Russie.Nei.Reports No.17

Russia's Eastern Direction—Distinguishing the Real from the Virtual

Bobo Lo

January 2014

ifri Russia/NIS Center

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Russia/NIS Center

ISBN : 978-2-36567-226-9

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Contents

Executive Summary

The Asia-Pacific region has assumed primary importance as a center of global politics and economic dynamism. For Moscow, this development highlights a world in which many long-standing assumptions about international politics are being overturned. It speaks of "global power … shifting to the East," and of Russia becoming involved in the "dynamic integration processes in the 'new Asia'."

But for all the rhetoric about a "turn to the East", Russia's commitment to serious engagement with the Asia-Pacific is uncertain. Its elite retains a strongly Western-centric world-view, even as it criticizes Western shortcomings. Although Moscow has begun to appreciate Asia as important in and of itself, it is mainly concerned to assert Russia as an "independent" Eurasian center of power within the "polycentric system of international relations". Cooperation with Asian countries is the means to a larger end rather than the end itself.

The outcome of these contradictions is predictably mixed. On the one hand, Moscow is investing greater effort into the Asia-Pacific—a focus heightened by the critical importance of the "strategic partnership" with China, the vulnerability of the Russian Far East, and the need to diversify energy exports. On the other hand, Russia remains a peripheral actor in the region—a country that may be *in* Asia, but is far from being *of* Asia. The Kremlin's tendency to see international relations primarily in terms of Great Power relations means, in particular, that it does not have an Asia policy so much as a policy toward the major Asian powers, above all China.

Over the next decade, Putin will continue to prioritize the relationship with Beijing, and Russia's China-dependence will increase despite efforts to diversify ties with Japan, Vietnam, and India. Economic engagement will be dominated by energy exports, although Russia will be a niche rather than primary supplier of Asian requirements. More generally, the Asia-Pacific will remain a secondary "vector" for Moscow, and the vision of Russia as a "Euro-Pacific power" aspirational at best.

Introduction

In an era of international relations abounding in clichés, it has become *de rigueur* to speak of the decline of the West, the rise of the rest, and the consequent "shift of global power to the East".[1] This enthusiasm is not limited to the commentariat, but is also shared by political and business leaders. Just as the 19th century was notable for the European "scramble for Africa",[2] so today we are witnessing a collective rush toward Asia—only even more so. For whereas Africa was a relative sideshow in the age of imperialism, contemporary Asia has assumed primary importance as a center of global politics and economic dynamism. Barely a day goes by without some Western leader or other "going East" to tout for business while leaving any squeamishness about human rights and "values" at the door.

Russia, too, has become a dedicated follower of fashion. The most recent (2013) Foreign Policy Concept speaks of "profound changes in the geopolitical landscape", the "creation of a polycentric system of international relations", and of "global power and development potential … shifting to the East, primarily to the Asia-Pacific region."[3] In slightly more specific terms, President Vladimir Putin has spoken of the opportunity to "catch the Chinese wind in the sales of our economy", of promoting the "further development of Siberia and the Russian Far East", and of Russia becoming more involved in the "dynamic integration processes in the 'new Asia'."[4]

The logic of Russia's involvement in Asia is impeccable. In addition to the influence of recent international trends, there are also long-standing realities that demand it take a close interest in Asian affairs. More than three-quarters of Russia's territory lies east of the Urals, the traditional divide between Europe and Asia. Most of its natural resources are located within this vast expanse. And it is Asia that gives Russia its identity as a Eurasian civilization-state.

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[1] K. Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East,* Public Affairs, New York, 2008.
[2] Th. Pakenham, *The Scramble for Africa,* Abacus, London, 1992.
[3] Concept of the Foreign Policy of the Russian Federation, 12 February 2013, <www.mid.ru/bdomp/ns-osndoc.nsf/1e5f0de28fe77fdcc32575d900298676/869c9d2b87ad8014c32575d9002b1c38!OpenDocument>.
[4] V. Putin, "Russia and the Changing World," *Moskovskie Novosti*, 27 February 2012, reprinted on the Valdai Club website, <http://valdaiclub.com/politics/39300.html>.

The issue, then, is not whether Russia should engage with Asia, for no self-respecting modern power can afford not to, but whether it is doing so in earnest. Do recent declarations about Asia's importance for Russia reflect a new level of interest and commitment among decision-makers? Or is Moscow's "turn to the East" (*povorot na vostok*)[5] an artificial construct, one that illustrates a perennial problem of Russian foreign policy, namely, the disjunction between rhetoric and substance?

This article examines the Putin regime's approach toward Asia in terms of context, objectives, results, and prospects. First, what is the thinking behind Moscow's "turn to the East", and how does it fit into the larger picture of Russian foreign policy? There is a critical tension here between the traditional Western-centrism of the Russian elite, and the growing importance of Asia in global affairs. This, in turn, raises the question of whether a "turn to the East" is really about engaging with Asia, or whether it is a euphemism for a turn *away* from the West—not only politically and economically, but also a rejection of its norms and values.

Second, what is Moscow's policy agenda in Asia? This can be difficult to pin down, given the fluctuations in Russian decision-making, and the extent to which this has often been contingent on the state of relations with the West. Nevertheless, it will be argued here that the Kremlin is looking to realize five main, closely interrelated, objectives. They are: (1) to enhance national security; (2) to develop the Russian Far East; (3) to gain geopolitical advantages within Asia and globally; (4) to promote economic interests, both national and elite; and (5) to position Russia as a "good" Asian citizen.

Third, rhetoric and aspiration are all very well, but Russia's record in Asia has been poor, as even officials would admit. We should also recognize that it is unrealistic to expect a radical transformation in its Asian profile and influence. Many of the obstacles it faces are not of its own making, such as the widespread perception of Russia as an outsider—a country that may be *in* Asia, but is certainly far from being *of* Asia.[6] It is reasonable, though, to expect tangible signs of movement in realizing the objectives set out above. Are we seeing a genuine "Asianization" of Russian foreign policy, measured by a willingness at least to integrate with larger regional processes? Or is the "turn to the East" a grandiose sham, unsupported by genuine political commitment?

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[5] F. Lukyanov, "Uncertain World: Russia's Asia Challenge," *Russia in Global Affairs*, 29 October 2010, <http://eng.globalaffairs.ru/redcol/Uncertain-World-Russias-Asia-challenge-15029>; S. Karaganov, "Russia's Asian Strategy," *Rossiiskaya gazeta*, 17 June 2011, reprinted in *Russia in Global Affairs,* <http://eng.globalaffairs.ru/pubcol/Russias-Asian-Strategy-15254>.

[6] S. Bialer, 'The Young vs. the Old Leaders. Two Communist Systems—but how Different', *Christian Science Monitor*, 12 January 1987, <www.csmonitor.com/1987/0112/elead-f.html>.

Based on the premise that Russia's engagement with the "new Asia" is still at an early stage, the final section looks at the prospects over the next decade. It seems natural to assume that Moscow will inevitably have more dealings with Asian countries and organizations in coming years. What is less clear, however, is the nature of this interaction—whether it will be generally cooperative, increasingly competitive, or drift along somewhat aimlessly. Will the East move to center stage in Moscow's world-view, or will it remain a secondary theater of Russian foreign policy?

Concepts

Before addressing these questions, it is important to define various terms that are often used and abused. The first of these is "Asia". Normally, this is understood as extending west-east from the Urals to the Pacific Ocean, and north-south from the Arctic to the Indian Ocean and Southeast Asia. In Russian practice, however, things are more complicated. The former Soviet republics in the Caucasus and Central Asia are not viewed as part of Asia, but rather belonging to the post-Soviet space (*post-sovetskoe prostranstvo*), Near Abroad (*blizhnee zarubezhe*), or, more neutrally, Eurasia (*Evraziya*). The non-African part of the Arab world plus Iran is called the Near East (*Blizhnii Vostok*), while Afghanistan is part of Central Asia (*Tsentralnaya Aziya*). In effect, most Russians understand "Asia" as East Asia plus the Indian sub-continent.

The somewhat mystical term, "the East", is even more elusive. Physically, Russia is actually the most eastern country in Asia. The expression, a "turn to the East", therefore equates roughly to "east of Moscow", from where the Russian political elite surveys the world. But there are caveats here as well. The vast area extending from the Near East through the Transcaucasus to Central Asia is not regarded as part of the East, but rather the "South" (*yug*). The "East" can also be interpreted in symbolic and normative terms, as meaning the non-West or non-Western. Thus, a "turn to the East" may imply a turn away from the West, or, at the very least, dilution of the traditionally Western-centric world-view (*mirovozzrenie*) of Russia's rulers.

All this ties into various debates about Russian identity, an extraordinarily complex subject that is, fortunately, beyond the scope of this article. It is nevertheless worth noting that Russia has variously been described as a European civilization, Eurasian power, Asia-Pacific nation, and, most recently, Euro-Pacific power.[7] The key distinction, in relation to Asia, is between Eurasian and Euro-Pacific. The former generally describes the post-Soviet space and the great Eurasian hinterland, what the father of geopolitics, Halford Mackinder,

[7] "Going East: Russia's Asia-Pacific Strategy," Russian National Committee of the Council for Security Cooperation in the Asia-Pacific (CSCAP), *Russia in Global Affairs*, 25 December 2010, <http://eng.globalaffairs.ru/number/Going-East-Russias-Asia-Pacific-Strategy-15081>.

called the Heartland.[8] Less commonly, Eurasia may cover the whole expanse from "the Atlantic to the Pacific", from Lisbon to Vladivostok.[9] In both cases, Russia is not so much European or Asian, but has an identity that transcends both. It is a self-standing, "independent" power and civilization.

The description, "Euro-Pacific", does not necessarily preclude any of this. However, its main accent is on Russia's ambitions to be a major power in the Asia-Pacific Region (APR). Euro-Pacific is also a more modern construct than Eurasia. Whereas the latter reflects Russia's historical-civilizational heritage, as well as geographical realities, Euro-Pacific signals an appreciation of the latest, post-Western trends in international politics, above all, "the shift of global power to the East". It is less conservative in character, seeking not merely to preserve, but rather to build—harnessing the dynamism of East Asia to the still valuable assets of Russia's European-ness and Eurasian identity.

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[8] As he put it, "who rules East Europe commands the Heartland; who rules the Heartland commands the World-Island; who rules the World-Island controls the world,"H. Mackinder, *Democratic Ideals and Reality,* National Defense University, Washington DC, 1996, originally published in 1919.
[9] V. Putin, "Russia and the Changing World," *op. cit.* [4].

The "Turn to the East" in Putin's Foreign Policy

Historically, Asia has carried little intrinsic importance for Russian decision-makers.[10] In the 19th century, imperial officials in St Petersburg were unenthusiastic about the expansion of the Russian empire to the Pacific—an indifference underlined by the sale of Alaska to the United States in 1867.[11] And during the 20th century, East Asia was regarded much more as a source of threats than of opportunities. Stalin threw out all the foreigners in previously international cities such as Vladivostok, fortified the Soviet Far East (SFE), and converted East Siberia and the SFE into a network of labor camps for the exploitation of the region's natural resources. Far from wishing to engage with the neighborhood, he introduced a tight quarantine that cut the SFE from East Asia.

Interaction with Asia scarcely improved under Stalin's successors. On the contrary, the three decades of the Sino-Russian "freeze" from the late 1950s saw the strengthening of isolationist tendencies. Although the Soviet Union was actively involved in the Vietnam War, this was as a global rather than regional player. Asia was a theater of superpower rivalry with the United States, as well as being home to an unpredictable and antagonistic People's Republic of China (PRC). Until Gorbachev's arrival in the Kremlin, there was no thought given to the Asia-Pacific as a region for international cooperation.[12]

Moscow's globalist perspective on Asia, and the Asia-Pacific region, has continued throughout the post-Soviet period. Asia and "the East" have mattered more to Moscow in terms of global geopolitics than as a region for bilateral and multilateral cooperation. This is exemplified by the Sino-Russian "strategic partnership". Since the mid-1990s, Moscow has attached primary importance to the role of this relationship in "counterbalancing" American power and "unilateralist" tendencies. While bilateral economic ties have

[10] "Going East: Russia's Asia Pacific Strategy," *op. cit.* [7].
[11] J. Stephan, *The Russian Far East,* Palo Alto, Stanford University Press, 1994, p. 54.
[12] M. Gorbachev, speech in Vladivostok, 28 June 1986, see 'Excerpts from Gorbachev's Speech, *The New York Times*, 28 June 1986, <www.nytimes.com/1986/07/29/world/excerpts-from-gorbachev-s-speech.html>

expanded steadily, the Kremlin has attached greater importance to the emergence of a non-Western strategic consensus. In other words, the main object of Russian attention has not been China, much less East Asia, but the United States and its domination of the international system.

The current "turn to the East" reflects the lasting influence of this globalist mindset. Although the Russian elite has begun to appreciate Asia as important in and of itself, the emphasis is still very much on the larger geopolitical picture—the "polycentric system of international relations", strategic balancing, and constraining US global leadership. In this connection, a "turn to the East" does not signify a rejection of the West, but rather a "rebalancing" relative to the West. It is consistent with the larger objective of reasserting Russia as an "independent" center of global power, one of the "poles" in the "multipolar world order". Thus, engagement with Asia is the means to a larger end rather than the end itself.

Putin's Eastern direction matters also in terms of reasserting certain conceptions of national identity. Chief among these is the idea that Russia is a political and cultural entity unto itself, not an outlier of Europe. It is Asia that, in a very real sense, gives Russia its fabled "uniqueness" or "specificity" (*spetsifika*), creating in the process the ultimate Eurasian civilization-state. Conversely, without an effective Eastern policy, Russia is in danger of being reduced to a poor relation of the West—as, indeed, many argue did occur in the 1990s under Boris Yeltsin. The image of Moscow reaching out to the East is critical, too, in sustaining notions of Russia as a "bridge" between Europe and Asia, and a "swing power" between the United States and China.[13] In short, it reinforces not just Russia's uniqueness, but also its indispensability in today's post-modern world.

There is another, vital contemporary dimension of the "turn to the East". Since the global financial crash, the West has become associated in Russia with political complacency, fiscal irresponsibility, and moral decadence. This has come out not only in various public statements by Putin and other senior figures, but also in numerous commentaries that portray the United States as struggling (in vain) to overcome its dysfunctional political system and imperial over-stretch, and Europe as mired in stagnation. By contrast, the rise of Asia and the non-West highlights a new world in which many long-standing assumptions about international politics are being overturned. There is a compelling attraction to associating Russia with the dynamic East rather than a decaying West. What is at stake is not just the tangible, such as large-scale economic cooperation with Asian countries, but also the emblematic—Russia as one of the "winners" in the emerging

[13] "Going East: Russia's Asia Pacific Strategy," *op. cit.* [7]; P. Salin, "Russia's Three Roads to Asia," *Russia in Global Affairs*, 27 December 2012, <http://eng.globalaffairs.ru/number/Russias-Three-Roads-to-Asia-15818>.

world order, and, contrary to the pronouncements of some Western leaders, finding itself most definitely on the "right side of history".[14] In this respect, Putin's "turn to the East" is cousin to his efforts to develop the BRICS (Brazil, Russia, India, China, South Africa) grouping into a "fully-fledged mechanism of strategic and ongoing cooperation on key international political and economic issues."[15] Both are consistent with the ambition of establishing an alternative legitimacy to Western-led global governance.

[14] Hillary Clinton has been at the forefront of those accusing Russia and China of being on the "wrong side of history" over Syria. See "Russia, China should explain their veto to the Syrians—Clinton," RIA Novosti, 6 October 2011, <http://en.ria.ru/world/20111006/167427841.html>.

[15] Concept of Participation of the Russian Federation in the BRICS, 21 March 2013, <http://eng.kremlin.ru/acts/5146>.

Objectives

General principles and motivations offer a rough guide to the thinking behind Russia's Eastern direction. But the real test is in how such ideas translate into concrete goals and priorities. As noted earlier, these can be categorized under five broad headings: security, regional development, geopolitics, economic interests, and regional citizenship.

Security

Although the 'turn to the East' speaks of strategic ambition, Moscow's number one objective remains the most elemental—that of ensuring national security. This has been the chief driver behind the rapprochement with China, and it continues to underpin the Kremlin's interest in the Asia-Pacific region in the early 21st century.

With so much of its territory located in Asia, Russia has an obvious interest in regional stability. This is all the more so given that the Russian Far East (RFE) is severely underpopulated. Following two decades of out-migration, its population has fallen to 6.3 million, minuscule compared to the 135 million people who live in China's adjoining northeastern provinces (Liaoning, Jilin, Heilongjiang) and Inner Mongolia. To put things in even starker perspective, the RFE is the largest territorial unit in the APR with the exception of China and the United States, yet has fewer souls than Hong Kong (estimated population 7.2 million in 2012).

The security implications of this demographic imbalance are heightened by the drastic decline in Russia's military capabilities since the end of the USSR. While it retains a huge nuclear arsenal, there are grave doubts about its ability to repel a large-scale conventional attack without recourse to this ultimate option.[16] In these circumstances, engaging with APR countries, principally but not only China, is vital to establishing a safer, more stable neighborhood.[17]

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[16] A. Arbatov and V. Dvorkin, "The Great Strategic Triangle," Carnegie Moscow Center report, April 2013, <www.carnegie.ru/2013/04/01/great-strategic-triangle/fvbx>.
[17] V. Kashin, "The Sum Total of all Fears," *Russia in Global Affairs*, 15 April 2013,

In response to this imperative, Putin has invested heavily in the political relationship with Beijing. Security was a powerful driver behind the concessions that brought about the final settlement of the 4,300 kilometer Sino-Russian border in 2005, and the development of the Shanghai Cooperation Organization. Throughout his time in office, Putin has operated on the assumption that a close partnership with China represents the best guarantee of the long-term security of the RFE and Russia's territorial integrity. The subtext here is that only China poses a possible existential threat in the foreseeable future. Making "friends" with it is therefore not merely desirable, but essential.

At the same time, the security dimension of the "turn to the East" goes beyond the partnership with China to encompass a more general commitment to ensuring security through a diversified approach. This has led Russia's armed forces to participate in various military exercises in the Far East—not only with the Chinese, but also involving scenarios where China is the putative enemy, as with the 2010 Vostok and 2012 Pacific Rim (RIMPAC) exercises.[18] In similar vein, Moscow has announced its intention to deploy French Mistral-class amphibious assault vessels to East Asia when these are finally delivered. The ostensible reason offered initially by then President Dmitry Medvedev in 2010 was to forestall a possible attack by Japan against the South Kuriles (Northern Territories). However, the real purpose is to improve Russia's capabilities in the northern Pacific in light of the expansion and modernization of the Chinese navy.

Putin has consistently underplayed concerns about the "China threat", and emphasized the "China opportunity" instead.[19] However, the former is never very far away in Russian thinking. It is implicit, for example, in the Kremlin's refusal to entertain further strategic disarmament agreements, unless these include other nuclear weapons states—France, the United Kingdom, and, above all, China.[20] It is a major reason why Moscow has no interest in bowing to US pressure to reduce its arsenal of tactical nuclear weapons, since it regards these as key to the defense of Russia's eastern regions. The "China threat" is even apparent in the non-military sphere; Moscow has long been averse to allowing Chinese energy companies to acquire equity in joint ventures on similar terms to the Americans, Europeans, and Japanese (although this may be changing—see below).

<http://eng.globalaffairs.ru/number/The-Sum-Total-of-All-Fears-15935>.

[18] S. Blank, "The Paradox of Sino-Russian Relations," *e-International Relations*, 22 June 2012, <www.e-ir.info/2012/06/22/the-paradox-of-russo-chinese-relations/>; S. Strokan, "RIMPAC 2012: plus Russia minus China," *RT*, 12 July 2012, <http://rt.com/op-edge/rimpac-war-russia-china/>.

[19] V. Putin, "Russia and the Changing World," *op. cit.* [4].

[20] A. Arbatov and V. Dvorkin, "The Great Strategic Triangle," *op. cit.* [16].

This last aspect highlights that Russian understandings of security are quite broad. Security does not only refer to hard security, as in defending Eastern Siberia and the RFE from possible attack. It also means reinforcing political, economic, and cultural sovereignty. As Putin and Medvedev have previously warned, the long-time neglect of these regions carries serious implications.[21] Turning East is intended to meet this challenge through comprehensive engagement on developmental issues (see below).

Multifaceted engagement is important, too, in reducing Russia's Sinocentrism in Asia. For much of the Putin era, Moscow has not pursued an Asia policy so much as a "China-plus" policy—an approach that has contributed to the growing asymmetry of the bilateral relationship, and left it overly dependent on Beijing's good will. It would be a gross distortion to describe the "turn to the East" as in any way anti-Chinese. But it does signal an appreciation that Russia should expand its options in the APR. Much of the rationale for this is geopolitical and economic, as we shall see. But there is a compelling security argument as well. True security rests on developing or strengthening partnerships with as many countries as possible in the region, while being beholden to none.

Development of the Russian Far East

The development of the RFE is closely linked to the security imperative. However, for Moscow there is more to the region's importance than that. At the most fundamental level, the RFE is the frontline—and shop window—of Russia's interaction with Asia. It can serve to validate or, alternatively, discredit the "turn to the East". If Putin is able to realize his dream of transforming the RFE into a hub of intra-Asian cooperation, then he will have taken a major step toward establishing Russia as a genuine player in the APR. On the other hand, if Moscow's latest efforts to raise the socioeconomic level of the region fail, then Russian claims to be a Euro-Pacific power will be severely, perhaps irretrievably, damaged. There is a critical domestic dimension as well. If the RFE remains one of the most underdeveloped and badly governed regions of the Russian Federation, it will be a growing drain on the federal budget while simultaneously drifting away from Moscow's control. As one scholar has put it, the choice is between "dual integration" with the rest of the

[21] See Putin's speech in Blagoveshchensk in July 2000, <www.kremlin.ru/text/appears/2000/07/28796.html>; see also P. Goble, "Will Russia Lose its Far East?", *The New York Times*, 30 September 2008, <http://topics.blogs.nytimes.com/2008/09/30/will-russia-lose-its-far-east/?_r=0>.

country and Northeast Asia, or becoming a "double periphery"—marginalization and even isolation from both.[22]

The obstacles to the RFE's economic integration into the APR are formidable. In the first place, there is the problem of historical alienation. The RFE has never been a gateway to Asia, but rather a barrier against it—a fortified military outpost of a distinctly European Russia.[23] Over the past two decades, this defensive mentality has become less overt, but it remains strong. Even in the most favorable scenario, it will take a long time for a more positive and enterprising mindset to emerge.

This is especially so given that the RFE is unusually backward compared to its East Asian neighborhood, with the obvious exception of North Korea. Moreover, the development gap is growing rapidly, highlighted by the striking contrast along both sides of the Sino-Russian border.[24] It is not easy, then, to envisage how the RFE can integrate with the APR. Commentators have outlined visions for East Siberia and the RFE as a "new California", based on "active industrialization" and development of the services sector,[25] or as a regional powerhouse for food and energy security.[26] Some have even recommended the establishment of a third "capital" in Vladivostok, the capital of Primorskii *krai* (Maritime province).[27] However, even if one were to accept the practicality of such ideas—a hard sell indeed—they will take decades to come to fruition.

In the meantime, the Kremlin has sought to address the challenge of RFE development through various "administrative measures". In May 2012, it created a Ministry for Far Eastern Development, while in August it hosted the APEC summit in Vladivostok. It has also embarked on yet another major development program for East Siberia and the RFE, which includes the investment of vast sums in projects such as the Trans-Siberian railroad and the Baikal-Amur Mainline (BAM). Unfortunately, such measures barely

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[22] N. Kuhrt, "The Russian Far East in Russia's Asia Policy: Dual Integration or Double Periphery?" *Europe-Asia Studies*, Vol. 64, No. 3, May 2012.
[23] V. Larin, "Russia's Eastern Border: Last Outpost of Europe or Base for Asian Expansion?" *Russian Expert Review*, Vol. 18, No. 4, October 2006.
[24] L. Harding, "Russia Fears Embrace of Giant Eastern Neighbour," *The Observer*, 2 August 2009, <www.theguardian.com/world/2009/aug/02/china-russia-relationship>.
[25] V. Ryzhkov, V. Inozemtsev, and I. Ponomarev, "Continent Siberia: from a Colony to a Global Player," *Russia in Global Affairs*, 27 December 2012, <http://eng.globalaffairs.ru/number/Continent-Siberia-15820>.
[26] O. Barabanov and T. Bordachev, "Realism instead of Utopia: Siberia and the Far East as a Path to Russian Globalization," *Russia in Global Affairs*, 28 December 2012, <http://eng.globalaffairs.ru/number/Realism-Instead-of-Utopia-15821>.
[27] S. Karaganov, "Russia Needs one more Capital—in Siberia," *Rossiiskaya Gazeta*, 17 May 2012, reprinted in *Russia in Global Affairs,* <http://eng.globalaffairs.ru/pubcol/Russia-Needs-One-More-Capital--in-Siberia-15567>.

scratch the surface, and much of the expenditure has gone to waste. For example, the Russian government invested a colossal USD 22 billion on the APEC summit—50 percent more than was spent on the London summer Olympics in the same year—in return for which it built a flashy new university campus, a new bridge, and enjoyed the fleeting prestige of hosting the summit itself.[28] These unimpressive returns are in keeping with the sad fate of previous federal programs for the RFE.

In fact, the challenge of regional development is inseparable from the larger task of Russian modernization. As long as the RFE continues to suffer, in acute form, from the absence of effective rule of law, uncertain property rights, endemic corruption, miserable infrastructure, and various structural inefficiencies, the prospects of attracting large-scale Asian and domestic investment will remain poor. (Such shortcomings make it difficult, also, to import labor from other parts of the Russian Federation.) Without real progress on modernization, Asian foreign direct investment (FDI) will be limited to those sectors where it already features (energy, metals, timber), and where the development dividend for the RFE is very limited.

Geopolitics

Geopolitical considerations play a crucial role in Moscow's turn to the East. We have already noted their influence on conceptions of Russian identity, both traditional and contemporary. But they also shape more specific (yet still fairly general) policy goals, the most publicized of which is promoting Russia as the "swing power" between the United States and China.[29] Although much of Putin's foreign policy has been driven by the desire to constrain American power, Moscow is wary, if discreet, about the emergence of a potential new "hegemon" in the form of China. In this connection, his vision of a Eurasian Union is as much directed to mitigating Beijing's influence as it is in countering the spread of Western interests and values.

To be a swing power, however, is contingent on a more substantive and comprehensive approach to the Asia-Pacific. Without a serious presence in the region, Russia's capacity to play the part of geopolitical balancer—either global or local—is very limited. In simple terms, it would have nothing to balance *with*. Conversely, a Russia that is active in North and Southeast Asia might hope to exercise a certain leverage, and to influence Chinese behavior. Accordingly, in

[28] A. Moshes, "'Pacific Russia' is still a Dream: an APEC Summit alone will not Make the Country a Top Player in the Region," *FIIA Comment*, Finnish Institute of International Affairs, September 2012.
[29] P. Salin, "Russia's Three Roads to Asia," *op. cit.* [13].

recent years the Kremlin has been reaching out to other key regional actors, such as Japan, Vietnam, and India.

Potentially, the most important of these is Japan. In an ideal world, Moscow would have equally good relations with Tokyo and Beijing. Putin, like his predecessor Yeltsin, has attempted to achieve this at various times during his presidency. He has sought a compromise solution on the disputed South Kuriles/Northern Territories, as well as to insulate economic cooperation from the adverse impact of the territorial dispute. These efforts have enjoyed only sporadic success, however, and the bilateral relationship deteriorated significantly in the second half of the 2000s. Lately, there have been renewed signs of hope. Putin was one of the first foreign leaders to offer assistance to the Japanese after the 2011 Tohoku earthquake and tsunami, and Fukushima nuclear disaster. There are genuine prospects for the expansion of Russian exports of LNG (liquefied natural gas) to Japan. And the visit of Japanese Prime Minister Shinzo Abe to Moscow in April 2013—the first in a decade—testifies to a marked improvement in the bilateral atmosphere.[30]

A more diverse approach to the geopolitics of the region is also reflected in the growing closeness of ties with Vietnam. The latter has become a major market for Russian high-end arms exports, such as Kilo-class submarines and Su-30MK2 fighters.[31] More controversially, Gazprom has also initiated joint ventures to explore for gas in the South China Sea.[32] And there has been talk of reestablishing some kind of Russian presence in the former Soviet military base at Cam Ranh.[33]

With India, the main thrust of engagement is economic, centering in arms exports and civilian nuclear cooperation. But, as with Japan and Vietnam, the motivations and implications are also geopolitical. They reveal a recurrent theme: namely, the realization that excessive dependence on China is unhealthy for Russia's influence and status in the Asia-Pacific, and that it would be better served by a more diverse approach.

Such geopolitical logic, however, carries a huge caveat. It is one thing for the Kremlin to aspire to strategic flexibility, it is quite another to be able to reconcile the contradictions inherent in such a choice. The most intractable is the tension between global and

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[30] C. Pajon, "Japan-Russia: toward a Strategic Partnership?", *Russie.NEI.Visions*, No.72, September 2013, <www.ifri.org/?page=contribution-detail&id=7808>.
[31] S. Blank, "Russia's Growing Ties with Vietnam," *The Diplomat*, 19 September 2013, <http://thediplomat.com/2013/09/19/russias-growing-ties-with-vietnam/>.
[32] "Russia Sends Ambiguous Signal over Vietnam Deal," *Global Times*, 12 April 2012, <www.globaltimes.cn/NEWS/tabid/99/ID/704613/Russia-sends-ambiguous-signal-over-Vietnam-deal.aspx>.
[33] S. Blank, "Russia's Ever Friendlier Ties to Vietnam—Are they a Signal to China?", *Eurasia Daily Monitor*, Vol. 9, No. 219, 30 November 2012.

regional geopolitical priorities. Globally, China is the alpha and omega of Russia's balancing strategy toward the United States. This has been evident not only over Syria, but on almost every high-profile international issue: Iran, missile defense, Afghanistan, and Central Asia. Sino-Russian "solidarity" also underpins the Kremlin's attempts to legitimate the BRICS as an alternative consensus to the West; its emphasis on the "primacy of international law", as vested in the UN P-5; and the prioritization of national sovereignty and the doctrine of "non-interference", over moral interventionism. Moscow sees the "strategic partnership" with China as conferring on Russia a geopolitical weight that helps to compensate for the limitations of its actual influence. So, while it may be anxious about China's expanding footprint—whether in the APR, Central Asia, or worldwide—the consequences of confronting Beijing over this are unthinkable, at least for the time being. It explains why Putin and other senior figures have been so careful to talk up Sino-Russian convergence, and to downplay, almost to the point of anonymity, the shortcomings of the relationship.

In Asia, the calculation Putin must make is how far he can pursue a strategically diverse approach without alienating Beijing. For no amount of improvement in relations with Japan, Vietnam, and India, can make up for damage to the Sino-Russian partnership. This is also why the Russian government has shown little enthusiasm for a regular dialog with the United States on Asian issues. Against the backdrop of the Obama administration's "pivot" or "rebalancing" toward Asia, such a move risks being seen as part of a larger "containment" policy against China.

Moscow's Eastern strategy, if one can call it that, thus hangs by a thread. Publicly, Russian policy-makers talk up their desire for constructive engagement with the whole of the Asia-Pacific region. In practice, though, they face a Catch-22 situation. For Russia to have any significant influence in the APR, it must maintain and even build on its "strategic partnership" with China. But too close a relationship with Beijing brings growing dependence on Chinese good-will, and restricts Russia's possibilities with other Asian players.

Economic interests

The most logical way for Moscow to resolve this geopolitical dilemma is to focus on promoting Russia's economic interests—an area where there is considerably less baggage and risk. The Putin regime has focused its efforts in three main areas: (1) energy cooperation; (2) attracting Asian investment into the RFE and for large infrastructural projects; and (3) arms transfers. The importance it attaches to these areas, however, varies greatly.

By far the greatest priority is to expand energy cooperation, although parts of the Russian elite continue to view this as somewhat degrading.[34] Throughout the Putin years, Moscow has consistently emphasized the importance of energy exports to Asia. Yet for much of this period it has failed to follow up on the rhetoric. There was, until recently, little evidence of a reorientation toward the East, despite repeated threats to divert gas from Russia's primary European customers to new markets in Asia. Indeed, Europe's share of Russian gas (and oil) increased during Putin's first two presidential terms (2000-2008). A potentially large gas agreement with China (38 billion cubic meters per year over 30 years) remained stillborn, and although there was more success in oil cooperation, Russia was never more than a niche supplier of Chinese requirements.

Since the global financial crash, however, the need for Moscow to develop Asian markets has become much more urgent. European demand for Russian gas has slumped as a result of the Eurozone crisis, the shale revolution in the United States, and the new-found unity of EU member-states on energy policy.[35] Whereas Moscow had assumed that it was operating in a seller's market, current global trends very much favor the buyer. Gazprom has been forced to lower its prices, and its ability to influence the behavior of European customers is at a ten-year low. The European Commission's determined implementation of the Third Energy Package and its anti-trust suit against the company testify to a shift in the geoeconomic balance of power.[36] This turnaround is all the more serious for the Kremlin at a time when the Russian economy is stagnating, with annual growth below 2 percent, and there is growing popular dissatisfaction with the government's performance. Under these conditions, the idea of diversifying Russia's energy exports to Asia has become essential.[37]

The Kremlin has, accordingly, raised the tempo of cooperation. The East Siberian-Pacific Ocean (ESPO) pipeline is delivering increasing amounts of oil to China. The visit of Chinese

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[34] See V. Ryzhkov, V. Inozemtsev, and I. Ponomarev, "Continent Siberia...", *op. cit.* [25].

[35] Norway has displaced Russia as the primary source of EU gas imports, as a result of a 16 percent increase in exports and an 8 percent drop in Gazprom's. See T. Balmforth, "At 20, Russia's Gazprom Struggles to Stay Dominant," *Radio Free Europe/Radio Liberty*, 20 May 2013, <www.rferl.org/content/gazprom-gas-industry-russia/24986891.html>.; also "Russia pivots energy exports towards Asia as Gazprom faces pressure from domestic rivals," Natural Gas Europe, 15 July 2013, <www.naturalgaseurope.com/russia-energy-exports-asia-gazprom-pressure-domestic-rivals>. The Third Energy Package, with its provisions "unbundling" gas production and distribution, has had a tremendous impact—both within the EU, and on EU-Russia energy ties.

[36] A. Riley, "Commission v. Gazprom: the Antitrust Clash of the Decade?", CEPS Policy Brief, No. 285, 31 October 2012, <www.ceps.eu/book/commission-v-gazprom-antitrust-clash-decade>.

[37] L. Grigoriev, "Will Russia Reorient its Energy Exports from Europe to Asia?", Valdai Discussion Club website, 17 June 2011, <http://en.ria.ru/valdai_op/20110617/164672088.html>.

President Xi Jinping to Moscow in March 2013 saw several impressive-looking agreements, in particular an oil supply deal that could eventually triple annual exports to China.[38] There are signs that Russia and Japan will step up cooperation in LNG. And there is discussion about an underwater gas pipeline connecting Russia to China via South Korea.[39] The Russian government has also relaxed its previous hardline stance on significant Chinese participation in joint ventures. During the Xi visit Rosneft and CNPC (Chinese National Petroleum Corporation) signed an agreement to explore three offshore areas in the Arctic, while in October 2013 the two companies concluded a Memorandum of Understanding (MOU) to develop the Srednebotuobinsk oil field in East Siberia.[40]

It is by no means certain whether these agreements will be realized, either fully or in part; after all, there have been numerous false starts and setbacks in the past. What is clear, however, is that there is a heightened commitment in the Kremlin toward energy cooperation with Asia, not only in oil and gas, but also in relatively new areas such as electricity and coal.[41] In terms of intent at least, we are witnessing a definite "turn to the East".

The obverse of the intense focus on energy is that other areas of potential economic cooperation between Russia and the APR show few signs of progress. Putin has repeatedly emphasized his interest in attracting Asian investment into the RFE. He has lobbied hard for Asian participation in infrastructural projects, such as the Trans-Siberian and BAM railways, and talked up a Russian variant of the "Great Silk Road".[42] Unfortunately for Moscow, these overtures have been largely unrequited. Asian economic interest in Russia is directed overwhelmingly toward accessing its natural resources, and, to a lesser extent, feeding the appetite of the Russian middle class for consumer products, such as cars and electronic equipment. As a

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[38] E. Downs, "Money Talks: China-Russia Energy Relations after Xi Jinping's Visit to Moscow", *Brookings Up Front*, 1 April 2013, <www.brookings.edu/blogs/up-front/posts/2013/04/01-china-russia-energy-relations-downs>; N. Poussenkova, "Russia's Eastern Energy Policy: a Chinese Puzzle for Rosneft," *Russie.NEI.Visions*, No. 70, April 2013, <www.ifri.org/?page=contribution-detail&id=7634>.

[39] K.-W. Paik with G. Lahn and J. Hein, "Through the Dragon Gate? A Window of Opportunity for Northeast Asian Gas Security," Chatham House briefing paper, December 2013, <www.chathamhouse.org/publications/papers/view/188151>.

[40] "'Rosneft' privlekla kitaitsev dlya osvoeniya Dalnego Vostoka," [Rosneft Enticed the Chinese to Develop the Far East] *Lenta.ru*, 18 October 2013, <http://lenta.ru/news/2013/10/18/cnpc/>; "Russia Lets China in on East Siberia Oil Production," Reuters, 18 October 2013, <http://uk.reuters.com/article/2013/10/18/rosneft-cnpc-jv-idUKL6N0I80K520131018>.

[41] "China's Huaneng, Russia's EN+ to Jointly Develop Power, Coal Projects,"Reuters, 22 October 2013, <http://uk.reuters.com/article/2013/10/22/huaneng-en-idUKL3N0IC2FN20131022>.

[42] V. Putin, speech at the APEC CEO summit, Bali, Indonesia, 7 October 2013, <http://eng.kremlin.ru/news/6086>; also press conference at the summit, 8 October 2013, <http://eng.kremlin.ru/transcripts/6093>.

result, Russia's trade with Northeast Asian countries such as China, Japan, and South Korea bears an increasingly neo-colonial tinge—exporting raw materials in return for manufactured goods.

This structure reflects Russia's comparative advantages and disadvantages. From time to time, Moscow talks up the prospects of a "partnership for modernization" with Beijing. But in the real world Russia and China are customers—and competitors—for Western technology and know-how. It is telling that Russia's important "modernization" partnerships are with Western companies, exemplified by the Rosneft-ExxonMobil joint venture in the Arctic. This highlights a critical distinction: when it comes to energy markets, Moscow is turning East, but when it comes to energy (and other economic) *development*, it still sees "the West as best".

Asia has been a growth area for Russian arms exports in recent years. After a lengthy hiatus, sales to China have resumed, while Vietnam has emerged as a significant new market.[43] In the meantime, India remains the most important customer of Russian arms, measured both by quantity and quality of weaponry.[44] It would be wrong, however, to view this expansion of arms exports as a conscious pro-Asian strategy. The truth is more prosaic: Russia sells weapons to whomever it can, whenever it can, and is motivated almost entirely by commercial considerations. For example, the reason arms sales to China largely ceased during 2006-2012 was because of concerns about the theft of intellectual property, and the fact that the Chinese were competing with Russia for third country markets in the developing world. Conversely, the growth of arms sales to India and Vietnam has been driven not by the desire to counterbalance China, much less the West, but to sustain the Russian arms industry. To this purpose, Moscow is pursuing a policy *à tous azimuts*.

Good regional citizenship

In the past, Russia's reputation in Asia has suffered from the perception that it approaches the continent's affairs as an interfering global power rather than constructive regional actor. This stigma has remained, albeit in less acute form, through much of the post-Soviet period. Notwithstanding its weak position in Asia, Russia is seen as

[43] Yu Bin, "China-Russia Relations: Tales of Different 'pivots,'" *Comparative Connections*, Vol. 14, No. 3, 14 January 2013, <http://csis.org/publication/comparative-connections-v14-n3-china-russia>; S. Blank, "Russian Military Policy in Asia: a Study in Paradox," Stockholm, FOI, *RUFS Briefing*, No. 20, September 2013.

[44] "Russian Arms Exports up 15% since January," RIA Novosti, 24 June 2013, <http://en.ria.ru/military_news/20130624/181849613.html>.

retaining a sense of entitlement. And the pro forma nature of its involvement in Asian multilateral forums, such as APEC and the ASEAN Regional Forum, has reinforced the impression that it has little interest in Asian affairs.

If Russia is to be credible player in the APR, it needs to demonstrate that it is a "good Asian"—a regional as well as extra-regional presence (and contributor). There are signs that the Kremlin is beginning to understand this. Over the past few years, it has raised the level of Russian government representation at Asian multilateral meetings. Putin has consistently participated in APEC summits (where his attendance record is superior to Obama's), while other senior figures, in particular Foreign Minister Sergei Lavrov, are often seen at other major gatherings, such as the East Asia Summit (EAS). Russia's hosting of the 2012 APEC summit passed off fairly smoothly, if at disproportionate expense. And Moscow has made an effort to expand political and economic ties with Southeast Asian states, such as Vietnam, Indonesia, and Malaysia.

Nevertheless, the sincerity of the Russian commitment to "good Asian citizenship" is unclear. The main difficulty stems from the Kremlin's view of international relations as defined principally by the interaction between the Great Powers. This "rule" applies not only to high-profile issues such as the Syrian conflict and strategic disarmament, but more or less everywhere. In Asia, it translates into an emphasis on cultivating ties with China in the first instance, but also India and Japan. Other relationships, even those involving a significant regional player such as Vietnam, are of distinctly secondary importance. This *hauteur* is evident in the continuing mediocre quality of Russia's participation in Asian multilateral summits; the level of representation may have increased, but its contribution has barely improved. It is indicative that Putin's public remarks at the 2013 APEC summit in Bali were all about involving the APR community in developing Siberia and the RFE, with virtually nothing on how Russia might contribute to wider security and prosperity in the region. There is a very real feeling, too, that the Vladivostok summit was a one-off marquee event, following which Moscow's attention has drifted back to the post-Soviet space.[45]

It can be argued that this lukewarm attitude merely recognizes the limitations of Russian influence; after all, why be activist if you can't achieve much? However, the truth is that for Moscow APEC and other multilateral summits are mainly valuable for the opportunities they provide for bilateral meetings with key interlocutors. At Bali, for example, Putin had three such bilaterals—with Xi Jinping, Shinzo Abe, and his host, Indonesian president Susilo Yudhoyono. (In

[45] K. Muradov, "Russia's Pivot to Eurasia and the Battle for Ukraine," *East Asia Forum*, 17 September 2013, <www.eastasiaforum.org/2013/09/17/russias-pivot-to-eurasia-and-the-battle-for-ukraine/>.

Obama's absence, he also met with US Secretary of State John Kerry.) It is significant that the overwhelming thrust of Russian multilateralism—or rather pseudo-multilateralism—is either toward organizations that it controls, such as the Customs Union and the Collective Security Treaty Organization (CSTO), or where the players are Great Powers, namely, the UN P-5 and the BRICS. In contrast to the compelling attraction of these structures, most Asian multilateral forums are seen as a waste of time, with at best an uncertain symbolic value.

The Verdict

This brings us back to the question we posed at the beginning—how real is Russia's pivot to the East? In attempting to evaluate this, it is useful to look at it in terms of intent, performance, and potential.

Intent

The evidence of the Kremlin's intent to reorient Russia toward Asia is mixed. On the one hand, there is no doubt that Moscow takes Asia, and the Asia-Pacific in particular, far more seriously than before. It appreciates that the APR is the most dynamically growing region in the world, and that Russia cannot afford to ignore developments there. This importance is accentuated by two factors: the vulnerability of the Russian Far East, which lends an existential dimension to the "Asia challenge"; and the global and regional importance to Moscow of the Sino-Russian partnership. On this basis, one can say that there has been an "Asianization" of Russian foreign policy, not only under Putin, but since the mid-90s, when Yeltsin and then Chinese President Jiang Zemin pronounced on a "multipolar world and the formation of a new international order".[46]

On the other hand, if a "turn to the East" implies a shift away from the West, then we get a different answer. One might expect that a "turn to the East" would entail a significant dilution of the Westerncentrism of the Russian ruling elite. In fact, this has not happened.[47] Today, virtually every major foreign policy priority of the Putin regime is centered in one form or another on interaction with the West: missile defense; Syria; the EU's Eastern Partnership (and Western influence in the post-Soviet space); the organization of the international system; and even energy policy. China has an important role to play on some of these issues, but viewed from Moscow this role is instrumental and secondary: to support Russian positions on "core interests" (to borrow a Chinese term). Moreover, China's importance does not point to a new Asian direction in the Kremlin, but rather an *old* reliance on traditional Great Power balancing. China

[46] "Joint Declaration on a Multipolar World and the Formation of a New International Order," *Rossiiskie vesti*, 25 April 1997.
[47] S. Karaganov, "Russia's Asian Strategy," *op. cit.* [5].

matters above all because it is the next global power, not because it is Asian. Geopolitically, it is more appropriate to speak in terms of a pivot toward China than a turn to a generic East.

The contrast between the rhetoric and substance of Moscow's "eastern vector" is all the more striking when one considers how few Asian priorities are also priorities for the Kremlin. So far, it has evinced little interest in broader processes of Asian security and economic integration; it is understandably reluctant to become entangled in regional controversies; and it is also careful to avoid collateral damage from Sino-American rivalry in Asia. Instead, Putin's chief interest in the APR as a *collective* entity is to enlist regional governments and firms to support the economic development of eastern Russia, and to diversify Russia's energy markets. This does not mean turning away from the West, but rather seeking to exploit new opportunities on top of existing ones. Asia is a supplement to, not a replacement for, Russia's primary relationships with the United States and Europe.

It is important here to differentiate between Westerncentrism and pro-Westernism. Putin has indicated that he has no time for Western interpretations of "universal" norms; in his world, it is up to sovereign governments to determine how these are applied in their own countries. He has condemned the political arrogance, fiscal irresponsibility, and moral hypocrisy of the West, and is in no mood to take lectures from Western leaders. This apparent rejection of the West does not mean, however, a corresponding embrace of Eastern or Asian values. Some Russian commentators speak of an idealized—and fictitious—"China model", but Putin himself does not, and in practice the Russian and Chinese economies could hardly be more different.[48] It is equally clear that he has no time for the nonsensical notion of "Asian values".[49]

Ultimately, Putin's intention is to promote Russia as an "independent" actor in the "polycentric system of international relations". This means reverting to first principles, and older conceptions of identity—above all, the reaffirmation of Russia as the great *Eurasian* power. The emphasis on the Customs Union and other post-Soviet integration structures, such as the CSTO and the Eurasian Economic Community (EurAsEC), is consistent with this thinking. The APR may have assumed growing importance in the Kremlin's world-view, but it is still peripheral compared to post-Soviet Eurasia. In the most recent Russian Foreign Policy Concept, for example, the section on "regional priorities" is overwhelmingly

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[48] B. Lo and L. Shevtsova, "A 21st Century Myth—Authoritarian Modernization in Russia and China," Carnegie Moscow Center report, July 2012, <http://carnegie.ru/publications/?fa=49116>.

[49] China, India, and Japan could scarcely be more different from each other in terms of political culture and social norms.

focused on relations with CIS member-states and Europe, with China and India receiving only one anodyne paragraph each.[50]

Moreover, this Eurasian bias is becoming stronger, as Putin ratchets up efforts to expand the Customs Union, and reassert a dominant Russian influence in the geopolitical heartland. With the Vladivostok APEC summit having been and gone, the show has moved on—to the G-20 summit in St Petersburg in September 2013, the Sochi Olympics in February 2014, and the football World Cup in 2018. This is not to say that the Russian government has slipped back into the bad old habit of underestimating Asia's importance. However, attention has shifted to more pressing concerns, not least Russia-US engagement on Syria. It is revealing that the one area where the Kremlin has sustained its focus on the APR is in energy cooperation, where Russia has both the need and the opportunity to make real progress.

Performance

It is unsurprising that Russia's influence in Asia-Pacific affairs should be modest. Despite occasional pretensions to be an honest broker in Korean affairs, Moscow recognizes that it has little to gain, and consequently has followed Beijing's lead. Its hands-off approach to regional issues, such as South China Sea territoriality, has ensured that it has no role in regional security-building, except within structures such as the ASEAN Regional Forum. The undeveloped nature of Russia's bilateral relationships in the APR, with the exception of China, has meant, too, that it has few openings for geopolitical maneuvering at the regional level. It has echoed Chinese criticisms of US "rebalancing" toward Asia, but not followed through with any concrete steps. And the protracted territorial dispute with Japan, not to mention the priority of its "strategic partnership" with China, has scotched any possibility of acting as the swing power in Northeast Asia.

Meanwhile, there has been little discernible progress in promoting Russia as a bona fide "Asian" country. Its higher level of official representation at Asian gatherings has not translated into meaningful outcomes, or even inputs. The perception among other parties is that it remains an outsider, with only a limited and superficial interest in proceedings. It is symptomatic that at the APEC summit Russia hosted, the most publicized outcome was bilateral—a framework agreement with the Japanese to develop an LNG terminal near Vladivostok.

[50] Concept of the Foreign Policy of the Russian Federation, 2013.

But if Moscow's performance has been underwhelming, it is nevertheless pertinent to ask how far this has impacted its security and geopolitical concerns. The verdict here is ambiguous. On the plus side, the continuing growth of political and economic ties with Beijing has fostered a more positive security environment in the RFE, at least for the time being. Although the Sino-Russian relationship is not free of tensions, these have been well-contained, helped by the fact that both governments are keen to emphasize the positives and downplay any negatives. Elsewhere in the APR, Moscow's low profile has had the advantage that other countries in the region tend to view it in a relatively benign, if dismissive, light; Russia may not be able to achieve much, but nor does it pose any kind of threat.[51] There is little of the "neighborly" angst that characterizes its relationships in Europe. The irony, of course, is that this outcome is not because of the "turn to the East", but rather in spite of it. Had Russia been more seriously engaged in APR affairs in recent years, and in particular made good on its boast of becoming a "Euro-Pacific power", it is unlikely that others would have viewed it with such equanimity.

As noted earlier, the one area where the "turn to the East" is showing signs of reaping dividends is energy cooperation, as a result of the combination of heightened Russian interest and growing East Asian demand. Nevertheless, the extent of such cooperation should be seen in proper perspective. Russia remains a niche rather than primary supplier in Asian energy markets. This is exemplified by its largest customer in the region, China. Although the volume of Chinese oil imports from Russia has increased considerably over the past few years, especially following construction of the ESPO branch line to Daqing, Russia's market share is modest—around 7 percent of total Chinese imports in 2011.[52] Ironically, its highest market share was achieved well before there was any talk of a "turn to the East"—11 percent in 2006. The long-time supply agreement between Rosneft and CNPC, if fully implemented, may see a return to something approximating this level. However, Russia is only one of many suppliers of China's energy requirements. The latter—and Asian energy demand in general—is rising so rapidly that an increase in Russian exports to the region is only to be expected. The crucial variable is not Moscow's "turn to the East", but Beijing's determination to diversify and maximize its sources of energy supply.

Even then, Russia's "Eastern" energy policy has achieved only partial success. While the outlook is quite promising in relation to oil, with gas it is a different story. Since 2004, Moscow and Beijing have concluded seven framework agreements and MOUs (Memorandums

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[51] P. Salin, "Russia's Three Roads to Asia," *op. cit.* [13].

[52] This was significantly less than Saudi Arabia and the fast emerging Angola, see China country report, US Energy Information Administration, Department of Energy, <www.eia.gov/countries/cab.cfm?fips=CH>.

of Understanding) on gas cooperation. Yet there has been only limited progress toward finalizing a concrete supply agreement. Almost every year, both sides speak of an "imminent" deal, yet each time optimism gives way to embarrassment and disappointment. The problem is not only uncertain commitment on Moscow's part, but also that the current glut in the global gas market has encouraged the Chinese to drive a hard bargain.[53] Although Beijing is keen to import Russian gas, it has many other options: fast-rising imports of pipeline gas from Central Asia; the equally rapid development of LNG capacity; and the likely exploitation of domestic shale gas reserves estimated to be the largest in the world. Unfortunately for Moscow, the effectiveness of its Eastern gas policy is contingent on being able to access the Chinese market; without it, progress in other areas, for example with Japan, will count for relatively little.

Russia's struggles in realizing its energy ambitions in East Asia underline the difficulties it faces in gaining acceptance—and influence—within the Asia-Pacific more generally. After all, if it has been able to achieve only limited progress in a sector where it enjoys major advantages, its chances of exerting an impact in other areas appear slight indeed. There is considerable skepticism in Asia about Russia's capacity to reinvent itself as a modern, dynamic post-industrial economy. It is worth highlighting, in this connection, that its contribution to total trade in the APR is a mere 1 percent,[54] a figure that reflects total Russian trade rather than the derisory contribution of East Siberia and the RFE. Decision-makers in Moscow make much of China having become Russia's number one national trading partner, yet in 2012 Russia ranked only 8th among China's partners (2.3 percent of total).[55] It is a similar story with other major Asian countries, such as Japan and South Korea. In 2012, they were Russia's 6th and 8th largest economic partners. Russia, on the other hand, was ranked only 13th and 11th in their respective lists.[56] For all the publicity surrounding large-scale arms exports to Vietnam,

[53] The Chinese have been attempting to index their proposed payments under the gas contract to the US spot price, estimated to be around three times cheaper than that paid by Russia's western European customers—'Russian gas supplies to China not to be linked to U.S. spot prices', *LNG World News*, 20 June 2013, <www.lngworldnews.com/russian-gas-supplies-to-china-not-to-be-linked-to-u-s-spot-prices/>.

[54] Comments by Russia's APEC Ambassador, Gennady Ovechko, September 2012. See E. Dermy, "Russia Asserts Pacific Power at APEC Summit," AFP, 4 September 2012, <www.google.com/hostednews/afp/article/ALeqM5iJohcGcZHan7O49HsSPA-5mixPFg?docId=CNG.4dcb93b63d1fec1c2743d9ba7e043b1b.7e1>.

[55] <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113366.pdf>.

[56] <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113448.pdf>; <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113403.pdf>; <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113463.pdf>. (all accessed on 20 November 2013).

Russia's contribution to that country's trade in 2012 was 1.1 percent (14th place).

Potential

It is legitimate to ask whether Russia should be doing better, or whether it has more or less reached the limits of its potential in the Asia-Pacific. After all, the region is home to the sole superpower in the United States, an emerging superpower (China), the world's third largest economy (Japan), and a number of increasingly influential regional players—South Korea, Indonesia, Vietnam, Australia, India. This makes for a highly competitive and fluid environment, in which it is very difficult for outsiders to make their mark.[57] Success or failure often depends on factors beyond one's control. In such circumstances, the key lies in adaptability—something which the Kremlin has found more than usually difficult in Asia.

That said, there are several areas where Moscow could improve. The first is to adopt a less obviously elitist approach. The Kremlin's tendency to see international relations as primarily a matter of Great Power relations restricts its capacity to exercise influence in the APR. It ensures, in effect, that Russia does not have an Asia policy as such, but rather a policy *toward the major powers in Asia*. And this reinforces its China-dependence in the region (notwithstanding the recent thaw with Tokyo).

Russia does not contribute enough to political and economic processes in the APR. While there are limits to how much it can or should do, an unsubtle instrumentalism does not help. The Kremlin is too concerned with what the region can do for Russia, and not enough with participating in broader security-building and economic integration. Its idea of the latter appears to be defined by the vague hope that other parties will invest in the socioeconomic development of the RFE, which, of course, they will not do unless they see clear benefits.

This leads to a third issue: the problem of non-modernization, not only in the RFE, but across the Russian Federation. Unless the Putin regime addresses fundamental weaknesses, such as the absence of the rule of law, poor corporate governance, insecure property rights, and rampant corruption, Asian commercial interest in Russia will be limited to accessing its natural resources and consumer markets. In this respect, Russia will be viewed in a similar light to resource-rich countries in Africa and Latin America. The grand

[57] F. Lukyanov, "Russian Quest for Place in Asia," *Russia Today*, 11 November 2011, <http://rt.com/op-edge/unpredictable-world-foreign-lukyanov/asia-russia-europe-economic/>.

infrastructural projects dear to the Kremlin will be ignored, unless participation can be parlayed for direct access to natural resources (as in Africa, Latin America, and Central Asia).

In energy cooperation, the Russian government should recognize that the window of opportunity is closing rapidly. It has been in denial for some time about the impact of the shale revolution in the United States, the existence of a global gas glut, and the reality that the Chinese are in a much stronger negotiating position on a putative gas supply agreement. On the latter, it needs to show greater flexibility, if not on price, then at least by allowing the Chinese to obtain substantial equity in joint projects. Gazprom should follow the recent example set by Rosneft. As things stand, it has already lost considerable ground to the Central Asians and other energy suppliers. It is time to cut a deal while it still can.[58]

Finally, Moscow must demonstrate that it can stay the course in Asia, and that the "turn to the East" is not just the latest fluctuation and fashion in Russian foreign policy.[59] It needs to avoid the trap whereby Asia tends to be neglected during "good times" in relations with the United States (and Europe), and accentuated whenever these experience a downturn or crisis. The Asia-Pacific is too important to be reduced to a geopolitical instrument for asserting Russia's foreign policy "independence", and exercising leverage vis-à-vis the West.

[58] K. Kushkina and E. Chow, "The 'Golden Age' of Gas in China: Is there still a Window of Opportunity for more Gas Exports to China," *Russian Analytical Digest*, No. 119, 21 October 2012; see also K.-W. Paik with G. Lahn and J. Hein, "Through the Dragon Gate? *op. cit.* [39].

[59] V. Larin, powerpoint presentation in Australia, 2012, (copy seen by author).

Outlook

Despite extravagant claims about a "turn to the East", the Asia-Pacific remains a secondary vector of Russian foreign policy. This situation is unlikely to change over the next decade, and Russia will continue to be a peripheral actor in the region. Even if it is able to tap into rising Asian energy demand—by no means a given—its influence will be narrowly sector-specific at best. As for the vision of becoming a "Euro-Pacific power", this will remain an idle fantasy of no practical policy relevance.

Several factors favor broad continuity in Moscow's approach to the APR. The most immediate is the priority Putin is giving to his Eurasian Union project. This will absorb the Kremlin's attention for the foreseeable future—geopolitically, in terms of security, and in promoting national and elite commercial interests. Although in theory it should be possible to maintain a predominantly Eurasian focus while reaching out to the APR, this is unlikely to happen. Regardless of the success or otherwise of the Eurasian Union, the Kremlin can be expected to devote vast resources to it over the next few years. Conversely, at a time when the economy is stagnating, budgetary pressures are increasing, and energy revenues are uncertain, there will be significant constraints on the amount of funding available to the RFE. Indeed, there are indications that this is already drying up.[60]

Putin will continue to prioritize Sino-Russian partnership. However, as we have noted, he will do so on the basis that China is a globally influential power, rather than because it happens to be located in Asia. He will try to reduce Russia's China-dependence, but will fail in this endeavor. The thaw in relations with Japan may be sustained for some time, but will not become much more substantial, and will certainly not develop into a strategic entente "balancing" Chinese power. A Russia-US partnership in the Asia-Pacific is even more improbable, partly because of apprehensions in Moscow, and partly because there is minimal interest in Washington in such an arrangement.

Faced with these realities, the Kremlin will adhere to the status quo. This will entail, in addition to a primary focus on the China relationship, a generally low profile in the region, with most efforts

[60] O.Barabanov and T. Bordachev, "Realism instead of Utopia...", *op. cit.* [26].

being concentrated on the business side of things, above all, the expansion of energy and other natural resource exports. It will hope, but not necessarily expect, to profit from the "Chinese wind" and other dynamic trends in Asia.

As for Russia's overall foreign policy orientation, this will not change in the medium term. From time to time, Moscow may reprise the mantra of Russia as a Euro-Pacific, Asia-Pacific, or Asian power, but this will be largely for form's sake. There will neither be the capacity nor the will to act on such rhetoric. The ruling elite will remain overwhelmingly Westerncentric—but not pro-Western—in its world-view. It will stress Russia's identity as an "independent" center of global power, and as a civilization unto itself—neither Eastern nor Western, but a synergy of both. Within this schema, devices such as a "turn to the East" will serve principally to reassert Russia's distinctiveness and indispensability.