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TARGETED ANALYSIS //

CHANEBO - Challenges at EU's North-East External Borders

CHANEBO

Visions and scenarios // May 2025

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The final version of the report will be published as soon as approved.

Table of contents

1	Introduction.....	7
2	Visions.....	8
2.3	Shared visions.....	8
2.3.1.	Short-term vision: North-eastern dimension in EU policies (until 2035).....	8
2.3.2.	Medium-term vision: Desired developments in the EU north-eastern regions (until 2045)	10
2.4	Regional visions.....	11
2.4.1.	South Karelia region, Finland	11
2.4.2.	Ida-Viru region, Estonia.....	12
2.4.3.	Latgale region, Latvia.....	13
2.4.4.	Lithuanian stakeholder region.....	15
3	Scenarios	17
3.1	Scenario: A green EU buffer-zone.....	17
3.1.1.	Shared scenario	18
3.1.2.	South Karelia region, Finland	19
3.1.3.	Ida-Viru region, Estonia.....	21
3.1.4.	Latgale region, Latvia.....	22
3.1.5.	Lithuanian stakeholder region.....	24
3.2	Scenario: EU showcasing	26
3.2.1.	Shared scenario	26
3.2.2.	South Karelia region, Finland	28
3.2.3.	Ida-Viru region, Estonia.....	30
3.2.4.	Latgale region, Latvia.....	31
3.2.5.	Lithuanian stakeholder region.....	33
3.3	Scenario: EU-Russian appeasements.....	35
3.3.1.	Shared scenario	35
3.3.2.	South Karelia region, Finland	36
3.3.3.	Ida-Viru region, Estonia.....	38
3.3.4.	Latgale region, Latvia.....	39
3.3.5.	Lithuanian stakeholder region.....	41

Table of figures

Figure 1.1	From scenarios to visions	7
Figure 2.1	Summary of the CHANEBO joint vision 2045.....	11
Figure 2.4	Summary of the vision for South Karelia region.....	12
Figure 2.3	Summary of the vision for Ida-Viru region.....	13
Figure 2.5	Summary of the vision for Latgale region	15
Figure 3.1	A summary of identified trends and drivers.....	17
Figure 3.3	Summary green EU buffer-zone scenario for South Karelia region.....	21
Figure 3.2	Summary green EU buffer-zone scenario for Ida-Viru region.....	22
Figure 3.4	Summary green EU buffer-zone scenario for Latgale region.....	24
Figure 3.5	Summary EU showcasing scenario for South Karelia region.....	30
Figure 3.6	Summary EU showcasing scenario for Ida-Viru region	31
Figure 3.7	Summary EU showcasing scenario for Latgale region	33
Figure 3.8	Summary EU-Russia appeasements scenario for South Karelia region.....	38
Figure 3.9	Summary EU-Russia appeasements scenario for Ida-Viru region.....	39
Figure 3.10	Summary EU-Russia appeasements scenario for Latgale region	41

1 Introduction

To inform policymaking and help make future-wise decisions, ESPON CHANEBO has developed a set of visions and scenarios for the area. While scenarios encourage reflection on undesirable futures, visions outline desirable ones that can help identify policies for moving from today's possible futures towards a desirable one.

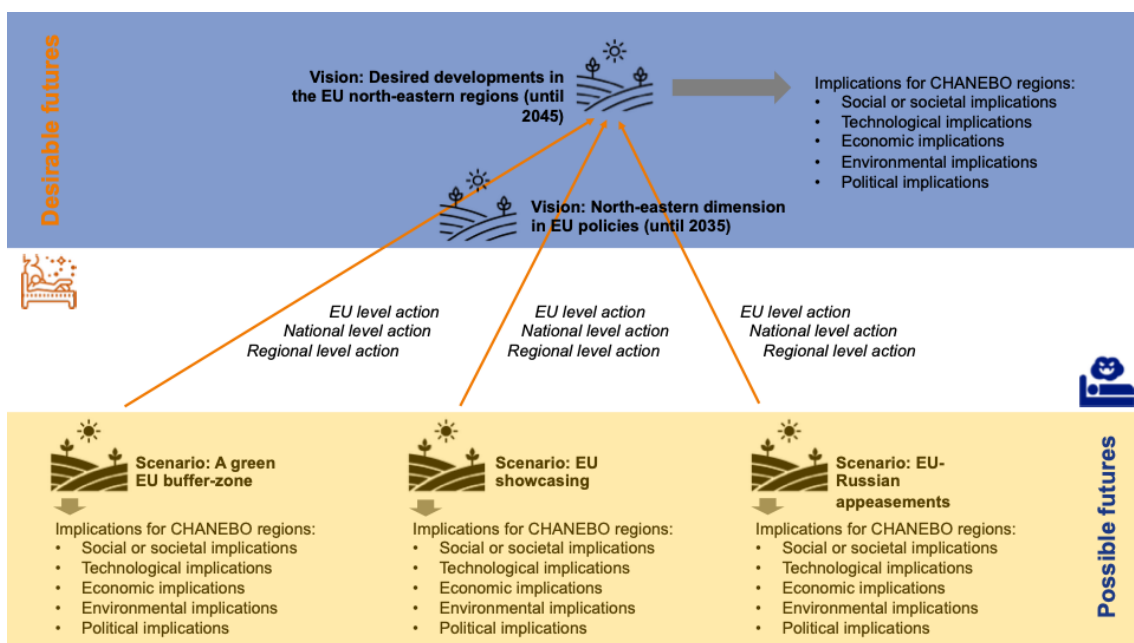
The project has developed two consecutive visions (spanning 10 and 20 years respectively) of desirable futures, as well as three scenarios of possible futures, which may not necessarily be desirable. These scenarios and visions have been developed for each of the four CHANEBO regions, based on a common framework.

The outcomes of the regional workshops have then been brought together to create shared visions and scenarios for the entire CHANEBO area. The joint scenario and visioning workshop was held on 24 April in Daugavpils, Latvia facilitated by the Service provider.

The work aimed to open people's minds to different possible futures and encourage out-of-the-box thinking. It also aimed to identify possible desirable and undesirable future developments and formulate a desirable future that is not just framed by the present situation.

By discussing the different possible scenarios and their territorial implications, and comparing these to the desirable futures expressed in the visions, it is possible to identify steps and actions to prepare for and work towards a desirable future in the face of different possible future developments (see Figure 1.1). This is an important step in developing policy recommendations that are forward-looking and help strengthen resilience and preparedness in the face of future uncertainties.

Figure 1.1 From scenarios to visions



Source: Service provider, 2025

2 Visions

Visions outline a desirable future grounded in a core set of ideas, values, and principles. The visions for the CHANEBO region build on fundamental values such as peace, security, EU integration, autonomy, democracy, human rights, equality, the well-being of people and right to stay. In addition to these core values, specific key characteristics of a desirable future for each region have shaped the vision development.

Based on these elements, a two-step vision has been developed:

- A short-term vision (up to 2035) centred on the EU placing greater emphasis on the development and support of its north-eastern external border regions.
- A medium-term vision (up to 2045) focused on achieving the key ideas and priorities outlined in the short-term vision.

2.3 Shared visions

The CHANEBO regions share a common vision of an ideal future, enabling them to join forces and be heard in the European context. The joint short- and medium-term visions were developed by bringing together the visions for each of the four CHANEBO regions. These visions are largely complementary and emphasise features that reinforce each other. The shared visions for 2035 and 2045 are presented below. The next chapter provides summaries of the regional visions.

2.3.1. Short-term vision: North-eastern dimension in EU policies (until 2035)

The short-term vision builds on the EU's experience with the Northern Dimension policy and its partnerships in the 1990s, developed in response to the changing geopolitical landscape following the end of the Cold War and the EU's enlargement toward Central and Eastern Europe.

Considering recent dynamics in relation to Russia and Belarus, the proposed EU North-Eastern Dimension policy (or North-Eastern Rim policy) could adopt a dual strategy of containment and resilience-building. Fundamentally, this policy would serve as a horizontal component across all EU policies to ensure that the unique challenges faced by border regions are systematically addressed.

In practical terms, while maintaining limited diplomatic channels with Russia for crisis management and conflict prevention, the policy would prioritise increased support to the EU regions bordering Russia and Belarus, particularly in Finland, Estonia, Latvia, Lithuania, and Poland. This support could include, inter alia:

- a) increased investments in critical infrastructure, such as transportation, energy, and digital networks;
- b) diversification of energy sources to strengthen energy security;
- c) enhanced cross-border cooperation to address socio-economic vulnerabilities; and
- d) a dedicated financial instrument to fund projects that promote regional economic development, civic resilience, and cultural exchange, while simultaneously improving preparedness against hybrid threats, including disinformation and cyberattacks.

The policy could also emphasise collaboration with neighbouring non-EU countries, such as Norway, and foster partnerships with civil society actors within Russia, where feasible. This approach could aim to uphold democratic values, strengthen civic engagement, and support long-term stability in the region.

In addition to the core values (see above), a vision is defined by a set of key characteristics that describe a desirable future. These characteristics might include accessibility, biodiversity, business friendly environment, clean, affordable and secure energy, clean environment, civic engagement, circular economy, competitiveness, digital transformation, entrepreneurship, environmental sustainability, family-friendly environment, inclusivity, innovation, prosperity, security, secure connectivity, skills & human resources, smart industries, sustainable industry, tourism, transport infrastructure, transformative potential and other.

The regional visions for South Karelia, Ida-Viru, Latgale and Lithuanian stakeholder area share thematic highlights that define their aspirations for 2035.

Security as a Foundational Pillar. All regions explicitly frame security as a non-negotiable priority – but they go beyond military terms. Lithuanian stakeholder region and Ida-Viru emphasise resilience against hybrid threats and maintaining a secure, business-friendly climate. Latgale integrates military presence with civilian life, while also focusing on media literacy and civic resilience. South Karelia speaks to comprehensive security, including population well-being and infrastructure reliability. Security is redefined broadly to include societal stability, civil protection, and resilience against disinformation or external shocks. Ensuring safety and security along the EU's north-eastern border is a precondition for the prosperity of these regions and for avoiding economic and demographic decline in border areas.

Green and Circular Economy Transitions. Each vision includes a commitment to sustainability, ecological balance, and clean energy. South Karelia is a leader in bio- and circular economy. Latgale highlights organic agriculture, eco-tourism, and renewable energy solutions. Lithuanian stakeholder region targets clean and affordable energy and aligns its growth model with environmental sustainability. Ida-Viru prioritises a just transition toward green technologies and energy as part of its industrial diversification. Sustainability is not just an add-on – it's central to economic identity and competitiveness. The commitment to a just and green transition along the EU's north-eastern border is a clear sign that these border regions are not left behind but are on their way to become resilient and are part of the big transitions in the EU.

Innovation, R&D, and Digital Transformation. A clear, shared goal is to build knowledge-driven, tech-enabled economies. All four regions mention innovation ecosystems, smart industries, and digital transformation. Lithuanian stakeholder region and Ida-Viru tie digitalisation with industrial renewal and inclusive growth. South Karelia stresses RDI (Research, Development & Innovation) as a driver of education and economic competitiveness. Latgale aims to become a digitally advanced region, connected to global networks and hubs. Technology is seen as a key enabler of economic transformation and international relevance. Facilitating the development of knowledge and tech-driven economies along the EU's north-eastern border increases the attractiveness of the regions for future-wise investments and offers development perspectives to local companies and young people in the region.

Human Capital and Inclusive Education. Investment in people is a dominant theme. Ida-Viru and the Lithuanian stakeholder region emphasise education, skills development, and reskilling as engines of transformation. South Karelia builds on its education and innovation ecosystem to secure workforce quality. Latgale ties inclusive civic engagement, health, and education into a broader vision of eco-conscious living. Empowering people – through learning, skills, and care – is seen as key to long-term success. Investing in skills and talents along the EU's north-eastern border makes the regions attractive for companies and helps to keep young and bright minds in the regions.

Business and Entrepreneurial Vitality. Each region envisions a thriving private sector, often driven by local strengths. Lithuanian stakeholder region and Ida-Viru both focus on business-friendly environments with industrial renewal. South Karelia supports entrepreneurship and export-driven sectors. Latgale blends medium- and high-value industries with regional talent and smart production. Business ecosystems are positioned as strategic tools to reduce outmigration and build prosperity. Facilitating the establishment of a vibrant business milieu along the EU's north-eastern border ensures the attractiveness of these regions for citizens, labour force, enterprises and investors.

Connectivity – Physical and Digital. Strong emphasis is placed on transport, energy, and digital infrastructure. South Karelia and Latgale prioritise international accessibility and intermodal links. Ida-Viru references key projects like the Kotka–Sillamäe ferry and broader North–South corridors. Lithuanian stakeholder region links infrastructure with inclusive economic growth and investment attraction. Infrastructure is not only about movement — it's about enabling inclusion, investment, and identity. Linking the regions along the EU's north-eastern border with each other as well as towards the national and European growth poles ensures the integration, connectivity and resilience of the area.

Regional Identity, Culture, and Social Cohesion. Cultural richness and social well-being are woven into the growth models. The Lithuanian stakeholder region sees cultural preservation and social care as core to inclusive development. Latgale amplifies civic engagement, local initiatives, and regional branding through food, wellness, and eco-tourism. South Karelia promotes vibrant culture and quality of life as key to youth retention. Cultural vibrancy is used strategically to root people, attract visitors, and sustain social cohesion. The quality of life along the EU's north-eastern border is among the highest in the EU, making the area attractive for people of all ages

and backgrounds. The area is characterised by a vibrant cultural life, social well-being, a prosperous natural environment, and economic development opportunities.

Based on these common thematic priorities, the joint vision for 2035 for the EU Eastern Border Regions could be described as follows:

By 2035, the EU's eastern border regions envision a secure, resilient, and forward-looking future built on sustainability, innovation, and inclusive growth. United by a shared commitment to clean energy, circular economies, and technological transformation, these regions have become vibrant hubs of entrepreneurship, skilled human capital, and cross-border cooperation. Investments in infrastructure, education, and digital connectivity have anchored thriving communities where young people see opportunity, businesses flourish, and cultural richness is preserved. Through strategic governance and civic resilience, these borderlands are no longer peripheries, but dynamic gateways between the European Union and its neighbours — proving that even in the face of geopolitical complexity, prosperity and security can be achieved together.

2.3.2. Medium-term vision: Desired developments in the EU north-eastern regions (until 2045)

Building on the vision for 2035 of establishing a clear EU policy on the North-Eastern Dimension, the medium-term vision centres on realising the key ideas outlined in the vision for 2035 (see above). It is a future where EU policy support plays a pivotal role in achieving the desired future. It is based on the regional thematic foci and implications as well as on the discussed and developed ideas by the four regions for a joint focus.

Joint Vision 2045

Finland, Estonia Latvia, and Lithuania, - through their regions of South Karelia, Ida-Viru, Latgale and Lithuania counties of Utena, Ignalina, Zarasai and Švenčionys - envision their EU borderlands adjoining Russia and Belarus as secure, resilient, and thriving spaces. These regions have successfully transformed historical challenges of depopulation, economic uncertainty, and geopolitical tension into opportunities for sustainable prosperity, technological leadership, and social cohesion. Anchored in a strong commitment to civil preparedness, ecological balance, and inclusive governance, they have built dynamic communities where high-quality education, affordable housing, and accessible health services empower multigenerational populations to flourish. Strategic investments in cross-border infrastructure - including highways, ferry lines, and sustainable transport solutions such as electric aviation - have strengthened connectivity with Central Europe, boosting trade, mobility, and resilience. Local ecosystems such as, for example, education and innovation serve as the foundation for a vibrant circular economy, driven by R&D innovation, green technologies, and international cooperation. Robust information networks, digital infrastructures, and resilient governance structures ensure societal agility in the face of unpredictability, while securing borders without isolating communities. Together, these regions stand as a model of how Europe's borderlands can transform into gateways of innovation, sustainability, and inclusive growth, demonstrating that even at Europe's edge, vibrant and forward-looking societies can thrive.

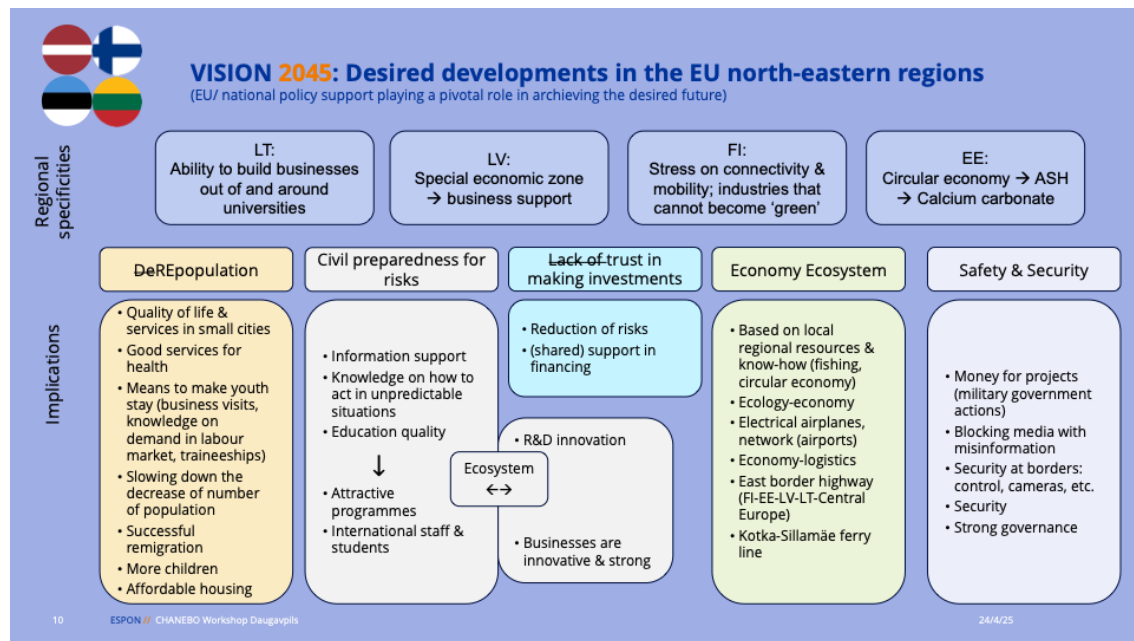
Based on the statements and contributions of the workshop participants regarding the joint vision 2045, condensed narratives can be developed, each highlighting a different common backbone of the vision. Together, they form a comprehensive underpinning for the vision and make it more robust and detailed. Three possible narratives:

Infrastructure and social revitalisation. *Security at the borders will be reinforced through the development of vital infrastructure like the East Border Highway, which relies on tapping into regional resources and expertise. To fully harness these resources, a strong foundation of high-quality education and R&D innovation is necessary, attracting international talent and retaining youth through dynamic opportunities such as business visits and labour market programmes. This, in turn, revitalises local communities, strengthens demographic trends, and raises the overall quality of life across the border regions.*

Civil preparedness, trust, governance. *Civil preparedness for risks hinges on citizens having the knowledge and trusted information to act wisely during unpredictable events. Combatting misinformation is critical to rebuilding public trust, which encourages investment and engagement in the border regions. This investment, when channelled into locally rooted sectors and supported by shared financing mechanisms, powers business innovation and economic resilience. Strong businesses create employment and societal stability, ultimately ensuring resilient, thriving regions where citizens enjoy high-quality services, feel secure, and choose to stay or return.*

Ecological sustainability and green innovation. By prioritising ecological balance and circular economy models, EU border regions leverage their local strengths to fuel eco-innovation among businesses. Strong R&D ecosystems support the creation of green technologies and sustainable infrastructures, such as electric transportation networks. These developments improve regional connectivity while enhancing the region's international profile as a hub for sustainable growth. In turn, this attracts talent, investment, and residents, reversing depopulation trends and building dynamic, thriving communities firmly aligned with global climate goals.

Figure 2.1 Summary of the CHANEBO joint vision 2045



Source: Stakeholder workshop in Daugavpils, April 2025

2.4 Regional visions

Although the CHANEBO regions share a common vision of a desirable future, which enables them to join forces and make their voices heard in the European context, there are also differences between them. It must be noted that the voices have already been partly heard as acknowledged by the EC communication to the European Parliament on the modernisation of cohesion policy, proposing a stronger focus on security and greater flexibility to accelerate investment in the EU's Eastern Border regions.

The above joint vision has different emphases in the four CHANEBO regions. This is partly due to differences between the regions and the need for a place-specific vision.

The above joint vision has been developed through dialogue between the four regional stakeholders. A quick summary of the regional visions is provided below.

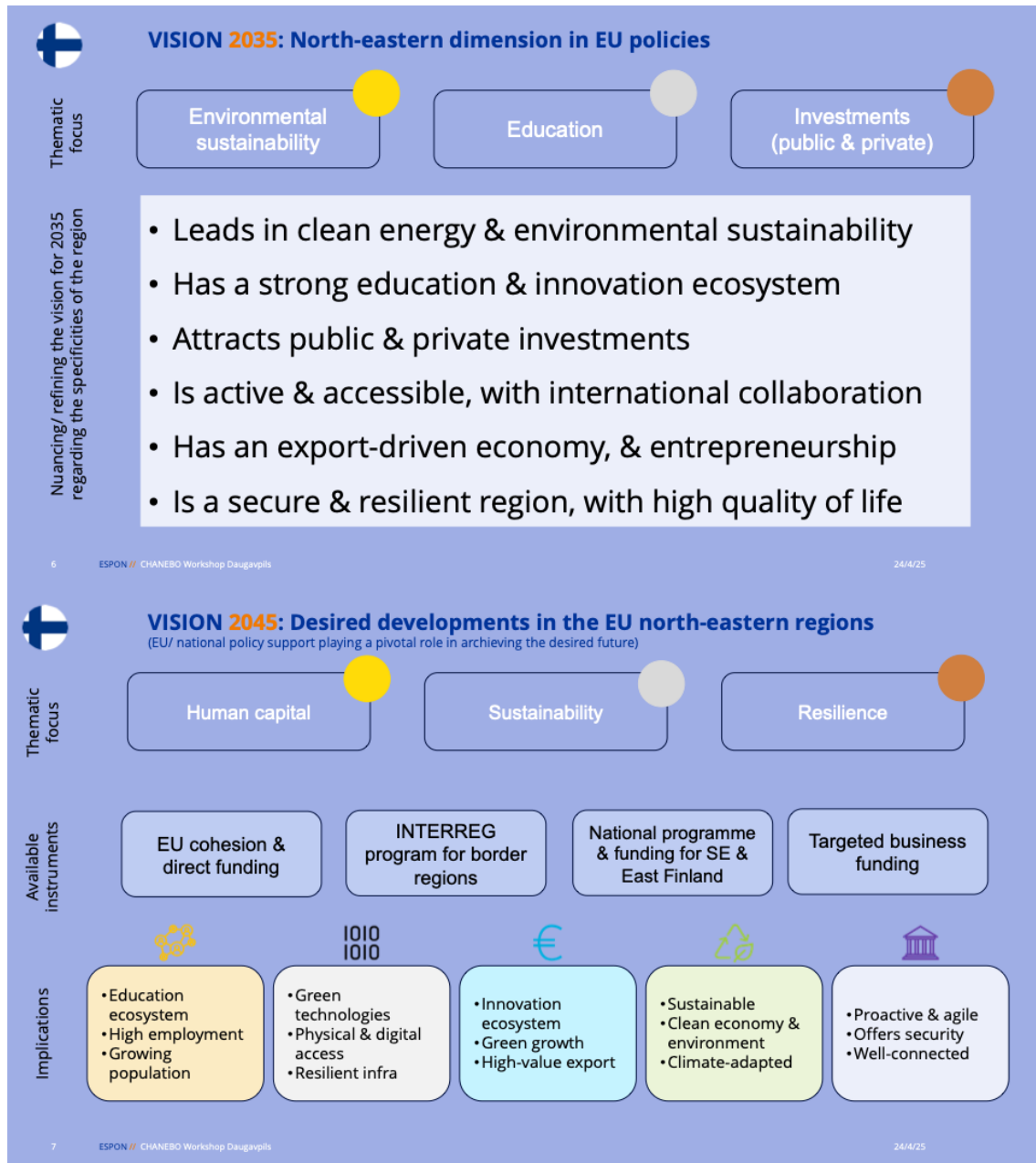
2.4.1. South Karelia region, Finland

By 2035, South Karelia is an active, sustainable and easily accessible region with international connections and character. Investments strengthen critical and strategic infrastructure, physical and digital connectivity and energy resilience. A competitive export-driven economy thrives on sustainable industries, RDI activity and entrepreneurship, creating jobs and boosting tourism. The region leads in bio- and circular economy, clean energy and environmental sustainability. A strong and collaborative education and innovation ecosystem enhances economic vitality by improving educational attainment and developing a skilled workforce. With greater opportunities, vibrant culture and a high quality of life, young people see a promising future in South Karelia. By strengthening comprehensive security and the well-being of the population, the region becomes a resilient and safe place to live and work.

By 2045, South Karelia is a prosperous, resilient region known for its clean, green economy, innovation and global competitiveness. It leads in sustainable industries and high-value export products based on regional

assets, creating abundant employment opportunities and fostering entrepreneurship. The region boasts a strong, collaborative education and innovation ecosystem, where dynamic human capital drives business RDI intensity and economic growth. Sustainable and climate-friendly, South Karelia attracts a growing population and visitors, thriving on tourism. Agile and proactive, the region maintains a strong focus on security - military, societal, technological, and ecological. Well-connected and accessible, South Karelia contributes to Europe's stability and growth, offering security, skills, and sustainability for the future.

Figure 2.3 Summary of the vision for South Karelia region



Source: Finnish stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

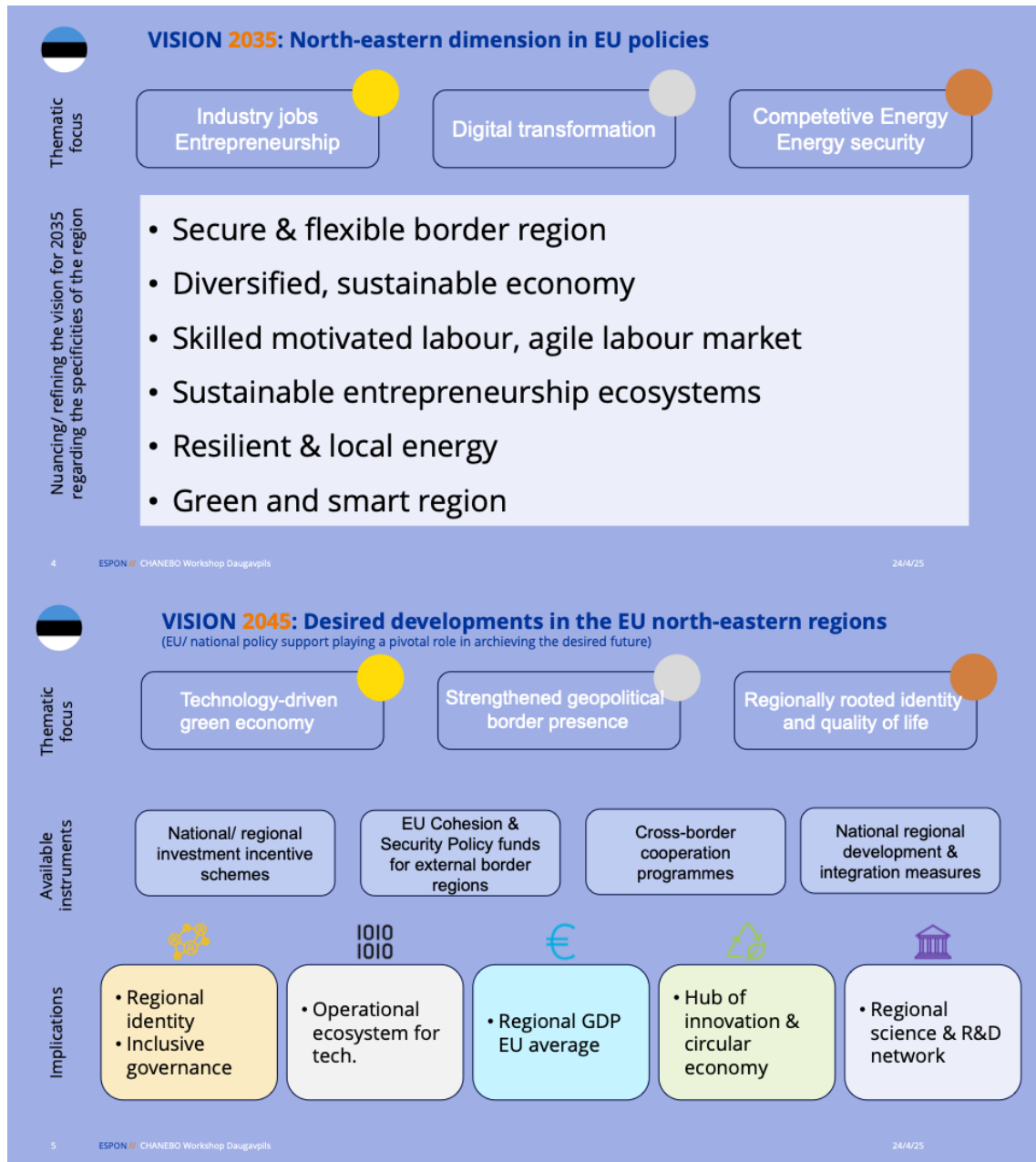
2.4.2. Ida-Viru region, Estonia

Ida-Viru County's vision for 2035 is a future centred on security, innovation and digital transformation, supported by a just transition to clean, sustainable energy. The region aims to foster a business-friendly environment that will attract investment, strengthen industrial diversification and support entrepreneurship. By leveraging its strategic location, modern infrastructure, and evolving industrial landscape, Ida-Viru County intends to establish itself as a hub for green technologies, IT, and advanced manufacturing.

To address workforce challenges, the region is prioritising the development of human capital through education, reskilling programmes, and inclusive economic policies to bridge linguistic and social divides. Security remains a key pillar, ensuring resilience against hybrid threats while promoting cross-border cooperation.

Vision 2045 for the Ida-Viru region envisions a resilient and thriving border area supported by targeted EU and national programmes. It focuses on human capital, sustainability, and resilience through investments in education, green technologies, innovation, and clean economy transition. Key instruments include Cohesion policy, INTERREG, and national funding. By 2045, Ida-Virumaa aims to be proactive, well-connected, and climate-adapted offering strong institutions, quality of life, and cross-border cooperation anchored in long-term, place-based development frameworks.

Figure 2.4 Summary of the vision for Ida-Viru region



Source: Estonian stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

2.4.3. Latgale region, Latvia

By 2035, Latgale regions is a secure, sustainable, and smart region at the EU’s Eastern frontier. It is a secure, vibrant, and forward-looking region - one that combines resilience with opportunity at the EU’s eastern edge.

No longer seen merely as a buffer zone, Latgale stands as a dynamic and inclusive region at the crossroads of the EU and its eastern neighbourhood. Building on the legacy of the EU's Northern Dimension policy and adapting to current geopolitical realities, the region plays a strategic role within the EU's North-Eastern Rim - a hub of resilience, sustainability, and innovation.

Security is ensured through a well-calibrated military presence, integrated with civilian life, creating a safe environment without compromising daily freedoms. Civic resilience, media literacy, and preparedness against hybrid threats have become cornerstones of local governance. The lessons of recent geopolitical instability have reshaped mindsets, prompting a collective shift in priorities toward sustainability, self-reliance, and long-term well-being.

By 2045 with substantial EU investment in transport, digital, and energy infrastructure, Latgale is well connected, energy-secure, and digitally advanced. Improved accessibility means major European hubs like Paris and Berlin now feel closer than ever – linking the region to new markets, partnerships, and cultural exchange. Cross-border cooperation with neighbouring EU and non-EU regions fosters not only economic growth but also intercultural dialogue and shared prosperity, despite ongoing geopolitical tensions.

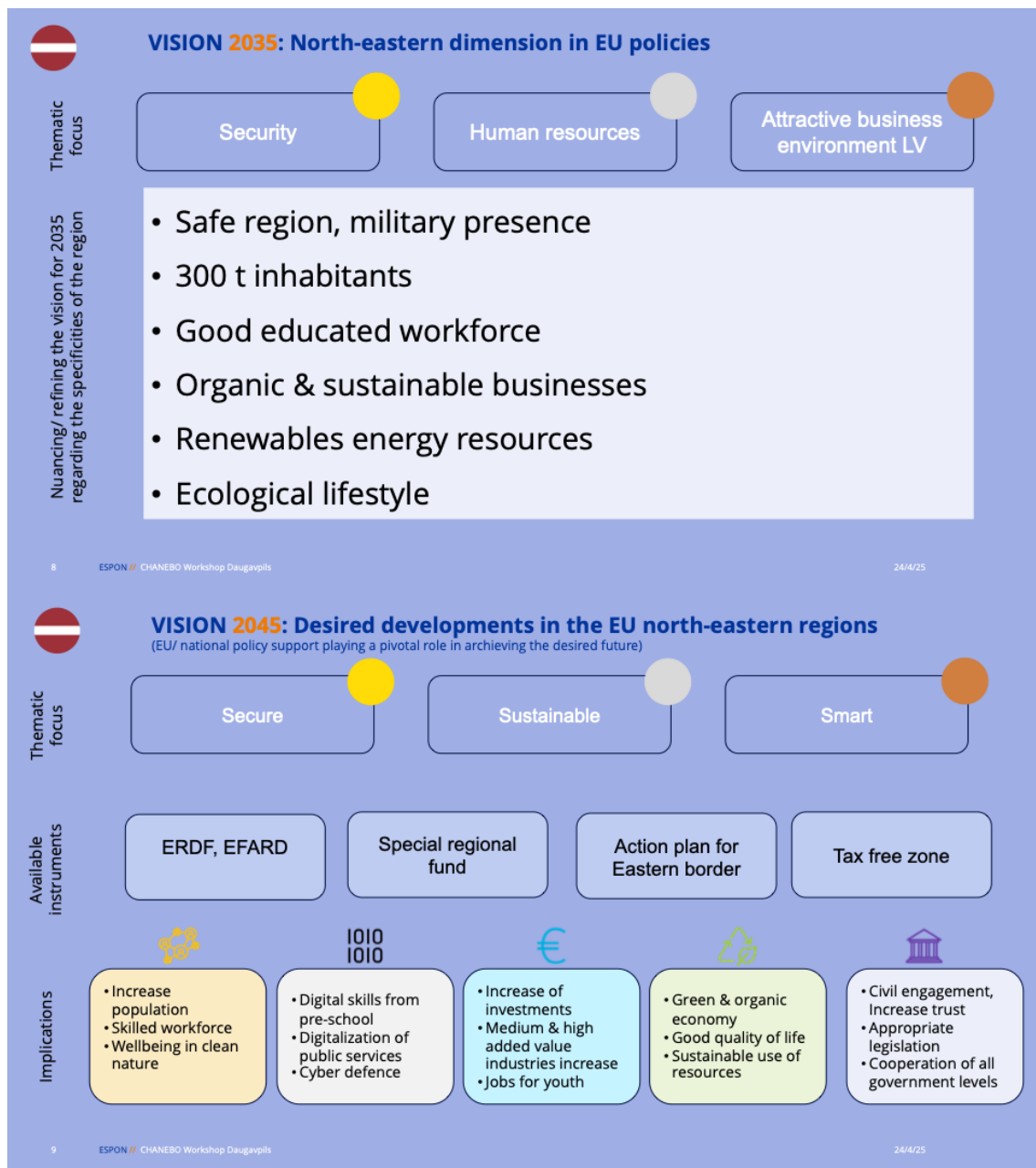
Latgale's economy thrives on smart industries, circular practices, and entrepreneurial ecosystems rooted in regional skills and talent. Medium- and high-value-added industries are increasingly attracted to the region, creating meaningful employment for young people and reducing outmigration. At the same time, the circular economy and resource-conscious living guide local production and consumption, supporting both environmental goals and economic resilience.

The region, home to 350 000 people, is also a leader in sustainable agriculture. Already producing 30% of Latvia's organic output, Latgale sees continued growth in organic farming and related value chains. This agricultural strength supports a broader eco-tourism offering, e.g., family-friendly experiences like strawberry picking and educational pet farms adding vibrancy to rural areas and reinforcing the region's green identity. The quality of food produced in Latgale is premium, underpinning health, tourism, and regional branding.

Social cohesion is strengthened through inclusive civic engagement and targeted support for local initiatives that foster innovation, sustainability, and a family-friendly environment. New energy-efficient housing developments contribute to improved living standards, making towns and rural areas more attractive and accessible. These are supported by local energy solutions powered by solar and wind, reinforcing the region's commitment to climate goals and energy independence. A thriving services sector rooted in wellness and ecological values branded as ecolife merges, offering lifestyle-driven services, community-based health and education, and sustainable business opportunities. The region's biodiversity and natural resources are preserved through careful stewardship, reinforcing its long-term attractiveness and liveability.

Latgale's vision is underpinned by democratic values, biodiversity preservation, secure connectivity, and long-term competitiveness. As a forward-looking region, it exemplifies how Europe's borderlands can transform into spaces of opportunity, integration, and strategic depth proving that even in a complex and evolving geopolitical environment, peripheral regions can lead with vision, strength, and balance.

Figure 2.5 Summary of the vision for Latgale region



Source: Latvian stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

2.4.4. Lithuanian stakeholder region

By 2035, the Lithuanian stakeholder region is a model of security, innovation, and digital transformation, driven by clean and affordable energy and a commitment to environmental sustainability. The region aims to cultivate a vibrant, business-friendly environment that actively supports entrepreneurship, underpinned by modern infrastructure and a strong focus on human resource development. Central to this vision is the integration of cultural preservation and social care, ensuring that growth is inclusive and respectful of the region's rich heritage.

The desired future lies at the intersection of security, digital and infrastructure transformation, business and human capital growth, and cultural and social well-being. This balanced approach to resilience, technological advancement, and socio-economic development ensures the region is well-equipped to foster inclusive prosperity, attract investment, and enhance the well-being of its population. By embracing innovation and digital technologies, the region seeks to become a hub for smart, sustainable industries, leveraging its natural resources and cultural heritage to drive economic growth.

Investments in education, skill development, and social care will empower the local workforce to thrive in a rapidly changing global landscape, while promoting cultural vibrancy and community cohesion. Through collaboration and strategic partnerships, the region will build a robust foundation for long-term success, ensuring a secure, prosperous, and sustainable future for all its residents, where cultural richness and social welfare are integral to development.

3 Scenarios

Adopting a structured approach, scenarios can provide valuable insights into complex futures while remaining relevant and actionable for decision-making purposes.

In theory, an infinite number of factors can be varied when developing scenarios. For CHANEBO, three scenarios focusing on the geopolitical conflict between the EU (in its current form) and Russia have been developed. The scope of possible scenarios is limited by the following factors: a full-scale war between Russia and the EU is ruled out, as is a return to the situation prior to Russia's invasion of Ukraine. Other key factors, such as climate change, changes in the world economy, major technological breakthroughs and alternative EU integration scenarios, are not considered for defining variations between the scenarios.

The three scenarios are: (b) a green buffer zone; (b) EU showcasing; and (c) EU–Russian appeasement. The following sections briefly present each scenario. Following the overall scenario outline, the shared narrative for all regions will be presented. This is followed by brief scenario overviews for each region.

The scenarios consider the trends and drivers identified throughout the CHANEBO project. The table below provides an initial summary of the trends and drivers considered. This table is based on desk research and discussions at the Steering Group meeting in November 2024.

Figure 3.1 A summary of identified trends and drivers

Political	Societal	Economic	Technological	Environmental
1. New iron curtain	1. Depopulation and brain drain	1. Weaker economic performance	1. Varied R&D and innovation levels	1. Good overall quality of life
2. Increased interest in border regions	2. Heightened social tensions	2. Investors hesitate	2. Changing educational landscape	2. Pristine and well-preserved nature
3. Vulnerability	3. Urban-rural disparities	3. Volatile job market	3. Digitalisation of public sector	3. Uncompetitive green transformation
4. Increased defence spending	4. Decreasing trust in governance	4. Distance to the main markets	4. Industrial transition	4. Climate dictates stricter building codes
5. Regional security alliances	5. Disinformation	5. Transport and logistics constraints	5. Sufficiently robust infrastructure	5. Deterioration of the sea water quality
6. Lack of long-term vision	6. Illegal border crossings	6. Other competitiveness constraints	6. GPS interference	6. Sustainable agricultural sector growth
7. Insufficient cross border crisis management	7. Influx of refugees	7. Loss of markets	7. Digital divide between the social groups	7. Shorter growing season
8. Cooperation on civil defence	8. Low level of crisis preparedness	8. Potential for testing new ideas	8. Lost research cooperation with RU universities	8. Protected areas limit investment
9. Political polarisation	9. Non-functioning civil defence	9. Expansion of ICT sector	9. Increased use of AI	
10. Regulatory constraints	10. Mobility issues	10. Inequality of economic opportunities	10. Dual use technologies	

Source: Service provider, 2025 based on the outputs of the Steering Group meeting in November 2024

3.1 Scenario: A green EU buffer-zone

In this scenario, the EU considers Russian military aggression on its eastern borders to be a significant likelihood. Indeed, Russia is seen as a constant threat to EU member states and possibly taking breath for future wars. As a result, there is a substantial increase in defensive measures, addressing both hybrid warfare and potential territorial aggression. These measures include combating disinformation and protecting critical digital and physical infrastructure. Key actions involve an enhanced military presence in border regions, reduced mobile phone and satellite (GPS) coverage due to Russian interference, the development of transport and logistics infrastructure to mobilise military units effectively, and the construction of physical barriers to slow down potential Russian incursions. Efforts may even extend to reactivating former moors and marshlands as natural defensive barriers, as well as other transformations of land use.

The border regions are increasingly transforming into potential military zones. The heightened military presence, coupled with disruptions to mobile and satellite coverage, begins to alter the character of these regions. Over time, businesses and residents not directly involved in defence activities start to leave the border areas, and the areas risk losing their attractivities and industrial bases. In some cases, individuals with uncertain loyalties may even be actively encouraged to relocate. Consequently, the border regions experience a gradual

but consistent population decline, eventually evolving into green corridors or buffer zones along the EU's north-eastern border.

3.1.1. Shared scenario

In the Green EU buffer zone scenario, the CHANEBO regions consolidate into a strategically fortified and politically aligned frontier of the EU. Confronted by persistent geopolitical uncertainty and pervasive external threats, these regions have evolved into a resilient frontline of EU security through the implementation of coordinated defence strategies, the establishment of robust cybersecurity frameworks, and the deepening of EU alignment. The processes of militarisation, securitisation and strategic containment are increasingly shaping regional development. In this context, defence industries have become significant drivers of economic growth, facilitated by cross-border cooperation in military innovation, biological security and resilient infrastructure. Public life is being reoriented around national and EU security imperatives, with civilian priorities being sidelined and lifestyles being adapted to fit a militarised economy. The economic reliance on public and defence-related funding is deepening, while private entrepreneurship, especially in peripheral areas, is declining due to limited access to financing. The ongoing process of depopulation has been shown to have a number of consequences, including the exacerbation of workforce shortages and the acceleration of demographic contraction. This, in turn, has a detrimental effect on efforts to sustain dynamic, multigenerational communities.

Education is employed as a means of ideological alignment and fostering regional cohesion, with collaborative initiatives promoting a shared identity among CHANEBO youth. Despite the continued pertinence of ecological objectives, their current framing is characterised by a prioritisation of security measures, military infrastructure standards, and centralised resource management. While the scenario aligns with elements of the 2045 Joint Vision, including civil preparedness, digital infrastructure, and cross-border collaboration, there is a risk of sacrificing inclusive growth, innovation diversity, and civic openness. The scope of civic life is constrained by the influence of militarised structures and controlled narratives. Notwithstanding the aforementioned constraints, the region has been shown to benefit from greater institutional trust, reduced crime, and a strengthened geopolitical position. However, this transformation signifies a substantial trade-off: social diversity and economic pluralism are superseded by structures devised for long-term strategic dominance.

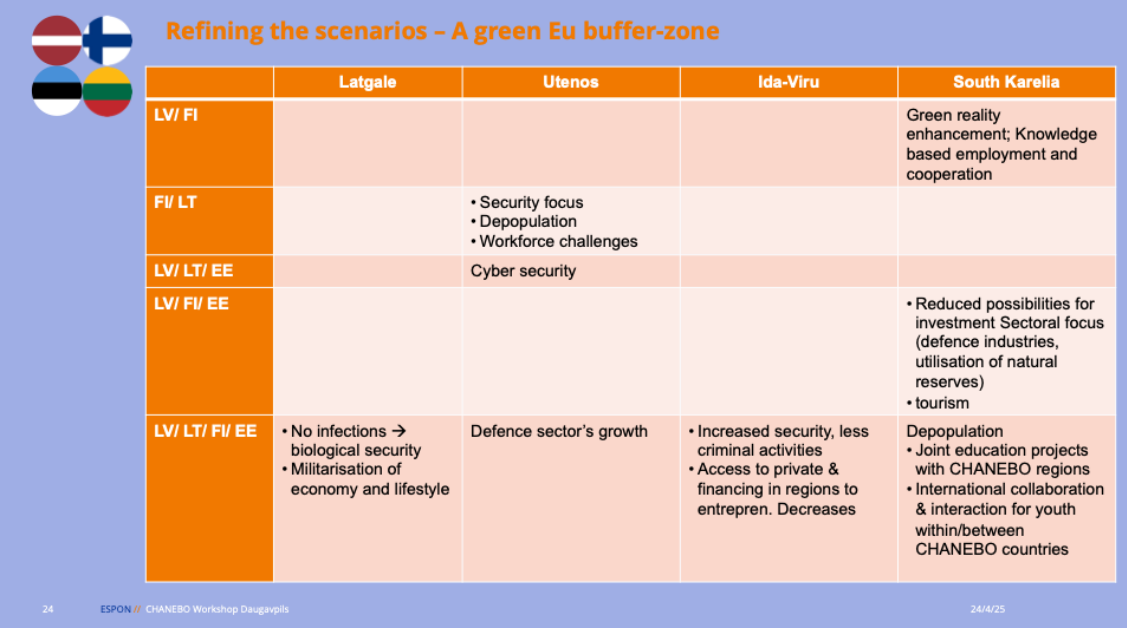
The scenario's way to the vision

In order to maintain the 2045 vision within this particular context, it is essential that the regions proactively influence the scenario from within. This necessitates the reclamation of civic space, the preservation of inclusive governance, and the anchoring of education in resilience, as well as in empowerment, critical thinking, and ecological awareness. The necessity of a correlation between youth cooperation and joint educational initiatives, on the one hand, and broader societal renewal, on the other, is indisputable. It is imperative that innovation extends beyond the realms of defence, encompassing green technologies, social enterprise, and digital inclusion. It is vital to acknowledge the role of local sustainability initiatives, including but not limited to circular economies, community-based energy, and eco-tourism, in fostering both resilience and identity. It is imperative that economic diversification is supported through targeted measures that encourage entrepreneurship and the adoption of alternative financing models.

The regions must reconsider the function of the buffer: rather than conceptualising it as a fortified barrier, it should be envisioned as a resilient and adaptable conduit between the EU and its neighbouring regions. By taking such actions, they can ensure that security becomes a foundation for human flourishing, transforming constraints into opportunities and thereby making their shared vision of 2045 not only plausible but also enduring.

The joint scenario has been developed through dialogue between the four regional stakeholders. A brief overview of the regional scenarios is provided below. Figure 3.3 summarises similarities and common challenges between the regional scenarios, which were identified during the stakeholder workshop in April 2025.

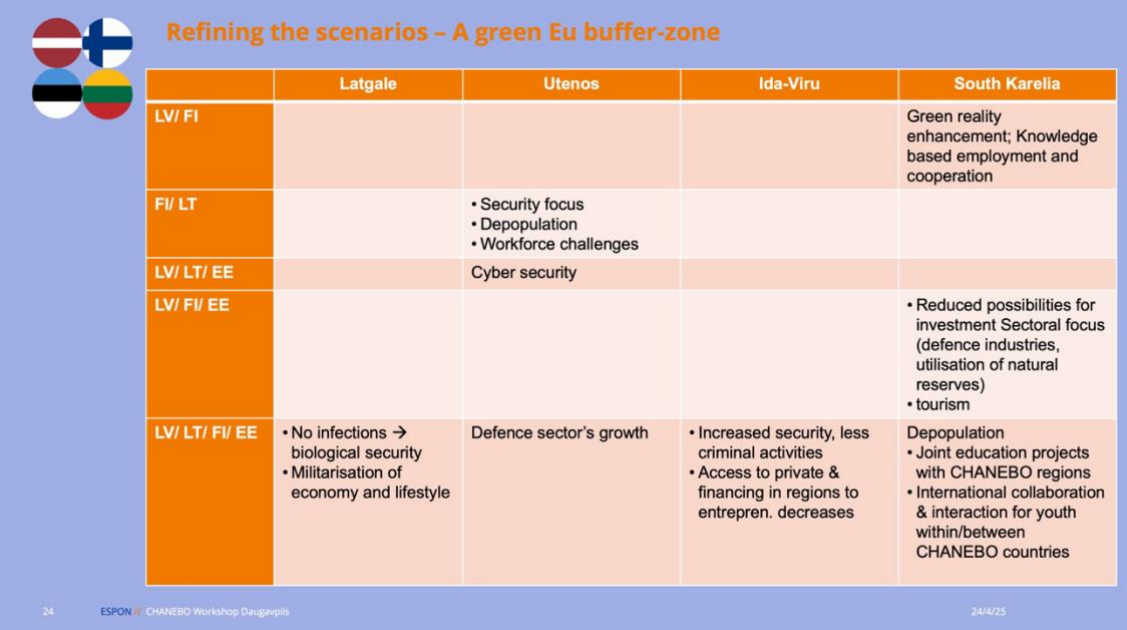
Figure 3.2 Refining the scenarios – A green EU buffer-zone



The table is titled "Refining the scenarios – A green EU buffer-zone" and features a header with the flags of Latvia, Finland, Lithuania, and Estonia. It contains five rows representing different regional pairings and five columns representing the regions: Latgale, Utenos, Ida-Viru, and South Karelia. The content of the table is as follows:

	Latgale	Utenos	Ida-Viru	South Karelia
LV/ FI				Green reality enhancement; Knowledge based employment and cooperation
FI/ LT		<ul style="list-style-type: none"> • Security focus • Depopulation • Workforce challenges 		
LV/ LT/ EE		Cyber security		
LV/ FI/ EE				<ul style="list-style-type: none"> • Reduced possibilities for investment Sectoral focus (defence industries, utilisation of natural reserves) • tourism
LV/ LT/ FI/ EE	<ul style="list-style-type: none"> • No infections → biological security • Militarisation of economy and lifestyle 	Defence sector's growth	<ul style="list-style-type: none"> • Increased security, less criminal activities • Access to private & financing in regions to entrepren. Decreases 	<ul style="list-style-type: none"> • Depopulation • Joint education projects with CHANEBO regions • International collaboration & interaction for youth within/between CHANEBO countries

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This table is identical to the one above, titled "Refining the scenarios – A green EU buffer-zone" with the same header and content.

	Latgale	Utenos	Ida-Viru	South Karelia
LV/ FI				Green reality enhancement; Knowledge based employment and cooperation
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Source: Stakeholder workshop in Daugavpils, April 2025

3.1.2. South Karelia region, Finland

Exogenous trends & drivers. The weakening of EU-Russia and Finnish-Russian relations signals the emergence of a new iron curtain along the Finnish-Russian border, prohibiting cross-border interaction and the movement of people and goods. In response, Finland’s national policies increasingly prioritise defence spending and border security in Eastern Finland. South Karelia’s development becomes closely tied to Finland’s foreign policy, border security measures, and role within NATO. Military and civil defence, as well as supply security and resilience against potential cyber threats, emerge as key drivers of regional and economic development. While this creates new opportunities, the growing military focus also introduces uncertainty, discouraging investment in other industries.

Endogenous trends & drivers. South Karelia’s traditional industries continue operating but struggle to attract skilled labour and hesitate to make large investments due to economic uncertainty and shifting regional priorities. Meanwhile, new jobs emerge in defence, security and the service sector. Clean energy grows as an

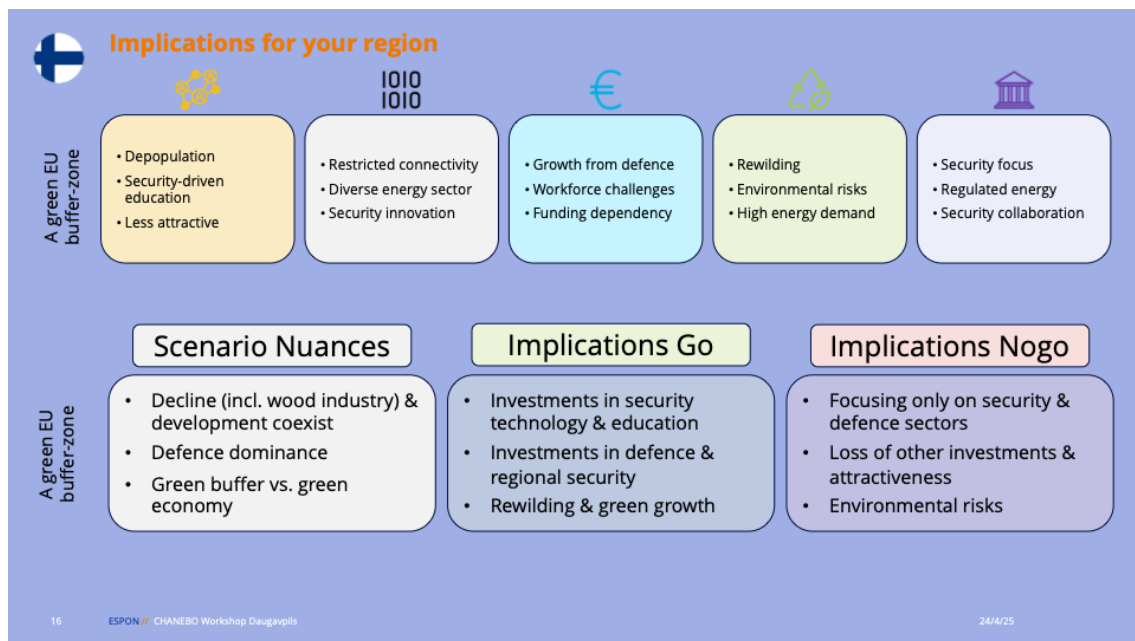
industry, though its outputs are regulated to prioritise security and defence needs. Military requirements take precedence over regional physical and digital connectivity, and industries suffer if transport infrastructure does not adapt accordingly. Collaboration in defence and security remains strong within and beyond Finland, while other sectors face challenges. The region's image shifts toward a militarised identity, making it less attractive for families and young people, contributing to ongoing depopulation. Rewilding progresses, while military land use risks deforestation, pollution, restricted access to nature and increased energy demand that conflicts with climate goals. EU cohesion funding and other financial instruments become more critical if regional decline accelerates.

Regional narrative. Depopulation and aging accelerate in South Karelia as those not employed in defence, security, or service sectors out-migrate. Foreign residents, especially those previously benefiting from proximity to Russia, also leave due to strict border controls. The education system adapts to a shrinking student population, and programmes shift toward security and defence needs. Labour market mismatches persist, with both high unemployment and a shortage of skilled workers. Economic growth depends on clean energy availability, new industries, and transport infrastructure development. Investments and business activity concentrate in defence and security, where entrepreneurship is growing. Traditional industries continue to operate but stagnate due to a lack of major investments, while entrepreneurship outside the defence and security sectors stagnates or declines. The energy sector diversifies, with growth in solar energy and continued reliance on wood-based and hydropower, though wind power remains constrained by defence concerns. Energy consumption is regulated to prioritise security and defence needs. Tourism declines, and intra-regional disparities widen as urban areas attract industries while rural areas serve defence purposes. Despite investments in civil defence, heightened military presence and social tensions may undermine residents' sense of safety.

Implications:

- **Social or societal implications.** Depopulation and population aging continue as (1) those not employed in defence, security, or service sectors out-migrate, (2) the region's militarised identity makes it less attractive for families and young people, and (3) cross-border interaction and movement of people and goods remain strictly controlled. The education system adapts to a shrinking student population, and programmes shift toward security and defence needs. Stronger support is needed for high-level education and research, and universities' collaboration. Tourism declines, and urban-rural disparities increase. Residents' sense of safety may be undermined.
- **Technological implications.** Military requirements take priority over regional physical and digital connectivity, impacting industries if transport infrastructure fails to adapt. The energy sector diversifies, with growth in solar energy and continued reliance on wood-based and hydropower, though wind power remains constrained by defence concerns. South Karelia's higher education institutions' expertise in digital technologies can be leveraged to develop innovative security solutions.
- **Economic implications.** Military and civil defence, along with supply security and cyber resilience, drive regional and economic development. New jobs and products emerge in defence, security and the service sector, supported by increased R&D funding. The growing military focus introduces uncertainty, discouraging investment in other industries. Traditional industries continue operating but struggle to attract skilled labour and are hesitant to make large investments, highlighting the need to attract workforce, strengthen skills training and provide investment subsidies. EU cohesion funding and other financial instruments become more critical if regional decline accelerates.
- **Environmental implications.** Depopulation and declining traditional industries in South Karelia lead to rewilding and the formation of green corridors along the border. However, increased military infrastructure and exercises raise risks of deforestation, soil contamination, restricted access to natural sites, and higher energy demand that may conflict with climate goals. Limited environmental cooperation with Russia heightens the risk of environmental hazards in the Baltic Sea Region. Shared ecosystems such as cross-border rivers, air basins, and the heavily trafficked Baltic Sea require coordinated monitoring and response mechanisms, which are currently absent. Without joint oversight, risks such as industrial pollution, oil spills, and nuclear incidents may go undetected or unmanaged, endangering biodiversity, public health, and maritime safety across neighbouring EU states.
- **Political implications.** A new iron curtain emerges along the Finnish-Russian border, driving increased spending on defence and border security. Energy outputs are regulated to prioritise security and defence needs. While collaboration in defence and security remains strong within and beyond Finland, other sectors face growing challenges.

Figure 3.2 Summary green EU buffer-zone scenario for South Karelia region



Source: Finnish stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.1.3. Ida-Viru region, Estonia

Exogenous trends & drivers. Since Russia's invasion of Ukraine in 2022, concerns have grown over Narva's security due to its geographical location and predominantly Russian-speaking population, with 37% holding Russian citizenship. Russia's full-scale invasion in 2022 has further heightened fears about Estonia's eastern border, raising concerns over conventional threats, societal cohesion, and information influence operations. Estonia is facing hybrid threats linked to Russia, such as GPS jamming and the weaponisation of migrants. In response, the country is strengthening its border security, investing funds to enhance defences. A key initiative involves collaboration with Latvia, Lithuania, and Poland to establish a "drone wall." There is increasing military presence in the region.

Endogenous trends & drivers. Trust in public authorities is declining, particularly among Russian speakers, who feel excluded from decision-making. Russian media remains influential, reinforcing narratives that hinder integration efforts. Some of these narratives, such as claims that Narva historically belongs to Russia, resemble tactics used in Eastern Ukraine, raising security concerns. In the 2023 elections, many voters in Ida-Viru, including Narva, cast protest votes for pro-Kremlin candidates. This reflects dissatisfaction with the Estonian government rather than outright support for Russian policies. Political parties struggle to address the concerns of Russian-speaking residents, deepening societal divisions.

Regional narrative. Estonia in the past decade has increased attention to ensuring its border security with most significant investments following Russia's full-scale invasion of Ukraine in 2022. For its Eastern border Estonia is making both advancements to counter conventional threats such as the drone wall and regional police reserve as well as focusing on the necessity of integration of Russian speakers and cohesion between the two linguistic groups. Nevertheless, certain weaknesses remain and need to be further addressed mainly concerning integration, public trust, and countering disinformation. Economic advancements in the border region, Estonian-language education and increased community engagement are crucial for long-term stability.

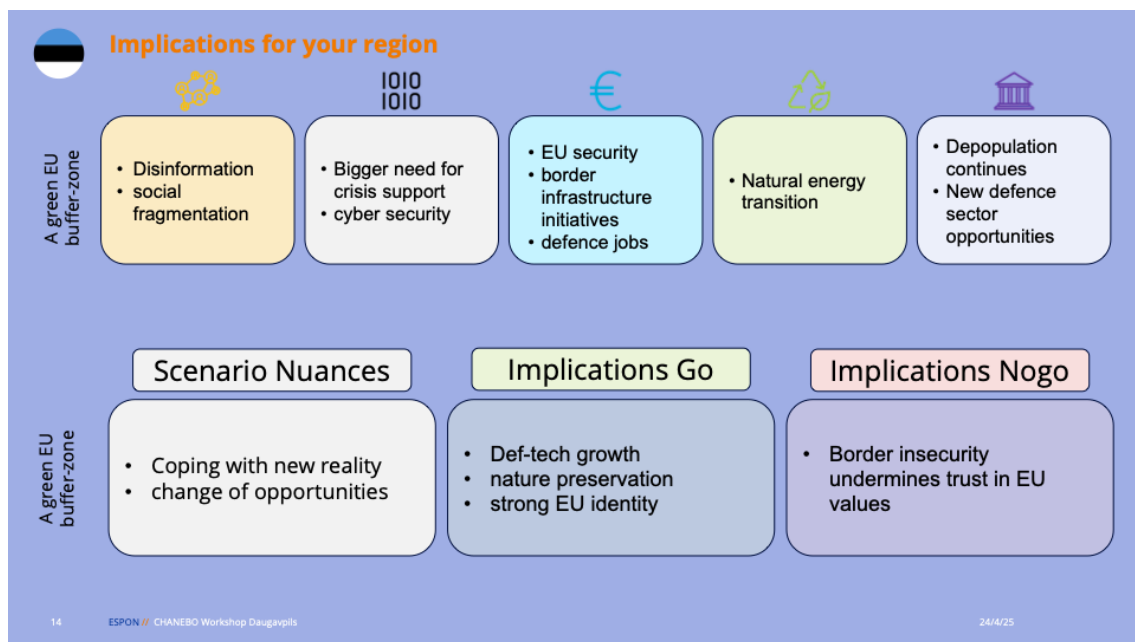
Implications:

- **Social or societal implications.** The increasing militarisation of border regions leads to population decline as civilians move away, turning these areas into buffer zones. There is a decline in trust toward public authorities, particularly among Russian-speaking residents, leading to feelings of marginalisation. Russian media enforce their influence towards Russian-speaking residents, reinforcing narratives that hinder integration efforts.
- **Technological implications.** Estonia faces challenges such as GPS jamming and misinformation campaigns, necessitating stronger digital defence. Country is investing in unmanned aerial vehicle (UAV) technology to

counter threats, showing an increased focus on tech-driven security, which could generate interest and opportunities for technologic companies/ workforce.

- **Economic implications.** Militarisation of border regions could lead to businesses withdrawing, weakening the local economy. Estonia's spending EUR 157 million on border security and other military objectives, could impact budget allocation for other regional development needs.
- **Environmental implications.** Transforming border regions into military zones could affect land use, turning them into green corridors or depopulated buffer zones. Military restrictions on land use limit wind farm expansion, impacting green energy transition. Increased UAV presence require careful environmental assessments to minimise disruptions to local ecosystems.
- **Political implications.** Estonia remains vulnerable to Russian influence, particularly in its Russian-speaking regions, creating risks for national stability. The need for regional coordination with Latvia, Lithuania, and Poland increases as security threats become more hybrid in nature.

Figure 3.3 Summary green EU buffer-zone scenario for Ida-Viru region



Source: Estonian stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.1.4. Latgale region, Latvia

Exogenous trends & drivers. This scenario is driven by escalating geopolitical tensions and the perception of Russia as an existential threat to the EU. Border regions like Latgale become strategic frontlines and anchors of societal resilience. While NATO and national military presence increases, the focus also shifts toward ensuring residents' daily safety and psychological well-being. Key drivers include tighter border controls, enhanced surveillance, civil protection, and disinformation threats. Transparent communication by national and EU authorities is essential to build trust, counter misinformation, and maintain public confidence. Rather than relying solely on militarisation, efforts prioritise institutional trust, preparedness, and social cohesion. EU-level funding shifts toward integrated civil-defence systems and intelligence capabilities. Energy security also becomes central, accelerating the shift to domestic renewables. However, geopolitically sensitive regions like Latgale risk being sidelined, exacerbating perceptions of uneven development. This highlights the importance of inclusive, balanced responses that ensure all regions feel secure, supported, and connected to broader EU objectives.

Endogenous trends & drivers. Latgale's demographic and economic vulnerabilities - depopulation, ageing, low institutional trust, and limited private investment - are exacerbated under this scenario. While militarisation risks accelerating outmigration, especially among youth, it may also support demographic stability by generating employment through defence-related investment. However, a heavy military presence could damage sectors like tourism and reinforce perceptions of marginalisation. To avoid further civic disengagement, the focus should shift from visible militarisation to strengthening residents' everyday sense of security and inclusion. Public services, already strained, may face additional pressure, while economic diversification efforts

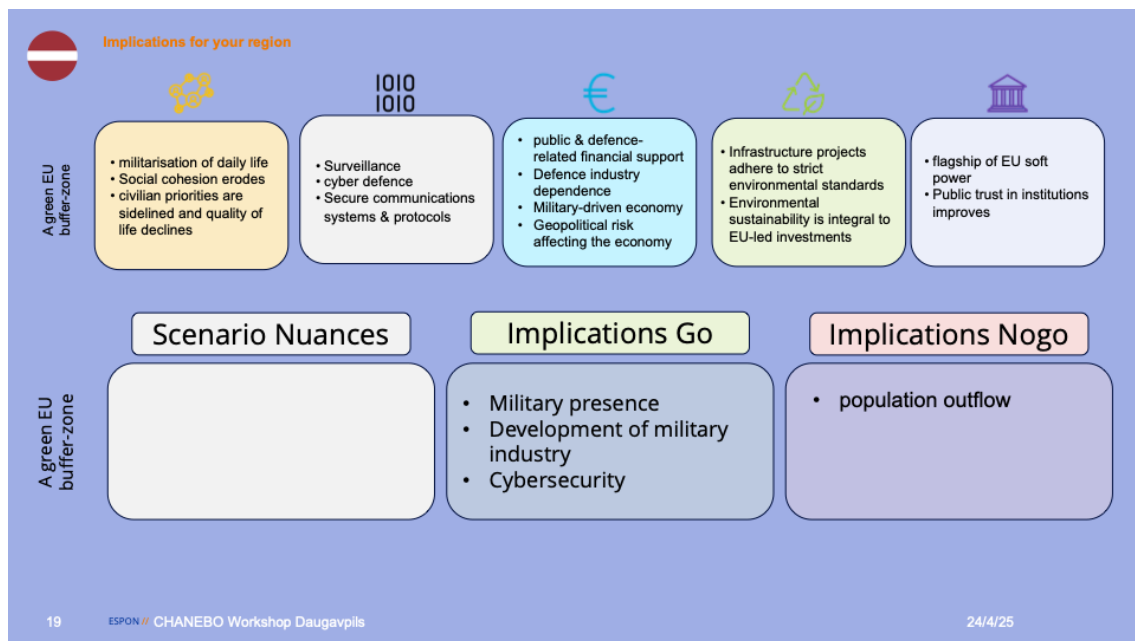
slow as attention turns to defence infrastructure. Perceptions of democratic backsliding and increased surveillance could further erode institutional trust, particularly among already disengaged communities. Nonetheless, with targeted, transparent governance and a balanced approach to security, Latgale can begin adjusting to its new role. If managed inclusively, the transition could support regional resilience rather than deepen isolation and dependency.

Regional narrative. Under the Green EU Buffer-Zone scenario, Latgale transforms into a heavily securitised frontier region. A significant portion of public investment shifts toward military logistics, border control, and surveillance infrastructure. Physical barriers and defence corridors are established, possibly including the restoration of moors or marshes as natural obstacles. GPS interference and reduced mobile coverage due to Russian activity disrupt communication and economic coordination. While the growing military presence changes the region's development trajectory, it also becomes a strong instrument for economic development, attracting investment in logistics, infrastructure, and defence-related services. This shift could have a stabilising effect on demography by retaining or attracting residents with new employment opportunities. However, it may also result in the decline of sectors such as tourism perceived as incompatible with a militarised landscape and further marginalise traditional industries like agriculture. Rather than focusing solely on militarisation, emphasis is placed on enhancing the everyday sense of security for residents, ensuring they feel protected rather than displaced. The region gradually adjusts to its new role, accepting the responsibilities and trade-offs of serving as a frontline zone. Yet, social cohesion remains fragile, particularly among minority communities, and the risk of growing isolation and institutional dependency persists if civic engagement and inclusive development are not actively fostered.

Implications:

- **Social or societal implications.** The militarisation of daily life increases fear, mistrust, and a sense of marginalisation among residents. As civilian priorities are sidelined and quality of life declines, depopulation accelerates and the gap with more stable regions widens. Many may choose to leave, but it is essential that they are well informed about their rights, available support, and the broader context so their decisions are based on facts rather than fear or misinformation. Social cohesion erodes, especially in ethnically diverse communities where questions of loyalty intensify, fuelling civic disengagement and institutional distrust. In this context, neutrality is no longer viable: it is time for residents to choose sides. Those committed to democratic values and regional resilience are called to stand together, while those disloyal to these shared principles may ultimately decide or be expected to leave. Navigating this tense and uncertain period requires transparency, trust in institutions, and a renewed sense of collective purpose.
- **Technological implications.** Investments focus on surveillance, cyber defence, and secure communications systems and protocols. Civilian access to advanced technologies may be restricted due to growing security concerns. GPS interference and digital infrastructure limitations further hinder economic and social connectivity across the region. Technological advancement becomes increasingly dual-use and militarised, significantly limiting innovation in civilian sectors like education, agriculture, health care, and creative industries.
- **Economic implications.** Latgale sees a surge in economic activity driven by large-scale public investment, incentives for foreign companies, and significant infrastructure renewal. Job creation improves notably, particularly in sectors such as construction, services, logistics, and technology. SEZs attract increased investment in the defence industry, reinforcing the region's role in national security supply chains. The growing military presence, while altering the development landscape, also serves as a strong signal for economic development and long-term strategic relevance. However, this growth is not without challenges. The region's economy becomes increasingly dependent on sustained public and defence-related financial support, with limited progress in building organic competitiveness. Small and locally owned businesses may struggle to keep pace with rapid structural changes, rising costs, and regulatory shifts. Without deliberate support for inclusive growth, there is a risk that economic benefits remain concentrated, reinforcing disparities and weakening long-term regional resilience.
- **Environmental implications.** Environmental sustainability is integral to EU-led investments, promoting green energy, eco-tourism, and circular economy practices. Infrastructure projects adhere to strict environmental standards, enhancing local resilience. However, rapid development may pressure natural areas unless balanced by strong regional planning and consistent enforcement of environmental protection norms.
- **Political implications.** Latgale becomes a flagship of EU soft power, strengthening national and European identity among residents. Public trust in institutions improves through visible results and civic participation. However, perceptions of over-centralisation or political tokenism could emerge if regional voices are not genuinely included in decision-making and long-term planning.

Figure 3.4 Summary green EU buffer-zone scenario for Latgale region



Source: Latvian stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.1.5. Lithuanian stakeholder region

Exogenous trends & drivers. In the context of heightened militarisation and the perceived Russian threat, several exogenous trends gain new relevance for Lithuanian stakeholder region. Security concerns, already a high priority in Lithuania, are amplified, shaping both national and regional agendas. This focus on defence influences economic and social policies, redirecting resources towards military preparedness. However, the region faces significant challenges as new enterprises avoid areas perceived as unsafe, leading to a deteriorating investment climate. One-sided mobility from sparsely populated rural areas continues, exacerbating demographic decline and straining local economies. The EU's emphasis on defence and security may divert resources away from civil infrastructure projects, further delaying much-needed upgrades in transport and digital connectivity. This shift risks widening the gap between urban and rural areas, hindering regional development and limiting opportunities for innovation and growth.

Endogenous trends & drivers. Endogenous trends in the region reinforce the vulnerability of border areas under this scenario. The population is steadily declining, driven by long-term demographic aging and outward migration, processes that are further accelerated by rising insecurity and militarisation. These demographic shifts undermine the region's socio-economic resilience and capacity to retain skilled residents, exacerbating labour shortages and weakening the local economy. Local municipalities face significant challenges in adopting and investing in new technologies, limiting their ability to respond effectively to hybrid threats or support infrastructure modernisation. This technological lag hampers efforts to enhance public services, improve digital connectivity, and foster innovation, further isolating the region from broader economic developments. As a result, the region's ability to adapt to changing security dynamics and maintain its competitiveness is compromised, reinforcing a cycle of decline and marginalisation.

Regional narrative. The Lithuanian stakeholder region evolves into a strategic frontier region, its identity and future inextricably linked to geopolitical tensions. The already shrinking and aging population, which declined by 15% between 2014 and 2025, experiences an accelerated exodus due to military-related disruptions. Limited mobile and satellite access, coupled with heightened defence activities, further isolate the region, exacerbating demographic challenges. Long-standing issues such as inadequate public transport, weak business diversification, and elevated unemployment rates drive outmigration, particularly among younger residents seeking opportunities elsewhere.

Tourism potential and rural enterprises diminish as restricted access and security concerns deter visitors and investors. The region's natural beauty and cultural heritage, once a draw for tourists, become overshadowed by military priorities. Consequently, parts of the regions, especially the sparsely populated areas near the eastern

border, gradually transform into uninhabited green corridors or natural defence zones. Marshlands and forested areas are reactivated, serving dual purposes as ecological buffers and strategic barriers.

With limited foreign direct investment and modest economic growth, the region's role shifts from a peripheral development zone to a militarised ecological buffer. This transformation reflects the region's geopolitical repositioning and deepens its demographic and economic fragility. The focus on defence reshapes the local economy, potentially stifling innovation and entrepreneurship, and further entrenching reliance on national support and subsidies. As the region adapts to its new strategic importance, balancing security needs with sustainable development and community well-being becomes increasingly critical.

Implications:

- **Social or societal implications.** Militarisation and security concerns accelerate outmigration and demographic decline in the region. Economic activity contracts, especially outside defence sectors, leading to job losses and weakened public services. The region risks ageing and marginalisation, with limited prospects for youth and growing dependence on national support for essential infrastructure and welfare. Social cohesion is strained as communities grapple with the dual pressures of economic stagnation and heightened security measures, which may restrict civil liberties and public gatherings. In sparsely populated areas, access to medical and education services declines as facilities close or reduce operations due to funding constraints and decreased demand. Social care services also strain under an aging population and economic downturns, leaving vulnerable groups with limited support. Community initiatives attempt to fill these gaps but often lack sufficient resources for comprehensive care.
- **Technological implications.** Security priorities redirect investment from civil infrastructure to defence, further delaying essential transport upgrades and digital connectivity in the region. Limited municipal capacity to adopt new technologies persists, hindering the development of smart mobility solutions and digital public services. This technological stagnation widens the gap between border regions and urban centres, deepening regional disparities and limiting innovation-driven development. The focus on defence may also lead to increased deployment of surveillance technologies, raising significant concerns about privacy and civil rights. As resources are diverted to military needs, the potential for technological advancement in civilian sectors diminishes, exacerbating the digital divide and reducing opportunities for economic diversification and growth.
- **Economic implications.** While military prioritisation and security risks present challenges in the region, they also open opportunities for adaptable economic activities. The region may witness a rise in mobile and flexible SMEs that can quickly respond to changing conditions. Agricultural services and production could thrive, supported by local demand and resilient supply chains. Additionally, 'pop-up' businesses and activities based on short-term visits, including tourism, could flourish, especially in areas with natural attractions. Although larger investors might hesitate, the defence sector's growth could stimulate related industries and services. This shift towards agile and innovative enterprises could mitigate economic stagnation, fostering a dynamic local economy that leverages its unique strengths and resources. While reliance on national subsidies may persist, the focus on flexible and adaptable business models could enhance regional economic resilience and competitiveness.
- **Environmental implications.** As demographic shifts occur and land use patterns evolve in the region, certain areas may revert to natural landscapes such as forests, moors, and wetlands. This transformation could be strategically leveraged to restore natural barriers for defence, enhancing the region's security while potentially improving biodiversity and creating new green corridors along the border. However, the increased military presence and activities could also lead to environmental degradation, including deforestation to accommodate defence infrastructure and the disruption of wildlife habitats. The prioritisation of defence over sustainability may result in long-term ecological impacts, such as soil erosion and loss of habitat for endangered species. Moreover, heightened military operations could introduce pollution from increased vehicle emissions and waste generation, further stressing the local ecosystem. Balancing the need for security with environmental stewardship will be crucial to mitigate these impacts. Initiatives focused on sustainable land management and conservation efforts could help preserve the region's natural heritage while supporting its defensive strategies. Community-led projects and eco-tourism could also play a role in maintaining ecological balance, offering economic benefits while safeguarding the environment.
- **Political implications.** In response to escalating threats, the region fortifies its ties with national security agencies and intensifies emergency planning efforts. New regulations emphasise crisis response, cyber protection, and stringent border control measures. Local governance becomes increasingly centralised, with decision-making consolidated at the national level to ensure a unified defence strategy. This shift towards centralisation may constrain local autonomy and civic engagement, as security imperatives take precedence over regional development priorities. The political landscape becomes dominated by security narratives,

potentially overshadowing other critical issues such as economic development, social welfare, and environmental sustainability. As national security agencies exert greater influence, local policies may align more closely with defence objectives, potentially sidelining initiatives aimed at fostering community resilience and economic growth. This centralisation could also lead to reduced transparency and accountability in local governance, as decisions are made behind closed doors in the name of national security. Moreover, the heightened focus on defence might limit public discourse and participation, as security concerns justify restrictions on civil liberties and public gatherings. Balancing the need for robust defence measures with the preservation of democratic principles and local autonomy will be essential to maintaining a stable and inclusive political environment in the region. Community engagement and participatory governance will be crucial in ensuring that security efforts do not eclipse the broader needs and aspirations of the region's residents.

3.2 Scenario: EU showcasing

In this scenario, the EU perceives Russia as an ideological opponent, necessitating a competition of ideologies. Russia is considered weakened to the degree that it is not perceived as direct military threat. Still there are considerable propaganda and information interferences, especially in border areas. This results in a significant effort to showcase the advantages of EU democracies and social market economies in terms of prosperity, well-being, technological advancement, and overall societal advancement. A key element of this strategy involves substantial public investments in the border regions with Russia to highlight the achievements and appeal of EU values and ideologies. These regions become the focus of large-scale public support, aiming to better integrate them into the EU economy and transform them into economically and socially thriving areas. Comparisons are often drawn to the extensive public support provided to West Berlin during the Cold War.

The border regions are evolving into what some describe as artificial 'boomtowns'. This concerns in particular larger cities but also small places and rural areas close to the border with informal cross-border contacts. Large-scale investments in modern infrastructure, targeted support programmes, and incentives to attract international companies and skilled workers are reshaping the character of these areas. Over time, the regions are transforming into dynamic and vibrant showcases of EU values and ideology. Some people might compare it to the developments in South Korea a few decades ago where the key difference lies in South Korea's democratic governance, market-oriented reforms, and integration into global trade networks, which fuelled its rapid development. In contrast, North Korea's isolation, centralised economy, and authoritarian rule have severely limited its economic progress and access to innovation.

At the same time, much of this new economic activity is not self-sustaining and remains dependent on external financial support. Many businesses and residents in these regions struggle to achieve competitiveness within the broader EU economy. Consequently, these areas and their economies become permanently reliant on financial backing from their national governments and the EU.

3.2.1. Shared scenario

In the EU showcasing scenario, the CHANEBO regions are identified as dynamic flagships of European innovation, sustainability, and cohesion. With substantial EU investment, policy alignment, and collaborative momentum, these regions undergo a transformation from borderlands into models of future-ready regional development. The green energy industry, the circular economy sector and the eco-tourism sector have been identified as areas of particular importance. These industries have been shown to flourish when supported by targeted public-private investments, robust governance and skilled project management.

Smart city initiatives, digital public services, and modern infrastructure enhance the attractiveness of these regions, while high-quality education systems and inclusive mobility programmes foster youth retention and talent attraction. Cross-border coordination around transport corridors – e.g. the Kotka–Sillamäe ferry – and innovation ecosystems have been demonstrated to reinforce economic diversification and connectivity. It is evident that residents are experiencing an enhanced sense of security and a stronger sense of belonging to their communities. This is evidenced by a decline in outmigration and a resurgence in local business activity. The notion of a shared European identity is developing in tandem with national pride, facilitated by civic investments and cultural engagement.

Moreover, EU funding continues to play a pivotal role. To stay independent, regions must aspire to greater autonomy by strategically investing in economic self-sufficiency and local innovation capacity. Education and

research and R&D endeavours need to be aligned with the requirements of the labour market and founded on a social and ecological foundation.

The scenario’s way to the vision

These developments are strongly aligned with the 2045 Joint Vision, which aims to create vibrant multigenerational communities, resilient economies, and balanced, well-connected regions. Nevertheless, the trajectory of showcasing concomitantly engenders novel challenges. The phenomenon of rapid growth has been demonstrated to be a significant factor in the exacerbation of existing disparities within specific regions. This has been shown to have a detrimental effect on natural systems, resulting in increased pressure on them. Although sustainability is supported at an institutional level, it is imperative that it is also embedded in the local values and behaviours of the community – this cannot be achieved merely by means of regulation.


In order to uphold their 2045 vision, it is vital that the regions ensure that smart growth remains inclusive, that development remains ecologically aware, and that innovation remains tied to civic values. In the event of success, the objectives of the project will be achieved, and the EU's external edge will be redefined as a living demonstration of how security, sustainability, and social cohesion can thrive hand in hand.

The joint scenario has been developed through dialogue between the four regional stakeholders. A brief overview of the regional scenarios is provided below. Figure 3.6 summarises similarities and common challenges between the regional scenarios, which were identified during the stakeholder workshop in April 2025.

Figure 3.5 Refining the scenarios - EU showcasing

	Latgale	Utenos	Ida-Viru	South Karelia
South Karelia				Independence from EU funds (proud)
LV/ LT		<ul style="list-style-type: none"> • Smart city initiatives • EU priorities 		
FI/ LT		<ul style="list-style-type: none"> • Attractive urban spaces • Border control 		
FI/ EE				<ul style="list-style-type: none"> • Transport and tourism corridors • Kotka-Sillamäe ferry
LT/ EE		Education & high-quality jobs		
LT/ FI/ EE				Development of innovations
LV/ LT/ FI/ EE	<ul style="list-style-type: none"> • European security allows to develop for all the EU countries • People feel more secure & don't leave border regions • Start for businesses • Target programmes will decrease the differences in economic level 	Green energy		<ul style="list-style-type: none"> • Education an innovation • Ecosystem collaboration • EU funded sectors development <ul style="list-style-type: none"> • Projects • Project management skill

Refining the scenarios – EU showcasing



	Latgale	Utenos	Ida-Viru	South Karelia
South Karelia				Independence from EU funds (proud)
LV/ LT		<ul style="list-style-type: none"> • Smart city initiatives • EU priorities 		
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LT/ EE		Education & high-quality jobs		
LT/ FI/ EE				Development of innovations
LV/ LT/ FI/ EE	<ul style="list-style-type: none"> • European security allows to develop for all the EU countries • People feel more secure & don't leave border regions • Start for businesses • Target programmes will decrease the differences in economic level 	Green energy		<ul style="list-style-type: none"> • Education & innovation • Ecosystem collaboration • EU funded sectors development <ul style="list-style-type: none"> • Projects • Project management skill

25 ESPON CHANEBO Workshop Daugavpils 24/4/25

Source: Stakeholder workshop in Daugavpils, April 2025

3.2.2. South Karelia region, Finland

Exogenous trends & drivers. Ideological competition between the EU and Russia shapes Finland’s border policies: while some crossing points remain open, strict controls are maintained due to ongoing hybrid threats, including potential asylum seeker pressure and cyber interference. Trade with Russia is partially restored but limited to critical economic sectors. South Karelia benefits temporarily from substantial EU and national financial support, enabling large-scale infrastructure projects, business incentives and relocation programmes. EU funding drives green technology investments, but the challenge is ensuring that economic growth does not lead to unsustainable production, energy use, and mobility. Cross-border collaboration is funded by the EU to promote cultural exchanges and targeted local initiatives as a form of soft power to influence grassroots actors and organisations in Russia. Media literacy efforts focus on Russian-speaking residents in South Karelia to counter disinformation and mitigate foreign influence.

Endogenous trends & drivers. South Karelia experiences an economic boost through incoming investments, driving infrastructure development and growth in industries aligned with EU and national priorities. Job creation and entrepreneurship rise, particularly in new sectors, but long-term sustainability remains uncertain. Connectivity improves with expanded transport and digital infrastructure, though access to Russian markets stays limited. Scholarships and relocation incentives attract skilled workers and students, temporarily counteracting demographic decline. EU funding enables collaboration within and beyond Finland but remains priority-driven. Tourism benefits from regional rebranding and infrastructure investments, yet competition with other Nordic regions is strong as Russian visitors remain scarce. Public services, clean energy investments and the development of attractive urban environments enhance quality of life, while large-scale infrastructure and industrial growth increase energy consumption and pressure on natural resources.

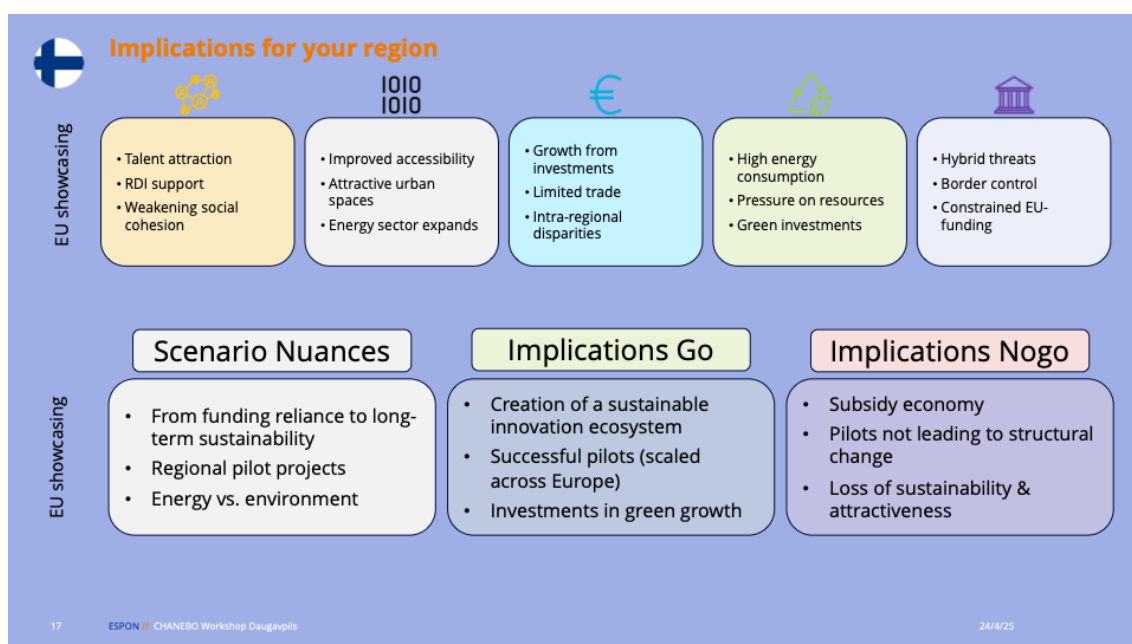
Regional narrative. Population decline and aging stabilise as students and skilled workers migrate in. The share of foreign and foreign-language speakers further increases. Multilingual education and integration programmes expand. Employment rises with investment-driven job creation, but mismatch problem persists as growth concentrates on sectors aligning with EU and national priorities. GDP and disposable income per capita grow, but inequality widens. Investment and R&D spending temporarily exceed the national average but later stabilise, creating reliance on external funding. Exports continue to grow, yet trade remains limited due to EU market dependence and reduced Russian trade. Enterprise numbers and entrepreneurship rise with EU support, but challenges remain in competitiveness and long-term sustainability. Retail and tourism see a temporary boost but fail to reach past levels due to the loss of Russian cross-border visitors. The energy sector expands, especially solar power, while wind power continues to face defence-related constraints. Intra-regional disparities persist as Lappeenranta benefits most from EU funding, though rural areas and Imatra gain depending on their ability to secure EU funding. Security strengthens, but social cohesion weakens and discrimination against Russian-

speakers increases. Connectivity improves through infrastructure investments and sustainable mobility, but transport capacity remains a challenge.

Implications:

- **Social or societal implications.** Scholarships and relocation incentives attract skilled workers and students, stabilising population decline and increasing foreign residents and foreign-language speakers. Simultaneously, targeted investments in education as well as support for research, development and innovation (RDI) are crucial to meet regional skill demands and to attract young people to stay in South Karelia. Residents' welfare and disposable income grow, and security strengthens, but social cohesion weakens, and discrimination rises. Multilingual education and integration programmes expand, while media literacy efforts target Russian-speaking residents. Efforts are needed to support cultural initiatives that enhance regional well-being, attractiveness, and social cohesion. Cultural exchanges and targeted initiatives influence grassroots actors in Russia.
- **Technological implications.** Connectivity improves through investments in transport and digital infrastructure. Sustainable mobility increases, yet transport capacity continues to pose challenges, and access to Russian markets remains limited. As a result, significantly enhancing South Karelia's accessibility remains a critical priority. Clean energy investments enhance quality of life, while the development of attractive urban environments encourages people to live, work and stay in the region. The energy sector expands, especially solar power, while wind power continues to face defence-related constraints.
- **Economic implications.** Economic growth is driven by investments in infrastructure and sectors aligned with EU and national priorities. Employment and entrepreneurship rise, but mismatch problem, competitiveness and sustainability remain challenges. Exports grow, yet trade is limited due to EU market dependence and reduced Russian trade. Investment and R&D peak before stabilising, increasing reliance on external funding. Retail and tourism see a temporary boost but struggle without Russian visitors. Intra-regional disparities persist, with Lappeenranta benefiting the most from EU funding. South Karelia needs to attract investments that support the development of its regional assets, aiming to shift from short-term support to self-sustaining economic vitality. South Karelia could serve as a pilot region for innovative initiatives, such as becoming a special economic zone.
- **Environmental implications.** Large-scale investments in infrastructure and industrial growth lead to greater energy consumption and pressure on natural resources. EU funding prompts investments in green technologies, yet the challenge remains to ensure that increased economic activity does not lead to unsustainable production, energy use, and mobility.
- **Political implications.** Finland maintains strict border controls despite some open crossings, responding to hybrid threats like asylum seeker pressure and cyber interference. EU funding enables collaboration within and beyond Finland but remains priority-driven. Therefore, issues concerning the eastern border must be prioritised in Finland's policy agenda, and faster decision-making processes must be introduced. National and EU-level policies also need to be aligned to ensure coherent regional development.

Figure 3.5 Summary EU showcasing scenario for South Karelia region



Source: Finnish stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.2.3. Ida-Viru region, Estonia

Exogenous trends & drivers. Ida-Viru County is at the forefront of Estonia’s transition to a climate-friendly economy, driven by the need to reduce its historical reliance on the oil shale industry. This shift presents both economic challenges and opportunities, prompting targeted support from the EU Just Transition Fund to facilitate a sustainable transformation. Estonian government allocates substantial funds aimed at revitalising Ida-Viru’s economy and preparing it for a climate-neutral future. The region has set a clear goal of economic diversification and leadership in renewable energy, focusing on developing new industries and alternative employment opportunities. These funds are mainly being directed towards enhancing economic development and transportation infrastructure, including the construction of new industrial parks that will necessitate better logistics and transport options.

Endogenous trends & drivers. The Port of Sillamäe plays a vital role in maritime trade, serving as the EU’s easternmost Baltic port and the second largest in Estonia. Operated by SilSteve Ltd., its multifunctional terminal handles various cargo types, including bulk goods, general cargo, and containers. By strengthening the region’s industrial sector, Ida-Viru Investment Agency (IVIA) plays a crucial role in economic revitalisation, helping to mitigate demographic decline by creating employment opportunities, encouraging skilled labour retention, and positioning Ida-Viru as a competitive hub for industrial investment in Estonia. Despite economic development, Ida-Viru County faces educational and labour market challenges, as structural unemployment remains high, and high proportion of long-term unemployed are aged 50+, and many residents have limited Estonian proficiency, posing significant barriers to workforce integration.

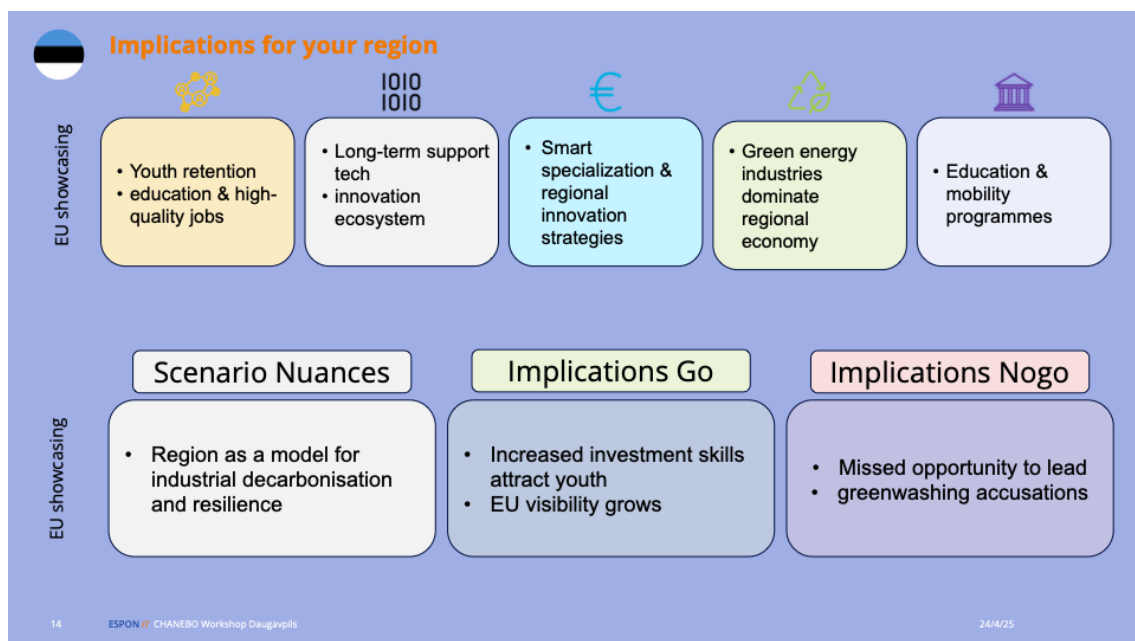
Regional narrative. Ida-Viru is undergoing a significant transformation, moving from an oil shale-dependent economy to a diversified, sustainable industrial hub. While major investments and infrastructure projects create opportunities for growth, challenges remain in education, employment, and social cohesion. Addressing these issues will be critical for the long-term success of the region’s economic and environmental transition.

Implications:

- **Social or societal implications.** Efforts to diversify the economy and invest in new industries may slow down demographic decline, but structural unemployment remains a pressing concern, as the region faces persistent unemployment and aging workforce, with many individuals (particularly those aged 50+) struggling to reintegrate into the labour market, and only 20% of residents hold higher education degrees, limiting access to higher-paying jobs and innovation-driven industries.

- **Technological implications.** Investments in logistics, manufacturing, and technology sectors suggest a shift toward a more technologically advanced industrial base. Companies like Eesti Energia and Viru Keemia Grupp are transitioning toward more eco-friendly practices, signalling a move toward green technology.
- **Economic implications.** Transition from oil shale dependence to renewable energy and industrial diversification is a major economic transformation. New industrial parks and investment projects aim to mitigate demographic decline by providing new job opportunities and attracting skilled labour. Tax incentives in the Sillamäe Free Trade Zone encourage investment in manufacturing and logistics, potentially increasing foreign direct investment.
- **Environmental implications.** The region's commitment to reducing reliance on oil shale aligns with broader EU climate goals, supporting environmental sustainability. Investments in renewable energy and eco-friendly manufacturing could position Ida-Viru as a leader in Estonia's green transition.
- **Political implications.** The government's targeted investment in Ida-Viru County reflects a strategic effort to stabilise the region economically and politically. The shift towards sustainability and industrial diversification aligns with EU policies, strengthening Estonia's position within the EU.

Figure 3.6 Summary EU showcasing scenario for Ida-Viru region



Source: Estonian stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.2.4. Latgale region, Latvia

Exogenous trends & drivers. This scenario is driven by an ideological rivalry between the EU and a weakened Russia, framed not as a direct military confrontation but as a competition between societal models. In response, the EU channels substantial funding and strategic attention to its eastern border regions to visibly demonstrate the advantages of democratic governance and the social market economy. A very favourable environment is created to attract international investment, including the designation of tax-free zones and other business-friendly incentives. These measures not only stimulate local economic growth but also send a clear signal to the aggressive neighbour: the EU stands firm, united, and not to be intimidated. Key exogenous drivers include large-scale public investment, coordinated EU branding efforts, accelerated cross-border infrastructure development, and robust disinformation countermeasures. International companies and NGOs are actively encouraged to establish a local presence. However, the rapid pace of top-down development raises questions about long-term sustainability, community buy-in, and local ownership of transformation processes.

Endogenous trends & drivers. Latgale's existing challenges - low income, limited private investment, depopulation, and underdeveloped infrastructure - become opportunities under this scenario, as the region is repositioned as a key showcase of EU values and solidarity. Urban centres like Daugavpils and Rēzekne benefit from targeted investments in housing, culture, education, and tech-driven services, making them increasingly attractive to both young professionals and remigrants. Youth are being retained as they find suitable employment in emerging sectors such as digital services, sustainable industries, and creative economies. Many

more people return to the region, drawn by improved living standards, new opportunities, and a renewed sense of purpose. Local governments experience a surge in responsibilities and resources but also face institutional and administrative capacity challenges. While the inflow of funds revitalises infrastructure, public services, and civic spaces, it also deepens dependency on external support. Social disparities may widen between growing urban hubs and peripheral rural areas, and questions may persist about the authenticity and inclusiveness of transformation in communities still shaped by historical marginalisation and mistrust. Ensuring that local voices are part of the development process remains key to sustaining long-term cohesion and regional resilience.

Regional narrative. In this scenario, Latgale becomes a high-visibility frontier of EU prosperity and ideological confidence. Backed by substantial EU and national investments, the region's cities and towns are revitalised through modern infrastructure, digital innovation, and cultural regeneration. Flagship projects such as smart mobility hubs, technology parks, and EU-branded civic centres are launched to visibly reflect the values of openness, sustainability, and inclusion. Skilled workers and international firms are incentivised to relocate, bringing new dynamism, capital, and expertise to the region. Public services improve markedly, and EU-led education and training initiatives bolster local skills, making the workforce more competitive and future-ready. The scale and visibility of incoming investments begin to generate positive spill-over effects, stimulating local entrepreneurship, boosting demand for services, and enhancing connectivity across adjacent rural areas. However, the economic boom remains largely state-driven and not yet self-sustaining, posing risks of stagnation should external support diminish. Some rural communities still lag behind, and parts of the population remain sceptical of the pace and direction of transformation. Nonetheless, Latgale experiences a surge in confidence, civic pride, and deeper integration into national and EU governance structures. It evolves into a symbolic EU success story – an 'ideological West Berlin' on the eastern edge of the Union.

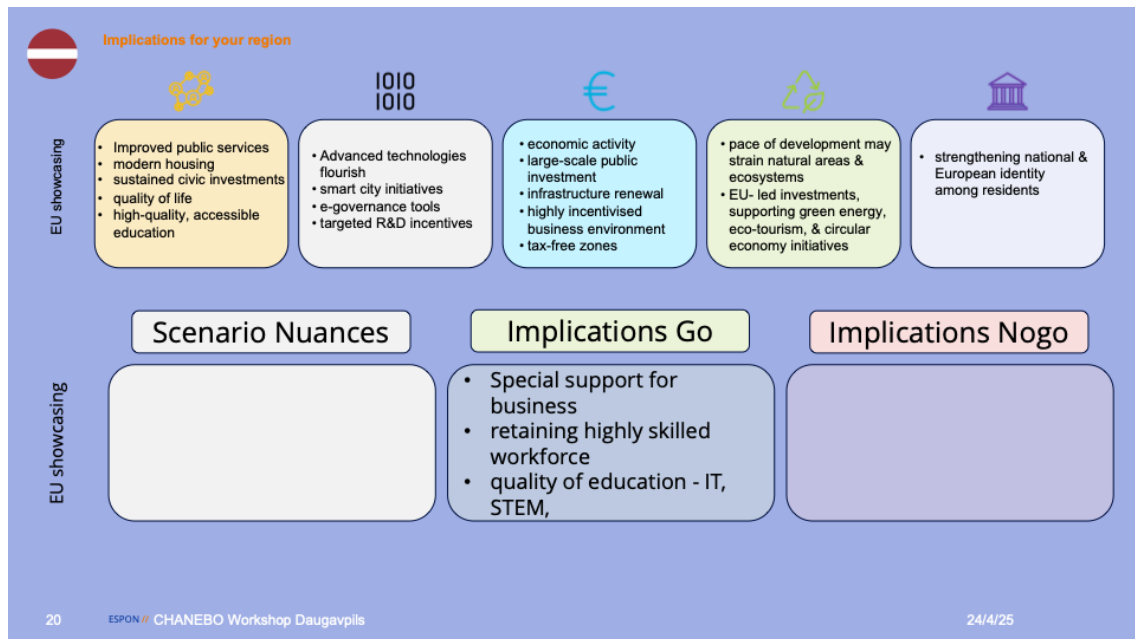
Implications:

- **Social or societal implications.** Improved public services, modern housing, and sustained civic investments enhance the overall quality of life, making the region more attractive to younger residents and encouraging the return of remigrants. High-quality, accessible education strengthened through EU and national support plays a key role in retaining youth, offering them meaningful opportunities to study, work, and thrive locally. As the region gains visibility as a dynamic and future-oriented place to live, it begins to attract not only former residents but also new arrivals seeking stability, opportunity, and a strong sense of community. Civic engagement flourishes through EU-funded participatory programmes, which foster inclusion and build local ownership of the transformation process. However, despite this progress, rural-urban divides may deepen, especially if growth is concentrated in urban hubs. Some communities may continue to feel disconnected from the EU narrative, particularly where benefits appear externally imposed or unevenly distributed, underscoring the need for more balanced and inclusive regional development strategies.
- **Technological implications.** Advanced technologies flourish, driven by smart city initiatives, e-governance tools, and targeted R&D incentives. The region positions itself as a forward-looking innovation hub and becomes a testbed for EU-funded digital solutions, including in areas such as public service delivery, mobility, and environmental monitoring. Local firms may benefit from spillover effects through increased collaboration, access to infrastructure, and exposure to new markets. However, growing technological dependency on external actors, particularly multinational corporations, raises concerns about long-term autonomy and resilience. At the same time, unequal levels of digital literacy and infrastructure development can create significant access gaps especially in isolated rural communities risking a digital divide that undermines inclusive growth and social cohesion.
- **Economic implications.** Latgale sees a surge in economic activity, driven by large-scale public investment, infrastructure renewal, and a highly incentivised business environment. The creation of tax-free zones further boosts the region's attractiveness, encouraging both international firms and domestic investors to establish operations. Job creation improves significantly, particularly in sectors such as construction, services, logistics, and technology. These developments contribute to a sense of momentum and opportunity, especially in urban centres. However, the rapid economic expansion remains heavily reliant on continued financial support and external drivers, with limited progress toward building organic competitiveness. While larger firms benefit from the favourable conditions, small and locally owned businesses may struggle to adapt to fast-paced structural changes, rising costs, and shifting market dynamics. Without targeted support for entrepreneurship and innovation at the grassroots level, there is a risk that the benefits of growth become unevenly distributed and short-lived, potentially undermining long-term regional resilience.
- **Environmental implications.** Environmental sustainability is a core principle of EU-led investments, supporting green energy, eco-tourism, and circular economy initiatives. Infrastructure projects follow strict environmental standards, contributing to reduced emissions and greater local resilience. These efforts create new economic opportunities while aligning with climate goals. However, the pace of development

may strain natural areas and ecosystems if not guided by robust regional planning and strong enforcement of environmental regulations. To ensure long-term sustainability, growth must be carefully balanced with ecological protection and active community involvement, safeguarding the region's natural assets for future generations while maintaining the integrity of environmental objectives.

- **Political implications.** Latgale becomes a flagship of EU soft power, strengthening national and European identity among residents. Public trust in institutions improves through visible results and civic participation. However, perceptions of over-centralisation or political tokenism could emerge if regional voices are not genuinely included in decision-making and long-term planning.

Figure 3.7 Summary EU showcasing scenario for Latgale region



Source: Latvian stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.2.5. Lithuanian stakeholder region

Exogenous trends & drivers. In the context of ideological competition with Russia, several exogenous trends significantly impact the Lithuanian stakeholder region. The EU's emphasis on showcasing its values redirects substantial investments into the region, aiming to enhance infrastructure, education, and economic opportunities. The relocation of certain state agencies from Vilnius to the region not only underscores its strategic importance but also stimulates local economic activity and governance capacity. Providing higher education opportunities in the region attracts and retains skilled labour, fostering innovation and entrepreneurship. However, the influx of resources and attention may lead to gentrification and social disparities, as well as dependency on external funding, challenging long-term sustainability and autonomy. Balancing these investments with inclusive growth and local empowerment will be crucial for the region's development.

Endogenous trends & drivers: Endogenous trends in the region reinforce the vulnerability of border areas under this scenario. Persistent demographic aging and outward migration, exacerbated by perceptions of insecurity and militarisation, drive steady population decline. These shifts undermine the region's socio-economic resilience and capacity to retain skilled residents, as local municipalities struggle to adopt and invest in new technologies necessary for responding to hybrid threats and modernising infrastructure. The influx of EU investments and initiatives aimed at showcasing success may temporarily boost economic activity and public services, but they also highlight the region's dependency on external support. Limited local expertise and financial resources hinder the ability of smaller municipalities to fully capitalise on these opportunities, potentially widening disparities within the region. Efforts to enhance connectivity, education, and innovation are crucial but must be balanced with strategies for sustainable, inclusive growth to ensure long-term resilience and autonomy.

Regional narrative. In the EU showcasing scenario, the Lithuanian stakeholder region emerges as a strategic frontier, exemplifying the prosperity and appeal of EU values and ideologies. Substantial public investments are

directed towards enhancing local infrastructure, bolstering education, and fostering business development, aiming to transform the region into a visible success story. These investments address the longstanding challenges of the region, including population decline, high unemployment, limited foreign direct investment (FDI), and poor connectivity. By attracting skilled labour, supporting innovation, and expanding rural tourism, the region aims to revitalise its economy and community.

The EU-funded innovation centres, upgraded transport links, and incentives for small and medium-sized enterprises (SMEs) become hallmarks of this transformation. However, structural limitations persist, particularly in smaller municipalities like Zarasai, Ignalina and Švenčjonis, which struggle to capitalise on these investments as effectively as Utena Municipality. The relocation of some ministries and state agencies from Vilnius to the region further amplifies its strategic importance, potentially driving economic activity and providing increased opportunities for education, including higher education.

Despite these advancements, much of the economic activity remains dependent on continued EU and national support, raising concerns about long-term sustainability. The region becomes a symbolic zone of ideological contrast, with visibly improved quality of life and public services serving as a counter-narrative to Russian disinformation. Yet, the reliance on external funding and the uneven distribution of benefits across municipalities pose challenges to the region's future autonomy and resilience.

Implications:

- **Social or societal implications.** The transformation of border regions into showcases of EU values presents a mix of opportunities and challenges. Enhanced public services and modern infrastructure significantly improve residents' well-being, but the influx of skilled workers and international companies poses risks of gentrification and displacement of long-term residents. Social cohesion may be strained as diverse cultures integrate, requiring robust social integration policies. EU investments bolster population retention, education, and connectivity, fostering inclusion and local pride. The potential relocation of some ministries and state agencies from Vilnius to the region could further stimulate economic activity and provide increased opportunities for education, including higher education. However, uneven development across municipalities and ongoing demographic decline challenge social cohesion and sustainability. Constant comparisons to EU ideals may lead to disillusionment if the promised prosperity is not fully realised or sustained.
- **Technological implications.** The border regions are poised to become technological innovation hubs, with investments in digital infrastructure, smart city initiatives, and advanced manufacturing attracting tech companies and startups. This fosters a vibrant innovation ecosystem, yet reliance on external funding may hinder the development of a self-sustaining tech industry, as local firms struggle to compete with well-funded international rivals. While digital and transport infrastructure improvements enhance access and connectivity, limited local expertise and low private investment constrain broader technological transformation, particularly in smaller municipalities.
- **Economic implications.** EU investments in the region stimulate job creation, business development, and tourism attracting new enterprises and remote workers working from their second homes. Modern infrastructure, including high-speed internet and advanced transportation, enhances quality of life and business appeal. However, economic activity remains uneven, with smaller municipalities struggling to attract investment. Reliance on external funding raises concerns about long-term resilience and sustainability. Investments in education and medical services improve local amenities, yet the focus on showcasing success may divert resources from addressing structural economic issues, potentially leading to a dual economy where certain sectors thrive while others lag.
- **Environmental implications.** Green infrastructure and clean energy projects are promoted to highlight EU climate leadership, supporting sustainable tourism and enhancing environmental quality. However, rapid development may increase land use pressure, particularly near urban centres, while smaller municipalities may struggle to implement and maintain sustainable solutions. Large-scale infrastructure projects and urbanisation could lead to significant environmental impacts, potentially outpacing protections and resulting in habitat destruction and pollution. Balancing economic growth with environmental sustainability is essential to preserve the region's natural heritage while showcasing EU values.
- **Political implications.** Lithuania reinforces border security to counter hybrid threats, including disinformation and cyber interference, with EU funding supporting cross-border cooperation and civic engagement initiatives. However, strategic priorities are centrally defined, and while local governments gain visibility, decision-making remains largely dependent on national and EU-level political agendas. The relocation of some ministries and government agencies to the region further emphasises its political significance, potentially aligning local governance more closely with EU priorities. This could limit local

autonomy, as a top-down approach may dictate development strategies, reducing the influence of local communities in shaping their futures and raising concerns about democratic participation and agency.

3.3 Scenario: EU-Russian appeasements

In this scenario, the EU and Russia are gradually moving closer together, as ideological and political priorities on both sides evolve to allow for a process of appeasement. This is based on Russia taking steps towards democracy while at the same time many EU member states move closer to authoritarian approaches. This involves a slow rapprochement and cautious resumption of contacts and cooperation. Borders are gradually being reopened, and economic and cultural links are tentatively re-established. However, this scenario is far from a return to the situation before February 2022. Social mistrust and suspicion remain pervasive, affecting interactions between people and businesses. This mistrust extends not only across the border but also within countries and regions, as lingering uncertainties persist about where loyalties 'really' lay between 2022 and 2025 and where they stand now in the shifting political landscape.

Border regions are slowly adapting to this 'new reality' of more open borders. These changes offer fresh opportunities for businesses and individuals to capitalise on their proximity to the border and the increased permeability of borders. Over time, these regions begin to redefine their profiles and develop their economies in response to the new circumstances. However, there is still a lot of social discontent and mistrust, which poses development challenges.

3.3.1. Shared scenario

In the EU–Russian appeasement scenario, the CHANEBO regions adopt a cautious approach in reopening channels of interaction with their eastern neighbour. The resumption of cultural exchange, cross-border tourism and small-scale commerce is to be facilitated by joint cross-border cooperation and Interreg projects. The overarching aim of these projects is threefold: firstly, to improve border infrastructure; secondly, to support a shared labour market; and thirdly, to reactivate regional trade. The phenomenon of environmental cooperation, coupled with the resurgence of eco-tourism, has been observed to precipitate the revitalisation of logistical corridors, thereby concomitantly reawakening dormant economic potential. However, this pragmatic engagement is overshadowed by persistent mistrust, investment caution, cybersecurity threats and profoundly fragile political confidence, all of which collectively impede the attainment of broader progress.

The scenario's way to the vision

This scenario is characterised by both alignment and divergence with the 2045 Joint Vision. It is evident that the proposed initiative will facilitate connectivity, cultural interaction and regional collaboration. This is in alignment with the vision, which places significant emphasis on cross-border ties, innovation ecosystems and social cohesion. Collaborative projects between CHANEBO regions, institutional partnerships, and the strategic use of local raw materials contribute to economic diversification and capacity-building.

Nevertheless, the foundations of the vision continue to be subject to pressure. The ongoing depopulation in key areas is being compounded by the slow rate of job creation and the limited opportunities available to young people. The ambition of the vision to establish vibrant, multigenerational communities anchored by inclusive governance is undermined by social polarisation, education disparities and a lack of trust in public institutions. The presence of environmental objectives is acknowledged; however, these objectives are modest in scale and frequently reliant on external frameworks rather than local initiatives.

In order to uphold the 2045 vision in this scenario, it is essential that regions move beyond minimal re-engagement. It is imperative that they proactively invest in societal trust, strengthen cybersecurity and digital sovereignty, and develop a strategic identity that blends openness with resilience. To achieve this, civic education, cultural diplomacy, and joint labour strategies must be deployed to bridge the divides that currently exist. Sustained commitment to this initiative has the potential to transform the CHANEBO regions into exemplars of borderland stability, thereby demonstrating that even in a context of geopolitical uncertainty, regions can forge a future founded on cooperation, security, and a revitalised social purpose.

The joint scenario has been developed through dialogue between the four regional stakeholders. A brief overview of the regional scenarios is provided below. Figure 3.9 summarises similarities and common

challenges between the regional scenarios, which were identified during the stakeholder workshop in April 2025.

Figure 3.8 Refining the scenarios - EU-Russian Appeasement

	Latgale	Utenos	Ida-Viru	South Karelia
LV/ LT		<ul style="list-style-type: none"> • Opportunities in cross border commerce • Environmental cross border cooperation • Fragile political trust 		
FI/ EE				CBC may slowly start again
LT/ EE		• Cultural exchanges		
LV/ FI/ EE	Tourism			<ul style="list-style-type: none"> • Building up trust • Actions, legal basis development
LV/ LT/ FI/ EE	<ul style="list-style-type: none"> • Raw materials available ↑ • Trade, Export, Tourism, Import, Logistic • Institutional cooperation 		<ul style="list-style-type: none"> • Cultural exchange, but mistrust remains • Depopulation • Cybersecurity 	<ul style="list-style-type: none"> • Joint CBC/ Interreg project working on improved borders & common labour market • Comprehensive security incl. preparedness • Also providing security solutions for the whole EU • Collaborative projects between CHANEBO regions

Source: Stakeholder workshop in Daugavpils, April 2025

3.3.2. South Karelia region, Finland

Exogenous trends & drivers. As EU-Russia tensions ease, Finland and Russia cautiously renew diplomatic ties, reopening border checkpoints and restoring Border Guard cooperation. Trade with Russia resumes, excluding critical sectors like nuclear power. EU-funded cross-border cooperation remains limited, focusing on economic, cultural and environmental exchanges. Meanwhile, suspicion toward Russia persists among political leaders, regional actors and local communities. Closer ties with Russia and pro-trade policies spark political clashes and social tensions. Finland maintains its NATO membership, and national defence spending remains at a high level, with continued focus on hybrid threats and comprehensive security. Within the EU, divisions deepen between pro-democracy and authoritarian-leaning states, providing ground for alliances between Russia and individual EU states. This possible EU fragmentation leaves South Karelia uncertain about future political developments and EU support.

Endogenous trends & drivers. Economic development in South Karelia benefits from the gradual reopening of the border, reviving trade opportunities with Russia and improving access to raw materials. However, business owners remain cautious about re-establishing ties, and investors hesitate due to geopolitical uncertainties. Job creation and new business formation stay modest, though enterprises serving cross-border visitors see growth. Connectivity improves as trade and transit routes to Russia and Asia are restored, strengthening regional logistics. Depopulation and aging persist, with South Karelia struggling to attract newcomers beyond Russian migrants. Social tensions rise at the local level as renewed ties with Russia, on the one hand, restore a psychological sense of security and strengthen the civil society. On the other hand, lingering distrust and growing EU polarisation strain trust, politics and public discourse within communities. Amid uncertainties about future political developments and alliances, leadership and the business sector in South Karelia do not rely solely on connections with or through Russia. They are actively looking for opportunities beyond established collaborative links and forms of co-operation with Europe – particularly the Baltic and Nordic states – and also pursue broader global partnerships. South Karelia continues advancing carbon neutrality and sustainable energy.

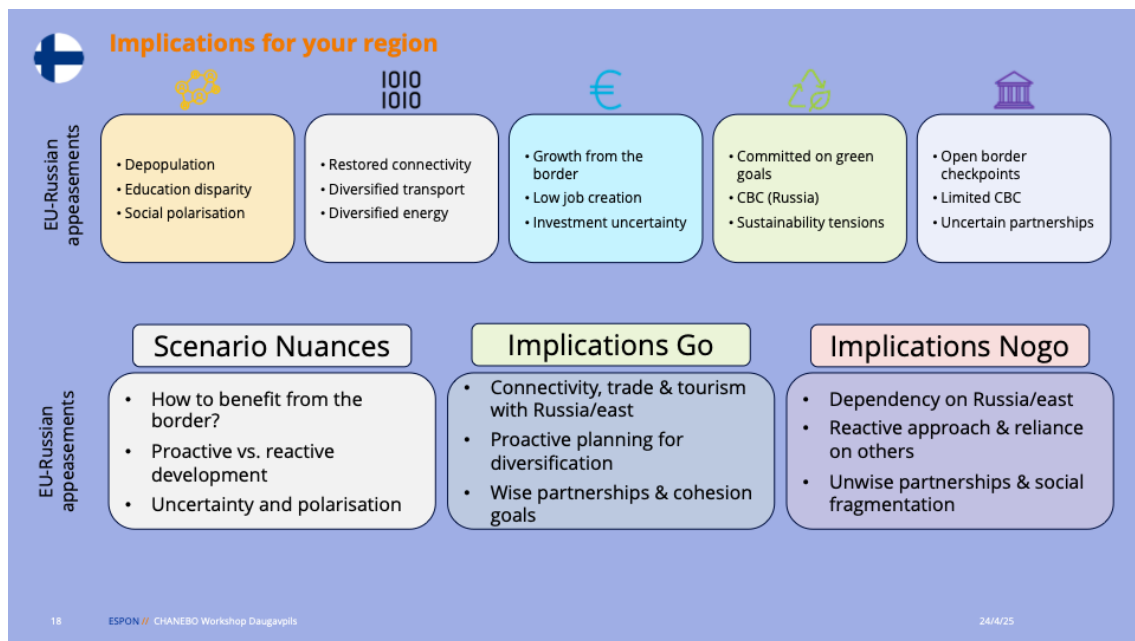
Regional narrative. Population decline slows but continues, as cross-border ties bring modest Russian migration, while Finnish youth outmigration and aging persist. Higher education grows with Russian-speaking students, while school closures continue and integration challenges rise. The labour market remains fragile, with low job creation but modest growth in retail and tourism due to cross-border visitors. The economy and trade

lag behind national growth, with volatile investments and modest growth in key sectors such as manufacturing. Self-employment remains low, as uncertainty and geopolitical risks deter entrepreneurial activity. The transition to a diversified energy mix continues, supported by EU and national policies. Cross-border tourism recovers but does not return to pre-2014 levels. Russian property purchases remain low due to regulatory barriers. Intra-regional disparities grow, with Lappeenranta benefiting most from improved cross-border relations and economic cooperation with Russia. South Karelia adapts to evolving geopolitical risks, while rising political tensions and mistrust create challenges. Cross-border mobility gradually resumes, but the region diversifies transport routes and invests in fibre-optic networks to ensure connectivity during uncertain times.

Implications:

- **Social or societal implications.** Depopulation and aging continue, as young people migrate out of the region, while modest migration from Russia helps slow the decline. Higher education grows with Russian-speaking students, while school closures continue. Education and learning possibilities require increased attention, to generate vitality and support regional economy. Integration challenges and social tensions increase as renewed ties with Russia and EU polarisation strain trust and spark political clashes within communities.
- **Technological implications.** Connectivity improves as trade and transit routes to Russia and Asia are selectively restored. Cross-border mobility gradually resumes. South Karelia diversifies transport routes and invests in fibre-optic networks to ensure connectivity during uncertain times. The transition to a diversified energy mix continues, supported by EU and national policies.
- **Economic implications.** Economic development benefits from the border reopening, reviving tourism and trade with Russia while improving access to raw materials. Yet, the economy and trade lag behind national growth, making it essential to foster the development of new industries, enhance skills and RDI intensity, and ensure that renewed ties do not lead back to the pre-2020 dependency on Russia. Business owners and investors remain cautious due to geopolitical uncertainties, highlighting the need to strengthen the region's image as a safe and attractive place for investment. The labour market remains fragile, with low job creation and self-employment but modest growth in retail and tourism. Russian property purchases stay low due to regulatory barriers. Intra-regional disparities grow, with Lappeenranta outperforming the other municipalities.
- **Environmental implications.** South Karelia continues aligning with Finland's and the EU's environmental goals, maintaining its focus on carbon neutrality and sustainable energy. EU-funded cross-border environmental cooperation with Russia resumes, addressing shared ecological concerns. However, economic recovery efforts and renewed trade with Russia may create tensions between environmental commitments and industrial activities, particularly in forestry and logistics.
- **Political implications.** As EU-Russia tensions ease, Finland cautiously renews ties with Russia, reopening border checkpoints and restoring Border Guard cooperation. Limited EU-funded cross-border projects focus on economic and cultural exchanges. Finland remains in NATO with high defence spending. While South Karelia adapts to evolving geopolitical risks, deepening EU divisions and rising political tensions leave the region uncertain about its future and alliances. Nevertheless, connections need to be proactively developed with Europe – particularly the Baltic and Nordic states – and broader global partnerships must also be pursued.

Figure 3.8 Summary EU-Russia appeasements scenario for South Karelia region



Source: Finnish stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.3.3. Ida-Viru region, Estonia

Exogenous trends & drivers. Russian visitors, especially those traveling to destinations like Narva and Narva-Jõesuu, slowly reappear, while they do not come close to pre-2022 numbers (1.7 million trips to Estonia in 2017). This provides increased demand for hotels, spas, and retail establishments. Ida-Viru Investment Agency (IVIA) operates several industrial parks tailored to different sectors, helping to attract manufacturing, logistics, and other industries. The establishment of the Sillamäe Free Trade Zone has further accelerated diversification by offering tax incentives and fostering the growth of manufacturing, logistics, and technology industries.

Endogenous trends & drivers. The transition from fossil fuel dependency is driving efforts to diversify the economy towards green technologies, IT, and service sectors, supported by both the Estonian government and the EU. However, the need for upskilling the workforce remain significant obstacles. Ida-Viru County is undergoing a steady population decline, with projections indicating a decrease from 132 000 in 2024 to approximately 105 000 by 2050. The dependency ratio is rising and is among the highest in the country. The disposable income per capita in Ida-Viru is growing significantly but it remains lower than average in Estonia.

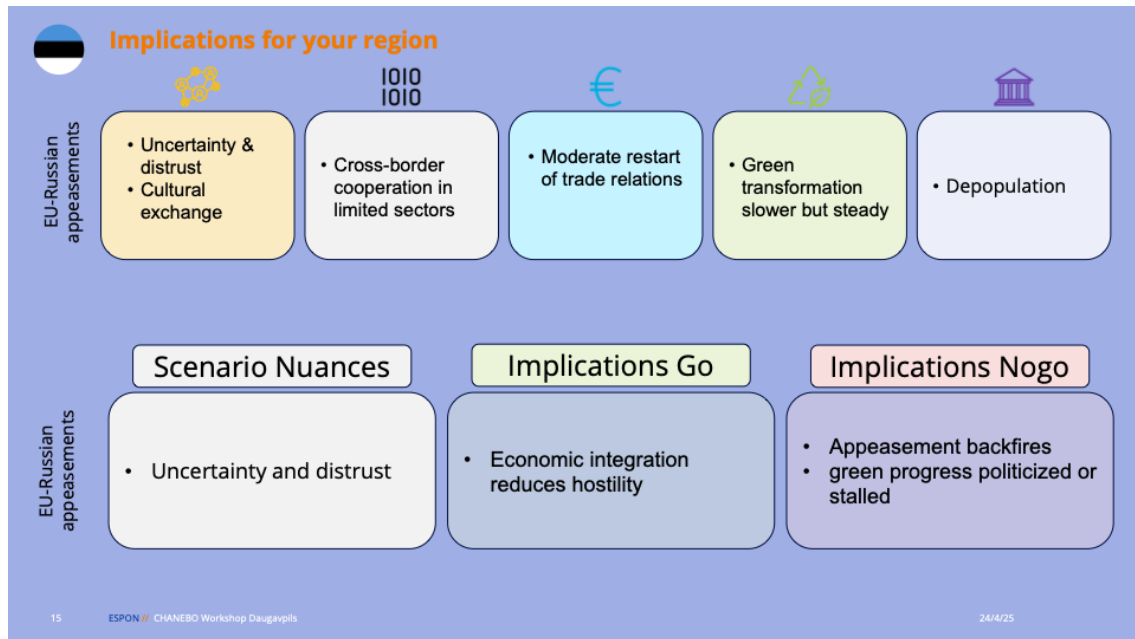
Regional narrative. Ida-Viru County, with its strategic location, is gradually adapting to a more open-border reality. Russian visitors, particularly to Narva and Narva-Jõesuu, are returning, boosting demand for hospitality, retail, and tourism sectors—though numbers remain well below pre-2022 levels. The region is leveraging its proximity to the border, fostering economic diversification through industrial parks and free trade initiatives. The Sillamäe Free Trade Zone plays a key role in attracting investment in manufacturing, logistics, and technology, offering tax incentives to encourage growth. While the region is slowly redefining its role in the new landscape, ensuring inclusive development remain critical to its long-term stability and prosperity.

Implications:

- **Social or societal implications.** The slow rapprochement between the EU and Russia fosters cautious interactions but does not erase deep-seated mistrust. In Ida-Viru, societal divisions persist, particularly between Estonian and Russian-speaking communities. Population decline and an aging demographic pose challenges, while social discontent and perceived marginalisation hinder full integration and regional stability.
- **Technological implications.** The region is shifting towards green technologies, IT, and modern logistics, supported by government and EU initiatives. Investments in digital infrastructure and automation within industrial parks and the Sillamäe Free Trade Zone aim to enhance productivity. However, the lack of skilled labour and digital literacy slows technological adoption and innovation.

- **Economic implications.** Border reopening boosts tourism and trade, particularly in hospitality and retail. Industrial diversification, driven by the Sillamäe Free Trade Zone and investment agencies, strengthens logistics and manufacturing. Transitioning from fossil fuels also presents both economic challenges and opportunities
- **Environmental implications.** The shift from fossil fuels to green energy is reshaping Ida-Viru’s industrial landscape, with state and EU support for cleaner technologies.
- **Political implications.** While political ‘normalisation’ fosters cautious cooperation, Ida-Viru remains a hotspot for geopolitical tensions. Russian influence, particularly through media and historical narratives, continues to shape public perception. Increasing efforts are needed to monitor situation and undertake counter-measures to foster integration.

Figure 3.9 Summary EU-Russia appeasements scenario for Ida-Viru region



Source: Estonian stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.3.4. Latgale region, Latvia

Exogenous trends & drivers. In this scenario, geopolitical tensions between the EU and Russia gradually ease, allowing for cautious cooperation and the reopening of borders. While a full return to pre-2022 relations does not occur, economic and cultural ties begin to recover. Key exogenous trends include renewed cross-border trade, bilateral cultural initiatives, and softened regulatory and customs regimes. Value chains resume, and access to important raw materials previously disrupted by sanctions and conflict is gradually restored, offering new opportunities for industrial and economic recovery. The international business climate improves, encouraging cautious re-engagement, though many investors remain wary of the fragile political landscape. External actors, including the EU and NGOs, shift from security-oriented to engagement-based interventions, focusing on dialogue, trust-building, and reconciliation. Nevertheless, the détente remains delicate, underpinned by mutual mistrust, ongoing geopolitical uncertainty, and uneven democratic trajectories within both the EU and Russia.

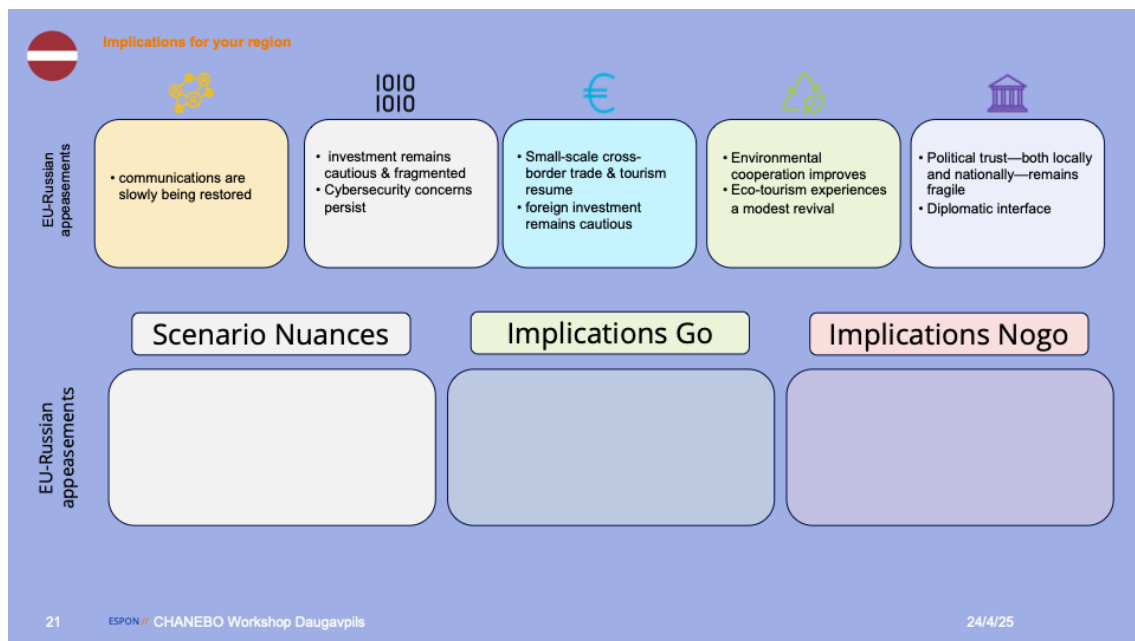
Endogenous trends & drivers. Latgale’s historical role as a cultural and economic crossroads becomes an asset. Local businesses and communities start reactivating long-dormant cross-border ties, particularly in trade, tourism, and minority-language education. However, the social fabric remains fragile. Mistrust within communities lingers, particularly regarding individuals’ perceived loyalties during the recent years of conflict. Economic opportunities begin to emerge but are unevenly distributed. Public institutions face the dual challenge of facilitating new cooperation while addressing the still-present structural issues - depopulation, weak infrastructure, and social disengagement. Regional identity begins to reassert itself in a more nuanced way, positioned between Eastern and Western spheres of influence. Importantly, the historical memory of past conflict and instability does not simply fade. It continues to shape public perception, institutional behaviour, and policy caution, acting as a persistent reminder of the risks of overdependence and the need for strategic autonomy.

Regional narrative. In the EU–Russian Appeasement scenario, Latgale slowly regains its historic function as a gateway between the EU and its eastern neighbours. Cross-border cooperation initiatives are revived, boosting trade and cultural exchange with adjacent Russian and Belarusian regions. Border procedures are relaxed, facilitating tourism and the revival of small businesses. For many locals, cross-border trade once again becomes a vital economic lifeline, allowing them to generate income and spend more on local goods and services, which helps stimulate domestic demand in towns and smaller centres. Minority communities feel more culturally acknowledged, which contributes to a partial restoration of local trust and pride. People begin to adjust to the new geopolitical context, though public discourse remains marked by ambiguity over past allegiances. While some view the renewed ties pragmatically, younger generations may hold a more critical view of these ‘new prospects’, questioning their long-term value and ethical implications. Widespread mistrust both within Latgale and between the region and central authorities remains a persistent challenge. Institutional confidence is still low. While some urban centres benefit from renewed commerce and cultural activity, rural areas continue to face economic stagnation and population decline. Infrastructure upgrades resume but are modest. Latgale’s development path is one of cautious pragmatism: rebuilding while balancing engagement with vigilance in a politically complex space between reconciliation and residual insecurity.

Implications:

- **Social or societal implications.** Reopened borders foster cultural exchange, mobility, and a modest revival of civic activity, strengthening regional identity. Yet deep-rooted social divisions persist, especially in Latgale, where historical memory remains strong, and questions of loyalty linger. While reconciliation requires community dialogue and trust-building, such memory may take decades to fade - perhaps 50 years - and cannot be erased without targeted support. However, Latgale receives no special treatment, nor do companies there benefit from tailored incentives. The region is expected to adapt without additional help. Integration policies must navigate this legacy, working to restore institutional trust while acknowledging that history is cyclical, neighbours are not chosen, and peaceful coexistence must be actively maintained.
- **Technological implications.** Cross-border digital cooperation increases, supporting modest progress in the region’s technological landscape. ICT development is primarily driven by practical needs such as trade facilitation, public administration, and education, rather than by strategic innovation or high-end R&D. While opportunities for bilateral digital services begin to emerge, tech investment remains cautious and fragmented, hampered by the absence of strong guarantees for long-term geopolitical stability. Cybersecurity concerns persist, particularly in light of continued disinformation risks and limited institutional capacity to respond to digital threats effectively.
- **Economic implications.** Small-scale cross-border trade and tourism resume, offering new income streams for SMEs and border towns, helping to stabilise local economies. However, foreign investment remains cautious, and large-scale projects are rare, limiting transformative impact. Dependency on low-wage, low-value-added sectors persists, with only incremental progress in economic diversification. As medium- and high-value-added industries continue to bypass the region, there is a growing risk of a sustained low-income trap. This dynamic restricts opportunities for long-term growth and innovation, particularly affecting the region’s youth, who are increasingly drawn to more technologically advanced sectors and better-paying jobs elsewhere. While economic optimism begins to grow, it remains fragile - highly vulnerable to shifts in political relations or renewed geopolitical tension. Without targeted policies to attract higher-value investment and enhance the innovation ecosystem, Latgale risks falling further behind in the wider European development landscape.
- **Environmental implications.** Environmental cooperation improves, particularly in cross-border water, biodiversity, and forest management. Eco-tourism experiences a modest revival, supported by renewed cultural links and natural assets. However, joint oversight remains uneven, and differing environmental standards across borders hinder progress. Latgale may benefit from EU-supported green projects, especially those aligned with circular economy principles, but implementation is slow compared to more stable regions. Environmental priorities often remain secondary to economic recovery, limiting the region’s potential for sustainable development and long-term ecological resilience.
- **Political implications.** Latgale’s strategic role evolves from a frontline buffer to a diplomatic interface, facilitating cautious cross-border cooperation. Local governance gains visibility but must operate within a centralised policy environment and ongoing political ambiguity. Political trust – both locally and nationally – remains fragile, shaped by recent history and lingering societal divisions. EU support centres on institutional strengthening, transparency, and soft diplomacy. However, the risk of political polarisation remains, especially if geopolitical tensions re-emerge or reconciliation efforts stall.

Figure 3.10 Summary EU-Russia appeasements scenario for Latgale region



Source: Latvian stakeholder presentation at the joint participatory workshop in Daugavpils, 24 April 2025

3.3.5. Lithuanian stakeholder region

Exogenous trends & drivers. In the Lithuanian stakeholder region, the gradual EU–Russia rapprochement introduces a complex interplay of opportunities and uncertainties, influenced by broader exogenous trends. Politically, a pervasive sense of insecurity persists, reinforcing local mistrust despite the reopening of borders. This atmosphere of caution affects community relations and hampers efforts to rebuild trust across the region. Economically, small businesses face significant challenges in regaining confidence, as many new enterprises remain hesitant to invest in the region due to lingering instability and disrupted logistics networks. The altered trade dynamics and continued economic uncertainty further complicate recovery efforts. However, strategic autonomy initiatives and a renewed focus on innovation offer long-term potential for resilience and regeneration. Investments in local innovation ecosystems, coupled with policies that support entrepreneurship and technological advancement, could foster a more robust and adaptable economy. These efforts, if successfully implemented, may help the region navigate the complexities of the evolving geopolitical landscape, ultimately contributing to sustainable growth and enhanced regional stability.

Endogenous trends & drivers. Endogenous trends in the region under the scenario of EU–Russian appeasement highlight persistent structural challenges that hinder its development. Demographically, the region continues to grapple with a steadily decreasing and aging population, which weakens the local labour force and places additional strain on social services. This demographic shift, prevalent across the broader region but particularly pronounced in Lithuania, undermines long-term development prospects and limits the region's capacity to support economic growth and innovation. Technologically, municipal governments face significant limitations in their ability to understand, adopt, and invest in emerging technologies. This constraint hampers innovation and digital transformation at the local level, making it difficult for the region to keep pace with technological advancements. While renewed cross-border cooperation may present new opportunities, these internal limitations risk reinforcing existing vulnerabilities and slowing the region's adaptation to the evolving geopolitical and economic landscape. Without addressing these endogenous challenges, the region may struggle to fully capitalise on the potential benefits of appeasement, leaving it at a competitive disadvantage in the long term.

Regional narrative. In the context of cautious EU–Russia rapprochement, Lithuanian stakeholder region stands at a delicate crossroads, shaped by its proximity to the Belarusian border. The gradual reopening of borders presents opportunities to revitalise cross-border economic and cultural exchanges, potentially benefiting sectors like rural tourism, which has seen modest growth. However, lingering mistrust among communities and towards external actors complicates efforts to build lasting cooperation. The region's persistent structural vulnerabilities, including high unemployment, limited connectivity, and weak foreign investment, hinder its

ability to fully capitalise on the shifting geopolitical landscape. Social discontent remains elevated, driven by demographic decline and widening regional disparities. Despite these challenges, some businesses and local actors are exploring cautious engagement strategies, particularly in micro-enterprise development and tourism, seeking to navigate the complexities of this evolving environment.

Implications:

- **Social or societal implications.** The gradual reopening of borders between the EU and Russia is fostering renewed cultural exchanges and limited economic opportunities, bringing hope to local communities. However, persistent challenges such as high unemployment, weak connectivity, and uneven migration trends continue to strain social cohesion. Mistrust, both within and across borders, lingers, hindering societal resilience and complicating efforts to rebuild regional identity and solidarity. While increased cultural interactions and people-to-people contacts may help rebuild trust over time, the legacy of past conflicts and political differences keeps social cohesion fragile. Promoting cultural understanding and dialogue will be essential for healing divisions and fostering a sense of shared community. Education and awareness programmes could play a significant role in bridging these gaps, but progress is expected to be slow and uneven.
- **Technological implications.** Technological cooperation could accelerate as borders reopen, with potential for joint projects in renewable energy, digital infrastructure, and innovation. However, concerns about intellectual property and security must be carefully managed to ensure mutual benefit and safety. Investments in shared technological infrastructure could drive economic growth but require robust frameworks to address security and privacy concerns. Limited digital infrastructure and poor public transport integration hinder the adoption of smart mobility and digital services in the region. While some municipalities invest in connectivity and digital literacy, disparities persist, restricting innovation, weakening competitiveness, and limiting societal benefits from cross-border technological cooperation. This scenario highlights the need to address deep-seated mistrust and foster genuine cooperation across political, economic, and social divides for successful appeasement efforts.
- **Economic implications.** The reopening of borders presents modest economic opportunities for the region, particularly in sectors such as tourism and niche cross-border trade. However, longstanding structural weaknesses, including limited foreign direct investment (FDI) and persistently high unemployment, continue to hinder the region's competitiveness. The legacy of economic stagnation and underinvestment in infrastructure makes it challenging for the region to fully capitalise on renewed EU–Russia economic cooperation and regional market integration. Mistrust and institutional fragility further deter potential investors, slowing the region's ability to attract the capital necessary for sustained growth. Local businesses may find opportunities in cross-border commerce and tourism, but these gains are likely to be modest without significant improvements in infrastructure and governance. The economic benefits of appeasement will depend heavily on addressing these underlying issues and fostering an environment conducive to investment and innovation. Without targeted efforts to strengthen institutional capacity and build trust, the region may struggle to realise the full potential of renewed economic ties.
- **Environmental implications.** The gradual reopening of borders may encourage cross-border environmental cooperation and boost eco-tourism in the region. However, limited investment in green infrastructure and weak institutional capacity hinder sustainable development efforts. Uneven environmental standards and persistent mistrust across borders complicate joint resource management and delay coordinated responses to climate and biodiversity challenges, potentially undermining regional ecological goals.
- **Political implications.** The slow EU–Russia rapprochement places the Lithuanian stakeholder region in a politically sensitive position, requiring local authorities to balance renewed cross-border ties with persistent national security concerns. Mistrust and uneven development may erode civic engagement and institutional trust, while fears over past allegiances could fuel political fragmentation and regional tensions. Local governance must navigate the complexities of re-establishing ties with Russian counterparts while addressing internal divisions and mistrust. Policies emphasising transparency, inclusivity, and mutual benefit will be crucial for building a stable foundation for cooperation. However, the risk of political backsliding looms, as authoritarian tendencies within the EU could complicate efforts to uphold democratic principles. The delicate balance between cooperation and caution will shape the political landscape, demanding careful management to ensure stability and progress.

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