this case, however, the relations developed because of the swing of the political pendulum.

40 The Public Prosecutor General of the Russian Federation, Yurii Skuratov, was especially vocal in his criticism of Rutskoi. He personally spoke against Rutskoi during the 2000 gubernatorial elections.

The last months of Ruskoi's work as governor were characterized by a noticeable worsening of relations with the federal center. Ruskoi's open resistance to President Putin's initiatives on "strengthening the vertical hierarchy of power" (creation of seven federal districts, reform of the Federation Council, and other measures to reinforce the country's administrative center) triggered that process; the climax of this confrontation was related to the events surrounding the "Kursk" submarine in August 2000. Not only did the governor of Kursk Oblast come to Vidiaev before the president did, he also publicly criticized Putin in NTV broadcasts. Having scored a victory in the eyes of the voters, Ruskoi lost his standing with the federal government. The "Kursk version" of the gubernatorial elections, in which Ruskoi was prevented from participating in the elections by a court decision as a result of joint efforts of the local opposition and the federal government, was a consequence of the cooling of the relations.⁴¹

The beginning of Governor Aleksandr Mikhailov's term, after his election at the end of 2000, was characterized by the achievement of a relative balance in the relations between Kursk Oblast and the federal government, notwithstanding his affiliation with the Communist party. It is characteristic that in 2001, the Ministry of Finance informed the governor about resources available for particular regional programs from the federal budget for the first time. The total amount of these resources was slightly less than 480 million rubles, with more than half of that sum allocated for the realization of social programs; the remainder would go towards the construction of various buildings and roads (approximately 150 million rubles), and support the state broadcasting company "Kursk" (5.25 million rubles).⁴² The General Federal Inspector for Kursk Oblast, Viktor Surzhikov, repeatedly stated his support for Mikhailov and his policy.

Very little has changed in the region's foreign policy since the new governor assumed power, however. There are a number of explanations for this. First of all, the foreign policy rhetoric of the leadership of the Communist Party of the Russian Federation (CPRF), aimed against the United States, NATO and globalization, falls to a large degree within the jurisdiction of the Moscow leadership. Second, the Communists came to power riding the wave of criticism directed at the social and economic mistakes of the former administration, that is, regarding issues of domestic policy. Foreign policy issues were practically not discussed during the electoral campaign. Third, at the time of writing this article, the formation of the administrative apparatus had not yet been completed; only the very top leadership had been replaced – the deputy governors, the chairman of the oblast government, the directors of departments and chairmen of committees of the government (and not all of them at that).

41 "Ruskoi Out, Kursk Runoff in Two Weeks." *EWI Russian Regional Report*, vol. 5, no. 39 (October 23, 2000).

42 Volkova, Svetlana. "Kurskaia oblast' voz'met svoe iz rossiiskogo koshel'ka?" (Will Kursk Oblast take what belongs to it from the Russian purse?). *Komsomol'skaia pravda – Voronezh*, no. 9 (January 19, 2001).

Two main periods can be distinguished in the oblast's relations with the deputies of the State Duma of the Russian Federation. The first period covers the main part of Rutskoi's term, from 1996 to the end of 1999. Throughout this period, Kursk Oblast was represented by three deputies from the CPRF (among them Mikhailov). Because Rutskoi violated his political contract with the Communists, he did not receive any support from these deputies. Rutskoi especially wanted the lobbying support of the most numerous faction of the Duma for his projects, since this would allow him to receive large financial allocations from the federal budget. All interactions were drowned in mutual squabbles, however, and the governor was dreaming about "... deputies who would help Kursk Oblast." This became possible only after the elections in December 1999. "Unity" won approximately 50% of the vote in the federal electoral district; and now deputies Aleksandr Fedulov and Vladimir Bykov, who were both close to Rutskoi, represent this faction in the State Duma. In addition to these deputies, the region is represented by Deputy Nikolai Ivanov from the CPRF, Deputy Vitalii Gukov of the "Fatherland", and an independent deputy, Aleksandr Chetverikov. After Mikhailov had been elected governor, the relations with the lower chamber of parliament did not deteriorate.

The formation of seven federal districts, each comprising a number of adjacent federal subjects, is a relatively new development in the Russian Federation. Kursk Oblast became a part of the Central Federal District. It would be an exaggeration to say that the president's representative, Georgii Poltavchenko, and his apparatus had much influence on the situation in Kursk Oblast, including the sphere of international contacts. He has never visited Kursk,⁴³ not even to resolve the conflict between Rutskoi and the Oblast Duma, which appealed directly to him. Nor did the president's representative show up at Mikhailov's inauguration. In both cases, Viktor Denikin, who is in charge of Kursk Oblast in the apparatus of the president's representative, visited Kursk. The general federal inspector for Kursk Oblast, General Viktor Surzhikov of the Federal Security Service, takes a more active part in the political life of the oblast. His functions in the region, however, are those of an observer and have a limiting function rather than an active role. His activities include making sure that the laws of Kursk Oblast and the directives of the governor correspond to the federal legislation, providing weekly information to the president's representative in the Central Federal District, resolution of issues of appointment to highest government positions in the region, and coordination of the work of representatives of federal structures in the region. These federal structures include some that have a noticeable influence on the oblast's foreign policy, customs, federal border service, federal security service, tax service and others.

43 In February 2001, when this article was completed, more than 6 months had passed since his appointment to the post of the representative of the president.

Constructive tasks and functions for the federal districts and for the president's representatives have not yet been fully defined.⁴⁴ Looking at moderately optimistic predictions, one can suppose that the interaction between the Central Federal District and Kursk Oblast will gradually improve in the interests of the region.

The functioning of the oblast's executive branch in the sphere of international contacts correlates with its present existing relations with the federal center. The peak of Rutskoi's foreign trips, negotiations, borrowing, and agreements (Spain, Argentina, Israel, Switzerland, the United States and others) coincides with the period when the federal center distanced itself from participating in the resolution of problems facing Kursk Oblast. A short-term optimization of the relations was reflected in an isolationism of a certain kind, which, by the end of the Rutskoi's governorship, was replaced with a new period of active participation in international life (contacts with Poland, Hungary, Ukraine and Belarus). It was during that period that relations with the federal center reached a low point. It is possible that the regional political elite was trying to acquire certain items that the federal center could not (or did not want to) give them from abroad. It is clear that this phenomenon is a result of Kursk Oblast being a subsidized oblast.

44 Smirniagin, Leonid. "Ocherednoi etap sozdaniia regional'noi politiki Rossii" (Another stage in the creation of the regional policy of Russia). *EWI Russian Regional Bulletin*, vol. 2, no. 23 (December 25, 2000).

Interaction between Kursk Oblast and the federal center on issues of international relations and security

2.1 Emergence of an independent foreign policy of Kursk Oblast

Before Russia proclaimed its sovereignty, international contacts were the exclusive prerogative of the USSR Ministry of Foreign Affairs. Whenever foreign guests would visit Kursk Oblast, they were not members of independent delegations of foreign states, but always accompanied by groups of the Moscow party and government bureaucrats that would bring the rare guests from embassies and companies of foreign states to the province. The oblast would prepare for a foreigner's visit for several months, and each such visit was a big event for the entire leadership of the oblast. As it was customary in such cases, the guests were taken on a tour of the "Potemkin villages" and were shown the achievements of "developed socialism" on an individual collective farm or factory. After the liberalization of foreign trade in 1992, enterprises and organizations of the oblast were given substantial freedom in establishing business contacts with foreign partners, and more and more representatives of foreign companies started coming to the oblast to get acquainted with it, and to sign contracts for the delivery of specific industrial equipment.

After visits by businessmen, representatives of diplomatic and trade missions from a number of states started to visit the oblast. Ambassadors from Bulgaria and Iran, parliamentary delegations from Great Britain, and delegations from a number of regions and cities of Germany, Hungary, Poland, Ukraine, Israel and Belarus visited Kursk Oblast in 1999-2000.

The active development of international and foreign economic ties in the region, and the chaotic entrance of the oblast's enterprises into the world market forced the Russian Federation's Ministry of Foreign Affairs and the Ministry of Commerce to look at the oblasts' departments of international and foreign economic relations. Officials of these federal organizations began to provide methodological and practical assistance to their colleagues in the provinces, rejecting the old practice of working only with their own active representatives in the regions. The results were seen quickly. At present, Kursk Oblast is coordinating with the Ministry of Foreign Affairs on the efficient development of international ties. They correspond with embassies and trade representatives of the Russian Federation in countries such as Poland, Hungary, Bulgaria, Iran, Yugoslavia, and Sweden, and they exchange information about the status of trade and cultural ties with foreign embassies in Moscow.

All this allows one to characterize the influence of Kursk Oblast on the foreign policy of the Russian Federation as indirect, limited and mediated. At present, this influence is felt primarily through representatives of the federal bureaus (border officials, customs), the General Federal Inspector, and the Presidential Representative in the Central Federal District. In other words, the influence has an informational and consultative character. In addition, lobbying for laws related to foreign affairs is done through the deputies of the State Duma and representatives in the Federation Council.

The main actors in the foreign policy of Kursk Oblast are drawn from the political and economic elites. The economic elite is interested in implementing the region's own foreign policy in view of the need to ensure the profitability of businesses, and the movement of goods and services. The political elite's participation in foreign policy is motivated by prestige, status and the struggle for electoral votes. The authorities of Kursk Oblast express a substantial interest in establishing international contacts; and they make use of the opportunities provided by the federal legislation to the full extent. These powers are quite extensive and include: the right to engage in foreign contacts of two types – international ties and foreign economic ties (in coordination with the federal center) in the commercial and economic sphere, the scientific-technological sphere, and environmental, humanitarian, cultural and other spheres. They include the right to receive foreign loans guaranteed by the budget resources of the subjects, the formation and implementation of regional and inter-regional programs, information services, and the regulation of trans-border commerce. In accordance with Article 10 of the Statute (main law) of Kursk Oblast, coordination of the oblast's international and foreign economic ties and the implementation of international treaties remain under the joint jurisdiction of the Russian Federation and Kursk Oblast.⁴⁵

45 "Ustav (osnovoi zakon) Kurskoi oblasti" ("Statute [main law] of Kursk Oblast), official Web site of the Kursk Regional Duma (<http://www.oblduma.kursknet.ru/zakon/ustav00.html>).

Experts note that the government of Kursk Oblast made full use of its prerogatives for giving special privileges to foreign investors within the limits of their economic authority, including taxation.⁴⁶ Concrete examples of this are the laws of Kursk Oblast On the Creation of Economic Conditions for Attracting Investments to Kursk Oblast (No. 1 – ZKO dated 21 January 1998) and On Tax Privileges for Russian, Foreign and Joint Organizations, Enterprises, and Ventures Registered and Located in the Territory of Kursk Oblast (No. 3 – ZKO dated 23 January 1998) that established specific tax privileges for foreign investment.⁴⁷

Kursk Oblast is trying to improve its relations with the federal center regarding issues of foreign policy through participation in international programs of the Black Earth Association. This is the official name of the territorial organization comprising governors and chairs of legislative councils of eight oblasts: Belgorod, Orel, Kursk, Lipetsk, Voronezh, Tula, Smolensk and Tambov. The president of the Black Earth Association is a prominent politician, Governor Yegor Stroev of Orel Oblast (also the chairman of the Federation Council of the Federal Assembly). The stated purpose of this organization, which was founded in 1991, involves the development and realization of regional programs and investment projects with the participation of foreign capital, the creation of necessary conditions and points of interest for foreign investors, along with preserving the vital interests of the Russian Federation and the members of the Black Earth Association. Whereas in the past the members of the Association would discuss problems regarding the coordination of their activities beyond the borders of Russia and would coordinate plans for joint actions among the regions, they decided in 2001, at a regular session of the Black Earth Association, to open representative offices of the organization in Germany and other countries of the European Union. According to Georgii Fedorov, the executive director of the Association, the office of the representative will be located in Celle (Germany), and the head of the office, an official from the Lipetsk Oblast administration, has already gone there.⁴⁸

2.2 Economic Aspects

Acknowledgment by the local political elite of the importance of independent foreign policy found its expression in the creation of a special administrative organ. So far there exists no analogue to the federal Ministry of Foreign Affairs in Kursk Oblast. In 1998, however, a Committee for Foreign Economic Activity and

46 Sokolov, A. *Pravovoe regulirovanie mezhdunarodnykh i vneshneekonomicheskikh svyazei sub'ektov Rossiiskoi Federatsii* (Legal regulations for international and foreign economic relations of the subjects of the Russian Federation), web site of the Baltiiskii Institute of Economy and Finance – Pressing Problems of the Law (<http://www.bief.ru/LIBRARY/sciwork/992/992SOKOL.HTM>).

47 “Perechen' normativnykh aktov priniatykh Kurskoi oblastnoi Dumoi (List of normative acts adopted by the Kursk Oblast Duma),” official Web site of the Kursk Regional Duma (<http://www.oblduma.kursknet.ru/>).

48 Fedorov, Grigorii. “Assotsiatsiia ‘Chernozem’e’ otkrivaet predstavitel'stvo v Evrope” (The Black Earth Association opens an office in Europe). *Komsomol'skaia pravda – Voronezh*, January 30, 2001.

International Information was created within the structure of the oblast's government for assisting the development and implementation of programs of foreign economic activity, preparation and protocol, and providing support for visits of foreign delegations and foreign negotiations. The committee consists of 17 people and has two departments – the Department of Organization and Control over Foreign Economic Activity, and the Department of International Information and Software Support. The committee assumes the functions of an intermediary, trying to bring the positions of the oblast enterprises and foreign partners closer together.⁴⁹ This is evidence that the local authorities see foreign trade, foreign investment, and the creation of joint ventures as important conditions for solving problems of economic growth and for creating a solid economic and social basis for the development of all aspects of the region's life.

Efforts to attract foreign investment are being made in two ways – working with commercial proposals received by the governor and the government, and organizational work for the promotion of their own projects at international exhibitions and forums to attract investment, goods and services. Within the framework of the first of these approaches, over 40 commercial proposals from foreign firms were studied in the year 2000. The main kinds investment proposals referred to processing of agricultural products (milk, sunflower seed, vegetable oil, fruits and vegetables, fruit and vegetable juices, concentrates, and purees) and production of construction materials (gypsum-fibrous slabs, dry and friable construction mixes).

Along with the investment projects on the oblast scale, the committee also works with foreign economic projects associated with individual enterprises that need support from the government organs (according to the government itself). Thus, following the governor's directive, the committee oversees the foreign economic aspects of the plants "Kristall" (plant for the production of flinty membranes in Zheleznogorsk), "Kurskmedsteklo" (Kursk Medical Glass – production of glass containers for medical purposes), and "Agromiaso" (processing of meat). The committee recently helped the "Kristall" plant in a project with the Czech "Motokov" company regarding the selling of tractors on the free market. The committee studied the Western and Russian markets for processing flinty membranes to assist the leadership of the "Kristall" plant. As a result of negotiations with the Hungarian pharmaceutical company, "Gideon Richter," a successful agreement was signed regarding the convenient and profitable delivery of pharmaceutical products for the state enterprise "Kurskfarmatsiia". The Hungarian company was interested in the possibility of moving its production plant for packaging drugs to the oblast.

49 Tkachev, Aleksandr. "Vneshneekonomicheskaiia deiatel'nost' Kurskoi oblasti" (Foreign trade activities of Kursk Oblast). *Kurskaia pravda*, no. 110 (May 24, 2000).

In the process of realizing the second approach to acquiring investment (organizational work for the promotion at international exhibitions and forums of the oblast's own projects), the committee prepared and held the Congress of German Investors in December 1999, together with the business center "A. Pezsch und Abels" (Germany). The purpose of this meeting was to create the most favorable conditions for cooperation between German investors and Kursk enterprises. This large-scale undertaking brought together over 160 invited leaders of the oblast's enterprises. As a result of the meeting, a resolution on the functioning of Russian-German business circles was adopted. In addition, a Kursk branch of the Russian-German business center is planned for the very near future. Together with the Argentine financial-industrial company "Alif Trading," the committee organized a permanent exhibition of products of the oblast's enterprises in the Cordoba province of the Republic of Argentina. The purpose of this fair is the promotion and sales of Kursk goods in the markets of Latin American countries (Argentina, Paraguay, Uruguay, Chile and Bolivia). In January of this year, the leadership of the Argentine company concluded general long-term agreements on creating permanent exhibits with 15 large Kursk enterprises. Many of these enterprises have already received orders for goods from Argentina, Brazil, Uruguay and Chile. Now the committee is establishing relations with the American company "Siberia," using this proven method.

With the assistance of the Polish embassy, over 50 enterprises took part in the 72nd International Industrial Exhibition and Fair in June 2000 in Poznan. Enterprises of Kursk Oblast received considerable discounts on all exhibition charges (approximately 70%), which made participation in the exhibition quite attractive for the region's producers. Within the framework of this event, the enterprises held an investment forum "Poland-Kursk." The authorities of the Poznan province of the Polish Republic expressed their willingness to sign a bilateral memorandum on trade, economic and cultural cooperation with the oblast. The committee has also been working with the oblast's enterprises on participation in the World Trade Fair in Hanover (Germany).⁵⁰

The implementation of Kursk Oblast's foreign policy presupposes the preparation and realization of projects pertaining to foreign economic activity. There are many such projects that are presently in the stages of development and discussion. Many of them deal with machine building. In the beginning of October 2000, a delegation of Kursk government officials and directors of enterprises returned to Poland and held meetings with the Polish State Secretary of Agriculture, Zbigniew Chrzanowski, the head of the Polish Presidential Office, Andzhei Shmetanko, and the chairman of the financial industrial holding "Pol-mot", Andzhei Zaraichik. They discussed the possibility of building buses ("Autosan") at the Kursk automobile plant. They decided to begin by setting up the assembly from Polish spare parts (which is usually called the "screwdriver production"),

and then to establish a production facility making spare parts for diesel engines in Kursk and Yaroslavl (diesel engines). The agreement includes training for Kursk specialists in local Polish enterprises that specialize in the production of buses and combines. These far-reaching plans for cooperation are unlimited in scope. There are plans to assemble “Bison” combines and other agricultural machines in Kursk. Polish President Aleksander Kwasniewski and Rutskoi participated directly in the process of coordinating the cooperation of the plants. The parties signed a protocol in which they only specified the timetable and the sequence of projects.⁵¹

Great expectations have been placed on the realization of projects to establish Russian-Ukrainian enterprises for the production of agricultural machines. There are plans to build several such enterprises in Kharkov (Ukraine), as well as several in Kursk Oblast. The reason for the interest in Kharkov is its investment regime, which was specially established for that city by a decree of the Ukrainian president. This regime was introduced on 1 January 2000. On the initiative of the leadership and business circles of Kursk Oblast, business plans have been developed for simultaneously creating several joint Ukrainian-Russian ventures in Kharkov. These ventures will participate, for example, in the production of tractors, which are needed in this Russian oblast. That it was possible to agree on a mechanism of mutual transactions, which was one of the most difficult aspects in organizing cooperation between Ukraine and Russia, can be considered one of the achievements of the year 2000. Kursk Oblast will mainly reimburse its Ukrainian partners with electricity from the Kursk nuclear power station.⁵²

In July 2000, an assembly line for “T-150K” tractors was opened at the Zolotukhin tractor-repair enterprise in Kursk Oblast; these tractors are produced by Kharkov manufacturers. The price of local tractors is considerably lower than in Ukraine. This is because of the engine, which is made locally by the Yaroslavl Motor Plant. At present, this plant assembles four tractors per month, but they already have the capacity to increase this number to 20. The technology is already in demand. In addition, the Kharkov state enterprise “Malyshev Plant” of the “Bronetekhnika of Ukraine” corporation has been already four years producing together with the company “Bison” (called Obrii in Ukraine) on Polish licenses based on an agreement with colleagues from Poland. The demand for electricity forces the Ukrainian side to look for partners in Russia; and the residents of Kursk Oblast, who live in the neighborhood and who have their own nuclear power station, are the most attractive partners. In expanding the production of Obrii,” the residents of Kharkov proposed that the businesses of Kursk Oblast become their

51 Korshunova, Anna. “V Kurske budut pol'skie avtobusy i stekloposuda” (There will be Polish buses and glassware in Kursk). *Komsomolskaia Pravda – Voronezh*, October 26, 2000.

52 “V Khar'kove budut sozdany sovmestnye s rossiiskimi proizvodstvennymi i delovymi strukturami” (Joint ventures with Russian production and business structures will be created in Kharkov), web site “Agroinformpartner”: the Economic Review (<http://www.aip.mk.ua/cyberia/164/17.html>).

partners and undertake the guaranteed production of 48 joints for the combines. A declaration of intent has already been signed by the government of Kursk Oblast and the "Malyshev Plant".⁵³ The need to decentralize the trade and economic relations with Russia and to engage in inter-regional cooperation is quite clearly understood in Ukraine. Contacts at the oblast level are less vulnerable to political fluctuations at the top. It is these contacts that gradually form a reliable capillary system of direct inter-enterprise cooperation, thereby fuelling the economies of both countries.

A number of enterprises and organizations have independently established initial contacts with foreign partners without relying on the regional or federal power structures. The Kursk Institute of Environmental Security has extensive international business contacts. The Institute specializes in the development of technologies and the manufacture of equipment to ensure environmental safety, as well as the cleaning up of industrial drains, and so on. Among its Russian partners are the petrol companies "LUKoil" and "TNK." In the last two years, active cooperation in the sphere of engineering geology and environmental safety has been practiced with the Jerusalem Center of Environmental Research. Kursk Oblast and Israel experience many similar ecological problems, one of them being water shortage and the need to use water economically. The joint work of specialists from both countries will help to resolve a number of technical issues and to clean up the environment. Concrete joint programs were supported by international grants and investments from the Russian-Israeli Cooperation Fund of Support for Investment.⁵⁴ Since November 2000, the institute has been engaged in cooperation with the Japan External Trade Organization (JETRO). Tokyo was interested in information regarding the institute and its production. Already in November 2000, a Japanese expert visited Kursk to select samples of production for an international environmental exhibition, which took place in Japan in May-June 2001.⁵⁵

Regional groups of foreign investors have expressed their interest in the organization of foreign economic activity in Kursk Oblast. A recent example of such interest is the business trip of Frank Muller (executive director of the Saxon Society for Promotion of Trade with Eastern Countries) to Kursk. In his opinion, Kursk Oblast, with its rich natural resource potential, represents a substantial interest for his colleagues in terms of organizing joint ventures, and manufacturing construction materials and agricultural products. Muller visited several Kursk

53 "Kurskaia oblast'. Kurskie predpriatia sovместno s khar'kovchanami budut sobirat pol'skie kombainy" (Kursk Oblast. Together with Kharkov residents, Kursk enterprises will assemble Polish combines). *Information Agency Regions.ru*, December 9, 2000 (<http://www.regions.ru/newsheadlines/news/date/20001209.html?limit=0>).

54 Griva, Tamara. "Predlagaet sotrudnichest' Izrail'" (Israel offers cooperation). *Kurskaia pravda*, no. 186 (November 4, 1997).

55 Zharkikh, Tatiana. "Kurskii INSTEB zainteresoval iapontsev" (The Kursk Institute INSTEB attracts the interest of Japanese). *Kurskaia pravda*, no. 228 (November 11, 2000).

enterprises and conducted business negotiations with their leadership at the Kursk Commerce and Industry Chamber.⁵⁶

The majority of foreign policy actors of Kursk Oblast understands that they are not able to solve the economic and social problems of the region without the cooperation of Western companies and financial institutions. This is why they are interested in direct investment into enterprises of various kinds, in modernization of the existing manufacturing enterprises, and in building new modern plants. Logically, many enterprises should welcome financial inflow from abroad. In reality, however, they do not show any interest in investment. The reality is that leaders of such enterprises often replace the concept of investment with that of financial loans, and by doing so they deceive themselves in their hopes for assistance from abroad. In their appeals to foreign investors, they do not even attempt to consider the investors' interests in the Russian market. It is well-known that many foreign companies are willing and ready to invest money into the oblast's enterprises, but the latter have not taken any steps in terms of selling part of the shares to these investors. It is also true, however, that many directors of the Kursk industrial enterprises are beginning to overcome this stereotypical thinking, and that they are actively searching for foreign business partners, and acquiring comprehensive information on the competition in foreign markets. As a rule, if an enterprise is really interested in economic progress, it does not avoid contacts with the local executive power, but engages it in such a way that it can use its support in its foreign economic activity.

The rising independence of the Russian regions in the sphere of foreign and domestic policy, however, is also seen in less positive examples. Regional aspirations for increasing independence and self-sufficiency in the present situation often lead to protectionist measures (regulation of the market by limiting the exchange of goods, fixing prices and imposing trade tariffs, privileges for some local producers, and so on) in certain regions. This does not encourage the interest of foreign firms. According to the experts of the Union of German Economy, Kursk Oblast belongs to this category.⁵⁷ The present authors think that such an assessment is fair to a large extent. During the period of 1997-2000, the executive branch of Kursk Oblast, represented by the government of the oblast and the governor himself, annually fixed limits on the export of agricultural products. Even though all these decisions were appealed at the office of the public prosecutor and repealed by the court (and even by President Yeltsin's decree in 1997), a certain protectionist tendency can still be observed.

56 Kotiaev, Evgenii. "Miuller interesuetsia Kurskoi oblast'iu" (Muller is interested in Kursk Oblast). *Kurskaia pravda*, no. 184 (August 30, 2000).

57 "Vyderzhka iz otcheta za 1999 god Soiuzu Nemetskoi Ekonomiki v Rossiiskoi Federatsii, Bedeutung der russischen Regionen" (Excerpt from the report of the Union of the German Economy in the Russian Federation for 1999 on "The importance of Russian regions").

2.3 Educational, social and humanitarian aspects

It is appropriate to mention the noticeable influence of ideas and principles of international cooperation that are disseminated by way of international congresses, conferences and seminars. Many of these events are held within the framework of programs of the Council of Europe, the CIS, and the interaction of twin-cities. In the territory of Kursk Oblast, an international project called TACIS (“Strengthening of Agricultural Reforms by Means of Education”) has been underway since 1998. This project involves regions of the Central, Black Earth, North-West, Ural and other parts of Russia. Kursk Oblast was the first to join this project, and the office of the EU’s permanent representative was established in Kursk. During the two years of implementing the project, plans were developed for a number of seminars on market economy, environment, information systems of management of agro-industrial production, and problems of marketing and agricultural production for the Kursk agricultural producers. The need for this kind of support is obvious from the fact that a continuity between the professional training institutes and the institutes of higher education has been lost (colleges to universities and academies), and that graduates of colleges have to begin their studies in institutes of higher education from scratch. This is a consequence of rapid changes in the educational programs, which resulted from the transition of agriculture into a free market economy. The majority of scheduled seminars have been already completed. Students at these seminars include professors of the Kursk Agricultural Academy, the regional Institute of Continuous Education for the Workers of the Agro-Industrial Complex and secondary professional educational institutions of the oblast (colleges). The European Union, which financed the implementation of this international project in Russia, organized the seminars. Prominent foreign and Russian scholars were invited to teach there. The students at the seminar are currently engaged in the development of similar consolidated programs for optimizing the agricultural education in the region.⁵⁸

The second long-term project, implemented under the auspices of PHARE-TACIS, intends to improve the local self-government; it is called “Creating a System of Supplemental Education for Officials in Local Self-Government.” The Kursk Institute of Management, Economy and Business (MEBIK) became a base for implementing this project. Officials of the local governments of three countries, Russia (Kursk Oblast), Ukraine (Sumskaia Oblast) and Germany (Berlin, Speyer and Witten), are participating in this project, which has been functioning since 1998. The project is coordinated on the part of the European Union by Peter Wolf (Berlin), and from Russia by the rector of MEBIK, Galina Okorokova. The main function of the project is to hold seminars in member-countries on the basis of a rotation principle – one seminar per quarter. The last seminar was held in

58 Saltyk, Igor’. “Po planam Evrosoiuza” (According to the plans of the European Union). *Kurskaia pravda*, no. 28 (February 11, 2000).

Kursk in February 2000. Over 40 participants discussed their problems in improving local governments. State organs, local legislative councils, and deputies of the State Duma of the Russian Federation elected in Kursk Oblast have taken an active part in the realization of this project.⁵⁹

A number of other educational projects in the sphere of humanities have been carried out under the auspices of the European Union. From 1996 onwards, the institutions of primary professional education of Kursk have been engaged in international educational projects that focus on educating socially vulnerable teenagers, and are developed by non-governmental organizations from Russia, Germany and Holland.⁶⁰ Several Russian-French seminars on the issues of social and legal protection of underage persons were held in Kursk. They were organized by the government of Kursk Oblast and by the regional Open Social Institute, together with the French embassy and the UN representative. The seminar topics included prevention of under age crime, the functioning of the penitentiary system, and perspectives of creating organs of juvenile courts in Kursk Oblast with the support of French experts.⁶¹

Kursk is implementing the steps covered in the “Russian-Canadian Program of Partnership in the Sphere of the Court System.” Thus, in May 2000, a delegation of Canadian judges came to Kursk on an information-gathering trip.⁶²

A program to improve the training of social workers in the Kursk Medical University was developed and is being implemented with German participation. Meanwhile, people with secondary medical education or without any training mainly work in retirement homes for veterans, centers of social protection, and rehabilitation centers. Of course, they know their duties, but not many of them have mastered the specifics of working with the elderly and disabled people, because this is not taught in any educational institution. Meanwhile, the German city of Witten (Kursk’s twin city) has run a three-year educational program for a long time in order to train personnel for working with older people. In 1992, the director of the school, Ursula Auerbach, upon studying the care system for older people in Kursk hostels, proposed a training course for nurses so that they would be able to improve their knowledge in the sphere of social gerontology with the help of German partners. Seventy nurses from different regions of the oblast have already completed their training in this program, which was created through a joint effort. Two of the best nurses and two students of the Kursk Institute of

59 “Pravda o zapadnykh programmakh pomoshchi v Kurskoi oblasti: obrazovatel’nye i gumanitarnye proekty” (The truth about Western assistance programs to Kursk Oblast: educational and humanitarian projects), *Informatsionnoe agentstvo Maksima Sladkogo* (<http://www.geocities.com/Paris/Opera/8845/huma-hlp.html>).

60 Kotiaev, Evgenii. “Gospozha Stil v roli ‘revizora’” (Madam Stil in the role of the ‘Revisor’). *Kurskaia pravda*, no. 205 (December 10, 1996).

61 Griva, Tamara. “Rossiisko-frantsuskaia vstrecha” (The Russian-French meeting). *Kurskaia pravda*, no. 126 (June 14, 2000).

62 Kulagin, Vladimir. “Kanadskie sud’i v gostiakh u kurian” (Canadian judges as visitors to the Kursk people). *Kurskaia pravda*, no. 115 (May 30, 2000).

Social Education were able to continue their studies in Germany in May 2000, directly in retirement homes. The program has its own long-term perspective: it plans to raise the skill levels not only of the nurses, but of all employees providing care for older people, both in the retirement homes and in people's own homes. It is also considering the creation of a social worker's college in Kursk, where middle-level personnel can be trained.⁶³

Another German partner city of Kursk, Hildburghausen, organized a three-week internship for two managers in social services during the summer of 2000. They studied the structure, financing and organization of medical treatment and care for older people at a retirement home. The expenses related to the internship of the Kursk residents were covered by the hosts.⁶⁴

Close connections that have been established by Kursk Oblast with the German cities Speyer, Witten and Hildburghausen have led to the opening of a Russian-German information and cultural center in Kursk. This is a public center that comprises a library of German-language books, a video library and an exhibition hall.⁶⁵ Such active contacts with Germany can be explained by the fact that, after the completion of German unification and the withdrawal of Soviet troops, the Germans were more favorably inclined towards contact with Russia than other people in Europe.

The circle of foreign partner cities (and regions) is gradually expanding. Partnership treaties were signed in 2000 with Tsew and Poznan province (Poland), and with the Hungarian city of Ujfeherto regarding cooperation in science, culture, education, health care, sports and other areas of social life. In addition, these partners will regularly exchange official delegations and specialists in various sectors of economic and administrative activity. It is between the partner cities that the most active exchange of delegations of government officials, actors, artists, students, teachers, young people and others is taking place.

The participation of institutions of higher education in establishing international contacts in Kursk Oblast merits special mention. Travels abroad by professors from the four Kursk universities are no longer uncommon, neither is it rare for foreign professors to work in Kursk (especially professors of foreign languages). The only obstacle to the expansion of cooperation in this sphere is the insufficient financing of public educational institutions. It is, therefore, mainly the administration officials and teachers, whose travel expenses are covered by the receiving side, that can go on foreign trips. The number of foreign students studying at the Kursk institutes of higher education is in excess of 3000 people. These

63 Griva, Tamara. "Perenimaia zarubezhnyi opyt" (Adopting the foreign experience). *Kurskaia pravda*, no. 126 (June 14, 2000).

64 Shtukina, Liudmila. "Stazhirovka v Germanii" (Training in Germany). *Kurskaia pravda*, no. 158 (July 26, 2000).

65 Zharkikh, Tat'iana. "Gotovitsia otkrytie tsentra" (The center is about to be opened). *Kurskaia pravda*, no. 143 (August 20, 1999).

students study mainly in the medical and technical fields. Thanks to agreements signed by the oblast's universities with the governments of India, Morocco, Lebanon and Tunisia, there is a possibility for educational institutions to acquire funds in addition to the federal budget. The Lebanese firm "Trans-Russian Limited," for example, has practically completed the construction of one building, as well as the deliveries of equipment for the Dental Department of the Medical University.⁶⁶

66 Zav'ialov, Aleksandr. "Zarubezhnye sviazi studentov-medikov" (Foreign ties between medical students). *Zdarov'e*, no. 10 (1996).

Consequences of Kursk's participation in regionalization and globalization for Russia, the CIS and the world

The last decade of the 20th century was a period of unprecedented openness from Kursk Oblast towards the external world. This was impossible and even unthinkable before. The process was significantly helped by the political changes in Russia, the absence of harsh control and regulation of international contacts of the region by the federal center, and the new border status of Kursk Oblast.

Kursk Oblast is undergoing a period of transition in its foreign policy from being closed to becoming more open, and to finding its own status in the system of international relations and security. Goeconomic considerations take precedence over geopolitical aspects in the formulation of foreign policy.⁶⁷ Kursk Oblast is a source of raw materials and electricity, and also a potential market for consumer goods and machine-building products. The main interest of Kursk Oblast in the sphere of international relations is to become part of the economic structures of the CIS, Europe and the world.

The establishment of new ties, as well as compensation for the breaking up of the USSR's monolithic economic complex, have been the core issues in the economic integration of the CIS in the present period. The strengthening of these ties in the very near future will coincide with the final redistribution of former state property. Among the countries of the CIS, Ukraine and Belarus will be of utmost importance for Kursk Oblast as regards foreign policy. These countries are

67 Makarychev, Andrei. *Islands of Globalization: Regional Russia and the Outside World*. Regionalization of Russian Foreign and Security Policy, project organized by the Russian Study Group at the ETH Center for Security Studies and Conflict Research, Working Paper no. 2, August 2000, p. 26 (<http://www.fsk.ethz.ch/documents/WorkingPapers/wp2.pdf>).

already the most significant foreign partners of the region today in terms of trade and industrial cooperation; they experience similar problems and complement each other very well. The federal center has even initiated a “Euro-region” on the border between Ukraine and Russia.⁶⁸ The financial weakness of these partners, the lack of affordable loans, corruption of the officials, and obvious internal political problems, however, represent potential obstacles to such integration.

Foreign trade and the growing role of foreign partners in the region’s food industry, chemical industry, and in its manufacture of electro-technical devices, electronics and fabrics for the Russian market will continue to be the basis of the oblast’s economic integration into the global and European structures. For this integration to take place, it is necessary to replace old technologies; this necessitates the investment of capital and the purchase of technological equipment for many branches of industry. Future interaction with foreign partners in the agrarian sector of the economy could be related to deliveries of pure-bred animals, seed and entire technological production lines in combination with the education of personnel. More active participation in international trade (mainly imports from European and Asian countries) and in the international division of labor would allow the oblast to resolve a number of pressing economic problems in the very near future, and also to achieve internal social stability.

Perspectives for deepening the region’s integration with the countries of the CIS and the European states are tightly linked with the region’s successes in economic development. On the one hand, the accelerated development of the economy makes it possible to expand the potential of Kursk Oblast as a market, to increase its capacity and the variety of imported goods. On the other hand, enterprises of Kursk Oblast could find market niches for their goods abroad, and could attract the investment necessary for building factories. The perspectives for the development of the energy-generation industry look promising: the first reactor block of the Kursk nuclear power station will reach the end of its operational lifetime in 2003, and there is a high probability that a nuclear power station will be constructed to replace it.

Economic integration must be complemented by cooperation in education, sciences, environment, culture, and also by participation in humanitarian programs. The integration of Kursk Oblast in the political structures of the CIS, Europe and the world, is less visible in comparison with other aspects of foreign policy; and it would be difficult to even define how such integration should be realized. Such issues are hardly addressed in the regional press. It is possible that all political aspects of integration will be “appropriated” by the federal center.

68 The stenogram of the speech by the Minister of Foreign Affairs of the Russian Federation, Igor Ivanov, at the meeting with the heads of administration of the border regions of Ukraine and Russia in Kharkov on February 16, 2001. Official Web site of the Ministry of Foreign Affairs of the Russian Federation (http://www.in.mid.ru/website/brp_4.nsf/2fee282eb6df40e643256999005e6e8c/363f2db9a9339106432569f5004ceddd?OpenDocument)

The oblast's participation in international contacts and its relatively independent foreign policy will make the regional economy more independent of the federal center's political decisions in the future. This tendency is supported by the fact that the question of abstaining from or minimizing foreign contacts was not raised, even during all the sharp changes of the oblast's relations with the center over the last five years.

Both the federal center and Kursk Oblast are interested in preserving stability on the Russian-Ukrainian border. Ukraine's accession to NATO would inevitably lead to an increase in differences in geopolitical interests. Russian military experts believe that Ukraine's flirt with NATO would lead Russian-Ukrainian relations to a dead end. The fact that the Russian establishment shares this expert opinion causes some concern. According to a survey of the Russian elites conducted by the Ukrainian Center of Economic and Political Studies and the "Russian Social Political Center" foundation, the overwhelming majority (84%) of Russian citizens named the deepening of Ukrainian cooperation with NATO as the main negative factor in bilateral relations. Ukraine is perceived as a country that quietly steals gas and establishes brotherly relations with NATO, while its exchange with Russia on strategic partnership serves only as a cover-up.⁶⁹

There can be no doubt that the existence of a border with NATO member state would lead to a militarization of the region. It is most likely that additional military units and strategic groups of Russian and NATO forces would be deployed along the border. Deployment of nuclear weapons and delivery systems in the region are also quite probable. Such steps could quite easily lead to a reconsideration of a number of bilateral and multilateral international agreements in the future. The transparency of the border, the economic integration and the visa-free regime would have to be put aside. Such forecasts probably seem unnecessarily pessimistic, but it is hard to find arguments (or facts) that can prove or disprove them. As regards the internal political sphere, it is mainly the right-wing and nationalist groups that would benefit from such a turn of events, rather than politicians of liberal inclination or pragmatists and moderate reformers. Any possible positive consequences for the region in the form of a resuscitation of the enterprises of the military-industrial complex, creation of new jobs or the achievement of a certain social stability that could come about as a result of military procurement orders are not likely to have the same positive effects as genuine cooperation as described above.

69 Paradoksy strategicheskogo partnerstva (http://www.zluka.isr.lviv.ua/files/smi_6.htm).

Conclusion

An investigation of the regionalization of Russian foreign policy in the case of a border region with an economy based predominantly on farming and raw materials allows one to draw conclusions about the emergence of Kursk Oblast as a subject of foreign policy. This emergence finds its expression in the practical implementation of foreign economic contacts, in foreign trade, and in active contacts of humanitarian, educational and cultural character.

The international activity of the oblast government correlates with its ongoing relations with the federal center. The regional elite tries to gain from external contacts what the federal center does not want to (or cannot) give it. The local political and business elite's appreciation of the importance of foreign contacts, and its participation in the oblast's foreign policy encourages the legislative and organizational formulation of the oblast's foreign policy.

The characteristic feature of the oblast's independent foreign policy is its orientation towards integration into the economic structures of the CIS, Europe and the world through foreign trade and attraction of foreign investment. Priority is still given to the countries of the CIS and, in particular, to Ukraine and Belarus. It is precisely this fact that will make the economy of Kursk Oblast more independent from any future political decisions of the federal center. Cooperation in education, sciences and culture will develop along with a deepening of economic integration.