Russia’s Strategic Eastward Shift Has a Long Way to Go

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Abstract: Russia’s strategic eastward shift is led by the government. The strategy aims to promote the economic development of the eastern region as the main content and to enhance Russia’s status and influence in the Asia-Pacific region as the long-term goal. Russia’s eastern region is rich in resources, but the economy is relatively backward. To promote the eastern region integrate into the Asian economies is of great importance with regard to maintaining the security of Russia’s eastern territories and achieving national rejuvenation. Although the Russian government has introduced a series of related plans and measures to develop the eastern region, the current development conditions and environment in east Russia are far from ideal, and the restrictive factors of the development are very obvious. In the short term, Russia can only exert limited influence over Asia-Pacific region.

Key words: Russia; Far East; Siberia; Development; Asia-Pacific; Strategy

May 2012, Putin was re-elected president of Russia, and immediately he announced the establishment of the Far East Development Department. Then the Russian government introduced a series of related policies and formulated the “eastward shift” program. However, until recently the achievement of Russia’s Far East development program is far from satisfactory and the majority of development plans still remain on paper. Russian leaders have repeatedly stressed that the development of Far East is the government’s priority plan. April 2013, the Russian government has launched a program of 10 trillion rubles to further develop Far East region. However, Russia’s strategic eastward shift faces many restrictive factors. If the Russian government cannot take more effective measures, these unfavorable factors will greatly affect the process of the eastern region development and the improvement of Russia’s status and influence in the Asia-Pacific region.

Strategic Eastward Shift

Russia’s strategic eastward shift includes two parts: development of the eastern region and Asia-Pacific strategy.

July 2, 2010, when Russian President Dmitry Medvedev attended the Far East socio-economic development meeting in Russian Far East city of Khabarovsk, he said: Russia should seize the opportunity of economic growth in the Asia-Pacific region, and accelerate the development of economic relations between Russia and the Asia-Pacific region countries, and then enhance Russia’s influence in the Asia-Pacific region. This marks the beginning of Russia’s strategic eastward shift.

The background of Russia launched Strategic Eastward Shift

1. Domestic factors:

The European region has been Russia’s political, economic and cultural center all the time, and the European region’s population density and economic development level are well above that of the eastern region. For a long time, there have been many
problems in the Far East and Siberia: inadequate infrastructure, inconvenient transportation, economic backwardness, poor living standards and other issues. During the past 20 years, the population of the eastern region has decreased greatly. National attrition and staff outflow have lead to lack of labor, which further restrict the development of the region.

Far East and Siberia are rich in natural resources. In recent years, the East Asian countries' capital and labors have poured into the sparsely populated eastern Russia, and Russia has realized that the region is becoming a raw material supplier and economic dependency of Asian countries. Russian government is particularly worried about losing control over the region.

2. International factors:

In 2009, the United States has launched “return to Asia-Pacific” strategy; its global strategic focus has obviously shifted to the Asia-Pacific region. US-Japan alliance has been strengthened. All this has threatened Russia's Far East territorial security and strategic interests, which forces Russia to pay more attention to the Far East defense security.

In recent years, the United States and Europe have successively sunk into the financial crisis and the debt crisis, while the economic growth in the Asia-Pacific region has been vigorous. In order to speed up the country’s economic development, Russia needs to develop resources in the eastern region. Russia hopes to promote the eastern region integrate into the Asia-Pacific economies and enhance Russia's political status and influence in the Asia-Pacific region.

The eastern region: rich in resources

Far East, Russia's gateway to the Asia-Pacific region, the economic and strategic value for Russia is inestimable. Only the island of Sakhalin's oil reserves accounts for 25% of Russian total oil reserves. There are abundant minerals, forestry and fishery resources in the region.

Siberia is the area which has richest natural resources in the world. Eastern Siberia alone contains as much oil as the entire United States (about 20 billion barrels) as well as tremendous quantities of natural gas. Siberia has vast deposits of coal; 70% of Russia's coal reserves are concentrated in the area. Here has the world's most vast area of virgin forest, forest resources are accounted for 23% of the world. 80% water resources of Russia are concentrated in Siberia. Here is also extremely rich in mineral deposit and almost all the world's mineral resources have been found here. Three centuries ago, Russian scientist Mikhail Lomonosov foretold that “Russian power with Siberia will increase”.

In recent years, world food prices have been rising. Some experts believe that the growth of Asian population and a vibrant economy drive the demand for raw materials and food, then drive up the prices. Russia has nearly 10 percent of the world's arable land. Especially great are the unused reserves in the south of Siberia and the Russian Far East. Russia could increase its arable area by 10 million hectares.

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Climate change is probably improving the conditions for food production in those regions. Sergei Karaganov, Russia’s honorary chairman of the presidium of the Council on Foreign and defense policy, has said: “In some regions of Siberia and the Russian Far East, where there are the conditions there should be created clusters of high-yielding agricultural production, addressed to the bottomless markets of China and East Asia – the production of grain, fodder, meat, poultry, pork and, possibly, beer.”

Policies and measures the Russian government has introduced

Since 2010, the Russian economy has been gradually reviving from the crisis, and now has become one of the recovery countries. 2011 and 2012, Russia's GDP growth was 4.3% and 3.4% respectively. The rate of growth is at the forefront among the world's major economies. With the growth of the economy, the problem of unbalanced development between the regions has become increasingly prominent. President Vladimir Putin has said the development of the Far East is “the most important geopolitical task”

The policies and initiatives which the Russian government has launched to develop the eastern region include:

1. Introducing the Far East development strategy

By the end of 2009, Russian Prime Minister Vladimir Putin signed the federal government decree, and approved the Russian Federation “2025 Far East and the Baikal region's economic and social development strategy”. The decree brings the Far East and Baikal region into the national long-term development strategy, which suggests that Russia intend to enhance the domestic and international status of Far East and the Baikal region and to accelerate the pace of Russia's integration into the Asia-Pacific economies, so as to maintain Russia's geopolitical and geo-economic interests.

2. Establishment of the Far East Development Department

May 21, 2012, the newly re-elected president Vladimir Putin signed presidential decree and appointed the members of new government, then officially announced the cabinet. One of the highlights of the new government is the establishment of “Far East Regional Development Ministry”. The Ministry Headquarters is located in the Far East city Khabarovsk, and opened a representative office in Moscow, which is unprecedented in Russian history. Development of Far East and Siberia is not only an urgent task that Russia faces, but also is an important measure to consolidate the eastern border security of Russia.

3. Strengthening the construction of infrastructure

The Russian government has taken a number of concrete actions to promote the

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implementation of the strategic eastward shift. Far East Chita - Khabarovsk highway has been completed in 2010, which realizes the connection of Far East and the national road network for the first time in Russian history. In addition, the high-speed rail projects have been started. More than 50 complicated technical tunnels and railway bridge project are being implemented. Baikal-Amur mainline and the Trans-Siberian railway modernization project are in progress.

Minister of the Far East Development Department Viktor Ishayev said: “there are 92 priority projects of the Far East development plan, including 35 transport infrastructure projects. Other projects involve oil and gas resources, iron ore and gold mine exploitation, forestry, aerospace bases construction and machine manufacturing.”

4. Establishing the special investment funds

In order to promote the development of the eastern region, the federal government has established the Russian Far East and Baikal Regional Development Fund in 2011. The fund belongs to the Foreign Trade Bank of Russia, whose aim is to help the realization of investment projects in remote areas, including infrastructure projects of economic and social fields, innovative initiatives, the creation of special economic zones, and so on.

5. Preparation for the APEC Summit

September 2012, the 20th session of the APEC summit was held in Russian Far East city Vladivostok. Russia attached great importance to this summit and regarded the summit as an opportunity for the Far East integrating into the Asia-Pacific economies. For this only a week's meeting, the Russian government prepared four years and invested up to 21 billion dollars, which is higher than the cost of London Olympics. During the four years, the Russian federal government invested huge amounts of money in infrastructure construction, new airport, railway, construction appeared in this land.

On the eve of the summit, president Putin pointed out: “no matter from history or geopolitical perspective, Russia is an integral part of the Asia-Pacific region, entirely integrating into the Asia-Pacific is the most important guarantee to develop Far East and Siberia in the future.” The prime minister Medvedev said “This summit is crucial for other countries understand our country’s status in Asia-Pacific economic cooperation.”

Russian experts even suggested that Vladivostok should be built into the third capital of Russia, in addition to Moscow and St. Petersburg: “If Peter the Great lived now, he would undoubtedly build the capital not in the Baltic region, but at the Pacific Ocean.”

6. Approval of the national plan

April 2, 2013, When the Prime Minister Dmitry Medvedev attended a meeting devoted to socio-economic development of the Far East, the Republic of Buryatia, the Trans-Baikal Territory and the Irkutsk region, he signed the state-funded program for

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socio-economic development of the Far East and the Baikal Region. This means that the long-awaited development of the Russian Far East has entered into the formal implementation phase. Russia plans to invest 10 trillion rubles for the plan, and the state investment accounts for nearly a half. More than half of the funds will come from extra-budgetary funds and corporate funding. These investments will be mainly used to improve the region's transportation system, energy and public infrastructure.

**Economic and trade cooperation between Russia and Asian countries has broad prospects**

Currently, more than half of Russia's foreign trade is from the European countries, but the European markets will not have significant growth any longer. The European economy has entered a recession. Russia will continue to maintain economic cooperation with European countries, at the same time, Russia has also realized that the countries which have growth potential among the economic and trade cooperation partners are in the Asia Pacific region.

Far East and Siberia’s oil and gas resources have been attracting the attention of the East Asian countries. East Asian countries China, Japan and South Korea are all major energy consumers, and they are heavily dependent on energy imports. The three countries are optimistic about the Far East and Siberia oil and gas resources output, striving for cooperation with Russia.

After entering the new millennium, Russia has speed up the construction of Eastern Siberia and the Far East oil pipeline to promote the development of the eastern region. January 1, 2011, from Armur state Skovorodino city to China Daqing oil pipeline opened. From Sakhalin to Vladivostok gas pipeline was completed in September 2011. December 25, 2012, from Yakutsk State Taishet to the Pacific port of Kozmino Bay oil pipeline opened, this pipeline will supply the United States, Japan, China, Singapore, Malaysia and South Korea oil. From Kamchatka to Sakhalin oil pipeline is under construction.

In addition to energy, there are minerals, fisheries, timber, land reclamation and other projects to be developed in Russian eastern region. Russia expects to make deep cooperation with partners, but it does not want the Far East be regarded as the energy supplier only. Russia believes that manufacturing industry should be developed in the Russian territory and should organize manufacturing high value-added products, if the two sides want to develop long-term partnerships.

**Challenges Which the Russian Eastern Development Faces**

The slogan of Far East Development had been proposed since Tsarist period, but whether the former Soviet Union or the Russian Federation, there had been more words than deeds. Whether the strategic eastward shift can succeed as the Russian leaders expected, it’s hard to draw a conclusion now. What restrictive factors will the Russian eastern development face?

1. **Drawbacks of government-led model**

   May 2012, Putin was re-elected president, and immediately he announced the
establishment of the Far East Development Department. He has also planned to set up a special National Corporation which is responsible for the implementation of Siberia and the Far East development projects. Obviously, the development of Russia's eastern region is the government-led model, which means that the development will operate by way of executive order overall in the future.

Economic development should follow the market economic rules. It will be hard to achieve the expected goal if economic development is excessively dependent on the state's administrative intervention. Russian government is inefficient and the government also lacks a coherent economic policy. What role the government-led model can play upon the development of eastern region remains to be seen.

Some Russian experts have queried that: “whether the formation national corporation, the existed foundations, or the Federal Ministry of Regional Development, cannot solve the Siberian development problems. State and its agents only care about large-scale projects, apparently it will be difficult to recover the investment. The Russian national development Strategy of Siberia and the Far East includes the construction of the Arctic city, Sakhalin and the Bering Strait Bridge tunnel……. To Moscow, these items are dazzling one than the other. However, the passenger flow from the island of Sakhalin to the inland of Russia is less than 160000 people each year, and the excavation cost of Bering Strait tunnel is several times higher than the annual trade between Russia and Alaska of U.S.. Export goods along the Trans-Siberian Railway are mainly ore and coal supplies.”

Currently, many development programs of Russian eastern region still rest on planning level and few large-scale enterprises have entered into this region, which shows the drawbacks of government-led model: economic development should follow the rules of the market; the development will lack endogenous motivation without large-scale enterprises entering.

The excessive dependence on the federal government may be the real obstacle to the development of the Far East. No matter how much capital and manpower the government provide to the region, it is impossible for the government to pay close attention to the area thousands of kilometers away from capital.

2. Poor infrastructure and backward economic development level

Far East and Siberia has been closed for a long time in the past because of national defense. Development level there is very low; transportation and other infrastructure are backward. During the former Soviet Union period, only military, mining, forestry, fisheries and other departments were relatively developed. From the 1950s to the 1970s, during the rapid expansion period of Soviet industrialization, a large number of cities and industrial enterprises were built in Siberia. These cities and enterprises were widely distributed in remote areas; traffic was very inconvenient. Almost no one city could be completely self-sufficient economically. After the disintegration of the Soviet Union, the situation gets worse. The Russian central government provides large subsidies to fund these cities each year, which has affected

①（俄）弗拉迪斯拉夫·伊诺泽姆采夫：《远东发展莫斯科应向地方放权》，《环球时报》2013年3月30日，B6版。
the economic development of other regions.①

The industrial production of eastern region is underdeveloped. Technology is relatively backward, especially processing industry. The eastern region’s per capita labor productivity is not only much lower than that in western countries, but also is lower than the Russian average level.

Far East and Baikal region’s rail, road and inland navigable mileage accounts for a lower proportion of Russia’s overall. Roads, transport facilities and vehicles are obsolete. It is difficult to form an effective logistics system. To improve the poor infrastructure in the Far East requires a lot of upfront investment, which will raise the cost. The shortage of development funds is the most intractable problem that the Russian government feels.

Russian experts estimate that the land yields of the Far East and Siberian regions can be increased to 150%, and there are also a lot of arable lands to be developed. However, eastern land has not been effectively used and developed because of lack of capital, technology and labor; large amounts of land have been idle.

3. Labor shortage

In the Soviet period, the government ensured the stability of the population in the eastern region through providing subsidies and taking other measures. However, after the disintegration of the Soviet Union, Russian economy has entered the market and the government has eliminated subsidies. Due to the harsh climate and material supply difficulties, the Far East population began to flow abroad or to elsewhere.

In 1991, there were 8060000 people lived in the Far East, and in 2011 the population had reduced to 6400000. The lack of labor has seriously hampered the development of local economy. The introduction of labor and immigration from abroad is undoubtedly an effective way to solve this problem. However, being wary of China, Russian experts suggest that the immigration should introduce from Central Asia and South Asia. Russian government has been strictly limiting the entry of Chinese laborers.

The main obstacle to the development of the Far East is the lack of labor and capital. The Minister of Russian Far East Development Department Ishayev said: resettlement plan formulated by the government didn’t show any effect, because attracting talent need to provide well-paid jobs. President Vladimir Putin's economic adviser Shuvalov said: to attract people to the Russian Far East, the only way is to remove infrastructure bottlenecks and create incentives for business development. So far, both of which have made little progress.

Since 1992, the Russian population has been declining. Though immigration is of great significance to Russia's economic development, Russia is unwilling to become a nation of immigrants. All levels of society exist obvious xenophobia feeling. The Russian government refuses to resolve the demographic crisis through immigration and remains vigilant to the influx of foreign immigrants.

4. High development costs

The biggest problem that Far East and Siberia faces is high development costs, and the situation of Siberian is particularly serious. In addition to the energy sector, investment in other commercial sectors is difficult to get enough profits to pay high wages, attracting new labor force and retaining existed labor force.①

The Russian federal government has always felt powerless about Far East, which is 6000 km away from the capital Moscow. A research data from Far Eastern Branch of the Russian Academy of Sciences shows that: during the past 40 years, the state invested a ruble to the Far East and the output was only 18 kopecks, which made the country’s investment in the region become meaningless.②

Though Russian senior government officials have talked a lot about the development of other industrial projects in eastern region, most of the government funds are flowing into oil and gas resource development fields in consideration of the cost factors.

5. Ambivalence towards the Eastern development

On the one hand, Russia wants to introduce foreign capital, on the other hand, Russia feels worried about the influx of foreign investors. Some Russian politicians are worried that the Far East is far away from the country's political and economic center, and it will be difficult for the central government to effectively manage and control over this region if the policy mistakes causes adverse consequences. Foreign investment is more valued in the region's energy and mineral resources, which is not conducive to innovation and economic development. Russia is particularly worried that they cannot guarantee the eastern border security and control immigration.③

For decades, the Russian government has been worried that populated China would launch a peaceful invasion upon sparsely populated Siberia. China supports labor export. In the process of Russia's accession WTO negotiations, China required Russia to completely open its border to China, but Moscow’s response was lukewarm. President Putin has repeatedly stressed the need to restrict the entry of foreigners. During the 2012 APEC summit, in a reporter conference a Chinese businessman complained to Putin: the length of time and procedure complexity of Russia’s transit visa was unbearable.

On the question of Far East development and opening, local and central governments' opinions are not always consistent. Local government wants more autonomy and accelerating the pace of opening, while the central government has scruples. Some Russian scholars have said: without political and economic self-determination, Far East will not be able to occupy its rightful position in Northeast Asia.④

④ (俄)拉林: 《世界历史背景下的俄罗斯远东：从过去走向未来》，《社会科学战线》1997年第2期，第
6. Traditional European national identity

Russia has always identified itself as a European country. Russia's political and cultural orientation is Europe. Currently, Russian main foreign economic ties are with European countries. Most Russia's domestic political elite agree that Russia should take the road of development of European countries and define Russia European countries identity. This may be the major challenge that Russia's strategic eastward shift faces.

October 25, 2012, at the International Club Valdai Forum, when the director of Russian Presidential Office Ivanov replied the question of relationship between Russia and European and Asian countries, he said: “We are all Europeans, and our trade with Europe accounts for more than half of the total import and export. Our large reserves are euro. Even in the worst of the euro crisis, we have not changed the structure of our reserves. Our Asia policy is only the supplement of our relationship with Europe.”

These difficulties and challenges are destined Russian East development will not to be a plain sailing. It is bound to be a long-term process and there will be setbacks in the process. In the long run, opening and development of eastern region is an inevitable trend. It’s an indisputable fact: the eastern region development will be indispensable if Russia wants to become an economic power and achieve national rejuvenation.

Russia’s Asia-Pacific strategy and its influence in Asia-Pacific region

In recent decades, Asia has been maintaining strong economic growth momentum. In face of such a favorable external environment, Russia has made great effort to promote the eastern region integrate into Asian economy, and expect to expand Russia's influence in the Asia-Pacific region.

In one of his first acts after his reelection as president on May 7, 2012, Vladimir Putin signed “Executive Order on Measures to Implement the Russian Federation Foreign Policy.” According to this document: “Instructions pertaining to the Asia-Pacific region, in particular, concern broader participation in regional integration processes with the aim of promoting accelerated socio-economic development of Eastern Siberia and the Far East; deepening equal, trust-based partnership and strategic cooperation with China, strategic partnership with India and Vietnam, and developing mutually beneficial cooperation with Japan, South Korea, Australia, New Zealand and other key nations in the Asia-Pacific region.”

Russia’s Asia-Pacific strategy and its influence in Asia-Pacific region mainly embody in the following several bilateral relations:
1. Sino-Russian relations

At present, Russia is a strategic and economic cooperation partner of China, and will also be a potential competitor to China in the future.

China is Russia’s main Asian neighbor. The two countries have established diplomatic relations more than 20 years and the relations in political, economic, military, diplomatic and other fields has made great development. On major international issues, the two countries hold the same or similar positions basically.

China and Russia hold great potentials in the economic cooperation space, and the two economies are strongly complimentary to each other. Bilateral trade is $55.45 billion in 2010, and China has become Russia's largest trading partner. In 2011, bilateral trade reached an unprecedented $83.5 billion. China continues to keep the largest trading partner status of Russia.\(^1\) In 2012, bilateral trade has accounted for 10.5% of Russia's foreign trade, $88.6 billion.\(^2\) The bilateral trade between the two countries is expected to reach $100 billion by 2015, and will reach $200 billion by 2020. China has become Russia's most important economic partner in Asia.

From the perspective of geopolitics, currently U.S. has shifted its strategic focus to Asia-Pacific region, and China is facing the pressure from the US-Japan alliance and allies of the United States with other countries in the region. Now Russia wants to return to Asia-Pacific region and also faces the pressure from United States and its military alliance. In face of the same external pressure, two countries’ leaders have felt the objective necessity to strengthen strategic cooperation. The two countries' policymakers and experts don't think the deployment of missile defense system in East Asia by U.S. is only dealing with Pyongyang. The program is mainly used to deal with Moscow and Beijing.\(^3\)

However, Russia’s goal is to revive its great power status and China's goal is the realization of peaceful rise, which hides potential factors of geopolitical conflict. Russia always keeps a vigilant eye on a rising China, and its fear about China’s territorial claims in the eastern region has never disappeared. In face of China's growing influence in East Asia, some Russian government officials and experts have put forward the following proposals: 1. To build privileged relations with countries which have the potential to balance the rise of China, namely Japan, Vietnam, South Korea, North Korea, Myanmar and Mongolia. 2. To turn Russia into an important supplier of oil and gas to the Asia-Pacific region. 3. To increase Russia’s military power in the region. 4. Active participation in the formation of new international order in the region and involvement in crisis resolution.\(^4\)

Russia has deeply felt: the Far East is becoming increasingly dependent on


\(^{2}\) （俄）安德烈·伊利亚申科：《经济、战略利益攸关, 俄中关系日趋紧密》, 《环球时报》2013 年 3 月 30 日。


China. In 2010, bilateral trade between APEC countries and Russia accounted for Russia's foreign trade 18.1%. In 2011, this proportion has risen to 23.9%. The proportion of Russia-China economic and trade cooperation to that of Russia and other countries in the region is unequal. At present, bilateral trade between Russia and China accounts for 60% of Russia's trade with East Asian countries.  

The establishment of China-ASEAN Free Trade Area in 2010 and the emerging free trade zone in China. Japan and South Korea have improved China's influence, which exacerbates the competition between China and U.S. in the region. Russia's influence on this situation is very limited.

2011, Russia formally joined the East Asia Summit. Russia’s joining the East Asia Summit showed the East Asian countries a potential consideration: Russia's presence in the East Asia Summit is a balance of power to the rising China. Which was soon confirmed by the following facts: in November 2011, Russian President Dmitry Medvedev rather than Prime Minister Vladimir Putin attended the East Asia Summit.  

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Currently, most Russian scholars believe that Russia should exist in Asia-Pacific region as a neutral force, and maintain freedom of choice and action. Russia should seek to achieve the greatest geopolitical and economic interests under the conditions of the Sino-US confrontation.

2. Russia-Japan relations

South Kuril Islands issue has been the focus of Russia-Japan relations.

In 2009, when Russian Prime Minister Vladimir Putin visited to Japan, he declared: Russia will consider the returning two islands of the four, if Japan is willing to make efforts to develop the bilateral relations and expand economic cooperation with Russia. In 2011, after Japan's Fukushima nuclear accident occurred, Russia quickly responded to increase oil and gas supply to Japan. In 2012, Putin was re-elected president and alleged once again: there is a reasonable possibility of reaching compromise on the islands dispute between the two countries.

However, from a practical point of view, the two countries' political elite are not ready to make necessary compromises for this. Though Russia's eastern development has a heavy demand on Japan's capital and technology, Japan will not seriously consider large-scale investments in the Far East and Siberia until the territorial issue is resolved.

Although the islands issue affects the improvement of two countries political
relations, the two countries cooperation in the economic field is growing. In 2010, bilateral trade amounted to $ 20 billion. In 2011, the trade volume has reached $ 30 billion. In 2012, bilateral trade amounted to $ 32 billion. Japan has always been interested in investing in Russia’s Far East, however, Japan’s investment is not an act of charity, Russian energy and raw materials are very attractive to Japan. ①

To present Russia, the most urgent task is to achieve the modernization of the national economy, which requires a great amount of money. Russian Far East is rich in resources, but the economy lags behind western region. Russia's economy is still in the stage of recovery and growth period. Under the impact of the financial crisis in 2008, Russia's investment capacity has been limited, therefore the introduction of foreign capital for the eastern region has become a top priority. There is another consideration for Russia to introduce Japanese investment in the eastern region: Russia wants to see a competitive situation between China and Japan, and extremely reluctant to see any one investor occupying the leading place in the region. ②

April 28, 2013, Japanese Prime Minister Shinzo Abe led an economic delegation to visit Russia. When Abe and Putin held talks, two sides had shown keen interest in strengthening business cooperation, but the two parties had quite different positions on the territorial issue.

Due to the disputed islands issue, Russia and Japan do not trust each other politically. However, this does not prevent Japan to buy Russian oil and gas. At the present stage, Japan is unwilling to put huge amounts of money into the Russian Far East, and prefers to invest in Russia's European region.

Under the framework of Japan-US security alliance, it is difficult for Russia and Japan to improve their bilateral relations substantially in the short term.

3. Korean Peninsula

In face of the major security threat in Northeast Asia - North Korea's nuclear program, Russia only play a very limited role. Russia generally opposes additional pressure to North Korea, such as political and economic sanctions on North Korea. Although since 2011 diplomatic relations between Moscow and Pyongyang has been significantly improved, Russia has failed to persuade North Korea to return to six-party talks. Pyongyang has abandoned the talks in 2009.

To deepen the political influence on North Korea, In 2012 Russia agreed to release 90% debt of $ 11 billion which North Korea owed to Russia, and the remaining debt of about $ 1 billion will be used to “debt-for-aid” program. Therefore Russia could participate in some of the new Korean projects, such as energy, health, education and other fields.

In 1994, Russia and South Korea positioned bilateral relations as a “constructive complementary partnership”. In 2004, South Korean President Roh Moo-hyun

visited to Moscow, enhancing bilateral relations to “comprehensive and cooperative partnership”. Since then the two countries bilateral relations in political, economic and military fields have improved steadily. In 2000, bilateral trade amounted to $2.7 billion. It has reached $15 billion in 2007. In 2008, despite the financial crisis, bilateral trade volume reached 18.4 billion U.S. dollars. \(^{0}\) In 2011, bilateral trade volume reached 25 billion U.S. dollars. Russia’s main export products to South Korea are energy and raw materials, and South Korea’s exports to Russia are mainly manufactured goods. South Korea hopes to play an active role in East Siberia development, not only in the oil and gas resources development, as well as in the construction of the railway throughout the peninsula. \(^{0}\)

Over the past 20 years, Russia and South Korea bilateral trade has registered an annual growth of 20-30%. In the last 10 years, bilateral trade has increased by nearly five times. South Korea Trade Promotion Agency president predicts that South Korea and Russia trade will reach $35 billion in 2013, by then Russia will become South Korea’s fifth largest trading partner after China, the United States, Japan, Saudi Arabia.

Russia-South Korea relations is conducive to the promotion of stability in the peninsula. Under Russia’s pressure and influence, North Korea’s economy has become more open. Compared with South Korea, North Korea’s rule is totalitarian and the foreign policy is capricious, therefore Russia prefers to promote the relations with South Korea. Russia is also happy to see the prospect that South Korea may unify the peninsula, but only in a peaceful way. Russia does not want to see chaos caused by war on the peninsula.

4. Relations between Russia and India, Vietnam and Myanmar

Russia regards arms exports as the most direct and effective means in participating in global affairs and exerting influence, which is reflected significantly in bilateral relationships between Russia and India, Vietnam and Myanmar.

2007, India has become Russia’s largest weapons and military equipment importer and has maintained the leading position since then. Russia actively promotes all kinds of military and technical cooperation with India, of which it has dual strategic considerations: compete for influence with the United States and Europe in Indian Ocean and subcontinent; boycott Chinese influence and challenge.

Russia and Vietnam have always had good political relations, and Russia is also Vietnam’s major arms-importing country. According to the 2009 agreement, Vietnam will introduce six Kilo-class submarines from Russia and Russia should provide a submarine to Vietnam annually from 2012 to 2018. Thus there will be a relative balance of power when the Vietnamese Navy in the fight against the Chinese navy. July 27, 2012, Vietnamese President Truong Tan Sang visited to Russia, when he and Putin held the summit talks, he said: “Vietnam will allow Russia to build ship

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\(^{0}\) Relations between Russia and the Republic of Korea, http://www.russian-embassy.org/english/political.html.

repair base at Cam Ranh Bay.”① In addition, Russia has provided “Su-30MKK” fighter, “fortress” shore defense anti-ship missiles and other weapons to Vietnam, so as to intervene in the South China Sea issue.②

Russia is also in support of Myanmar to counterbalance China. Russia provides political support to Myanmar, resisting the Council’s criticism to the Burmese regime and opposing UN sanctions against Burma. Russia not only sells aircrafts and helicopters to Burma, but also participates in Burma’s nuclear energy development.

Russian experts believe that Russia's traditional areas of action in East Asia are in that: energy policy, military and technical cooperation, and changing the balance of power in the region. The last point in Moscow's foreign policy has not been well used. Russia can change the balance of power in the region through providing advanced weapons systems to its strategic partners, but this means must be carefully used so as to maintain the stability in the region.③

5. Readjusting trade flows

The trade between Russia and Asia-Pacific countries still has much room to grow. Russia is increasingly concerned about the development of economic and trade relations with Asia-Pacific countries. Russia's First Deputy Prime Minister Igor Shuvalov has put forward to a plan of readjusting Russia's trade flows to ensure 50% of Russia's foreign trade will come from Asia-Pacific countries by 2020.

However, the program is not promising: First, Russia's main challenge comes from the poor domestic transportation infrastructure. Secondly, Russia has not been a member of any bilateral or multilateral free trade zone in this area. Over the past few years, Moscow has been negotiating with New Zealand about establishing free trade zone, however the negotiations will not immediately produce results. Establishment of sub-regional free trade area has been ignored by Russia, which may affect the formation of a free trade zone including the whole region.④

After Putin was re-elected president, he put the “Eurasian Union” as a key priority in Russian foreign policy. Russia is trying to establish a free trade zone within the CIS(Commonwealth of Independent States) countries, and to deepen the Eurasian integration in the range of Russia, Belarus and Kazakhstan customs union and single economic space, which is bound to affect the efforts and process of Russia's integration into the Asia-Pacific economics.

Conclusion

The development of the Far East and Siberia is the prerequisite for Russia to

realize national rejuvenation. Though Russian eastern region has unique resources and geographical advantages, the restrictive factors of development are also very obvious: Eurocentrism, the ambivalence to integrating into Asia-Pacific region, lack of mutual trust between Russia and Asian major powers, backward economic development level, poor investment environment, lack of policy coherence. Russia should create a favorable investment environment and make greater structural adjustment and more profound reforms, if it wants to revitalize eastern region and successfully integrate into Asian economies and enhance its influence in the Asia-Pacific region. More importantly, Russia should not always appear alert to the outside world; it should be more open.

In face of the dynamic Asian economies, Russia increasingly pays attention to economic cooperation with Asian countries. However, in the short term, the situation which Russia takes Europe as the center in foreign economic policy will not change easily. Currently, Russia's influence in the Asia-Pacific region is still very limited. Except for China, Russia has only published a series of written political declarations with some countries in the region. The Asia-Pacific region's political structure is characterized by the growing confrontation between the rising China and U.S., and it's hard for Russia to exercise a strong influence on the situation. Russia's military modernization is still in the initial stage, and it is difficult for Russia to play a key role in the security of the region.

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