

This paper researches the changes that took place in Crimean economy after March 2014 with respect to the integration policies Russia has applied in that field. Based on the theories of economic integration and Russian regional development programs, economic development patterns of disputed territories and small island economies, as well as the influence of institutions on the economy, we find that ascension to Russia had for the peninsula its positive and negative effects with the prevalence of the latter. We also suggest that the political integration of Crimea was more successful than it was in economic dimension, because the existing investment constraints and lack of proper connection to the Russian mainland remain formidable obstacles on the way of region's successful integration and further development. We find that all economic development in Crimea depends on Russian subsidies and it is likely to remain this way because the region is underdeveloped by Russian standards. This is consistent with the idea that small island economies and disputed territories are over-dependent on the respective sponsor-state for the provision of economic stability.