



## RUSSIA'S FOREIGN POLICY IN THE PACIFIC REGION

*In 2010 the "eastern vector" of Russia's foreign policy underwent a conceptual rethinking. What are the results of Russia's efforts to establish itself more firmly in Asia Pacific? What are the specifics of Moscow's relations with countries and organizations in the region? What are the obstacles Russia is facing as it tries to integrate itself into the regional context, and what are the tasks that must be addressed to facilitate productive cooperation with countries in Asia Pacific?*

*PIR Center and the International Affairs journal with the support of the Russian Foreign Ministry have held a round table headlined "Asian Vector of Russia's Foreign Policy: Outcomes of 2010 and Future Outlook".<sup>1</sup> The participants in the discussion were: Deputy Director of the Asia-Pacific Cooperation Department at the Russian Foreign Ministry Kirill **Barsky**; Deputy Minister of Foreign Affairs of Russia Alexey **Borodavkin**;<sup>2</sup> Director of Third Asian Department in Russian MFA Mikhail **Galuzin**; Head of the Center for East Asian and Shanghai Cooperation Organization Studies at the Moscow State Institute of Foreign Affairs (MGIMO) Alexander **Lukin**; Executive Director of the Rysskiy Mir Foundation Vyacheslav **Nikonov**; Editor-in-Chief of the International Affairs journal Armen **Oganesyan**; PIR Center President Vladimir **Orlov**; Rector of the Diplomatic Academy of the Russian MFA Alexander **Panov**; Chief Specialist of the International Cooperation Department of the State Atomic Energy Corporation Rosatom Vadim **Pestov**; Director of the ASEAN Center at MGIMO Victor **Sumsky**; Vice-President of the Unity for Russia Foundation and Head of the Korea programs at the Institute of Economics of RAS George **Toloraya**; and Head of the Korea and Mongolia Department in the Institute of Oriental Studies of the Russian Academy of Sciences (RAS) Alexander **Vorontsov**.<sup>3</sup>*

**VLADIMIR ORLOV (PIR CENTER):** Russia is a Euro-Pacific nation, and it has taken a strategic course towards restoring the balance between the European and Pacific vectors of its foreign policy. The government has also adopted a plan of action to implement the Strategy of Social and Economic Development of Russia's Far East and the Baikal region until 2025. Now the main issue on the agenda is to move on from declarations and general planning to practical work. Naturally, Russia's foreign policy should aim to support our domestic policy in the country's eastern provinces.

Russian foreign policy-makers are trying not to waste any time here, and the year 2010 has been very productive. The highlight was the Russian President's trip to the APEC summit and the Russia-ASEAN summit. Russia is laying the foundation for future cooperation with countries in the region. That foundation should be firmly in place by 2012, the year of Russia's breakthrough in Asia Pacific, when it will host the APEC summit in Vladivostok.

How much has been done in 2010 to strengthen that foundation?

### STRATEGIC MANEUVER OF RUSSIA

**ALEXEY BORODAVKIN (MFA):** Last year was busy and productive for Russia's diplomacy in the East. Our foreign policy in the Asia Pacific Region was based on the understanding that the future of our country depends on cooperation with countries in this region, which is increasingly



R  
O  
U  
N  
D  
T  
A  
B  
L  
E

becoming one of the centers of gravity of global development, and that there is no alternative to making Russia's economy part of the regional integration processes, which are steadily gaining momentum.

It is very important that we have offered our partners a positive agenda that can bring us together. Russia was not seeking some unilateral advantages; it was not trying to capitalize on the existing differences. It reaffirmed its role by being open to cooperation with every country in the region that wants such cooperation. That is the key to raising our country's profile in Asia Pacific as a key factor of strategic stability and steady economic growth.

One of the highlights of last year was the joint foreign policy initiative by Russia and China on improving the security and cooperation architecture in Asia Pacific. The essence of the initiative is that countries in the region should build their policy on the premise of shared security and renounce any attempts to strengthen their own security to the detriment of the security of their neighbors. These new approaches to security in Asia Pacific can help the region to get rid of the confrontational heritage of the Cold War and prevent the appearance of new division lines in the region, which can jeopardize the future integration and common development goals of the Asia Pacific nations.

We expect that dialogue on this topical issue will continue at the East Asia Summit (EAS), ASEAN Regional Forum on Security (ARF), meetings of the defense ministers of ASEAN and its dialogue partners, and other regional venues. An important role in developing the concept of regional security in Asia Pacific belongs to the expert community working in the second-track format, i.e. venues such as the Council for Security Cooperation in Asia Pacific (CSCAP) and the Shangri-La Dialogue conferences.

Meanwhile, Asian countries have significantly increased direct investment into the Russian economy. I am talking about Siberia and the Far East, as well as the European part of Russia. For example, Komatsu, a Japanese mining and construction equipment maker, has launched a new plant in Yaroslavl. South Korea's Hyundai has opened a car plant just outside St. Petersburg. Asia-Pacific companies have begun to invest in Russia's oil and gas sector. Our partners in the region have shown great interest in the Russian privatization program for 2011–2013.

Russia's cultural and humanitarian contacts with its eastern neighbors also became more meaningful in 2010. More than 200 separate events were held as part of the Year of the Chinese Language in Russia. A program of cultural exchanges for 2010–2012 was signed with India. New Russian Centers of Science and Culture are being opened in the region. As part of the project to set up the Shanghai Cooperation University, member-states have launched a pilot program of training Master's-level specialists at 62 higher education establishments in the region's countries using an agreed curriculum. The ASEAN Center has been inaugurated in Moscow. Four new centers of the *Russkiy Mir* Foundation were set up in Hanoi, Ho Chi Minh, Shanghai, and Dalian. There are also growing tourism exchanges between the Asia Pacific countries.

On the whole, 2010 has been a good year for Russia's foreign policy in Asia. We are beginning to see practical results from the efforts to turn Russia eastwards in accordance with the objectives set out by President Dmitry Medvedev following the July 2, 2010 meeting in Khabarovsk to discuss the social and economic development of Russia's Far East and strengthen Russia's positions in Asia Pacific.

**KIRILL BARSKY (MFA):** Asia Pacific is a region which, unlike Europe, does not have a common security system, no Helsinki Act, and no security and cooperation organization. As such, that region needs some kind of flexible, multi-layer, multi-dimensional architecture that would be open, equitable, and transparent, based on the principles and norms of international law, and take into account as much as possible the interests of every country in the region. These are the ideas that we have invited all the countries in Asia Pacific to work on in the years to come.

Similar ideas have been proposed by other countries in the region. Meanwhile, the initiative we have proposed jointly with China has attracted interest from India and other ASEAN partners.

In general, conditions for Russia (and for the promotion of its initiatives) in the region are favorable. We have longstanding relations of friendship and partnership with a whole number of countries in Asia Pacific, including the key countries such as China, India, and Vietnam. We are actively pursuing cooperation with ASEAN countries and with South Korea. We have a whole plan of action on information support of our foreign policy in Asia Pacific, which will help us to achieve a

more favorable perception of Russia and its policies in the region. That plan of action, by the way, is one of the outcomes of the already mentioned meeting in Khabarovsk.

Our Chinese partners are interested in Russia establishing a stronger position in the region. They truly see us as close partners on many issues of the global agenda, on our vision of modern world order, and on security issues. The Chinese are interested in cooperating with us. For now, we are not strong enough in Asia and in the Pacific Region to be a competitor to China.

India too is interested in Russia's active involvement in regional affairs. The Indians also have their doubts about the ascendance of certain countries in the region, and they would be happy for Russia to act as a sort of counterbalance. India wants our support in securing APEC membership, something they have long aspired to, and in a whole number of other areas.

As for the ASEAN countries, the entire policy of that regional group is based on maintaining a balance of power. ASEAN wants all the outside powers, as well as regional powers, to conduct a balanced and well-thought-out policy here. In that way, ASEAN strengthens its own role in the region and stabilizes the situation as a whole.

The whole region has founds itself between the hammer of the United States and the anvil of China. Nobody wants a conflict between these two countries. On the other hand, everyone wants there to be some system of checks and balances to help countries in the region pursue their interests while avoiding conflicts between the great powers. That is why the initiative on creating a security architecture is so topical. There are reasons to believe that this initiative has a future.

**VYACHESLAV NIKONOV (RUSSKIY MIR FOUNDATION):** It is true that 2010 was the year when Russia's foreign policy turned around to face the east, the Asia Pacific Region. At the already mentioned meeting on social and economic development of the Far East in Khabarovsk in 2010, the Russian President tasked the Cabinet and the Foreign Ministry with developing a new strategy of strengthening Russia's position in Asia Pacific. That certainly reflects the mega-trends which are taking place in the world and which have been given additional momentum by the world economic crisis.

The key mega-trend is the shifting of the global center of power to Asia Pacific. Countries in the region are becoming the engine of the global civilization, taking over the role which has been played by Europe over the past 500 years. Asia Pacific already accounts for 60 percent of global GDP and about 40 percent of global investment, and these figures keep growing. Asia Pacific is home to the three largest economies in the world: the United States, China, and Japan. Exactly half the countries of the G20 are in Asia Pacific—and of those 10, only Mexico is not an Asian country. Average GDP growth figures in Asia Pacific are much higher than in other countries of the world, in the developed countries. While the European countries are going through yet another crisis, and while the EU's economy is unlikely to grow by more than 1.5 percent, growth in all the countries of Asia Pacific is over 7 percent; in some countries in the region the figure is over 12 percent.

For Russia this strategic maneuver is extremely important, because tying our economy to Europe, which now accounts for 60 percent of our foreign trade, is a trap for Russia in many ways. The depth of our own economic crisis owed much to how hugely dependent we are on demand for our energy in the EU.

The Asian part of the Asia Pacific Region is also a very important global test bed for a distinct model of political modernization that is seen not as pure Westernization, but as a special path of development based on the synthesis of democratic forms of government and local political culture. The region is very important from the point of view of the conflict potential that it has, the multiplying security challenges, and threats that directly affect Russian interests. I am talking primarily about the Korean problem, where tensions are growing rapidly. Another problem is the old disputes over territories in the East China and South China Seas, which are also coming to the fore. The South China Sea is becoming a focus of the geopolitical interests of the world's greatest powers. Many border disputes there remain unresolved. There is a very serious danger of internal political instability in several countries in the region.

The region is also important because that is where the focus of military-political rivalry between the global powers is now shifting. The top five countries with the world's largest armies (the United States, China, India, North Korea, and Russia) are all in Asia Pacific. Military spending and military potentials in the region are rising sharply. In the developed countries the process is just the



opposite. Meanwhile, the United States, China, Japan, India, and South Korea are in the lead in terms of increasing military spending. That is why any single one of the conflicts simmering just under the surface could blow up into a serious crisis. These regional conflicts therefore require careful attention.

The concept of Russia being a Euro-Pacific country is much more promising than defining Russia as a purely European or Eurasian country. The Eurasian concept would draw us southwards, while the Euro-Pacific orientation opens up prospects for greater cooperation with all the leading global powers. The policy of transforming Russia into a truly Euro-Pacific nation (the only other such nation is the United States, there are no others) must address three main tasks.

The first task is to develop Russia's own Far East, making use of the rapid growth in the neighboring countries, so that later on we could use the increased potential of that part of Russia to maximize our influence in Asia Pacific. The second task is to turn Russia into an important component of the Asia Pacific Region's economy—and I mean the whole of Russia, not just the Russian Far East. And the third task is to strengthen our role as a key geopolitical and geo-economic player in Asia Pacific, as an important participant in the regional migration processes and collective security mechanisms.

Cooperation with the Asia Pacific Region is a crucially important priority of Russian foreign policy and the policy of developing Russia's Far East. That is an unconditional imperative.

Another important thing to consider is the demographics. The population of the Russian Far Eastern territories to the east of Lake Baikal is seven million people. The population of China's border provinces is 280 million people. There are 24 million people in North Korea and 50 million in South Korea. The Philippines has the same territory as Russia's Kamchatka, and a population of 95 million, adding two or three million every year. Let alone the 85 million people in Vietnam, where Russian is hardly ever spoken these days.

In 2010 the Russian committee of the Council for Security Cooperation in the Asia Pacific (CSCAP) prepared a report on the Asia Pacific strategy. The report has already been published. It ends with the following conclusion: "In the late 1990s Chinese politicians unofficially put forward the following strategy: draw strength from the North, stabilize the West, go South. Russia could formulate its geopolitical strategy for the coming decade in the following way: draw strength from the West, stabilize the South, go East." The West is the source of modern technology and high-quality investment. The South is the source of the main security threats. The East, meanwhile, is a growing center of the modern world, a huge market for our exports and a place of excellent opportunities for integration and comprehensive cooperation.

## **DOES ASIA PACIFIC NEED RUSSIA?**

**MIKHAIL GALUZIN (MFA):** From the point of view of Russian regional interests, i.e. Russia's deeper integration into the Asia Pacific Region, especially in the modernization and innovation segments, in accordance with the tasks set out by the Russian leadership, the year 2010 has been quite productive. Russia has strengthened its positions in Asia Pacific, including the political and economic aspects. We should not rest on our laurels, there is still a lot of work to be done—but we have already achieved some tangible results.

The preliminary results, which are, nevertheless, distinctly positive, were made possible by a combination of our own efforts and a favorable regional situation.

Many countries in Southeast Asia and Oceania are recovering from the world economic crisis very rapidly; they have once again stepped up the search for an optimal model of regional security, and Russia is once again in high demand. For all the obvious difficulties of Russia's integration into the Asia Pacific Region, we are seen as a very promising market and investment destination. In certain segments, we are seen as a potential investor, and as a supplier of energy. Besides, many countries see us as a significant factor of stability in the complex military-political situation in the region. Here we are feeling the effects of the new global challenges (proliferation of WMD, international terrorism, transnational crime, etc.) and of the old regional problems and dormant conflicts (from the Korean nuclear problem to territorial disputes in the South China Sea).

This growing demand for Russia in the region is manifesting itself in developments such as Russia's accession to the East Asia Summit, our participation in the Asia-Europe Forum dialogue,

our growing profile in APEC and the ASEAN countries' growing interest in cooperation with us, as demonstrated by the second Russia–ASEAN summit. In many cases these things were made possible by greater cooperation in the high-tech innovation segments with these countries.

We have significantly strengthened our strategic partnership with Vietnam. A number of agreements were reached during the Russian president's visit to Hanoi in October 2010, including cooperation in developing nuclear energy in Vietnam, with Russia's technical and financial assistance.

We have continued to develop our cooperation with Singapore based on the agreements reached by the Russian president and the Singaporean government in November 2009. The country is an important economic, technological and financial hub in the region. A high-level bilateral commission co-chaired by Deputy Prime Minister Vyacheslav Volodin began its work in September 2010. We have signed an agreement on mutual protection of investment. Another important thing is that we are working closely with Singapore to implement here in Russia the country's truly groundbreaking experience in creating a system of electronic government. That is extremely important to us.

We have significantly stepped up our relations with Australia and New Zealand, which until recently, and for a number of reasons beyond our control, were not as active as we would have liked.

We have established close, friendly, and constructive contacts with the new Labour Government in Australia following the Russian President's meeting with the Australian Prime Minister in Seoul in November 2010. We have also completed the ratification of the Russian–Australian agreement on peaceful nuclear energy cooperation.

With New Zealand, we have established really close contacts with the country's government and launched a new project that is quite unique for Russia. We have started official dialogue on signing a free trade agreement between the Customs Union (Russia, Belarus, and Kazakhstan) and New Zealand. Russian experts believe that the project could yield substantial dividends, because the New Zealand economy is firmly integrated into the Asia Pacific Region's economy.

Naturally, in terms of the scale and strategic significance, Japan remains a key country. Unfortunately, our relations with Japan are still burdened by the difficult heritage of the past, i.e. Japan's territorial claims to Russia. The damage this factor can do to the climate of our relations was demonstrated by the Japanese reaction to President Dmitry Medvedev's visit to Kunashir Island. But even despite these tensions and despite the difficult and sensitive border issue between our two countries, our bilateral cooperation is still showing gradual progress, especially in terms of trade. During a meeting between the Russian President and Japanese Prime Minister Naoto Kan on the sidelines of the APEC summit in Yokohama in November 2010, the two leaders agreed to step up bilateral relations in such areas as trade and economic ties, cooperation in the Asia Pacific Region, and closer coordination on the international arena as a whole. Such a format of our relations can create a more favorable climate for future dialogue on the peace treaty. The two leaders agreed to continue that dialogue.

**ALEXANDER PANOV (DIPLOMATIC ACADEMY):** The situation with Japan shows that we have not been doing enough to improve our relations with Tokyo, or maybe even not doing anything at all. All these festivals of ours, all the stunts with Tshiburashkas [Russian cartoon character—Ed.] in Japan, they have not produced the results we had hoped for. They have not changed Japan's attitude to Russia. Meanwhile, our own attitude to Japan has always been, "So what about Japan? They can't do us any real harm, and we can't make a lot of money doing business with Japan, either. So let us just ignore it." But Japan is important to us not just as an economic or technology partner, but as a counterbalance in our relations with China. That is quite obvious. So what is to be done in this situation?

We should not be talking just with the Japanese government. The problem is, we know next to nothing about Japan's political elite, especially the current crop of its political leaders. We have not had any close contacts with them. Who are these people in the Japanese government and in the ruling party? What is the balance of power in Japan? We have next to no contacts with the Japanese media, or the Japanese scientists, apart from those we have known for 30 or 40 years. We need to establish broader dialogue with the Japanese.



The second problem is the unresolved territorial dispute. It may actually be good that tensions have increased again [over the Kuril Islands—Ed.] because they have highlighted our differences with the Japanese. But we really do need to start some kind of dialogue, to pick up where we left off in the late 1990s and early 2000s. We need to try to draw them into some kind of dialogue, even if that dialogue focuses on the islands.

In the general regional context, the situation with Japan could have some rather undesirable consequences. There are some regional organizations of which Russia is not yet a member but would like to join, such as the Asian Development Bank. But, given the state of our relations with Japan, we are unlikely to receive an invitation to join any time soon. Let us recall that the Japanese had been opposed to our APEC membership as well, and withdrew their objections only after the meeting in Krasnoyarsk in 1997.

Now let us talk about more general issues. I agree with my colleagues' assessment that 2010 has been a very successful year for our foreign policy in terms of strengthening our positions in Asia Pacific. We have finally been admitted to the Asia-Europe Meeting (ASEM) and the East Asia Summit. For many years our foreign policy, hobbled by scant diplomatic, political, and economic resources, has been working to achieve Russia's recognition in the region as an Asia-Pacific nation.

Another problem is that we have been adopting concept after concept, strategy after strategy—but very little changes in practice. Now we are creating yet another concept, which we hope will be the right one. But there is no longer any need to persuade anyone that Russia should establish its presence in the East. Everyone agrees with that. The question is how to achieve that, and what should be done? Here things are much less clear. What exactly do we mean by the much talked about integration into the Asia Pacific Region? We want to enter the region, but we do not allow anyone to enter Russia. That is our true approach to integration. And that is felt very clearly in the Far East. Any attempts by foreigners to do business in Russia are being rejected. The problem is, our entire economic model rejects innovation and modernization. Why should things be any different in the Far East? The APEC summit will come and go, and everyone will forget about it. The only thing that will remain is the bridge to Russkiy Island (for which there is no real need), and that beautiful university as well.

I have been researching this field for more than 20 years. Unfortunately, I don't believe that any radical shift is under way in the Russian policy in the Far East. Hope springs eternal, of course—and maybe this latest concept that is being developed now will actually change the situation. But I have no great optimism in that regard.

### **CENTRAL PROBLEM: KOREAN PENINSULA**

**PANOV:** Clearly, we want to firmly establish our position at all the forums, we want to propose our initiatives and be noticed. But do we actually need all that energetic activity at all these forums? Maybe we should focus on supporting the initiatives proposed by the region's nations, instead of pretending that we know better than everyone else what needs to be done in the region? On the other hand, there are a number of problems where we could and should adopt a more energetic stance.

One of those problems is the Korean peninsula. There has been another bout of tensions, but the only proposal on the table is to go back to the Six-Party talks. Who are these six parties? They have clearly failed to prevent the nuclear tests in North Korea. They have failed to achieve any tangible progress, although there have been some interesting proposals. They have failed to produce the results everyone had expected, and the crisis on the Korean peninsula is a clear demonstration of the fact that the Six Parties can do nothing, no matter how hard we try to resurrect these talks—provided that they can actually be resurrected at all. Of course, it is always difficult to throw away the old briefcase; it did actually have some potential. But why not try to adopt some new approach to the talks?

The nuclear problem is an important problem to China, Japan, South Korea, and the United States. But it is not an important one to North Korea itself. It is just a card Pyongyang tries to play. And until the North gets what it wants, it will keep brandishing that card. That is why we need to formulate a new agenda for the Six-Party talks or for a broader format. The question should be, how do we pick up where we left off in 1953? We need to replace the truce with a proper peace

treaty, and resolve all the problems linked to that issue. If we could formulate a proposal jointly with China, North Korea would agree to such talks, because such an agenda would be in its own interests.

**ALEXANDER VORONTSOV (RUSSIAN ACADEMY OF SCIENCES):** The year 2012 will be an important year for North Korea: they will be celebrating Kim Il-sung's 100th birthday.

Some people are laboring under the delusion that a change of regime is possible in North Korea, that we need only push a little harder. It seems that the decision-makers in Seoul have been counting on such an approach in the last few months even more than they had before. Meanwhile, the United States has stepped up its efforts to contain China; the instruments used by Washington include bringing military infrastructure closer to China's borders. The Korean problem is an excellent excuse to step up military maneuvers, which have been going on non-stop. There is a mistaken belief in Seoul that ousting the regime in Pyongyang is something that not only can be done but actually must be done. Washington has used this to put extra pressure on China. They have tried to break North Korea away from China and show to Beijing that the price of supporting Pyongyang is becoming too high.

Although the North Korean regime is quite stable internally, all these factors can lead to the worst-case scenario. We hope things will not come to that. But, unfortunately, there is a growing likelihood of the worst-case scenario materializing, i.e. of a large conflict on the Korean peninsula, which would complicate our APEC summit in 2012 and jeopardize the development of Russia's Far East.

We need to pay attention to maintaining the status quo on the Korean peninsula. A change of regime in North Korea achieved through the use of force would not be in our interests. In order to resolve that problem we need to step up our traditional policy. We need not only declarations but some tangible steps to steer that conflict into the path of negotiations and diplomacy.

**GEORGE TOLORAYA (RUSSIAN ACADEMY OF SCIENCES):** What was the reason for the latest bout of tensions on the Korean peninsula? In 2008 South Korea's conservative government adopted a policy of pressure. That policy of pressure and isolation was based on the conservatives' confidence that the North Korean regime was doomed, that Kim Jong-il was having health problems, and that the problem of succession had not been resolved. The situation with the nuclear problem was getting worse, which gave a pretext to apply sanctions to North Korea and try to isolate it. Some circles in South Korea had decided that the fall of the regime was imminent, and that they needed to make serious preparations for reunification—or, at the very least, for serious practical steps in that direction.

It is surprising that the South Koreans were saying all that to the Americans. According to a diplomatic cable published on WikiLeaks, the South Korean president's security assistant was trying to persuade the Americans that the Chinese would accept the reunification of Korea on Seoul's terms, that the Chinese were fed up with the North, and a last big push was required to resolve the problem once and for all. That shows that the South Koreans had totally misunderstood the real situation and that their analysis was absolutely inadequate. For 20 years now they have been waiting for the regime to collapse any minute—but the regime is still there, and it looks unlikely to collapse any time soon.

North Korea was put into a situation where, out of its rather meager arsenal of foreign policy instruments, it was forced to resort to the most potent one: the policy of escalation, military threats, and provocation. All of that was exacerbated by problems with the transition of power. The North Korean government needed to look strong and decisive. The incident with the *Cheonan* in March 2010 was used to unleash an unprecedented campaign of isolation and pressure against the North in an effort to make the regime capitulate. North Korea simply had no other choice but to use the instruments that were available to it—namely, military force. That is the real explanation for the Enphendo incident in November 2010. The nature of that incident was not some ideological or deep political-military confrontation between the North and the South. It was a plain and simple territorial dispute, of which there are dozens in Asia and in other corners of the globe. Each party has its reasons to believe that it is right, but from the point of view of international law North Korea's position in this particular dispute seems more justified.

The United States has clearly tried to make use of that incident as a pretext to force China to play second fiddle on the issue of security in North Korea. That was a dangerous precedent. Our experts and decision-makers need to watch that process closely and use all the available



opportunities to forecast the situation and protect our interests using purely diplomatic means, including contacts in the international organizations.

In 2010 it became clear that it is too early to consign *hard power* to the dustbin of history and rely solely on economic instruments and *soft power* to resolve all the problems. Growing tensions in the Korean conflict and in the territorial conflict between Japan and China, the situation in the South China Sea and with the other border conflicts, and America's now obvious intention to contain China through instruments that include a certain structure of alliances and military presence along the perimeter of China's borders—all these developments indicate that Asian security issues play an important role in regional relations.

Speaking about Russia's Far East, we need to remember that it became Russian territory only two or three hundred years ago. For the Asian countries, whose history goes back thousands of years, that is not a long historical period. We must not discount that factor. We need to realize that this can be a source of threats, including military threats. The region could become a scene of bitter conflict. If the situation deteriorates on the Korean peninsula—if, for example, the United States continues its policy of pressure—we could be faced with a conflict which is beyond our control, but whose repercussions will affect us in a big way. So the question is, how effective are the multilateral security mechanisms?

We need to make a distinction between the PR efforts, between the methods of public diplomacy and the real opportunities to resolve problems, the existing channels that do not always work in a public way. It is extremely important to create a network of a multitude of organizations that serve as a venue for experts and officials to meet and discuss the most serious issues. The first meeting of the ministers of defense that took place in 2010 was a very important event, and we need to be fully involved in these processes.

So far, economically Russia is still a dwarf, and it will not become a leader in Asia any time soon. But Russia has political weight, and it can play an important role as a counterbalance and a great power with formidable diplomatic potential. Russia is needed in Asia Pacific, even though its resources are limited. We need to take part in many processes and we need to make our position clear.

## THE ROLE OF THE ECONOMY

**BORODAVKIN:** It is important to note that our trade with the Asian countries has already surpassed the pre-crisis levels. In the first 10 months of 2010 Russia's trade with the Asia Pacific Region had reached over \$120 billion, a 35 percent rise on the same period in 2009. The figures are even more impressive with some individual countries in the region. For example, our trade with China and South Korea is expected to more than double in 2010 compared with the previous year. On the whole, our trade with Asia Pacific has been growing much faster than with other parts of the world in 2010.

In the East, Russia is beginning to form modernization alliances with a whole number of technologically advanced countries. One example is the interest in the Skolkovo project expressed by South Korea, China, Japan, India, and Singapore.

We have successfully pursued large-scale bilateral economic projects in cooperation with our neighbors in the Asia Pacific Region. We have launched the Skovorodino–Daqing oil pipeline between Russia and China. We have stepped up nuclear energy cooperation with China, India, Iran, Vietnam, Mongolia, Australia, Japan, and Bangladesh. We are expanding space cooperation with China, India, Japan, and South Korea. We have signed an agreement with India on the joint use of Russia's GLONASS global satellite navigation system. Our supplies of liquefied natural gas to South Korea and Japan from the gas fields in Sakhalin have been growing steadily. Another testimony to the growing level of Russian–Chinese financial and economic cooperation is the beginning of the rouble–yuan trading on the Moscow Interbank Currency Exchange and the Shanghai Stock Exchange. As a result we have been able to start using our national currencies in bilateral transactions.

Another landmark event was the start of the free trade talks between the members of the Customs Union (Russia, Belarus, and Kazakhstan) and New Zealand. This is a pilot project which will give a new impetus to Russia's involvement in the liberalization of trade and investment in Asia Pacific, especially taking into account the prospects for Russia's WTO membership.

Other important developments for Russia's policy in Asia Pacific included our accession to the EAS; our participation in the Shanghai Cooperation Organization; our work at the APEC forum and preparations for the APEC summit in Vladivostok in 2012; our relations with India and China in the RIC format (Russia-India-China), and our accession to the Asia-Europe Forum.

**VADIM PESTOV (ROSATOM):** Despite the negative repercussions of the world economic crisis, nuclear energy is once again on the agenda in many countries throughout the world, in what has been termed *nuclear renaissance*. Many nations are now assessing the potential of nuclear energy. According to the IAEA, about 60 countries have declared their intention to pursue nuclear energy programs. That is why one of *Rosatom's* priorities in the coming years is the development of peaceful nuclear energy cooperation with other countries. That includes the construction of nuclear energy infrastructure and exports of nuclear technologies and services. In 2010 Russia and *Rosatom* signed more than 20 bilateral agreements and memorandums on peaceful use of nuclear energy.

The greatest interest in developing peaceful nuclear energy programs has been demonstrated by countries in Asia Pacific, where some of the nations already have a powerful nuclear industry, such as South Korea, Japan, China, and India, as well as newcomer states such as Vietnam and Bangladesh.

During President Medvedev's official visit to Vietnam in October 2010 our two countries signed an intergovernmental agreement on the construction of Vietnam's first nuclear power plant. We are also negotiating a similar agreement with Bangladesh. We have signed a number of bilateral agreements with India and China, which are already building nuclear power plants. We are also working with regional organizations in Asia Pacific.

On July 5–7, 2010 a *Rosatom* delegation took part in the second regional forum of ASEAN countries, where it conducted a presentation of Russian nuclear technologies and spoke about Russian experience in building power plants abroad. As part of the preparations for the second Russia-ASEAN summit on September 29–30, 2010, a *Rosatom* delegation took part in a science and technology seminar headlined "Peaceful Use of Nuclear Energy in Asia Pacific". The seminar was held to promote Russia's potential for cooperation with ASEAN countries in peaceful use of nuclear energy and to advertise Russia's innovative nuclear technologies in areas such as the construction of nuclear power plants, nuclear research centers, and other nuclear facilities in Russia and abroad. The agenda also included science and technology aspects of the nuclear fuel cycle, development of nuclear legislation and regulations in compliance with the IAEA requirements and guidelines, training of specialists for the nuclear energy industry, and commercialization of nuclear technologies in industries such as isotopes, nuclear medicine, water treatment, and others.

We are now developing and pursuing proposals aimed at expanding our science and technology cooperation, technology exchange, and commercialization of the most promising Russian technologies in Southeast Asia. We are also working to develop an effective mechanism for establishing direct contacts in this area, and fostering public-private partnership. Russia is ready to enter international markets with competitive high-tech offerings. We have a lot of international experience in implementing nuclear energy projects in other countries, and we continue to increase our participation in the leading multilateral organizations in Asia Pacific.

**GALUZIN:** The year 2010 brought us many tangible and successful examples, albeit on a fairly limited scale, of Russian companies working in the high-tech segments of the Southeast Asian economies.

Russia's *Vympelkom* is becoming one of the leading operators of cell phone networks in Southeast Asia, steadily increasing its presence in mobile phone and other telecommunications markets. We have made a good start on selling the *Sukhoi* company's Super-Jet aircraft in the region, and on a number of other projects.

We expect the trends that prevailed in 2010 in our bilateral relations with countries in Southeast Asia to continue in 2011 in the run-up to the upcoming APEC summit in Russia, reaffirming our strategy of increasing our presence in Asia Pacific and our role in the economic integration and political cooperation organizations in the region.

As we all know, the Sakhalin projects have made a good start. In Yuzhno-Sakhalinsk we have built, jointly with Japan, Asia's largest LNG plant. And that is just the beginning. The task for the future is



cooperation for emergency response in Asia. We have things to offer here. Finally, we have some promising projects in the telecommunications sector with countries such as Japan.

Although we have things to offer in this region, for now we have not achieved as much as we would have liked in terms of tangible, detailed, and well-thought-out strategic projects.

## PROBLEMS AND FORECASTS

**ORLOV:** There is a whole number of domestic problems that hamper Russia's foreign policy progress in Asia Pacific.

The first problem is obvious: I am talking about the geography, about the difficulties of governing and developing a region that lies 9,000 km away from the Russian capital.

The second problem is the demographics. The population of Russia's Far East is only seven million people, concentrated mostly in the big cities that are separated by an average distance of 400km. The problem of demographics is compounded by the problems and challenges of migration—and here the question is, should we view migration as a problem or as a possible solution?

Third, although Russia has formulated a clear agenda for its Far East, it is not at all clear that Russia has a clear development strategy for the region.

And fourth, with very few exceptions, we are not offering any large-scale and attractive strategic projects that are important to the region as a whole, to central Russia, and to our Pacific neighbors in equal measure. That is one more reason to discuss today not only problems—although that is a very interesting subject—but opportunities as well. There is no doubt that we have plenty of opportunities to become part of the twenty-first century, the century of Asia-Pacific, claiming a worthy place for ourselves rather than playing the role of a junior partner.

**NIKONOV:** One extremely important area is the social and economic development of Siberia and the Far East as part of the integrated Russian industrial complex. That strategy was approved by the Russian Cabinet in December 2009; I mean the strategy of social and economic development of the Far East and the Baikal region until 2025.

The region's proximity to the huge and rapidly growing Asian markets offers great opportunities for modernizing the Russian economy, ramping up our exports, attracting more investment, setting up joint ventures, and bringing high-tech projects to Russia by making our economy part of the integrated regional and global economy. That is a matter of priority.

Prior to the world economic crisis in 2008, only 5.8 percent of foreign direct investment into the Russian economy originated in Asia Pacific. But the crisis has changed the situation very radically. The flow of Western investment into Russia has dried up; there has been a sharp decline. Meanwhile, the volume of foreign investments in the Russian economy originating from Asia Pacific has tripled. It now makes up 21 percent of the total. That is a truly impressive growth. The situation is changing right before our eyes.

The potential areas of our cooperation are very diverse. Our traditional exports to the Asia Pacific countries are energy (oil and petroleum products, coal), primary metals, timber, and marine bioresources. In the next few years we can also add electricity and natural gas to that list. But for now, Russia is not a significant actor in the regional markets for energy or raw materials. Our share of these markets is tiny. Russian exports account for only 1.7 percent of the region's consumption of oil, 0.002 percent of gas, and 0.8 percent of coal. And these are our main exports to the region.

While paying close attention to strengthening our traditional exports, we need to win a share of the Asia Pacific markets for new high-tech products and services. We need to pursue innovation projects in high-tech industries.

We have already discussed nuclear energy and nuclear fuel cycle projects. One potential market here is Vietnam. But Japan is also working hard to enter the Vietnam market. We have won a \$5.5 billion contract. Meanwhile, the contracts that went to Japan are worth over \$14 billion. The Japanese are offering credit financing on their nuclear contracts, while Russia is yet to confirm that we can extend a similar credit facility. Meanwhile, other countries in Southeast Asia

are watching our first foray into the region very closely, including countries such as Indonesia, Thailand, Malaysia, and the Philippines, where *Rosatom* also hopes to win nuclear contracts.

We have great potential for space industry cooperation with countries in the region in areas such as building space launch sites in South Korea, making space launchers and rocket engines (Japan and South Korea), and offering commercial space launch services (Japan, South Korea, India, Malaysia, and Indonesia).

Another important program is to encourage companies in the region to build their high-tech industrial facilities in Russia, and to stimulate the imports of technologies and high-tech equipment into our country. We already have great experience in the car industry: almost all the large Asian producers are working in Russia. There are new pilot projects being discussed now in pharmaceuticals, medical equipment, electronics, engineering tools, and transport machinery.

There are also projects to upgrade the Russian shipyards to enable them to build large ships, including LNG tankers, and to upgrade the Russian chemical industry in partnership with companies from Japan, South Korea, and other countries. There are plans to make greater use of Russia's transit potential, especially the trans-Siberian railway, and a proposal to export grain to Asia Pacific via the Russian ports in the Far East. Right now we do not have any grain shipment facilities in the Far Eastern sea ports. Meanwhile, APEC countries account for 38 percent of world grain imports.

It is very important to position Russia properly in the complex geopolitical system of the Asia Pacific region, and to step up our participation in the regional integration processes.

Attitudes to Russia in the region are quite ambiguous. On the one hand, we are still being seen as a political superpower that wields great influence in world politics, and as a possible counter-balance to other political (and not only political) superpowers in the region. But, at the same time, Russia is regarded in the region as an economic dwarf, which is not very far from the truth. In addition, there is a certain degree of wariness about Russia, especially in terms of the civilization we are seen to belong to. The perception of Russia as an Asia Pacific nation is yet to materialize. To give you an example, our proposal to hold a meeting of the CSCAP in Moscow caused a veritable panic among the organization's leadership—they want all such meetings to be held in the ASEAN countries. In other words, ASEAN has made its intention to remain firmly in the driving seat very clear.

All that being said, Russia is closely integrated into all the largest regional organizations such as APEC, the ASEAN Regional Forum, the Conference on Interaction and Confidence-Building Measures in Asia, RIC, BRIC, the Shanghai Cooperation Organization, and many others.

In my opinion, the year 2010 marked the end of an important stage. After several years we are approaching, or maybe we have already arrived at, an important junction in the competition of the various integration projects and proposals on security architecture in Asia Pacific. The extended format of the East Asian Summit, which can also be described as the ASEAN + 8 format, seems to be gaining the upper hand. It appears that this format will become the foundation for the Asia Pacific architecture in the twenty-first century.

Not everyone is happy with such a state of affairs. There is growing opposition among the ASEAN Regional Forum leadership—they are gearing up for serious rivalry, especially on security. Until now the ARF saw itself as the main security organization in Asia Pacific. But now that role is being claimed by the meeting of the Asia Pacific defense ministers. The first such meeting was held in Hanoi in the ASEAN + 8 format, the format of the extended East Asian Summit.

**ALEXANDER LUKIN (MGIMO):** Speaking about Russia's presence in Asia Pacific we need to be aware of a number of problems; the situation is not quite as rosy as some believe. Foreign policy cannot be active and productive if it is not backed by real domestic achievements, by the country's internal strength.

Therefore the first problem here is the problem of development and reform. It is now fashionable to talk about Gorchakov. But the thing is, real reforms were being conducted back at the time in every single area. They brought Russia real economic growth, a more capable army and growing military might. Are we seeing such reforms now? Of course, some reforming is being done, but it is far too early to say whether their results will be as brilliant as in the nineteenth century.



The second problem has to do with specific regional projects. True, some projects are being implemented in the Far East. There has been some improvement; we have the Sakhalin project, for example. Things are being built in Vladivostok, on Russkiy Island and in the city itself. For the first time in decades something is being built there. But all these improvements are being negated by the demographics. People are fleeing from the Far East and Siberia, the population there has shrunk by two–three million people compared with the Soviet period.

The poor investment climate in Russia as a whole and in the Far East in particular is hampering the development of these projects. It takes two visits by the Russian prime minister for the building of a bridge to start. We cannot have any serious influence on that basis. In the United States or China government officials don't have to visit the future construction site and say, "you build me that bridge, or else..."

We need to resolve these two domestic problems and build up our internal strength if Russia is to bolster its presence in Asia Pacific.

What then are the instruments of power that Russia already has? The only real one is our military might, but its significance has been changing lately. We can use that instrument very cautiously, but only provided that we take into account the growing political influence of some other countries. Meanwhile, economically we are very weak.

For now, Russia is not perceived as part of the region in the expert community and among the decision-makers. In the foreign ministries of other countries Russia is part of the remit of the Europe, Eastern Europe, and Central Asia departments. In the Asia Pacific Institute of the Chinese Academy of Social Sciences there is not a single expert on Russia; they do not study Russia at all. But they do have separate Russia and Central Asia institutes, and a lot of experts on Russia. In other words, Russia is still seen as a predominantly European and partially Central Asian country.

The key reason for that situation is that Russia's economic presence in the region is inadequate. Our trade with countries in the region has been growing, but even so, Russia's bilateral trade with China is about 13 percent of American–Chinese trade, and just a fraction of China's trade with Japan or South Korea.

Now let us discuss the cultural component, and more generally the so-called soft power, which *could* become an important addition to our economic presence in Asia Pacific. What are the models Russia can offer to the region? The list is quite short. There is the traditional American model, which is now losing its popularity. There is also democracy, market economy, etc. The Chinese model, the so-called Beijing Consensus, or, simply speaking, the Chinese model of economic development, is becoming increasingly popular. Meanwhile, what can Russia offer? Sovereign democracy? Modernization, which we ourselves are only just starting, to put it mildly? Innovation? Maybe our cultural potential, especially our cultural traditions, would be a much better choice.

On the bottom line, our country needs to work in the following areas. First, we need to work with the existing organizations; we need to facilitate and, inasmuch as is possible, stimulate Russia's economic presence in the region. We need to develop bilateral cooperation, encourage trade, and pursue an improvement in our trade balance. Second, we need to work consistently on increasing Russia's role in international organizations and regional processes. I also believe that now is not the time for global projects. We just need to work to improve our own situation domestically—that will enable Russia gradually to build up its presence in the region.

**VORONTSOV:** Russia's Far East is the main reason for our coming to the Asia Pacific Region as a respectable partner. We are talking about the need to pursue a policy of integration, presenting our Far East as an integral part of our economy and so on—but the feelings in the region itself are quite different, and they are very widespread among the local population. To put it bluntly, people there believe that Moscow is treating the region as a colony. There is a feeling there that the region is being exploited, that its natural resources are being exploited, that all the profits are being channeled to Moscow, and nothing is being left to the Far East except for pollution.

But let us come back to our situation, and in particular to the construction projects in Vladivostok ahead of the APEC summit. Vladivostok will get two new bridges and sewage treatment systems (up until now all the sewage was simply dumped into the ocean). One of the problems is that there

are not enough people in the city. That needs to change, we need to channel migration flows to the region. But people say to us, first you have to create normal living conditions for those few who are already living there, then we can talk about bringing in extra people.

## GLOBAL FACTORS: UNITED STATES AND CHINA

**ARMEN OGANESYAN (INTERNATIONAL AFFAIRS):** Looking at Asia, especially China, Europe has lately been feeling slightly inadequate. The Americans too keep saying that Europe, even a united Europe, is no superpower. So what should we think about that triangle, about those powers that some believe will play a global role in the future, and not just in Asia? I am talking about *Chinerica* not as an alliance, which most experts believe is not a real possibility at this stage, but as a factor of influence, as a tectonic plate that weighs on all the global processes.

Some believe that a united Europe absolutely needs Russia if it is to take its rightful place in that triangle. In other words, Europe needs much closer relations with Russia, economically and maybe strategically as well.

**NIKONOV:** Relations between China and the United States will be the axis of global development in the twenty-first century. There is no doubt about it. *Chinerica*, in the sense that it has been mentioned (a G2) is absolutely impossible because right from the start the United States had expected that China would play along with that game and accept the role of a junior partner, with America in the lead. As we all know, the United States always views all its partners as junior partners.

But the Chinese have realized that, and they have realized that the United States can influence internal Chinese processes. So the idea of a G2 will never materialize. On the contrary, the United States has now begun energetic efforts to build a coalition to contain China. The main limiting factor for China's growth and ascendance is the external reaction to that growth and ascendance. Almost none of the leading world powers like that ascendance. Looking at the geography of Barack Obama's latest visit to Asia, it pinpoints all the countries America would like to recruit for the alliance to contain China. That includes Indonesia, the largest country in Southeast Asia. India also figures very large in those plans.

China is becoming the other superpower of the modern world. Relations with Russia are very important to China strategically because only they can provide China with a reliable strategic rear and strategic depth. They have to fight for and protect all the rest, one way or another. So our relations with China are important to China most of all. Meanwhile, being neighbors of China, we have no alternative to maintaining good and friendly relations with China.

**VICTOR SUMSKY (MGIMO):** Asia is deeply globalized. And if we are to achieve something there, setting aside a global vision for ourselves and the region, setting aside some global plans would doom all our efforts there to failure.

The primary objective now is to produce a policy that would be realistic and have global implications at the same time. The second issue is the issue of threats; we need to understand whether they are real or not, and if they are, then what is their nature and what is the danger that they pose? The third subject is the need for proper geopolitical positioning of Russia in Asia.

Rivalry between China and the United States is becoming the core of geopolitics in East Asia. The focus of global economic development is shifting to that region, but the potential for conflict is growing there as well. These two trends are interrelated. The more East Asia can offer the world in terms of economic development, the more it becomes the focus of various conflicting interests. That increases the potential for not only reconciliation and harmonization, but conflict as well. So it is inevitable that as Asia continues to grow, the potential for conflict there will increase as well.

It is important to realize that rivalry between the United States and China is not regional. It is global. The rivalry between them is not just for regional dominance, but for global dominance as well. In Europe, such rivalries have never led to anything good. I would say that the dangers being accumulated in the region are not as ambiguous and vague as some argue. Of course, no one is threatening anyone else directly, there is no doubt about it—but all the other assertions are rather debatable.

So how should Russia position itself geostrategically?



The one thing Russia should never do is throw its weight fully behind one of the two main players, either China, its closest great neighbor, or the United States, which still remains the leading world power. By throwing its weight behind one of them, Russia would rapidly accelerate the polarization of forces in the region and encourage processes that could undermine the very economic dynamism that attracts us to Asia. By siding with one of the two players, Russia would immediately turn the other into an enemy, which, for the time being, is much stronger than us. Russia would risk being drawn into a conflict that would cause unacceptable and irreversible damage to it.

What, then, is the alternative to aligning ourselves with one of the two powers?

The obvious answer is nonalignment. In the twenty-first century Russia must play the role that was played by the Nonaligned Movement in the twentieth century. From the moral-political point of view that is an extremely advantageous position, as the twentieth century has amply demonstrated. Such a position would free us of the need to take part in a fight in which we have nothing to gain, because we are not a real contender for world domination. That strategic position is also very advantageous as it would be good for our cooperation with the vast majority of the Southeast Asian nations. ASEAN is the group that has been the most consistent in trying to maintain the regional balance and prevent any irreversible shifts in the regional equilibrium.


**ORLOV:** To summarize, it is important for Russia to address the problems of foreign policy as well as internal social and economic problems in our Far East.

In the run-up to the APEC summit Russia will need to resolve several sets of tasks in its relations with partners in the region. These include high-tech nuclear energy cooperation (international projects such as the International Uranium Enrichment Center in Angarsk), nanotechnology, space, and IT cooperation. Some Russian IT companies, such as *DST*, the owner of *Mail.ru*, have very ambitious plans for cooperation with countries in Asia Pacific, especially Japan, South Korea, and the United States. There is a lot of unused potential for cooperation here.

Meanwhile, the security agenda includes some traditional challenges as well as new ones, including the proliferation of WMD, missile technologies, and dual-use technologies (North Korea is the greatest concern), terrorism and especially its financiers, and a combination of terrorism and proliferation. Serious work is already being done in this area.

Speaking about the importance of social and economic development of Russia's Far East for the Russian foreign policy priorities in the region, I would like to draw our attention to an interesting coincidence. Today [December 6, 2010—Ed.] the Russian Prime Minister was in Khabarovsk to chair the inter-regional meeting of the United Russia party and discuss the problems of the Far East. Speaking about these problems, he said this today: "What are the key issues? The main priority is the development of infrastructure and the energy sector, job creation, and more intensive development of innovation, because our Far East must be an integral natural part of the Asia Pacific Region." Moscow is already viewing the need for a social and economic breakthrough in the region as an urgent priority. But we are not going to succeed in integrating the Russian Far East into the world economy without attractive large-scale projects.

Then there is the issue of the overall objective, i.e. why are we doing all this? I was quite interested in the formula proposed by Maria Teploukhova, a young expert from the Far East writing for the *Security Index* journal. Her vision of the overall objective is this: "One of the most rational and promising paths is the path of integration, which requires attention in equal measure to the regional economy of the Russian Far East, as well as its politics, education programs, and security projects. That path requires a change in the model that has been built over the past two decades, whereby Russia's far-flung border provinces are viewed only as a source of natural resources."<sup>4</sup>

We can talk about the strategy of integration or the strategy of nonalignment—but we need to have a vision and understand the overall objective for the Asia Pacific Region. 

## NOTES

<sup>1</sup> The Round Table was held on December 6, 2010.

<sup>2</sup> Contribution is based on the introduction speech.

<sup>3</sup> All positions accurate as of the time of the Round Table meeting.

<sup>4</sup> Maria Teploukhova, "Russia and International Organizations in the Asia Pacific: Agenda for the Russian Far East," *Security Index*, No. 2 (91), Spring 2010, pp. 87–104.



R  
O  
U  
N  
D  
T  
A  
B  
L  
E