SPECIAL ISSUE: RUSSIA IN THE ASIA-PACIFIC

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Alexander Lukin

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AIMS AND SCOPE

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APP is dedicated to publishing quality articles on issues related to the domestic and international affairs of Asia. The objective of the journal is to deepen readers’ understanding of political development and policy innovations in Asia, the growing trend of economic and political integration in East Asia, and the dynamic relations among Asian countries and between Asia and other parts of the world.

In addition to scholarly research articles, APP provides book reviews, reviews of useful electronic media and other media sources, and a special section focused on public policy practice. It seeks to share theoretical as well as practical perspectives on contemporary questions, targeting both scholars and policy practitioners in the public and private sectors among its readers.

There are other journals that focus on political science, international relations, and public policy, including a few with occasional coverage of Asia. There are also other journals that focus on Asian studies, cutting across disciplines from anthropology and economics to politics and sociology. APP is unique because it seeks to combine the two approaches—the rigorous discipline of political science, international relations, and public policy with the empirical breadth and depth of analysis that an area studies perspective encourages. As such, it informs the reader—typically a keen observer of contemporary Asian affairs—of new developments and issues, bridging the domestic and the international dimensions, while emphasizing the geographic, historical, and cultural contexts of change.

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Introduction: Russia in the Asia-Pacific

Alexander Lukin*

In this special issue of Asian Politics & Policy, the authors argue that Russian-Chinese rapprochement is a fundamental feature of the current changing system of international relations. The two countries are effectively enabling each other to conduct independent foreign policies often in direct opposition to the West. There is a degree of complementarity between the two sides with Russia having comparative advantage in the military, intelligence and diplomatic fields and China being an economic superpower. The region of Central Asia has in reality become the cradle of the two countries’ cooperation which is now affecting a wide range of international issues. The Korean peninsula is another important area of coordination between Moscow and Beijing in the Asia-Pacific. Russia and China have also been working on increasing interoperability of their military forces in the region since mid 2000s. Technically they have already done much in preparing the ground for a military alliance. However, politically they do not appear to be ready for that yet.

Key words: Russia, China, Greater Eurasia, Shanghai Cooperation Organization

Los autores argumentan que el acercamiento ruso-chino es una característica fundamental del sistema actual de cambios en las relaciones internacionales. Los dos países se están capacitando efectivamente para conducir políticas exteriores independientes, a menudo en oposición directa a Occidente. Existe un grado de complementariedad entre las dos partes con Rusia que tiene una ventaja comparativa en

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el campo militar, de inteligencia y diplomático y en el hecho que China es una superpotencia económica. La región de Asia Central se ha convertido en realidad en la cuna de la cooperación de los dos países, que ahora afecta a una amplia gama de asuntos internacionales. La península coreana es otra área importante de coordinación entre Moscú y Pekín en Asia-Pacífico. Rusia y China también han estado trabajando para aumentar la interoperabilidad de sus fuerzas militares en la región desde mediados de los años 2000. Técnicamente, ya han hecho mucho para preparar el terreno para una alianza militar. Sin embargo, políticamente no parecen estar listos para eso todavía.

**Palabras Clave:** Rusia, China, Gran Eurasia, Organización de Cooperación de Shanghai

Rusia became a power in the Pacific in the mid-18th century when it founded its first settlements on the Kamchatka Peninsula and, later, on the American continent. In the early 19th century, Russia held possessions on Alaska, the Aleutian Islands, the Alexander Archipelago, and in California. It also built Fort Elizabeth in Hawai in 1816–1817. Russia sold Washington the last of its U.S. possessions in 1867, however, and had to fight for its holdings in Asia. For example, Russian defenders of the Petropavlovsk on the Kamchatka Peninsula managed to beat back an attack by the Anglo-French fleet during the Crimean War in 1854. According to the terms of the Treaty of Aigun signed with the Qing Dynasty, the right bank of the Amur River passed to Russia in 1858. The southern part of the Far East served as a springboard for Russia’s further penetration into the Pacific region. However, Russia suspended any further expansion, first due to its defeat in the war with Japan 1904–1905, and later because of the collapse of the Russian Empire and the Bolsheviks’ rise to power.

Russia has sought to accelerate the development of this remote region since the last 19th century for both geopolitical and economic reasons. Speaking of the Russian Far East in a speech to the State Duma in 1908, Prime Minister Pyotr Stolypin said, “Our remote and harsh outlying regions are rich – rich in gold, rich in timber, rich in furs, rich in vast lands suitable for cultivation. And under such circumstances, gentlemen, with a densely populated neighboring state, these regions will not remain uninhabited. Foreigners will enter therein if Russians do not get there first – and this slow creep has already begun. If we sleep lethargically, those regions will become home to other peoples, and when we awaken, they might turn out to be Russian in name only” (Stolypin, 1916, pp. 132–133).

As a result, of Stolypin’s resettlement program more than 3 million men (no tally was taken of women and children) moved east of the Urals between 1906 and 1914, providing a major boost to the region’s socioeconomic development (Belyanin, 2012).

Subsequent attempts to develop Asiatic Russia, however, were less successful. Unlike Stolypin, who saw the need for the geopolitical development of Siberia and considered it crucial to the country’s future, Soviet leaders took a more utilitarian view of the region. During Stalin’s rule, his system of forced labor camps was the primary source of economic development in Siberia and the Far East. Later, Nikita Khrushchev decided to develop scientific centers in the region. In the 1970s and 1980s, the Soviet authorities established major military facilities in
the region. Their presence and continued maintenance led not only to worsening relations with China, but also to the creation of new industries and social infrastructure in those territories. Even the construction of the famed Baykal-Amur Railway was motivated primarily by a military objective: it offered an important backup to the Trans-Siberian railway that ran uncomfortably close to the Chinese border. Meanwhile, that border remained on “lock down,” thereby preventing the Soviet Union from actively integrating with the growing economies of the Asia-Pacific countries.

The growth of the Asian economies and the geopolitical importance of the Asia-Pacific region elicited a wave of expert recommendations during the final years of the Soviet Union that called for Moscow to devote greater attention to Asian states. In the 1970s and 1980s, Soviet academic circles drew leaders’ attention first to Japan’s rapid strides toward economic progress, then to advances by the so-called “Asian Tigers,” and later to the rise of China, and proposed using these as a means for diversifying the country’s foreign economic relations. They managed to exert a certain influence on leaders, convincing them to pursue a normalization of relations with China.

The highpoint of the Soviet pivot to Asia came with the now-famous speech that Mikhail Gorbachev delivered in Vladivostok in 1986 in which he offered the first detailed description of the situation in the Asia-Pacific region and introduced the task of forming a comprehensive security system there. That speech paved the way for subsequent steps for achieving that goal: the opening of the previously closed militarized city of Vladivostok to international cooperation and the resolution of differences that had prevented the normalization of relations with China. However, Gorbachev was inconsistent in implementing many of the recommendations he listed in that speech, and he was further hampered by the tumultuous events of the country’s political life.

The failure of the Soviet authorities to give proper attention to the development of their own eastern territories was a weak link in their Asia policy. As part of an ideology that called for the accelerated “recovery of fraternal republics,” they allocated significant resources to the Central Asian republics, even while failing to make the rapid development of Russia’s Siberian and Far East regions an important strategic objective.

Following the collapse of the Soviet Union and the loss of a number of its western territories, Russia, in a sense, moved geographically closer to Asia. Today, although the majority of its population lives in the European part of the country, two-thirds of Russia’s territory lies in Asia. However, opinion polls indicate that most Russians – even those living on the Pacific coast and near the Chinese border – feel that they are Europeans. Indeed, most Russians really are of European descent, but fate and historical circumstance have thrown them onto the Asian continent. But now having relocated, Russians must take stock of the situation – and not by promoting exotic theories about their Asian roots, but by recognizing that the future of the country depends largely on its approach to and relationship with its Asian neighbors.

For some time during the post-Soviet period, the Asian component of Russia’s foreign policy held only secondary importance as the Moscow authorities pursued the dream of building a Europe stretching “from Lisbon to Vladivostok.” But the situation changed when that dream proved unfeasible and the West
began displaying open animosity toward Russia. Speaking before a meeting on the development of the Far East and Trans-Baikal region in Blagoveshchensk in July 2000, the new Russian leader Vladimir Putin, echoing Stolypin, acknowledged the failure of Moscow’s previous efforts to accelerate regional development: “I don’t want to dramatize the situation, but unless we make real efforts soon, then even the indigenous population will in several decades from now be speaking mainly Japanese, Chinese and Korean” (Putin, 2000). But only several years after that, the Moscow leadership once again not only recognized the need for a “pivot to Asia,” but also began taking concrete steps in that direction. The confrontation with the West after 2014 intensified this process considerably.

The special issue of *Asian Politics and Policy* is devoted to Russia’s policy in the Asia-Pacific, its place in the region and prospects for its more active involvement in it. The articles of the issue present a comprehensive view of leading Russia’s foreign policy experts on these issues. Particular articles discuss Russia’s approaches to international security in the Asia-Pacific, the level of Russia’s economic and political involvement in the region’s affairs, and its attempts to play a more active role in solving such acute regional issues as the terrorist threat, the denuclearization of the Korean Peninsula, territorial disputes, and others.

All of the authors agree that intensifying Russia’s presence in the Asia-Pacific region is a key foreign policy priority. This stems from the fact that the world’s political and economic center is shifting to the region, from the unprecedented pressure the West has leveled against Russia following events in Ukraine in 2014, and from Russian society’s subsequent rejection of the West. This is a matter of survival for Russia because its only hope of developing in the face of anti-Russian sanctions is to shift its economic ties toward the bob-Western world and away from the West where they have traditionally been concentrated. This “pivot” will also help Russia achieve its centuries-old strategic objective of developing the Asiatic regions of Siberia and the Far East where its main natural resources are concentrated.

Russian leaders have already taken a number of decisive steps in this direction since 2014, each of which the authors of this special issue describe and analyze. They also pose one general question: Under the current challenging circumstances, do Russian leaders and Russian society have the will and determination required to carry this process through to completion?

While there may be some differences in opinions of the authors, they generally belong to one school of thought which is institutionally associated with several influential think tanks and universities: the Faculty of World Economy and International Affairs of the National Research University – Higher School of Economics, the Valdai Discussion Club which works closely with the presidential administration and where President Putin often speaks, Council on Foreign and Defense Policy, and *Russia in Global Affairs* journal. Political position of this school can generally be defined as centrist which in the Russian context means criticizing both excessively pro-Western and extreme nationalist tendencies and proposals and supporting Russia’s moderately independent course. For many years, representatives of this school consistently called for Russia to turn toward the Asia-Pacific and to accelerate the development of its Asian territories – regions that are an integral geographic part of the Asia Pacific. These appeals found
expression in numerous speeches, academic publications, and public and private reports to various government bodies (Karaganov et al., 2014, 2015, 2016, 2017; Karaganov, Barabanov, & Bordachev, 2012; Lukin, 2017). Prior to 2014, however, the country’s leaders reacted rather sluggishly to these calls. It was only when the threat from the West became tangible that leaders showed much greater interest in them. As a result, Russian leaders officially adopted the concept of a Greater Eurasia – that this school had developed – and the leaders of China and a number of other countries approved it as well.

The 12 articles of this special issue examine the general principles, historical evolution, and modern condition of Russian policy in the Asia-Pacific as well as Moscow’s policy toward the leading regional players – both as individual states and as integrative associations. In the initial introductory article, Higher School of Economics Department of International Relations Professor Maxim Bratersky makes a general survey of Russian policy in the region. He explains the reasons for the so-called “pivot to Asia” against the backdrop of a sharp deterioration in relations with the West – a breakdown that became especially acute after the outbreak of the Ukrainian crisis and the introduction of anti-Russian sanctions by the United States and its allies. Bratersky concludes that Russia’s long-term objectives in this region include becoming an essential and indispensable part of the Asia-Pacific system, one of the rule setters there, and promoting the development of the Pacific regional system into the global one. Looking at these objectives from a historical perspective, he concludes that they essentially indicate Russia’s historical shift away from the Euro-Atlantic system, where its position has always been relatively weak, and toward the Asia-Pacific that holds principles closer to Russia’s and where it can occupy a stronger position.

In the article “The Idea of Greater Eurasia and Russia’s Foreign Policy Priorities” Timofei Bordachev, one of the originators of the “Greater Eurasia” concept, explains how the idea grew out of Russian expert circles to become the first truly independent global initiative of Russian diplomacy. This marked the end of Russia’s desire to become part of the Western paradigm and the start of its reliance on its own intellectual and foreign policy strengths.

An article I co-authored with Vasily Kashin, a well-known expert on Russia’s strategic cooperation with the countries of Asia, examines the process of Russian-Chinese rapprochement and its influence on bilateral military and military-technical cooperation. It also looks at the two countries’ approaches to a number of regional issues – particularly the situation on the Korean Peninsula and territorial disputes in the South China Sea – as well as their deepening cooperation in Central Asia and the Shanghai Cooperation Organization. The authors also consider the growing role that rapprochement plays in the development of various formats of cooperation in Eurasia, particularly within the framework of the new concept of a Greater Eurasian Partnership or Greater Eurasia.

Igor Makarov, Ilya Stepanov, and Vasily Kashin back the geopolitical discourse of the previous authors with an article citing economic statistics and analysis in an exploration of the possible consequences that Chinese President Xi Jinping’s economic policy could have for Russian exports. Because China has been Russia’s main trading partner for several years and the volume of that trade far surpasses Russia’s trade with all other countries of the region, the possibility of increasing exports to China is a key factor in Moscow’s desire to establish
economic relations with Asia-Pacific countries. The authors conclude that the rebalancing of the Chinese economy may bring some risks to Russia in the short and medium terms through putting downward pressure on its exports of natural resources, however, at the same time it would open new opportunities for industries producing resource-intensive consumer goods and, therefore, gives a chance for diversification of the Russian economy in the longer term. They conclude that in order to derive benefits from China’s transformation, Russia should shift focus of its export policy from negotiating politically driven large projects toward more intensive promotion of consumer goods exports.

Russian–U.S. relations specialist Dmitry Suslov makes a detailed analysis of U.S. and Russian policies in the Asia-Pacific. He explores this theme within the framework of the pivot that both countries have made to Asia – shifts that occurred simultaneously but that differed in substance. He concludes that both countries would benefit if they manage to separate their relations in the Asia-Pacific from the general US-Russian confrontation and make their relations in the region non-adversarial without outright confrontation.

The article by Russian experts on Japan Oleg Paramonov and Olga Puzanova analyzes the evolution of Russian-Japanese relations after the start of the Ukrainian crisis. They devote particular attention to the dual positions Tokyo has taken under Japanese Prime Minister Shinzo Abe. Convinced on the one hand of the futility of confrontation and in an effort to pursue a more independent foreign policy, Abe has sought to build much stronger ties with Moscow. Yet trying, on the other hand, to fulfill the obligations of a U.S. ally, he has been rather erratic in pursuing this course. The article concludes that, given China’s rapidly growing might as well as nationalist trends in Japanese policy, time is on Russia’s side and Russian-Japanese relations are likely to improve because such a development would be in the interests of both states.

The article on Russian policy on the Korean Peninsula that former Russian Ambassador to North Korea Professor Valery Denisov co-authored with Anastasia Pyatachkova examines Moscow’s relations with Pyongyang and Seoul and the way those relations are influenced by the domestic situations in both of the Koreas. Particular attention is given to the role that close Russian-Chinese cooperation plays in resolving the nuclear problem on the Korean Peninsula as well as the differences in the positions taken by Moscow and Beijing, on the one hand, and those of Washington and Tokyo on the other. The article concludes by predicting how the situation will unfold on the peninsula after the senior-level Chinese-North Korean, North Korean-South Korean, and North Korean-U.S. summits in 2018, as well as prospects for Russia to participate in solving the Korean problems.

The article co-authored by leading Russian expert on South Asia Sergey Lunev and Ellina Shavlay looks at Russia’s possible role in the so-called Indo-Pacific region. Different views exist in Russia regarding this concept. The dominant view in the Russian Foreign Ministry is that the United States and Japan introduced the concept of the Indo-Pacific as a way to divide the countries of the region and isolate Russia and China (Morgulov, 2018). The article’s authors do not criticize the concept as such, but compare it with the “Greater East Asia” concept that a number of Russian experts have put forward and promoted. The authors also
consider the approaches taken by Russia and India to the problems of the region and conclude that, as natural allies, their actions separately and together will play a significant role in the Indo-Pacific.

Southeast Asia experts Evgeny Kanaev and Alexander Korolev consider the state and prospects of Russia’s relations with ASEAN. Russia is actively developing these relations with the result that they have now reached the level of strategic partnership. Although Russia’s economic ties with the region remain weak, Russian strategists hold that ASEAN should play a major role in the emerging Greater Eurasian community. The authors conclude that the development of a Greater Eurasia will provide a significant stimulus for the intensification of Russia’s cooperation with ASEAN. The article discusses the difficulties and obstacles to such cooperation and provides recommendations for overcoming them.

Higher School of Economics Department of International Affairs Professor Ivan Krivushin devoted his article to a topic that has been the subject of relatively little research – the evolution of Russia’s relations with Australia after the Ukrainian crisis. This article is important for not only its in-depth analysis and focus on detail, but also because Russian researchers devote too little attention to Australia despite the significant role the country plays in the Asia-Pacific region. It is particularly interesting in this regard that the article devotes considerable attention to discussions within Australia’s official and academic circles regarding Russian policy – especially in connection with events in Ukraine and the deepening cooperation between Russia and China. The author concludes that Moscow must strive to improve relations with Canberra, but acknowledges that Russia’s extremely close rapprochement with China will make this difficult if relations between Canberra and Beijing continue to deteriorate.

In her article, Deputy Dean of the Higher School of Economics Faculty of World Economy and International Affairs Anastasia Likhacheva writes that the development of the Eurasian Economic Union holds particular importance for the integration processes in the Asia-Pacific. The EAEU is one of Russia’s most important foreign policy achievements and the first successful integration project in the post-Soviet space. The linkage between the development of the EAEU and China’s Silk Road Economic Belt initiative has already become the foundation of Greater Eurasia. A second, parallel process is the development of the system of relations between the EAEU and the Asia-Pacific states, in particular, the signing of free trade agreements with them. As the SCO, ASEAN, and other influential players of the region become involved in that process, Greater Eurasia will serve as the basis of the international system in the region and the EAEU will be integral part of it.

Finally, the article by Dmitry Novikov, Deputy Head of the International Laboratory on World Order Studies and the New Regionalism at the same faculty, and Assistant Researcher Veronika Shumkova is also devoted to a scantily researched topic in Russia. These are the so-called “mega-regional agreements” in the Asia-Pacific – the Trans-Pacific Partnership, originally supported by the United States and its allies, and Regional Comprehensive Economic Partnership, put forward by China and some ASEAN countries. They conclude that the formation and development of these projects is an important stage in the regionalization of the world economy and global politics and a key element of the
new phenomenon of regionalization. The article examines the two projects as attempts to form a regional international order holding some degree of autonomy from the global set of rules for the functioning of regional international systems – in this case, that of the Asia-Pacific region. The Russian view of the issue presented in the article is of particular interest because such perspectives rarely appear in academic, much less English-language literature.

Overall, the articles contained in this special issue will be of undoubted interest to anyone wanting to become acquainted with the independent and authoritative scholarly views of leading Russian experts on the problems and prospects of Russian policy in the Asia-Pacific. Presenting such views is no simple task in an era of fake news and post-truth, at a time when the West is engaged in a powerful anti-Russian information campaign. The authors are grateful to Asian Politics and Policy for providing this rare opportunity to present their collective views in the format of a special issue. This publication will be of interest to everyone seeking more information about the situation in the world as whole, historical developments, and the current situation in Russia and Asia.

References


Russia’s Pivot to Asia: Situational Interest or Strategic Necessity?

Maxim Bratersky*

The pivot to the Asia-Pacific region is Russia’s strategic response to existential challenges such as the threat of losing great power status, and the need to maintain territorial integrity and independence. This strategy should not be viewed as meant only to ameliorate the economic and demographic situation in the Russian Far East and Eastern Siberia. Instead, it should be interpreted as an opportunity for Russia to break out of the economic, security, and geographic traps she finds herself in within the Western-dominated international order. The emerging Asia-Pacific regional order may develop into a new international order that will be more competitive; it will not be dominated by a single power or ideology but will instead rest on multiple centers of power. This order will be more favorable to Russia than the unipolar Atlantic one, helping Russia utilize her comparative advantages in territory, resources, hard power, political organization, and ability to mobilize resources for strategic goals.

Key words: Asia-Pacific, Atlantic order, global order, regional order, Russian policy

转向亚太地区是俄罗斯对生存挑战的战略回应，这些挑战诸如面临失去大国地位的威胁以及需要维护领土完整和独立，该战略不应被视为仅仅是为了改善远东和东西伯利亚的经济和人口状况。相反，这应该被解读为俄罗斯摆脱西方主导的国际秩序中经济、安全和地理陷阱的机遇。新兴的亚太地区秩序可能会发展成为更具竞争力的国际新秩序。它将不会被单一力量或意识形态所支配，而将依赖多个权力中心决定。这一秩序将比单极大西洋秩序更有利于俄罗斯发展，有助于它利用其在领土、资源、硬实力、政治组织和能力方面的相对优势作为各战略目标调动资源。

关键词: 亚太地区，大西洋秩序，全球秩序，地区秩序，俄罗斯政策

El pivote a la región Asia-Pacífico es la respuesta estratégica de Rusia a los desafíos existenciales como la amenaza de perder su estatus como gran poder, y la necesidad de mantener integridad territorial e independencia. Esta estrategia no debería ser vista como algo solo destinado a la mejoría de la situación económica y demográfica en el Lejano Oriente y Siberia Oriental. En vez de esto se debería interpretar como una oportunidad para que Rusia se libere de las trampas geográficas y de seguridad

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In the second decade of the 21st century, Russia found herself faced with a grim strategic reality. The Yalta-Potsdam international system, which had rewarded Russia for her victorious role in WWII, had unraveled. Her resources were reduced by the collapse of the Soviet Union, the deepest economic and social crisis of the 1990s that had turned Russia into an economically weak and politically semi-dependent nation. The new US-dominated world that Russia entered turned out to be unfriendly to her, upholding principles and comparative advantages which Russia had never been able to develop. The stalemate in relations with the founding nations of the Atlantic order brought Russia to the conclusion that she was not likely to succeed in her integration into the Atlantic community; it made her turn her attention to another emerging center of power and wealth—the Asia-Pacific.

The Asia-Pacific regional order has a chance of evolving into a new global system which could be more suitable for Russia. The Asia-Pacific today gives Russia not only a promise of economic development but, more importantly, the prospect of becoming a co-founder of a new international system where Russia may become more successful than in her past attempts at order-building. For Russia, its emerging Asia-Pacific policy is not a mere tactical maneuver, but a strategic choice meant to untie the Gordian knot that Russia is stuck in.

Trends in Russia’s Asia Pacific policy

Historically, Russia’s interests in the Asia-Pacific had been determined by security challenges and geopolitical considerations. Economic growth was also a goal, but it had only been given secondary priority; economic considerations were always determined by Russia’s grand strategy. A good illustration of prioritizing security was Russian advancement and settlement on the Amur River in 1854–1858, which was carried out by soldiers and Cossacks upon orders of the Governor of Eastern Siberia Count Nikolay Muravyev-Amurskiy. Because of its strategic objective of filling the territory with her people and institutions Russia persisted despite the poor conditions for agriculture in the area, where even poor and free settlers would not go of their own accord (Government of Amur Oblast, official website).

During the 17th and 18th century—the main period of Russia’s territorial expansion and geographic discoveries—Russia moved into the Far East because of a relative vacuum of governance there. Moreover, Russian Cossacks and merchants were hoping to make quick and easy money through the fur trade but did not stay there long (Sorokin, 2017). However, Russia found herself overstretched by territorial expansion on occasion, and so was not able to colonize the new

Palabras clave: Región Asia-Pacífico, Orden Atlántico, orden global, orden regional, políticas rusas
territory because of lack of resources. Russia, in fact, had to leave already captured territories then, as what happened with Alaska and northern California (Ilyin, 1975).

In the 19th and early 20th century, Russian policy in her Far East and in the Asia-Pacific was largely focused around security priorities. European interventions in China, the Crimean War, and the Russian-Japanese confrontations of 1905 and 1938 led to the development of the Pacific Fleet of Russia and the construction of ports and naval bases. The need to build a reliable system of communications and logistics, including lateral roads running parallel to the Russian-Chinese border, necessitated the construction of the Baikal-Amur Railway (1938–1984), the largest infrastructure project in Siberia and the Far East (Karpova & Mironenko, 2009). This project had several false starts, and a significant part of the completed railroad was even dismantled during the Second World War to build strategic railroads urgently needed on the German front.

A new period of attention on the Far East and Siberia started again at the beginning of the 1960s, when Soviet-Chinese tensions peaked, with a military conflict taking place in 1968 on the island of Domanskiy when the Soviet Union and China kept 650,000 and 800,000 soldiers on the Soviet-Chinese border, respectively. During the 1970s and 1980s, Soviet efforts to look at the Far East and Eastern Siberia as a domestic development project revived the leadership’s interest in building infrastructure in those areas. A railway was laid near the USSR’s largest reserves of untapped copper, coal, uranium, polymetallics, and oil deposits. The establishment of nine territorial-production areas was also planned, albeit as part of developing the domestic economy rather than as an attempt to integrate into the Asia-Pacific market.

Between the 1980s and the early 2000s, Russia was beset by the deepest political and economic crisis seen in its history—the disintegration of the Soviet Union. During this time, there was no development policy geared toward the Far East. It was only in the middle of the 2000s that the Russian leadership was able to turn their attention to the Far East and Siberia once more.

The Russian leadership’s decision to do so then had the same motivations that have always been present in Russia’s Asia-Pacific policy. On the one hand, Moscow made it clear that she viewed her full membership in the Asia-Pacific geopolitical space as essential. Strategic documents noted that strengthening Russia’s presence in the Asia-Pacific region was becoming increasingly important (Concept, 2013).

On the other hand, Russia was hoping to improve her economic situation and develop her own eastern regions by integrating them into Asia-Pacific markets. This was in line with Putin’s comment at the APEC Summit in Vladivostok in 2012, “Unless we take practical steps toward the development of the Far East in the nearest future, in a few decades the Russian population will speak Chinese, Japanese, and Korean (there)” (Putin, 2012). He also stated that the Asia-Pacific region is becoming the most dynamic center of world economic development, and Russian foreign policy on deepening relations with APR should be closely tied up with domestic tasks, including developing the economy of Siberia and the Far East. (Putin, 2004). Russia is planning to transform her Far East and Eastern Siberia into a single dynamically developing economic region, which could become one of the pillars of the Russian economy and a gateway for a new
mode of Russian integration into the world economy and politics, particularly through a globalizing subsystem not dominated by a US-European agenda.

There is, however, a third motive which can explain how the Russian leadership approaches the need for active involvement in the Asia-Pacific. It is seen as a second chance for Russia. Her integration into the Atlantic US-dominated world order has not, in most respects, turned out very successfully. Russia is unhappy about her place in the European security architecture, world economy and trade, her difficult relations with the United States and the European Union, which deteriorated even more after the 2014 events in Crimea and Eastern Ukraine. One recalls, for instance, the complaints of Russian Foreign Minister Sergey Lavrov, who emphasized the need to reformulate the construction of the Euro-Atlantic space by calling for a “new definition of Atlanticism that does not exclude Russia” (Lavrov in MGIMO, 2007).

In this light, the Asia-Pacific region is regarded by the Russian leadership much more positively than an Atlantic dominated by the North Atlantic Treaty Organization (NATO), the International Monetary Fund (IMF), and the World Bank (WB). “We have the opportunity to assume a worthy place in the Asia-Pacific region, the most dynamic region in the world,” insisted Putin (2012). This way of reading the situation is essential for understanding the place of the Asia-Pacific region in modern Russian political thinking. By pivoting to the East, Russia is not merely responding to the underdevelopment and the demographic challenges she is faced with in the Russian Far East. Russia’s political establishment hopes to leave aside monopolistic and powerful players such as NATO and EU, which impede Russia’s advancement toward acceptable and desirable political and economic positions.

The Russian political leadership wants this new round of integration to happen on a non-ideological basis, making irrelevant the “incompatibility of Russian values and those of the Euro-Atlantic West” (Mankoff, 2015, p. 258).

Above all, Russia is promoting the development of Asia-Pacific institutions, seen in its hosting of the APEC Summit in 2012, spending large sums of money to turn Vladivostok into a modern city. Russia’s second priority would be participating in the development of security architecture in Asia-Pacific. While her efforts in Eurasia can be characterized as fruitful, she has yet to make her mark in security institution-building in the Asia-Pacific especially as the region itself has not become a venue of successful security institution-building. In the absence of an established security architecture, Russia may count on occupying a significant place in the emerging Asia-Pacific security regime, aside from having good market access in the absence of exclusive economic blocs. To Russia, the pivot to Asia means a strategic opportunity to help build a new international order outside the track of the European political and economic tradition and to start things anew.

Looking at the Russian goals from this perspective, one may conclude that economic development and repopulation of the Russian Far East and East Siberia are Russia’s important tactical goals, but achieving them will advance Russia’s strategic long-term interest: political and economic integration into Asia-Pacific and the transformation of Asia-Pacific into the rule-making core region of the international system.
Russia’s position in the Atlantic system

Russia has never been part of the US-centric liberal order, which was organized originally by the United States and likeminded-dependent western countries after WWII. Russia had been an essential member of the previous Concert of Nations order in the 19th century but chose to start her own global project in the 1940s; thus, it did not take part in such institutions as the IMF-WB or the General Agreement on Tariffs and Trade (GATT). It was only after the collapse of the Soviet Union in the early 1990s that Russia attempted to integrate into the Atlantic order, but failed in most aspects.

From Russia’s point of view, the results of her integration into the existing Western-dominated international order have in general been modest and unsatisfactory. Russia remains relatively weak in areas universalized by this order; whereas the founders of this order demonstrate their strength exactly in these fields. For instance, Russia has not been able to develop financial institutions compatible in their effectiveness with American or British ones; she has also not been able to build a system of innovations and commercialization comparable to the American model, nor has she built a legal and normative system like that of the British. Moreover, it is very unlikely that Russia would succeed in becoming a rule maker in international trade, or enjoy cultural dominance globally, or become a workshop of the world like China. For a variety of reasons—including the need to control a large territory, a relatively weak domestic market, and centrifugal forces (Pipes, 1995)—Russia maintains significant state participation in the economy, which serves Russia’s security and geopolitical needs relatively well but makes her uncompetitive within the framework of WTO and the IMF rules.

Russia is unhappy with the security arrangements in Europe, which do not include her and are hostile to her. Russian elites have not been accepted or included by Western elites; and Russia’s political status in the Atlantic US-led order remains a site of political conflict between the two sides, with experts in the West asking whether Russia will even survive as a great power in the 21st century (Menon & Motyl, 2007). In this light, both Russian popular and elite opinion largely favor Putin’s foreign policy, as most Russians believe their country under Putin has returned to the status of a great power (Adelman, 2016) and should have an independent role in the world, rather than playing by the rules that were established without her consent and are mostly not in her interest.

This fundamental contradiction does not derive from the nature of Russia’s political regime (Tsygankov, 2013) or “Russian revisionism” (Krastev, 2014). Russia demonstrates weaknesses in areas that constitute the core of the Western-led system (financial institutions, legal institutions, system of innovations and commercialization, ability to make foreign policy serve production of national wealth). Russia fails to utilize its traditional comparative advantages in the global system (territory, resources, and hard power) because the existing system does not recognize their value, placing more importance on areas of the world economy and order where the Western founders of the system have had great advantage.

In the Atlantic Western-led system, Russia’s failure to become a sustainable, dynamically developing economy independent of the state sector, and its need to divert resources from economic development and wealth creation to territorial
control, turned the country into a disadvantaged member that cannot rise within the existing system of rules.

Is this system the only possible system? Is it truly global? Or can a different international order be conceived and built around a different set of rules that Russia can be more comfortable with?

**The new international order starts in the Asia-Pacific**

Doubts concerning the effectiveness and endurance of the US-centric liberal world order started more than 20 years ago, when politicians were still praising it and scholars were writing about the end of history (Fukuyama, 1992). Robert Keohane (1984, p. 46) was not comfortable with the prospect of having a world order that will be based on the dominance of one single power (Keohane, 1984, p. 46). Mearsheimer (1995) pointed out the deficiencies of international institutions which cannot compensate for the balance of power mechanism in international relations.

The liberal international order, to whatever degree it existed, was generated and largely existed in the Euro-Atlantic region, and it remains mostly unchallenged there even now. Joseph S. Nye (2017) discussed the fact that the liberal order was largely limited to a group of like-minded states centered on the Atlantic littoral and did not include many large countries such as China, India, and the Soviet bloc states. This order had been universalized and globalized over centuries via the mechanism of colonization, due to the preponderance of its founding nations over non-western nations in the military and technological spheres (Karaganov, 2017). The current order serves as a good example of how a regional order was transformed into a global one due to the uneven distribution of power among nations.

In his recent book on World Order, Kissinger (2015, p. 3) wrote: “No truly global ‘world order’ has ever existed. What passes for order in our time was devised in Western Europe nearly four centuries ago, at a peace conference in the German region of Westphalia, conducted without the involvement or even the awareness of most other continents or civilizations. Outside the Western world, regions that have played a minimal role in these rules’ original formulation question their validity in their present form and they have made clear that they would work to modify them (Kissinger, 2015, p. 3).

Today the distribution of power in the international system is changing again; the pendulum started moving in the direction of non-western nations. Due to the power shift from Europe to Asia and from the Atlantic to the Asia-Pacific, the world system-shaping potential of the traditional West decreases and the global role of the Asia-Pacific increases (Davison, 2018; Krikovic, 2015). With this power shift, the Asia-Pacific is accumulating its potential for global rule-making, and, with time, one can expect the rules developed in the Asia-Pacific to be universalized and either replace or combine with the rules of the previous Atlantic order.

This is a long process and the Asia-Pacific will arrive at this new global role by different means. For instance, P. Kennedy (1987) predicted that the balance of military power would shift over the coming 20 to 30 years, creating a truly multipolar world around 2009 (Kennedy, 1987). Huntington (1999) insisted that the world was now passing through one or two unipolar decades before it enters
a truly multipolar 21st century. While some politicians hold a contrary opinion (Security Strategy, 2017), experts increasingly suggest that the world is witnessing the beginning of a new era in international relations (Waever, 2017). In 2008, the U.S. National Intelligence Council’s Global Trends report stated that “by 2025, the international system will be a global multipolar one.” (National Intelligence Council, 2008). However, the architecture of the developing international system is unclear, and there are several scenarios on the future of international order presented these days: Acharya’s (2017) on “multiplexity,” M. Mazarr’s (2017) on “Mixed Order,” and Haass’ (2008) “non-polarity.”

The central feature of the Asia-Pacific, in comparison with the Atlantic, is the absence or weakness of region-wide institutions. There are no large security organizations like NATO, nor an inclusive region-wide economic institution either (Hemmer & Katzenstein, 2002). Unlike the Atlantic region, the Asia-Pacific is dominated by nationalism; countries often lack common culture and religion; and political divisions are accentuated by economic competition among its members. Their economies are in similar levels of development and do not always complement each other. Many countries are still busy with their nation-building, making the delegation of sovereign authority to supranational bodies impossible. There are only a few institutions in certain fields—mostly in the financial sphere—and they are still in the early stages of development. Russia participates in BRICS and the BRICS New Development Bank as well as in the BRICS Pool of Conventional Currency Reserves. Then, there is the Shanghai Cooperation Organization (SCO), which has some potential of extending its stability and security activities beyond Central Asia. The Russia-sponsored Eurasian Economic Union is developing a relationship with China’s One Belt One Road (OBOR) network and with other countries of the region (e.g., Vietnam, Iran, and Pakistan). There are some institutions where Russia, thus far, is either not visible or not involved at all, among them the Chiang Mai Initiative and the Asian Infrastructure Investment Bank (AIIB).

The new regional order and the potential global order borne by the Asia-Pacific will differ from the Atlantic one, and will bear a significant element of competition that will be at least partly based on the principles of sovereignty and balance of power, and may represent one of the versions of multipolarity. This order is unlikely to produce a common ideology or universal institutions, but is likely to arise from the competition of several powers in the region and preclude the domination of any of them. This order will be looser and more flexible than the Atlantic one; it will allow for the diversity of ideologies, models of political organization, and methods of organizing the economy. This order will use a different set of currencies for international exchange and reserves, probably different financial technologies such as blockchain, and will be built around new or modified international financial and trade institutions. It will be less stable and safe, too because it will be composed of very different actors who will be challenging each other.

Among the big powers, Russia has been one of the chief proponents of multipolarity. In 1998, during a visit to India, Russian Prime-Minister Evgeny Primakov put forward the concept of a Russia-China-India (RIC) strategic partnership, pointing out that such a troika in a multipolar world would allow some protection for sovereign nations not allied to the West. The Russian approach
today places significant importance, if not priority, on the Asia-Pacific as the geographic area where this new order is developing and where Russia can build a gateway (see Kaczmarski, 2015; Karaganov, 2012, 2014; Lukin, 2016).

There is an ongoing discussion on how successful the Russian pivot to Asia-Pacific has been. This pivot to Asia is not going easily; the Western-centric tradition remains very strong in Russia (Lo, 2015) and affects Russian perspectives significantly. However, Russia’s strategic interest in the Asia-Pacific region is growing (Trenin, 2015), and Russia has noticeably pivoted away from the West toward an Eastern direction (Fedorov, 2016; Wishnick, 2017).

Some authors believe that Russia’s new “pivot to the East” policy has been a failure because of the lack of resources, weakness of the economy, and ineffective bureaucracy (Eder & Huotari, 2016). Others point to the beginning of economic growth in the Russian Far East and at growing FDI coming from Asia (Evstigneeva, 2017b) as a success indicator. Observers differ in their evaluation of the degree of success so far, but they fail to establish what should be considered success in the first place. An increase in trade and investment in the Russian Far East is desirable and important for Russia, but these should not overshadow the main goal. The world is witnessing tectonic changes in the region, and the development of a new Asia-Pacific architecture is a long process. It may be finalized peacefully or it may cause violent conflict to emerge. In the past, new global orders were established by the winners in such conflicts (Chase-Dunn, 1996), but there is a good chance of history taking an alternative path since nuclear weapons still discourage large nations from going into direct conflict, opting instead to stabilize the situation.

**Russia’s policy priorities in the Asia-Pacific**

Russia’s contemporary foreign policy, both regional and global, attaches high importance to her integration in the Asia-Pacific. Traditionally, experts believe that Russia is pivoting to Asia-Pacific for two reasons: One, Russia’s policy in the East has been driven as much by its anxiety about the vulnerability of its sparsely populated eastern flank as by its desire to project influence. Two, Russia simultaneously seeks to protect its landmass, boost its presence in the Asia-Pacific, and bridge the yawning gap between its own policies toward Asia and toward Europe. Moreover, Russia needs to figure out a way to work with China and other regional players (Hill & Lo, 2013).

One can argue that the sources of Russian policy in the Asia-Pacific are deeper than what is outlined above. The Russian security situation and relations with the West are at their worst in centuries; Russia is isolated against the unified western coalition that had expanded to the East and incorporated her former security buffer. With NATO, Europeans and Americans established a political and military coalition explicitly excluding Russia, leaving no space for the Russian vision of a Vienna-like concert of nations. The Western-dominated world economy relegated Russia to the position of a middle-developed raw materials and energy annex for Europe, leaving her a small chance of rising to higher positions in international value chains. Russian elites counted on being accepted into the ranks of global leaders in the 1990s, but by the 2000s they realized that they would never be regarded as equals nor allowed a place at the high rule-setting
table (Ponarin & Sokolov, 2014). The absence of any prospect of improving her position in this system invites Russia to look for an alternative system. The emerging alternative in the Asia-Pacific seems promising. Russia expects more changes to take place in the existing international order, leading to its transformation into a new system where it can take its seat at the table with other great powers. Russia believes that this order will originate in the Asia-Pacific, and thus its integration in the region is crucial for this reason.

Russia’s long-term objectives include becoming an essential and indispensable part of the Asia-Pacific system and one of the rule setters there, and promoting the development of the Asia-Pacific regional system into a global one. Unlike the Atlantic system dominated by the United States and its allies and built around capabilities where Russia has traditionally been weak, the Asia-Pacific world is organized around principles where Russia seems stronger. The Russian leadership predicts that the governments in this region will place importance on the ability to control territory, on hard power, and the ability of the state to concentrate resources on strategic objectives.

Strategically, Russia’s goals in the Asia-Pacific can be defined as:

1. Preventing the establishment of a hegemonic military-political alliance either under the auspices of US or China. Russia is interested in establishing a balance of power in the region, not in the domination by any one power.

2. Being part of any configuration of security architecture built in the Asia-Pacific. This means taking a proactive position in creating security architecture, and taking the lead as one of the founding nations.

3. Avoiding an overly China-centric foreign policy, and forming strong partnerships with S. Korea, Japan, US, and the ASEAN states.

4. Gaining direct access to Asian markets (energy and raw materials for exports; technology and finance for imports), without any transit countries in between or exclusive regional trade blocks (RTAs) to impede Russian trade in the area.

5. Using Asian neighbors as vehicles for the development of the Russian Far East and Siberia, but avoiding the monopolization of this process by other regional powers (i.e., China).

6. Keeping markets and sea routes in the region open and taking steps to ensure that Russia remains an influential participant in the pan-Eurasian market that is built as a combination of several political and economic initiatives (Greater Eurasia, SCO, EEU).

Active participation in Asia-Pacific institutions or taking the lead in constructing those that are still lacking, can better achieve these goals. Russia can utilize her experience of developing the Eurasian Economic Union, the Collective Security Treaty Organization, and the experience of balancing the EEU with the Chinese One Belt One Road (OBOR) initiative to thus build on existing institutions in the region (Lukin, 2018b).
Another Russian strength is her hard power. By counterbalancing the ambitions of the main military powers in the region, Russia can serve as an important security provider. The economy is not one of Russia’s strong points compared to her neighbors, but the country must work on becoming an essential part of the Asian-Pacific market structure, too. Essentially, what Russia needs from a new economic architecture in the Asia-Pacific is the open character of its markets and freedom of technology transfer. As a prospective major security provider in this region, Russia will be able to help guarantee this, and will not be afraid of the prospect of losing her sovereignty either. Everything else will come by itself naturally, because of the logic of international investment and business.

Politically, intellectually, and organizationally, Russia seems to be prepared for this mission. After President Vladimir Putin announced the “Pivot to the East” in his Presidential Address to the Federal Assembly in 2012, Russia established an innovative, partially decentralized Ministry for the Development of the Far East. It adopted many important initiatives to bolster the economic development of the Russian Far East, including a network of advanced special economic zones (ASEZs) and a free port regime for Vladivostok. Russia has strengthened its military presence in the adjacent region, and intensified her political dialogue not only with China but also with other neighbors as well, including Japan and the Republic of Korea. Russia has become much more active in regional security issues, including the North Korea issue and Kuril Islands issue; it is developing new directions for her arms exports, and is considering the establishment of a permanent naval presence in the southern part of the region.

Conclusion

In the emerging Asia-Pacific order, relations among the participating nations are based on national interest and balance of power, as was typical for the international system throughout history, with only minor exceptions. Since this order is not consolidated by the hegemony of any single power or ideology serving the hegemon’s interests, there is a good prospect of returning to a modern version of the Concert of Nations involving USA, China, India, Japan, Russia, and some other countries. This order will be competitive but may evolve with time to become more cooperative because of the factor of hyper-interdependence that has evolved. In this setting, Russia can become an influential and valuable member of the system, serving as an indispensable security provider and balancer, whose contribution will be rewarded with economic benefits.

Central to this strategy will be participation in and even initiation of the development of institutions in Asia-Pacific. Looking at the regional landscape today, it is easier to point out what is missing than to count what already is there. Almost all aspects of regional integration require attention today, but the most immediate needs are probably in the following areas.

1. Other than the American system of bilateral security alliances, the region has no security mechanisms. Such a mechanism is unlikely to be developed overnight, but a network of confidence-building measures, joint exercises on sea rescue, anti-piracy activities, and other low-profile steps can be enhanced. Great powers in the Asia-Pacific are not expected to form any comprehensive security alliance or bloc, but Russia may
contribute to the development of the system of checks and balances in the security sphere.

2. Infrastructure development in the region is already ongoing, with China as the very energetic locomotive. Russia can contribute to the development of land and sea corridors through a northern route linking the Asia-Pacific to Europe.

3. There are important unresolved issues in the area of cyber-security. Debates on some possible approaches are centered on the BRICS, to which Russia already contributes.

4. Regional financial and currency architecture today is being revised mostly by China, but Russian participation in the New Development Bank (BRICS), pool of BRICS conventional currency reserves, the bilateral system of trade in local currencies, etc. gives a more multilateral dimension to the emerging currency system.

5. Energy security, food security, water-intensive agriculture, tourism and recreation, fishing, education, climate, and ecology are some other spheres that require the development of regional rules and institutions.

6. There is also the most important issue of trade and trade barriers in Asia-Pacific, and it is up to trading nations in the region to decide what the policies in this field should be.

Asia-Pacific institutions are being built on a systemically different foundation from those of the Atlantic order. In this coming order, Russia could be indispensable; and Russia’s weaknesses, as they exist under the current international arrangements, will be transformed into assets. These include a strong, coordinated foreign policy; a reputation for being a reliable partner and ally; and a high degree of state participation in the economy, allowing the state to intervene effectively. This balancing of different interests in the region and in the world will help improve trade, investment, and infrastructure in the Russian Far East, although Russia is unlikely to be a central economic player in the new system initially. Russia’s role should focus on institution building and security provision while her economic benefits increase, but these will derive from Russia’s other roles in the system.

The competitive and mercantilist Asia-Pacific has the potential to reduce the importance of certain elements of the current world order that are perceived indispensable today (institutions, legal culture, commerce-friendly political system), and to raise the importance of factors that are not considered significant today. This process often referred to by others as deglobalization and regionalization, does not guarantee anything for Russia, but it gives her a second chance to integrate globally, using a radically different approach from that of her first attempt.

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Greater Eurasia and Russian Foreign Policy Priorities

Timofei Bordachev*

The strategic concept of the Greater Eurasian Partnership has been the greatest achievement of Russia in its prioritization of foreign policy and in building effective multilateral institutions in this macroregion. This concept, as well as the previously developed strategy of pairing the Chinese One Belt One Road Initiative and the Eurasian Economic Union, is based on the academic and political belief that multilateral institutions, which introduce mutually binding norms for their members, are the essential element of international regulation on both global and regional levels. For Russia, the idea of the Greater Eurasian Partnership is also a part of its national strategy and policy of the accelerated development of the Russian Far East and Siberia – both natural and necessary parts of Asian and Eurasian space. So far, Eurasia has primarily been a geostrategic and philosophical concept, whereas the new strategy of Russia aims to revalue Eurasia in terms of rational cooperation.

Key words: China, EAEU, EU, Greater Eurasian Partnership, OBOR, Russia

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The main achievement in Russia’s foreign policy in 2017, and in many years prior to that, has been the development of its own strategic concept for the first time since 1991. This strategic concept, and its geographic embodiment, is what is called the Greater Eurasian Partnership. This was achieved because Russia’s foreign policy has rapidly evolved and the scope of its ambition has increased. Five years ago, on December 12, 2012, Vladimir Putin said in his first address to the Federal Assembly after his re-election as President of Russia, that “In the 21st century, the vector of Russia’s development will be the development of the East. Siberia and the Far East represent our enormous potential (...) and now Russia must realize our potential. Russia has the opportunity to assume a worthy place in the Asia-Pacific region, the most dynamic region in the world” (President of Russia Official Website, 2012). Over the past five years, Russia has come a long way, from the politically modest goals of diversifying its foreign economic ties, to the formulation of tasks that are of a systemic nature. This kind of foreign policy is what analysts inside and outside the country were demanding from Russia.

The purpose of this article is to outline the general context of Russian foreign policy priorities and to explain the place of the Greater Eurasia initiative within Russia’s wider national agenda on the international scene. The other important goal of this article is to review and summarize the main obstacles and challenges which multilateral cooperation and integration in Eurasia are facing both from within and from the external world, and to understand which basic prerequisites exist for the successful development of international institutions in Eurasia. The most significant features of China-Russia bilateral cooperation are also to be addressed in the article.

If Russia keeps up the pace, the achievement of these goals will create conditions for reforming Eurasia so that its development is better suited to Russia’s development and security aspirations. For this, the level of trust between Russia and its neighbors as well as among its neighbors needs to exceed trust in other countries. It is even more important that the movement toward Eurasian partnership create conditions for the development of a new Russian foreign policy narrative, one which will be based on its own ideas and views rather than copying those of others, and one where Russia does not “cling” to either the East or the West.

Russia’s turn to the Asia—spurred by the conflict with the West—fortunately coincided with China’s new geo-economic initiatives (Lukin, 2016a). In 2013, Beijing proposed a large-scale plan of cooperation under the motto of reviving the Great Silk Road (Wu, 2013). In relation to China’s plan, the number of published articles on Eurasia has been truly impressive. Eurasia is now being discussed at all many international forums and is invariably present in public speeches.
by Russian leaders. (To author: is this interpretation correct?). For Russia, the political evolution of the Eurasian concept, traveled the road from the modest idea of interlinking the Eurasian Economic Union (EAEU) and China’s One Belt One Road initiative (President of Russia Official Website, 2015) to a much larger strategy of comprehensive Eurasian partnership. Other countries of the region, including the author of the modern Eurasian concept—Kazakhstan—are trying to emphasize the pragmatic aspects of regional cooperation. China is doing the same; unlike Russia, however, China’s concept sounds more abstract politically and more substantive materially (Denisov, 2015). This is natural in view of China’s political philosophy and its step-by-step approach to achieving targets without setting overly ambitious goals.

Russia’s political exaltation over the Eurasian issue is certainly natural and easy to understand. Many analysts see it as an attempt to break away from what seemed a historically determined endless choice between Europe and not Europe. This choice is particularly tragic because it is obviously impossible to ever make Russia part of Europe. However, the political events of the past few years give hope that Russia has shed its ambivalence and now sees itself as an independent development center rather than the periphery of Europe or Asia. But it is necessary to harness Russia’s nascent self-identification with collective institutions of regional cooperation and to integrate Russia’s national interest with the interests of Eurasia. In other words, Russia needs to traverse the same road taken by European countries, even such powerful ones as Germany or France, for the sake of joint development and peace in the second half of the 20th century (European Union Official Website).

The trend of global and regional development shows that at this historical stage, Eurasian concepts may go further than general political statements and wishful thinking. Some experts believe that the soft division of the world into macroregions may rescue globalization. Countries located in such macroregions will find it easier to reduce losses from the objective exacerbation of the worst trends of modern international politics, primarily, increasing national egotism and disregard of shared benefits for the sake of narrow national goals. This general trend toward macroregions has aligned with Eurasian initiatives in the past few years.

However, many important factors of regional affairs and major political problems require that Russia show restraint in its assessment of the practical potential of Eurasian ideas. It is important to understand what intellectual tasks must be resolved to make progress along the only path to salvation left—deep and comprehensive cooperation. These tasks may seem abstract at first sight but historical experience shows that unless they are addressed it will be very difficult, if not impossible, to achieve purely practical goals. In other words, it is vital to remove mental barriers that stand in the way of developing closer relations between Eurasian nations on a pragmatic foundation (Kuznetsova, 2017).

This narrative must be universally applicable, simultaneously distinct from any single Eurasian tradition and able to encompass them all. Thinkers from Kazakhstan and Russia have made repeated attempts at creating a cohesive political construction that would incorporate cooperation and joint development of Eurasian nations. During the past two centuries, outstanding intellectuals tried to build a common Eurasia proceeding internally from the unity of its values or externally from opposition to other macroregions (Entin & Entina, 2016).
However, there has been essentially no practical demand for translating these wonderful ideas into reality; these ideas have not yet become a platform for uniting Eurasian nations intellectually and politically. Furthermore, the well-meaning Eurasian nations, including Russia, are very susceptible to the words of those Greeks from other continents (the expression is to beware of Greeks bearing gifts) bearing gifts. They allow intellectuals of other nations and civilizations to offer them ideas about how to unify, based on pragmatic considerations and the pursuit of national benefits. They forget that by virtue of objective laws of international politics, far-off nations are merely instrumental for external powers to achieve their own national interests. This is why the Eurasian narrative is probably one of the most “polluted” with ideas and geopolitical concepts from afar. Regrettably, this comes as no surprise. The great Eurasian continent has always been more of a metaphysical rather than a political or economic concept.

The blurring of physical borders has been invariably accompanied by the erosion of conceptual borders. Thus—the inability to delineate Eurasia as a unit on the political and mental map. This is a major component of the “Eurasian curse”—the region’s inability to conceive of itself in terms of common values, cooperation, and shared benefit, and, as a result, to identify itself as an integral element of the global arrangement. Maybe Eurasia is too big for this. It is impossible to separate from it such parts as Europe—which is good at identifying itself in relation to “others”—or South and Southeast Asia, or even Western Asia, which is also closer to the cramped Middle East than spacious Eurasia.

Historically, all Eurasian states—and Russia is no exception here—have used Eurasia more as a space for strategic maneuver and a means of achieving narrow foreign policy goals. They never managed to rise above their national interests as the Europeans did when they built a new Europe on the ruins of the old order in the second half of the 20th century. Their Europe was based on cooperation for the sake of shared benefit and on clearly defined opposition to other regions and civilizations.

The reason is that Eurasia is the homeland of many nations, but has never been home to any of them. In most cases, nations that emerged in parts of Eurasia later left. This was the case with the majority of Finno-Ugric peoples and, to a lesser extent, Turkic peoples. Eurasia’s most powerful states always saw themselves as part of other—European and Asian—civilizations. They considered themselves empires that did not need any other identity beyond their national one (Zhang, 2013). Medium and small Eurasian nations do not have enough resources to develop their space without reliance on external players. As a result, Eurasia has always been just an abstract idea, a dream, and could not become an object of geopolitics. It is possible and necessary to resolve this problem now that the relative fragmentation of the global space into regions and macroregions is gaining momentum and, under certain conditions, could even be the only salvation for globalization and openness. Our goal is to comprehend Eurasia in the categories of regional cooperation in order to derive benefits and resolve the national development tasks of each of its nations.

Today, this goal is difficult to achieve in practice. The major trends in modern development point toward states becoming less and less prepared to consider cooperation as part of their efforts to achieve national goals both internally and externally. National egotism, whipped up by the psychosis of media, particularly
social media, is growing stronger. Politicians are becoming more and more dependent on public opinion, less and less focused on common benefit, and increasingly interested in seeking solutions with unilateral advantages (Tomz, Weeks, & Yarhi-Milo, 2017).

To understand the rational foundation on which Eurasia can be built, it is necessary to study its past to find ideas and narratives that can unite rather than divide the nations of this macroregion. It is important to shift the focus of Eurasia’s historical knowledge from the West to the East, incorporating Byzantine, ancient Chinese and ancient Turkic components: Byzantine-Russia, Turan-Central Asian states, ancient and modern China, and the entire Confucian space. It is essential to analyze the development goals of Eurasian nations, to find out where they overlap, where they may clash and need to be harmonized, and where they supplement each other. It is essential to determine the targets that are achievable through joint efforts at the interstate level.

Modern types of collective security systems must be studied to understand what experience suits modern Eurasia the best. It is necessary to determine a set of basic values for internal and external purposes that are shared by all nations of the and particularly to identify the values that may play a role in unifying the nations mentally and morally, thereby creating a collective identity for them.

What Russia apparently needs is a Eurasian reimagining of the main principles of the Westphalian system. This system originated entirely in Europe in the 17th century but spread to the rest of the world due to the military dominance of its bearers—the European states. The unique character of the Westphalian principles is obvious—they are procedural rather than substantive (Croxton, 1999). How will they work in the context of Eurasian traditions? Thus, the concept of sovereignty and its content emerged and were judicially refined in Europe although the European nations went further than others in voluntarily restricting their sovereignty for the sake of mutual benefit through cooperation. But what does sovereignty mean for the Eurasian nations? And how do their ideas of sovereignty affect their ability to cooperate in the name of mutual benefit?

The question is to what extent can one apply most traditional notions and rules of international relations to the Eurasian political and cultural environment. Do they change in the Eurasian context? Obviously, each Eurasian nation has formed its own unique political philosophy and culture over centuries, although the most effective mechanisms of cooperation largely emerged outside Eurasia, notably in its western periphery in Europe. These mechanisms are grounded on a different but also unique political tradition. The tradition of cooperation based on rational choice can and should be applied to Eurasia. It should not be mechanically transferred to Eurasia but should be adapted to its conditions, which will allow it to work in a different cultural and political environment.

Russia must look at the strategic prospects and motivation of each major Eurasian player. China is Eurasia’s largest state. It is practically self-sufficient by virtue of its unique demography and, at first sight, does not need to integrate into broader communities. However, even China cannot return to the policy of closed doors that already caused the Chinese people tragic upheavals. This is why China is opening up and entering the world, although it still does not have enough diplomatic experience to do this in the traditional European understanding. Russia cannot count on self-sufficiency by virtue of its demography and has
to establish international communities bound by a more advanced code of conduct and common values among the members. Central Asian nations along with Mongolia are trying to formulate their development goals with an emphasis on the need to remain independent units in the international system. They have been placing their bets on cooperation with large players inside and outside the region in order to balance their powerful neighbors China and Russia with the help of remote partners such as the United States and Europe—withstanding their own interdependence with China and Russia. It is understandable and logical that Central Asian states would pursue such a policy. They have long been wary of their powerful neighbors to the North and the East, which repeatedly proved capable of establishing direct control if not domination over their smaller neighbors in the past. However, such a strategy could become a barrier to the formation of a spirit of cooperation and universal benefit or hypothetically even create dangerous situations in Eurasia. The same applies to similar efforts by Russia and China to surround themselves with preferential associations. Therefore, one of the most important tasks on the road to a genuinely common Eurasian home is to determine common objective interests and make them a priority for each country of the region.

Eurasia is the world’s largest and most populous continent. If Russia applies the logic of concentric circles to Eurasia, geographically it consists of a center and three peripheries. The center is represented by Central Asia, Russia, China, and Mongolia. The second Eurasian ring consists of Turkey, India, Pakistan, Afghanistan, Iran, and Korea, while the peripheries are Europe, Southeast Asia, and the Middle East. In the field of security, stability in the center, involvement of countries in the second ring and the absence of peripheral threats could form the goals of Eurasian cooperation.

One of the greatest challenges is the threat of going down the same path chosen by Europe after the Cold War—i.e., establishing formally an integration center and then determining the place of others based on their geographical and institutional proximity to the center. Such a strategy created new dividing lines and ultimatums. But is it avoidable? A major task of conceptualizing the Eurasian future is determining how cooperation can be compatible with openness and universality.

Regrettablty, past experience has been negative in the balance. A vivid example is the fate of the Shanghai Cooperation Organization (SCO) where openness led to a crisis of cooperation in relations between participants. The military and diplomatic conflict between India and China over control of small common neighbors now threatens to paralyze the SCO for a long time. Even before its 2017 membership expansion, the ability of the SCO countries to upgrade their cooperation was limited. But this does not erase the importance of the dichotomy that has emerged—“cooperation inside, openness outside.”

Shared values is another major issue. For example, how close should members’ views be on what types of domestic arrangements can be considered fair for successful cooperation to take place? Or is it possible to replace this community of views with a concept of a single community in the world and a set of rules of interstate relations that are shared by all? It will be necessary to study all these issues in order to transform Eurasia a real home for its nations.
At the practical level, Russia’s biggest achievements are the following: strategic partnership with China; cordial relations with all Asian countries without exception; and the launch of an active development policy for the Russian Far East. However, each of these achievements has been burdened by numerous problems that need to be resolved. Our biggest and ever-present challenge is the loss of momentum or a decision to artificially decelerate the process of building Eurasian community.

Partnership with China is likely to remain the most significant element of Russia’s turn to the East and its Eurasian strategy. Relations between these largest and most powerful Eurasian states are unique for the non-Western world. Until recently, only the United States and its European allies could boast such a degree of unity of values and solidarity. Today, it can be argued that Russia and China have shared values (Bordachev, 2016). They agree on the importance of maintaining the stability of existing political regimes. However, they certainly have fewer shared values than their Euro-Atlantic partners. For example, their world outlooks are based on different religious and philosophical views. Russia believes in institutions, while China focuses on practice. Nevertheless, the Russia-China value-based unity is growing stronger, whereas the trans-Atlantic ties are obviously slackening. Besides, the inherent Western threat to the political systems of Russia and China is a major unifying factor, taking into consideration that the United States and European countries cannot remove interference in the internal affairs of their non-Western partners from the list of their diplomatic tools.

These shared values, along with pragmatic considerations, have been behind Russia’s receptivity to the Chinese Belt and Road initiative since 2015. Originally, Russian academics and the policy community were divided into three groups. First, those who promoted simply joining the Beijing initiative in order to enjoy direct economic benefits. Second, a marginal group who were suspicious with regard to China’s ambitious initiatives. Third, those who tried to use this initiative in order to complement Russia’s own foreign policy initiatives and goals. This last group ultimately prevailed. Though Russia is too big and powerful to join this initiative like some medium and small players, the strategic choice was made in favor of welcoming the initiative and inviting Chinese investments and infrastructure projects in Central Asia. The reason for this was obvious—since China is not promoting regime change, it does not threat Russian security interests and considerations. At the same time, Chinese investments, if properly managed, may create new jobs in Central Asia and this will increase social and regime stability while removing from the shoulders of Russia some responsibility for being the major labor market for three out of five Central Asian countries (Kyrgyzstan, Uzbekistan, and Tadzhikistan). Moreover, with the promotion of cooperation between China and the Russia-backed Eurasian Economic Union, in some areas the Belt and Road Initiative might enforce EEU’s international profile, primarily by giving to it the needed recognition as an international legal entity. The European Union and the United States have so far denied this. This is why Russia supported direct EEU—China negotiations in 2016 after which an agreement was signed in May 2018 (China Briefing, 2017). The Chinese-Russian agreement and understanding surprised many observers in the West who had been less prepared to think outside the box and who expected both powers to
compete rather than cooperate and agree. Nowadays, those experts who look at Chinese activities in Central Asia with suspicion are relatively marginal in the national foreign policy debate.

The communist ideology Russia and China seemingly had in common in the middle of the 20th century was in fact a powerful dividing factor. Moscow and Beijing fought for leadership of the communist camp, and the Chinese leadership was unable to overcome the junior partner and apprentice complex in relation to the USSR. Today, China doesn’t have this complex, while attempts to develop this complex in Russia have not succeeded. Russia and China have mechanisms for exchanging information. However, it should be remembered that, historically, socialization and relative integration of the elites have always been vital factors in enhancing mutual trust and confidence in the transparency and predictability of the partners’ intentions. Ambiguity of intentions, as is known from basic studies of international relations, is the biggest obstacle to cooperation between states and the main reason for mutual mistrust. The rapprochement of Russian and Chinese elites on the basis of common values and foreign policy interests could be a task for the next 5 to 10 years.

On the other hand, both China and Russia are vulnerable. They have strong pro-Western lobbies whose economic interests (mostly in China) and mentality (mainly in Russia) are connected to the aspirations of the United States and its allies. Many people in Russia and China alike still think in terms of the post-Cold War world order (Bordachev, 2017a). This way of thinking resists any transformation and is a drag on the foreign policy of both Russia and China. Unlike in Russia, the Chinese majority is not ready for a more aggressive policy in its relations with the West. However, China can be no less formidable in other ways.

Beijing always responded harshly to any actions that could affect its standing, such as the deployment of US missile defense systems in South Korea. Experts on China’s foreign policy say that China has always, with the exception of a short period in the 1990s and 2000s, responded harshly to perceived infringement of its interests. Deng Xiaoping, the father of Chinese reforms, who called on China to save its strength and keep a low profile, did not think twice about using force against Vietnam in 1979 and gave no quarter to the then powerful Soviet Union. Moreover, China never made concessions on crucial matters such as the status of Taiwan, an issue of comparable importance to Russia’s policy on Ukraine and Crimea in 2014.

China is currently worried about Washington’s flirtation with India. Chinese researchers admit that China has been treating India with undeserved scorn since the armed clashes of 1962. India is a rapidly growing economy where the probability of a turn toward nationalist sentiments is very high. It is true that China and India are not military or economic peers. If a strategic reconciliation between them is impossible, Russia, which maintains friendly relations with both, should try to promote trilateral cooperation within common institutions.

High-level political relations between China and Russia can be described as productive. In May 2015, President Xi attended the anniversary military parade in Moscow that was boycotted by Western leaders (New China, 2015). In May 2017, the Russian president was the only head of a major power who attended the Belt and Road Forum held in Beijing (CNN, 2017). The Chinese capital
seems to be the foreign city that the Russian leader visits most often. Putin and Xi Jinping are politicians who meet with each other more frequently than they do with any other world leaders. In 2017 alone, there were two such meetings held under different circumstances. One gets the impression that these meetings and talks have become a permanent channel for an exchange of information and views between close allies.

However, skeptics will say that these relations have had no strong effect on the economy and bilateral trade, even though Chinese investment in the Russian economy is growing. In 2015, for example, it amounted, according to Chinese estimates, to $3 billion (Gabuev, 2015). However, in 2016 it increased to $14 billion (Kashin, 2017). Russian experts say that this makes Russia the third largest recipient of Chinese investments in Europe after the UK and the Netherlands (Russia-China Investment Fund, 2015). Trade is being gradually restored and new categories of Russian products make it into the Chinese market. It would not, therefore, be quite right to say that the economy is absent from the bilateral relationship.

However, strategically, a totally different thing is of much greater importance for Russia. No doubt, economy is important as far as relations go. But history shows that it is still an open question to what extent trade and the economy in general are guarantees of strong political relations and nonexistence of a conflict potential (Diesen, 2018). Let us consider several examples. It is common knowledge how brisk trade and economic exchanges were between Britain and Germany on the eve of the Great War (1914–1918). Both nations were the most important trading partners for each other (Crammond, 1914). For Russia, Germany was one of the biggest investors before the war too (Schwendemann, 1995). Nevertheless, this did not prevent one of the bloodiest armed conflicts in human history from starting between these two countries.

In 1960, the Soviet Union was the biggest and most important trade and economic partner for China, which was still partly isolated by the international community. During some years of the previous decade, China itself was the most important trade partner for the Soviet Union (Central Intelligence Agency, 1959). East Germany managed to ease it aside only in 1957. China employed Soviet engineers and military advisers; the USSR provided credit for the construction of numerous industrial facilities that used Soviet technologies. In 1955, for example, bilateral trade amounted to $1.29 billion. But this did not prevent a dramatic deterioration in political relations. Between 1960 and 1969, the two countries slid from almost an alliance to a local armed conflict. The next decade saw the phasing out of practically all contacts and a railway between them fell obsolete. The reason why all this happened was a sudden rift in how the two national leaderships saw the key issues of bilateral and international relations.

But there are some fresher examples. By 2014, the European Union controlled over 50% of Russia’s foreign trade, which made the EU its most important trade partner. Some European diplomats even cracked careless jokes about Europe being a “major shareholder in Russian trade.” (Bordachev, 2017b). It should be noted that the EU, as a bloc, retains this status up to this day, accounting as it does for 46% of Russian foreign trade. Germany was, until recently, Russia’s biggest single trade partner. It was dislodged by China only a couple of years ago. At the same time, there is no doubt that political relations between Russia and
Europe, including Germany, are at their lowest point since the mid-1980s. The parties are trading strong-worded statements and making military preparations that are potentially directed against each other.

Yet another example is relations between the United States and China. In terms of importance for the world economy, they are perhaps second only to the US-EU relationship. In 2016, US imports from China amounted to $481.7 billion, while its exports totaled $115.7 billion (Bordachev, 2017c). However, this does not prevent the United States from periodically touching China on the raw side as regards sensitive regional issues. The lack of a common vision of the key international and local problems leads to a situation where relations between China and the United States, though still based on cooperation, are on the downward path and tending toward a hidden confrontation.

There are also strong economic ties between China and Japan. But it is difficult to call the political relations between these leading Asian countries anything but cool.

All of this does not mean, of course, that a war is likely to break out between China and the United States or between China and Japan. But armed with this knowledge, Russia can better understand that a high level of trade and economic ties is no guarantee of good relations, respect and mutual trust when it comes to politics. Meanwhile, it is mutual trust that is the only way for states to avoid what is known as “Thucydides trap,” a situation where uncertainty about each other’s intentions makes the parties build up military preparations (Allison, 2017). It is in mutual trust that Russia now finds a reason for the shaken Western unity, even though the same trust and a common world outlook has enabled the emergence of a unique community of nations, within which a war is impossible in principle.

Over the last few years, it is the political solutions rather than the “invisible hand of the market” that promoted Chinese-Russian relations to an unprecedentedly high level. China, for its part, is making a bid for global, rather than just regional, leadership, which is a fantastically serious and ambitious task. If China copes with it, it will be able to blaze an alternative path which will be chosen by many others. But this should be done in such a way so as to be able to persuade a large group of strong and rich countries that they will benefit from maintaining order. An order—global or regional—is always a product of ideas and resources contributed by several players rather than a political incarnation of an ideal scheme.

Simultaneously China will not avoid the need to respond to tough challenges that it will face increasingly often. While it has been provided with rather comfortable conditions for development in the Eurasian heartland, this cannot be said about other geographical zones. For example, it is clear that in South Asia Chinese policies will be met with serious resistance from India. The Indians are displeased with an increased Chinese presence in the Indian Ocean. New Delhi refused to attend the May 2017 Belt and Road Forum in Beijing (Indian Express, 2017). The formal reason is that one of the routes of the Road from China to Pakistan was built in an area that India regards as its territory. But the real reason is India’s growing displeasure with the increased Chinese influence in Asia and Eurasia. However, New Delhi’s actions will most likely seem small headaches
in comparison to the challenges posed by the administration of “businessmen and militarists” in Washington. China obviously should expect more visits by US carrier task forces to sensitive coasts and islands and other moves intended to test mental stability of its leaders.

Under these circumstances, some political scientists in China discuss a likelihood of a formal alliance between Beijing and Moscow and terms that will make it possible. But this proposition is rejected by other Chinese experts. It should be mentioned that a hypothetical alliance is a much less urgent issue for Russia. Unlike middle-sized and small states in Europe and Asia, Moscow does not see an alliance with anyone in terms of national security or defense against external threats. Russia is capable of defending itself from any external threat entirely on its own. Moreover, it does not need to bother about the problem of US naval domination.

From Russia’s point of view, a no less important question is what contribution a Chinese-Russian alliance can make to world stability (or instability)? This is particularly topical in view of an increasingly reckless US policy and unfriendly passivity of Europe. The United States is doubly unpredictable: no one knows the outcome of the war that the elites are waging against the president, nor is it known what is to be expected from President Trump himself. The moves by these key world players—the United States and Europe—are unlikely to become more responsible or predictable in the near future. So, more responsibility devolves on other key members of the world system and its central states, Russia and China. Their relations should not derive from the West’s often unpredictable actions in relation to both Moscow and Beijing.

The formal nature of Chinese-Russian relations should be separated from their national foreign policy agendas; the potential significance of a hypothetical Chinese-Russian alliance ought to be analyzed from the point of view of the need to preserve global peace. In this case, it can be seen, if Russia goes by analogies suggested by our day and age and the “strategic frivolity” era of 1890–1914, then in many respects it is the lack of a formal alliance between China and Russia that makes it impossible to complete the analogy. If created, this alliance would reproduce in the current setting the Entente-Quadruple Alliance situation, where each grouping includes both status quo and rising states motivated either by the wish to turn the tables or dissatisfaction with the existing order. It is possibly for this reason that Moscow and Beijing should indeed not be in a hurry to formalize their allied relations at this historical stage. This would have made the international system dangerously inflexible and, as a consequence, vulnerable to conflict. And this is particularly threatening, given the present-day quality of foreign policies of states and the system characteristics of world politics.

Over the past few years, Moscow has been living in a situation when not a single country in Asia has had a consistently negative, let alone hostile, attitude to Russia. Moreover, nearly all important Asian states have better relations with Russia than with each other. At the least, this is absolutely true about relations among the “big three”—China, Japan, and South Korea. There are several reasons for the development of this unique situation. First, Russia took a long pause in Asian affairs after the collapse of the Soviet Union. Moscow has curtailed its presence in the region, pulled out its forces from Mongolia and shut down its naval base in Vietnam. It abandoned the ambitions which fueled the suspicion of
many Asian countries. It appears that China might be falling into a similar trap. Its rapid economic growth is accompanied by an equally impressive military program, which has set its small- and medium-sized neighbors thinking.

As for Russia, 25 years after its withdrawal, it has returned to the Asian political and information space with a new image as a country that places economy above ideology and is hence willing to cooperate with everyone. This pragmatic image must be cultivated, because it reflects the Asian view on virtue. The key word in the phrase “Russia’s turn to the East” is “Russia,” and the practical goal is to develop the Russian Far East and access to regional markets (Bordachev & Makarov, 2013). This should further convince Russia’s regional partners that Moscow is not after political gains on the Pacific Rim.

At the same time, Moscow now speaks with firmness on the fundamental issues of war and peace, primarily on US-North Korean relations that are threatening world peace. Russia also holds a unique place in the lineup of forces regarding North Korea’s nuclear missile program. Analysts agree that China has a special responsibility for the situation on the Korean Peninsula for objective reasons. After all, China was Pyongyang’s sole ally and sponsor after the Soviet Union’s dissolution, when North Korea faced the greatest challenges. In addition, the capital of China is located just a few hundred kilometers from the border with North Korea, which gives China the right to play first fiddle in this situation. Therefore, there is no need for Russia to be proactive because this could set other regional countries against it. Moscow only has limited economic interests in North Korea, which allows it to remain above the fray while gradually strengthening relations with South Korea, the more attractive economic partner.

Second, Russia does not want to force its rules on the countries of the region. Its position as one of the world’s largest energy exporters means that it should pursue an entirely friendly policy with regard to all potential consumers. Russia lives mainly on the revenues from its unique natural resources and the ability to produce affordable quality weapons. Unlike Russia, access to international trading routes is critically important to the United States and China. A conflict between them is unavoidable because of Washington’s desire to restrict China’s access to these routes. Meanwhile, Asian countries have been trying to diversify their energy sources and arms suppliers, which Russia can use to its advantage. There are many examples of such cooperation, including the quite unusual military and technical ties with South Korea, a military ally of the United States, which is also dependent on Washington on matters of national defense.

And lastly, the small- and medium-sized countries in the region need an external player that is as strong militarily and politically as the United States or China. This will give them an opportunity, in certain situations, to appeal to Moscow’s neutral opinion, rather than choosing between two rival giants. This is why Russia does not need the formal union with China pondered by some Chinese analysts. A formal union would mean that Russia would have to choose sides in the seemingly inevitable deterioration of the regional political situation. Russia must remain and will likely remain neutral. It will be the most suitable position in the so-called Asian paradox when economic progress is complemented with the inability of the majority of regional countries to improve the quality of their political relations. This scenario is becoming increasingly probable.
On the other hand, it is taking too long to transform Russia’s unique political relations with Asian countries into major economic achievements. There are many reasons for this, including the fact that Russia has launched an active regional policy only recently; the weak, though positive, pace of development in the Russian Far East; and numerous non-tariff barriers that hinder Russia’s access to Asian markets.

This policy is about development. Russia wants to remain a major power in the modern world, which necessarily and inevitably compels it to be an active force in world politics and economy. This implies the ability to be a source of important regional initiatives and projects rather than remain focused on the existing projects. But this does not rule out its active cooperation with the latter, which may take the form of various trade agreements or presence at political, diplomatic, and expert venues.

All of this is expected to lead to greater Russian integration in regional ties and diversification of its trade, economic, and political relations. In this context, promoting economic cooperation with Japan or the Republic of Korea is no less important than strengthening the existing partnership with China (Bordachev, 2016b). It should be recalled at this point that China and the Chinese leaders played an exceptionally important role in the difficult period from 2014 to 2016 by making it easier for Russia to uphold its interests. With this paradigm still in existence, Russia will never be able to take decisions interfering with the Chinese interests. These ideals—an active force, diversification, and integration—can be seen as the goals of the Russian pivot to Asia and Eurasia (Lukin, 2016b).

But what is even more important for such a vast country as Russia is to feel an “integral personality.” This self-perception comes to it naturally in the military-political area. It appears that other countries do not doubt this either. But it takes additional efforts (such as the “pivot to the East” or the Greater Eurasian Partnership initiative) to reach a similar state in the non-military area for a country whose share of the world GDP does not exceed 4%. Potentially these initiatives are of much importance and can help Russia and Russians realize their place in the world. The Chinese equivalent is the One Belt, One Road initiative President Xi Jinping unveiled in 2013. Great countries need great ideas.

And now let us look at the history of Russia’s “pivot to the East.” Officially, this policy was announced on December 12, 2012, as part of the Presidential Address to the Federal Assembly. But actually the pivot got under way several years earlier, propelled by the awareness of three crucial factors. First, there is no alternative to the opening of Siberia and the Russian Far East to the world and regional economy. But this opening should not be exclusively based on raw materials, even though using local resources is also of importance for integration in the regional economy. (Notice the Australian example.) But the Russian Far East needs jobs, territorial development, and local taxpayers. Russia knows that with a population of 6.2 million this region cannot be regarded as an independent market (Makarov & Sokolova, 2016). It needs access to foreign markets.

Second, in the latter half of the 2000s, it became obvious that there were new opportunities for Russian exports in Asia, where growing consumption was pushing up the demand. Therefore, the agricultural sector was always seen as crucial in the context of the “pivot to the East.” Having Asian partners remove
non-tariff barriers to agricultural products should become—and has become—an important objective for the negotiators (Karaganov, 2015).

Third, it became clear that it was abnormal for a country like Russia to have almost 53% of its foreign trade with just one partner, the EU. Currently its share does not exceed 46.5%, with the rest redistributed in favor of Asian economies (UN Comtrade Database, 2016). A few years ago, Russia could not even believe that this was possible. To be sure, the pivot yields the most palpable results in relations with major players. For example, Russia-China trade grew 34% in January 2017 in comparison with the same period in 2016 (Sputnik International, 2017).

The above three factors are of importance for Russia’s domestic development. Moreover, Russia has much to offer to its regional partners. Tiny Singapore could offer the world its unique geographic location and economic openness. The great China had huge and still has almost inexhaustible reserves of workforce. Russia has a small population. But it has unique acumen and resources such as land riches, water, energy production, transport, culture, science, and certain technologies. But to use all this correctly, it has to be in harmony with its own self, which means knowing its place in the world. Moreover, this knowledge should not be in conflict with its great history, culture, and international political status. Russia’s “pivot to the East” is about diversifying foreign economic ties and moving into the regional and global markets. The great Eurasian project is primarily promoting Russia’s new self-vision in the world.

The Eurasian Economic Union project, too, persists as a crucial resource for foreign and external economic policies of its participants. And it makes no difference how much time and collective effort it will take to implement both initiatives. Moreover, the existence of large-scale political initiatives is in no way at variance with economic diplomacy and its daily progress. Nor can it hamper or draw out the drafting of specific agreements between Russia and the EAEU countries, on the one hand, and their Asian partners, on the other. These are two different stories.

Making new preferential and non-preferential trade agreements with Asian partners is an important and necessary task. Judging by all appearances, these will be consistently drafted and implemented. For this, Moscow and its EAEU allies have excellent administrative capabilities, outstanding experts and political will. Strategic ideas are what propels a nation forward. It is only those who don’t see Russia as an independent player that fear to put forward large-scale initiatives. At the same time, Russia’s partners in Asia should not doubt the seriousness of its intentions and its resolve to implement them.

Russia’s most promising exports—grain, meat, chemicals, fish and other seafood products—encounter the strictest sanitary and other non-tariff restrictions on access to China, Japan, and South Korea. However, even skeptics have admitted that Russia’s trade with Asian economies is growing consistently, not only because of decreasing trade with the EU. Mutual investments are increasing as well.

These problems can be solved through state policy and international negotiations. The main thing now is to avoid involvement in regional conflicts and to proceed from the assumption that a positive atmosphere in relations is more important than securing immediate gains in trade or investment. Russia’s largest
trading partners in 1913 were Britain and Germany, in 1957, China and in 2014, the European Union. In none of these cases did money considerations prevent wars or diplomatic confrontation. Russia’s current unique political position in Asia is a vital asset which must be preserved under any circumstances.

Moreover, friendly relations with all Asian countries are a prerequisite for the achievement of another important goal over the next few years—the development of an export-oriented economy in the Russian Far East. A state policy has been adopted for the development of this region. Over two trillion rubles have been attracted to 18 priority development areas. Tens of thousands of jobs have been created under this program, and Asian countries account for 78% of the region’s foreign trade (Karaganov et al., 2017). The next goal is to open up the regional markets, which are strongly protected by non-tariff barriers. To attain this goal, Russia must pursue a proactive policy in the Asian-Pacific Region and the rest of the world, involving participation in regional events and formats and in maintaining active contacts between experts.

To conclude, in order to put Greater Eurasia initiative into the wider context of Russian foreign policy priorities and international developments it is important to approach with in-depth analysis a couple of issues. First, the idea of Greater Eurasia appeared on the surface at a very decisive time of Russian contemporary history. After almost 400 years of artificial East-West dilemma Russia is nowadays approaching to its own unique and consolidated foreign policy strategy. The embodiment of this strategy is Greater Eurasia.

Second, the practical implementation of this initiative will face numerous obstacles and challenges of both conceptual and practical nature. Russia thus should approach these challenges from the perspective of rational choice in favor of accelerated multilateral cooperation in Eurasia. Given the objective character of Russian geostrategic position and demography, only multilateralism and international institutions seem to be working solutions. These institutions should be efficient promoters of the national interests of Eurasian states and assure their inclusivity.

Third, Chinese-Russian relations during the last decade developed into the form of a genuine strategic partnership, almost an alliance. Both powers share common views on the basic norms and values that should guide international cooperation globally and on the regional level. However, if these relationships will reach the quality of the formal military alliance the consequences for the global stability are going to be negative—international system will become dangerously unflexible.

Fourth, Russia’s turn to the East has a solid economic basis and reasoning. The country is both rich with resources needed in the Asian markets and in need of developing its eastern territories. The development of the Russian Far East can be facilitated only if connected to the nearby regional markets. Opening of these markets and development of joint initiatives with the Asian counties must be, thus, the priority of Russian foreign policy strategy.

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Russian-Chinese Security Cooperation in Asia

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The authors argue that Russian-Chinese rapprochement is a fundamental feature of the current changing system of international relations. The two countries are effectively enabling each other to conduct independent foreign policies often in direct opposition to the West. There is a degree of complimentarity between the two sides with Russia having comparative advantage in the military, intelligence, and diplomatic fields and China being an economic superpower. The region of Central Asia has in reality become the cradle of the two countries’ cooperation which is now affecting a wide range of international issues. The Korean peninsula is another important area of coordination between Moscow and Beijing in the Asia-Pacific. Russia and China have also been working on increasing interoperability of their military forces in the region since mid-2000s. Technically they have already done much in preparing the ground for a military alliance. However, politically they do not appear to be ready for that yet.

Key words: China, Greater Eurasia, Russia, Shanghai Cooperation Organization

摘 要

笔者认为，俄中和解是当前变化的国际关系体系的一个基本特征。这两个国家正采取有效措施促使对方奉行通常与西方直接对立的独立外交政策。双方之间存在一定程度的互补性，俄罗斯在军事、情报和外交领域具有相对优势，而中国是一个超级经济大国。中亚地区实际上已成为影响广泛国际问题的两国合作基地。朝鲜半岛是两国在亚太地区协调的另一个重要领域。自2005年以来，两国也一直努力提高彼此在该地区军事力量的互通性。从技术上讲，它们已经在为军事联盟做好准备方面做了大量工作。然而，政治上而言，它们似乎还没有做好准备。

关键词：中国、大欧亚、俄罗斯、上海合作组织

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Los autores argumentan que el acercamiento ruso-chino es una característica fundamental del sistema actual de cambios en las relaciones internacionales. Los dos países se están capacitando efectivamente para conducir políticas exteriores independientes, a menudo en oposición directa a Occidente. Existe un grado de complementariedad entre las dos partes con Rusia que tiene una ventaja comparativa en el campo militar, de inteligencia y diplomático y en el hecho que China es una superpotencia económica. La región de Asia Central se ha convertido en realidad en la cuna de la cooperación de los dos países, que ahora afecta a una amplia gama de asuntos internacionales. La península coreana es otra área importante de coordinación entre Moscú y Pekín en Asia-Pacífico. Rusia y China también han estado trabajando para aumentar la interoperabilidad de sus fuerzas militares en la región desde mediados de los años 2000. Técnicamente, ya han hecho mucho para preparar el terreno para una alianza militar. Sin embargo, políticamente no parecen estar listos para eso todavía.

Palabras clave: China, Gran Eurasia, Rusia, Organización de Cooperación de Shanghai

Russian-Chinese rapprochement is a fundamental feature of the current changing system of international relations. Apart from its own significance, it has become important because it stimulated and in some cases laid the foundation for many broader international processes: the creation of the multipolar world, the emergence of such international groups and organizations as BRICS and Shanghai Cooperation Organization (SCO), the coordination between Eurasian Economic Union and the Chinese initiative of Silk Road Economic Belt and others. And lately, all these processes led to the idea of Greater Eurasia or Eurasian partnership.

Russian foreign policy experts developed the concept of a “Greater Eurasia,” a term that became part of the official discourse concerning the formation of a “Greater Eurasian Partnership.” Speaking before the plenary session of the St. Petersburg International Economic Forum on June 17, 2016, President Vladimir Putin spoke of the need to form such a partnership “involving the EAEU and countries with which we already have close partnership – China, India, Pakistan and Iran,” Russia’s CIS partners and other interested states and associations (Putin, June 17, 2016).

That idea was confirmed in the Russian-Chinese declaration that the leaders of both countries signed during the Russian president’s visit to China in June 2016 (“Sovmestnoe zajavlenie Rossiijskoj Federacii i Kitaiskoj Narodnoj Respubliki,” June 25, 2016). During a visit to Russia by the Chinese State Council Premier Li Keqiang, Russian Prime Minister Dmitry Medvedev stated that Russia was continuing to work with China on forming a comprehensive Eurasian partnership that would include the EAEU and SCO member states (“Medvedev: Rossija formiruet evrazijskoe partnerstvo s Kitaem,” November 16, 2016).

Speaking at a Russian-ASEAN foreign ministers’ meeting on August 2, 2018 Russian Foreign Minister Sergey Lavrov pointed out that “the Greater Eurasian Partnership is not something that one should join … not a pre-drafted project coordinated by a narrow circle of original participants who tell the others that there are terms and conditions on which we will interact with you.” He confirmed that the simple underlying idea of it “is based on the fact that the Eurasian Economic Union and the SCO, whose membership partially overlaps that of the EAEU and
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ASEAN, are already present in that region. “He mentioned the role of the SCO, China, and ASEAN and invited all the countries located in this vast geopolitical space to pool their resources and identify ways to achieve it (“Foreign Minister Sergey Lavrov’s remarks and answers to media questions at the news conference following the Russia-ASEAN Foreign Ministers’ Meeting, Singapore, August 2, 2018,” August 2, 2018).

According to most serious analysis, Russian-Chinese rapprochement is based on the similarity of their views of the future world, or what Rozman (2014) refers to as their “parallel identities,” and is much more grounded in reality. According to Rozman (2014), “China’s rhetoric in support of Putin’s actions in Ukraine and Russia’s rhetoric endorsing Xi’s thinking about East Asia are not coincidental. Rather, they are features of a new, post–Cold War geopolitical order. As long as the current political elites in China and Russia hold on to power, there is no reason to expect a major shift in either country’s national identity or in the Sino-Russian relationship” (Rozman, October 24, 2014).

Wishnick (2016) maintains that “because of normative affinities, this has always been a partnership of consequence, rather than a tactical arrangement. Sharing norms does not imply holding identical positions on all issues; rather, Russia and China share a common perception of Western pressure on their domestic choices and constraint on their freedom of manoeuvre globally” (Wishnick, July 7, 2016, p. 14). Stokes (2017) expresses a similar opinion: “A shared political vision for world order provides the foundation for Chinese-Russian cooperation. It is defined primarily by the desire to see an end to U.S. primacy, to be replaced by multipolarity” (Stokes, February 22, 2017).

According to the official Russian position, “International relations are in the process of transition, the essence of which is the creation of a polycentric system of international relations” (“Concept of the Foreign Policy of the Russian Federation: Approved by President of the Russian Federation V. Putin on February 12, 2013”). This is how the Foreign Policy Concept adopted in 2013 describes it. China also envisages a multipolar world of the future. As Chinese leader Xi Jinping said when addressing the UN General Assembly in 2015, “The movement toward a multipolar world, and the rise of emerging markets and developing countries have become an irresistible trend of history” (“The full text of Xi Jinping’s first UN address to the United Nations General Assembly,” September 28, 2015). That general position is enshrined in numerous bilateral documents, including the Russian-Chinese Joint Declaration on a Multipolar World adopted in 1997.

Russia’s and China’s interest in a multipolar world is based on the interest to break free of a unipolar system, which is explained by the fact that in a world dominated by the United States and its Western allies they do not see the possibility of realizing their intended development goals both in politics and economics. The U.S. attempt to disrupt the implementation of the Chinese “Made in China 2025” strategy by sanctioning U.S. major Chinese innovative businesses show that the U.S. opposition to China’s rise is very real and fundamental by nature.

The current Chinese economic and technological development model involving active state-sponsored industrial policy and significant state investment into the technological “National Champions” is seen by the United States and, to
some extent by some of the American allies as dangerous, disruptive, and incompatible with the US-led international economic order.

The roots of the current Western conflict with Russia have much to do with the inability of both sides to reconcile their understanding of the Russian role in international, mostly European, politics and the degree to which Russia should accept Western guidance in its internal politics and economics.

As major countries with independent views on the international agenda and ambitious strategic goals, Russia and China believe that they can operate more effectively in a multipolar environment. They believe that the desired multipolar system will lack one clear leader, being governed instead by several power systems, mainly interacting with each other on global issues using the UN platform. The UN Security Council is supposed to have a central role in this world order, much like it was designed after the formal establishment of the UN.

The relations between the power centers are supposed to be competitive but non-confrontational while all countries retain their unique economic models, ideologies and political structures. This approach was to some extent reflected in the Chinese concept of the “new type of great power relations” which was initially proposed for China-US relations, but, according to the Chinese theorists, could apply also to relations between China and most if not all of G20 countries (“The full text of Xi Jinping’s first UN address to the United Nations General Assembly,” September 28, 2015).

Russia and China share these principles, above all, with other BRICS countries, which see themselves as the leaders of the non-Western world, striving to reform the existing system of global governance, not by undermining it or destroying it, but gradually finding a worthy place within it for the developing economies and the “South” as a whole.

Russia’s rapprochement with China is part of Russia’s strategy of “pivot to Asia.” It can only be understood if analyzed within the general context of Russian foreign policy in which relations with Asia have recently become a leading if not the most important part.

Following the collapse of the Soviet Union and the loss of a number of its western territories, Russia, in a sense, moved geographically closer to Asia. The continued growth of the Asian economies and the shift of the global center of economic life to the Asia-Pacific region have made it an urgent practical necessity for Russia to develop relations with its Asian partners – especially those in Central, East, and South Asia.

After several years of futile attempts to become part of the “civilized West” in the 1990s, the leaders of the new Russia have come to understand the vital importance of developing relations with their Asian neighbors and have begun gradually turning in that direction.

In the initial years after Vladimir Putin came to power, Russia continued to focus primarily on Europe, at least in trade and economic terms. Russian leaders were still under the illusion that they could speak with the West on equal terms and reach satisfactory agreements through mutual concessions.

During the early period of Putin’s rule, there was an attempt to revitalize the process of Russia’s integration into the West even at the expense of the Russian-Chinese relations. Russia facilitated the deployment of the U.S. troops into
Central Asia, much to Chinese annoyance, and even expressed willingness to join NATO.

However, it turned out that the West perceived such concessions not as acts of good will, but as signs of weakness, insisting always on its own terms and relentlessly advancing its military machine closer to Russia’s borders even while trying to convince Moscow that such developments were in Russia’s best interests.

Russia’s relations with the West have heated up on several occasions: in 1999 during the bombing of Yugoslavia, in 2008 as a result of the war in Georgia that ultimately reached a settlement, and with the Ukrainian crisis in 2014 when the West tried to include Ukraine – Russia’s closest partner and the country with the closest cultural ties to the Russian people – within its zone of military and political control. This time, the open confrontation with the West largely contributed to the acceleration of Russia’s pivot to Asia because Moscow now began to seriously view Asian countries as not only additional trade and economic partners, but as a possible alternative to existing ones. That marked at most an acceleration of those efforts, but not the start of that process. The long overdue changes in foreign policy and foreign economic policy – aimed at avoiding a one-sided dependence on the United States and Europe – began gaining in speed and depth, but had started long before the crisis in Ukraine and the use of sanctions by the West to attack Russia. The understanding of the need for these changes and the building of a more balanced policy – while not falling under the influence of other centers of power – is based on the recognition that Russia is unique and geopolitically and culturally different from European states.

**Security cooperation between Russia and China as a global factor**

In the 1990s and the first half of 2000s, Russia and China managed to significantly expand mutual trust, solved the border problems and created a security cooperation mechanism in their shared neighborhood. Simultaneously, the two sides had been expanding their military and military technical cooperation which has also contributed to increased mutual transparency in the security field.

However, from the very beginning, the Russian-Chinese security relationship has also had significant global implications. The first dimension of this relationship affected, first, the strategic situation and the balance of power in the Asia Pacific and, later, Russian-Chinese military technical cooperation which significantly contributed to China’s turning into a major industrial and military power by the end of 2000s.

The military technical cooperation has also contributed to establishing a greater degree of interdependence between the two countries in the security field. The decision to reestablish large-scale military technical cooperation with China was taken by Moscow shortly before the Soviet Union’s collapse and the first significant contract to supply Su-27SK and Su-27UBK fighters to China was signed in 1990. The goals of the Soviet leadership for the establishment of such cooperation were political ones.

The normalization of relations with China in 1989 was considered as a very important success and the Soviet leadership was ready to go to great lengths to preserve and expand this important strategic gain. For example, China became
the first country to get access to the most advanced Soviet fighter at that time – Su-27, while even the most trusted traditional allies from the Warsaw pact countries were only given the less sophisticated MiG-29 fighters.

Russian leadership after the Soviet Union’s collapse has largely maintained the same course toward China: strengthening the relations with Beijing was considered a priority for a number of reasons that were obvious for the Soviet planners of the 1980s and retained their validity in the 1990s. China was obviously destined to become the next great economic power. The relations with Beijing were supposed to strengthen the Russian positions in dialogue with the West.

The Soviet-Chinese split of the 1960s was widely considered in Russia as one of the worst strategic defeats of the Soviet Union in the course of the Cold War. Urgent deployment and maintaining of significant forces along the Chinese border in 1960–80s was a major burden for the Soviet economy. At the end of the 1980s, Trans Baikal military district (which also included the 39th Army in Mongolia) had some 270,000 troops, Far Eastern Military District some 370,000 troops and Siberian military district some 80,000 troops (Slugin, 2013, p. 640). These forces were urgently deployed to the remote areas of Eastern Siberia and Far East with harsh climate and undeveloped infrastructure making their maintenance costly. China became one of the main opponents of the Soviet influence in the developing world and a key provider of weapons and military training to the Afghan resistance forces during the Soviet military presence in the country in 1979–1989. The catastrophic strategic consequences of the split were widely addressed in the works of the Soviet and Russian former and active diplomats and military planners. The lesson was learned and Russia did not want to repeat its past mistakes (Kulik, 2000, p. 639).

That rationale was also supported in the mid-1990s, when Russia turned toward a more multivector foreign policy. In 1996, the two countries established strategic cooperation and started to increasingly coordinate their policies in the UN and other international organizations. The 2001 bilateral relations treaty between Russia and China required them to hold consultations “in case there is a threat of aggression against one of the participants, they are to immediately contact each other and start consultations in order to eliminate the emerging threat” (“Dogovor o dobrososedstve, druzhbe i sotrudnichestve mezhdu Rossiyskoy Federatsiyey i Kitayskoy Narodnoy Respublikoy,” 2001). The treaty requires the two countries to hold consultations about joint action in case either Russia or China is under threat, but it does not in fact specify what that action could be.

For most of the 1990s the Russian-Chinese trade was insignificant and fluctuating between $5.4 and $7.6 bn per year depending on the state of the Russian economy. Steady growth of bilateral trade only started in 2000 (“Spravka MID «Rossiysko-kitayskoye torgovo-ekonomicheskoye sotrudnichestvo»,” 2002). In the 1990s, military trade was at $1.5–2.2 bn level and served as a major pillar of cooperation between the two in the 1990s as well as early 2000s. That trade was also crucial for survival of the Russian defense industry since conventional weapons procurement by the Russian military had mostly stopped in 1992–1993 and did not return to a significant level until 2009–2011. China accounted for
some 40–45% of the Russian arms exports and the survival of the Russian industrial defense enterprise has often depended on access to the Chinese market. The value of Russian arms shipments to China in real terms reached its maximum of $2.7 bn in 2002 ("Ob’yom VTS Rossii i Kitaya za poslednie vosem’ let sostavil $16 mldr – ‘Rosoboroneksport,’" April 21, 2009). The cooperation started to decrease after 2003, due to growth of the Chinese domestic weapons industry and successful utilization of the technologies previously supplied by the Russians. However, since late 2000s, growing ambitions of the Chinese military and the inability of the domestic market to fulfill some of its requirements led to the revival of the Russian-Chinese defense cooperation. In 2016, Russian arms export to China exceeded $3 bn and was expected to continue to grow further ("Shoygu: Rossiya i Kitai za god realizovali kontrakty v sfere VTS na 3 mldr dollarov," November 23, 2016).

Russian-Chinese military technical cooperation saved a large part of the Russian military industrial complex from collapse and at the same time enabled the Chinese to leap across several generations of weapons systems saving them decades of research and development efforts. For example, China moved straight from production of second generation fighters in the late-1990s to 4++ generation fighters production. China started to produce weapons systems which have never been produced there before, such as long-range SAM systems, beyond visual range air-to-air missiles (BVRAAMs), unmanned underwater vehicles, laser guided bombs, etc. One may argue that Russian-Chinese military technical cooperation in fact amounted to transfer of the status as a great defense industrial power from Russia to China.

Russian concerns about Russia-enabled growth of the Chinese military capabilities were mitigated by two factors: first, effective trust building measures along the border and in Central Asia and, second, obvious prioritization of maritime expansion by the Chinese. The analysis of Chinese military development, including the gradual decrease in the ground force of the People’s Liberation Army, the construction of a major and costly blue water Navy and practical preparation for a conflict in the Pacific meant that the Chinese were pursuing much more global goals, which were largely in line with Russian strategic interests. Since, late the 1990s, Chinese military planners were gradually giving more priority to tasks like protection of the Chinese interests overseas and maritime rights. Chinese military buildup is supposed to support a more proactive Chinese foreign policy globally which will contribute to the erosion of the U.S. leadership role and strengthen multipolarity as desired by Moscow.

Military technical cooperation and the expansion of military-to-military ties went hand-in-hand with the Russians actively training Chinese officers to operate new sophisticated weapons. During the post-Soviet time, Russia trained some 3600 Chinese officers in the Russian military academies, according to the Russian Ministry of Defense. Since the late 1990s, the two sides started to hold regular military strategic consultations (held by deputy chiefs of the General Staff) and political strategic stability consultations (by National Security Council secretary from the Russian side and Secretary of the Foreign Affairs Work Leading Small Group from the Chinese side).

Since 2012, Russia and China have increased the scale of military-to-military cooperation by starting yearly bilateral “Maritime Cooperation” exercises. These
exercises happen either in the Sea of Japan or in one of the seas adjacent to China. In 2015 and 2017, the exercises were held in two stages with the first stage happening in North Atlantic (Eastern Mediterranean in 2015, Baltic Sea in 2017) and the second in the Pacific. So far these are the most sophisticated naval exercises Russia has had with any foreign Navy. Training involves joint air defense, joint antisubmarine warfare, cruise missiles and artillery live fire exercises, submarine rescue, joint operations of naval helicopters, landing operations and other complex aspects of the naval warfare.

Although the two sides preferred to emphasize the counterterrorism and humanitarian components of the exercise, this time the joint training was clearly aimed at dealing with a hostile state actor possessing advanced weapons. Another example of practical preparations for a possible conflict with a major foreign power are regular theater missile defense computer-simulated exercises which started in 2016. Russia and China are also holding an increased number of joint military competitions involving many branches of service and arms of both militaries as well as those of some of the SCO members and partners from regions like Africa and the Middle East.

We can see a sustained effort from both sides to increase the interoperability of the Russian and Chinese armed forces both on continental theaters and in the maritime domain. However, the two sides still officially deny the possibility of establishment of a formal military alliance. Besides, Russia still maintains a fully independent security policy in Asia, enjoying a very close technical and military cooperation with some of China's regional rivals (Vietnam, India) and even with one U.S. ally (South Korea). Russia does not take sides and avoids involvement into major territorial disputes involving China in the East China Sea and South China Sea. Russia and China do not coordinate their positions in their territorial disputes with Japan.

Being a relatively passive player in the field of regional security in the Asia Pacific, Russia is still making a major impact on the situation there, and to make such an impact Russia does not need any formal alliance with China. Apart from the continuing cooperation with China in defense technology, the Russian influence on the security situation in the Pacific is largely dependent on its ability to restrict the rebalancing of the U.S. military power to Asia. Failure of Barack Obama's “reset” policy with Russia was one of the causes of the subsequent failure of his “pivot to Asia” policy in the security field. That became especially evident after 2014, when the United States had to significantly increase military presence in Eastern Europe, and in reacting to the successful Russian campaign in Syria, in the Middle East. U.S. attempts to answer these problems by pressuring Europe to increase defense spending and take the main burden of deterring Russia militarily have so far failed.

The ongoing demonization of Russia in the West is in fact giving Russia power to force the United States to relocate considerable military resources to Europe at any chosen time simply by holding exercises of a modest scale and making some vague statements. The United States will be politically pressured to do so even if such move would not make any military sense. That ability can give Russia a decisive role in any possible crisis scenario in the Pacific.

This decisive role of Russia appears to be recognized by the Chinese. During the course of the current crisis in Russia-US relations, China has provided Russia
with substantial loans, which in 2014–2015 totalled $32 bn and mainly went to the major Russian state-owned enterprises. That was just enough to help the Russian government maintain the stable condition of the key companies during the crisis.

At the same time, with the level of military interoperability achieved by the two sides, the military alliance clearly remains an option which could be chosen in case the relations between Russia and China on one hand and the United States on the other hand deteriorate below a certain level and a full-scale war becomes a possibility. It appears that the two sides do maintain such an option just for this worst case scenario which may never occur.

Korea

Russia and China have also jointly addressed the deterioration of the situation on the Korean Peninsula. In late 2002, having accused Pyongyang of clandestine uranium enrichment, the United States suspended fuel supplies to North Korean power plants under the bilateral framework agreement of 1994. In response, on December 12, 2002, North Korea officially resumed its nuclear program and sent IAEA inspectors out of the country. On January 10, 2003, Pyongyang officially seceded from the Non-Proliferation Treaty, thus risking turning itself into a new hotspot in the world.

Moscow and Beijing wasted no time and began looking for ways to resolve the conflict diplomatically. In a special joint communiqué issued on February 27, 2003, the foreign ministers of the two countries voiced serious concern over the situation on the Korean Peninsula and urged all interested sides to exert maximum effort to find a peaceful and fair solution. They called for the Korean Peninsula to have a nuclear-free status, and stressed that compliance with the nonproliferation regime, and preservation of peace, security, and stability there would meet the interests of the international community. They also called for the start of a “constructive and equal dialogue” between the United States and North Korea in order to resolve the “North Korean nuclear problem,” and pledged every assistance and support to these efforts. Russia and China also stated their intention to “develop good-neighborly and friendly ties and cooperation with the Democratic People’s Republic of Korea and the Republic of Korea” (Barston, 2013, p. 309). Although this position condemned Pyongyang, it was at odds with the position assumed by the United States, which put all the blame for the crisis on the North Korean leaders and refused to begin negotiations with them.

On August 27, 2003, largely due to China’s and Russia’s support, six-party talks on the North Korean nuclear program started in Beijing. Apart from North Korea, the United States, and China, also participating in the talks were Russia, Japan, and South Korea. Subsequently, Moscow and Beijing continued close cooperation and consultations on the Korean issue. They always spoke jointly in favor of resuming the six-party talks whenever they stalled and for finding a diplomatic solution to the Korean nuclear problem.

Russia and China jointly opposed the U.S. plans to deploy Terminal High Altitude Area Defense (THAAD) missile system in South Korea. Officials of both countries condemned this plan on many occasions in 2015 and 2016. In March 2016, foreign ministers Sergey Lavrov and Wang Yi warned at a joint press
conference that they would respond. Wang Yi said that Beijing believed these plans “to be directly damaging to Russian and Chinese strategic [national] security” and that “such plans go beyond the defense requirements in the region, violate the strategic balance and would lead to a new arms race.” Lavrov called the United States and South Korea “not to shelter behind the excuse that this [deployment] is taking place because of the North Korean reckless ventures” (“N. Korean Nuclear Issue Should Not Be Pretext for America to Deploy Air Defenses in Region – Lavrov,” March 11, 2016).

The Russian press criticized Beijing when China and the United States agreed on tough new sanctions against North Korea in November 2016. Russia complained that Beijing had not informed Moscow about the contents of this document (“SShA i Kitaj dogovorilis’ o novyh sankcijah v otnoshenii Severnoj Korei,” 23 November 2016). Chinese diplomats privately acknowledged the inconsistency between their actions and those of Moscow, but eventually they took Russia’s proposals into account.¹

In April 2017 Russia and China came out with a roadmap for solving the Korean nuclear crisis. It involved three phases. In the first phase, North Korea was supposed to suspend its missile and nuclear testing, while Washington and Seoul suspend their annual joint military exercises. In the second phase Pyongyang and Washington, and Seoul and Pyongyang, were supposed to begin direct negotiations. In the final phase, multilateral talks, such as the six-party talks involving the US, China, Japan, South Korea, Russia, and North Korea, would be resumed as a means of providing security guarantees to North Korea and creating a system of regional security (Gafarli, December 6, 2017).

In a joint statement on the current world situation and important international problems, signed by the foreign ministers of the two countries during Xi Jinping’s visit to Russia in early July 2017, Russia and China stressed that the deployment of THAAD “will cause serious harm to the strategic security interests of regional states, including Russia and China.” They called on “the relevant countries to immediately halt and cancel the process of deployment.” They also called on “the confronting parties” to start talks on the basis of refusal to use force and a pledge to make the Korean Peninsula free of nuclear weapons (“Kitay i Rossiya opublikovali Sovmestnoe zayavlenie o tekushchey situatsii v mire I vazhnykh mezhdunarodnykh porblemakh,” July 6, 2017).

Most Chinese experts believe that while the THAAD in South Korea is useless against Pyongyang or Russia, the sophisticated radar capabilities it includes could be used to track China’s missile systems. This would give the United States a major advantage in any future conflict with China. According to Major General Luo Yuan, a researcher at the Chinese Military Science Academy, the United States is “building an encirclement of anti-missile systems around China, and the only missing link is the Korean Peninsula” (Zhang, May 5, 2016). So this is an obvious case of the U.S. anti-Chinese military strategy stimulating Russia’s support for China and Russian-Chinese military cooperation.

On the eve of the Trump-Kim meeting in Singapore in June 2018, the Russian Foreign Minister Sergey Lavrov suggested that the process of solving the problem “is unfolding in the logic of the Russian-Chinese roadmap” (“Foreign Minister Sergey Lavrov’s answer to a media question on the sidelines of the Shanghai
Cooperation Organisation Summit, Qingdao,” June 9, 2018). Both Russia and China welcomed the results of the US-North Korea talks and called on both sides to look for a peaceful solution.

**South China Sea**

Russian and Chinese positions on the South China Sea dispute not exactly the same although on this question one can see growing cooperation as well. This cooperation significantly increased after the beginning of the Ukrainian crisis.

When the Permanent Court of Arbitration was examining the South China Sea dispute in 2016, Beijing was actively looking for international support of its position. In several cases, Chinese state media (most likely on purpose) misinterpreted the position of Russian and other international officials in China’s favor. For example, in May 2016 top Chinese news agencies quoted a statement by the SCO general secretary Rashid Alimov, who allegedly expressed his organization’s full support for China in the dispute (“SCO supports peace and stability in South China Sea,” May 25, 2016). The Russian Foreign Ministry had to publish its own comment, which stated that according to the press release of the SCO Foreign Ministers’ Council meeting on May 24 in Tashkent, the SCO members insist on “preserving the principles of law and order at sea that are based on international law” and believe that any “dispute must be addressed peacefully through amicable negotiations and agreements between the interested parties,” without any effort to internationalize these disputes and without external interference (“Comment by the Ministry on SCO Secretary-General Rashid Alimov’s statement on South China Sea issue,” May 26, 2016). This meant that while supporting the Chinese position that the dispute should be settled between the disputing parties and without outside interference, Russia at the same time did not support China’s or any other party’s specific territorial claims.

However, after the ruling of the court, which was unfavorable to China, Russia moved further in the direction of Beijing and supported China’s rejection of the ruling on the grounds that China had not initiated the arbitration and its position was not heard at the court. But this still did not mean support for China’s claims.

Nevertheless, the mutual understanding grew. This could be seen from growing military cooperation and especially the forms and venue of joint military exercises. In May 2015, Russia and China for the first time held the Joint Sea exercise in the Mediterranean Sea. The exercise caused quite a stir in the Western press. Russia and China were accused of creating a new naval alliance against the United States and its allies. But, of course, the main shock was caused by the site of the exercise and the two countries’ desire to demonstrate the joint presence of their navies in the sea where the fleets of NATO countries had dominated since the Soviet Union’s breakup. In addition, in 2015 and 2016, Chinese warships visited the Russian Black Sea port of Novorossiysk, located near Crimea. In September 2016, the naval exercises were held in the South China Sea and in 2017 in the Baltic Sea.

Despite some divergence of the two countries’ positions on Crimea and the South China Sea islands, the military of Russia and China demonstrate their mutual support and willingness to cooperate. As Russian deputy defense minister Anatoly Antonov explained, this cooperation is based on common challenges
and threats. He said during a visit by Sergey Shoigu to China in May 2015: “Our Chinese colleagues have stressed the coincidence of our positions on the issue of challenges and threats. They have noted the need to rebuild the present world order, depart from double standards and strengthen equal and mutually beneficial relations in the world” (“Rossiya i Kitay rashhirayut voennoe sotrudnichestvo protiv obshchikh ugroz,” May 11, 2015). On June 7, 2017 the Russian and Chinese defense ministers signed a roadmap on military cooperation for 2017–2020. According to China’s defense ministry spokesman, the roadmap “makes top-level design and general plan for the military cooperation between China and Russia in 2017–2020. It shows the high level mutual trust and strategic cooperation; it is conducive for both sides to face new threats and challenges in the security field and to jointly safeguard regional peace and stability. In the next step, the two sides will formulate a concrete plan to promote the military cooperation” (Wu, June 30, 2017).

Russia and China in Central Asia and the SCO

The SCO grew out of the so-called “Shanghai process” which initially involved five countries – Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan. The process originated from border negotiations between the Soviet Union and China. Member states of the so-called Shanghai Five which inherited unsolved problems of the former Soviet-Chinese border after the collapse of the USSR, made up the core of the SCO.

The “Shanghai process” was a continuation of the Soviet-Chinese negotiations held in two tracks. Firstly, Russia and China continued talks to specify confidence-building measures and reduce armaments along their border. In these negotiations, Russia was joined by Kazakhstan, Kyrgyzstan, and Tajikistan. Secondly, the negotiations also focused on the western part of the former Soviet-Chinese border, which the four post-Soviet countries inherited from the USSR.

The negotiations on confidence-building measures ended in two agreements among the five countries – the 1996 agreement on confidence building in the military field in the border area, and the 1997 agreement on the mutual reduction of armed forces in the border area. The agreements provided for a wide range of measures. The parties pledged to exchange information on the agreed components of the armed forces and border troops; not to conduct military exercises directed against the other party and limit the scale of military exercises; to reduce armed forces in the 100-kilometer zone on both sides of the border to agreed limits; not to deploy river-going combat vessels of navies in this zone; to invite observers to military exercises on a reciprocal basis, etc. It was in April 1996, at a summit in Shanghai, when the term “Shanghai Five” was first used. Simultaneously, the parties discussed unresolved border demarcation issues inherited from the past. By the beginning of the 21st century, the issue of the demarcation of the border between the former Soviet republics and China was largely resolved.

Having solved problems which stemmed from Soviet-era legacy, member-states of the Shanghai Five went further. Realizing the need for broader cooperation, they established a new regional organization – the SCO. It turned out that countries in the region also had other common interests. Gradually, the
members of the new international organization moved from resolving border issues to discussing a wide range of issues pertaining to security and economic and cultural cooperation. In other words, they found a sphere of common interests that went far beyond the initial tasks of the Shanghai Five.

On June 15, 2001 in Shanghai, the leaders of six nations—the original five plus Uzbekistan—signed the Declaration on the Establishment of the SCO. Uzbekistan’s accession indicated that the Shanghai process went beyond issues related to the former Soviet-Chinese border: Uzbekistan does not border China, and it is other interests that bring it closer to the other five countries.

Cooperation in the field of security, above all, in combating international terrorism, is one of the main areas of the SCO activity. All the six members faced Islamic extremism and terrorism, often linked to separatist movements and international fundamentalist organizations, at the end of the 20th-early 21st centuries. Russia and China were no exceptions. Russia had for many years been waging war on terrorism in the North Caucasus.

In China, according to official Chinese data, from 1990 to 2001 alone, extremists advocating the secession of Xinjiang committed more than 200 acts of terrorism, killing more than 600 civilians and law enforcement officers. Two years before the terrorist attacks in New York, the SCO began work on a Convention on Combating Terrorism, Separatism and Extremism, which was signed in June 2001 at the summit of the Shanghai Five in Shanghai.

Cooperation in the field of security is what the SCO is now focused on. The organization’s approach to international security issues, particularly the fight against terrorism, is much broader than the approach used by the United States and its allies. Washington assigns primary importance to military strikes against international terrorist centers and attacks against states supporting terrorism (which may be any regime Washington does not like), whereas the SCO members see a direct link between international terrorism, on the one hand, and separatism and religious extremism, on the other. The Convention on Combating Terrorism, Separatism and Extremism, signed in June 2001 at the summit in Shanghai, provides clear definitions of the three notions, and this at a time when there is still no generally accepted international definition of terrorism.

Guided by their broader understanding of the fight against terrorism, the SCO member states formulated their position on the presence of troops of the United States and other countries of the so-called “antiterrorist coalition,” stationed in Central Asia. The SCO took a pragmatic view of the foreign military presence in the region. On the one hand, Russia, China, and Central Asian countries understood that the military operation in Afghanistan contributed to the fight against terrorism. However, there were concerns that the United States may perpetuate its presence in the region for its own political purposes. In this regard, the SCO foreign ministers adopted a joint statement in January 2002, saying that the U.S.-led International Security Assistance Force in Afghanistan, established by the UN Security Council, “should operate in accordance with the UN Security Council’s mandate and with the consent of the legitimate authorities of Afghanistan.” In 2005, the SCO’s CHS summit in Astana adopted a declaration which called on the ISAF command (in 2003, NATO took command of ISAF) to set a deadline for the withdrawal of its troops in Afghanistan.
After Barack Obama came to power in Washington, the tendency toward cooperation between the SCO and the West on the Afghanistan issue first increased. The previous Republican administration of George W. Bush had ignored any advice from the outside and declined to cooperate with the SCO. The Obama administration concluded that it was essential for it to cooperate with all who could be involved in efforts to resolve the Afghan problem. Both the SCO and the United States understood that the West’s failure in Afghanistan would be a serious, perhaps irreparable, blow to the entire system of international relations. This is why the SCO countries, which are potential targets of terrorist and drug threats emanating from Afghanistan, are very interested in stabilizing the situation in that country. The SCO’s active involvement in efforts to solve the Afghan problem was a major success of the organization. The Special Conference on Afghanistan, held in Moscow on March 27, 2009 under the SCO’s aegis, was an important stage in the development of the organization and in the evolution of the international community’s approach to regional issues. The conference was attended by UN Secretary-General Ban Ki-moon, OSCE Secretary General Marc Perrin de Brichambaut, NATO Assistant Secretary General Martin Howard, and representatives from SCO observer states, the Group of Eight, and international organizations such as the CSTO, EU, CIS, OIC, and CICA. The participation of officials from NATO, the United States and its main allies in the conference testified to changes in the West’s attitude and its desire to really cooperate with the SCO and its members in Afghanistan.

After the Moscow conference, the SCO continued to address the Afghan problem. On January 25, 2010, the SCO held regional consultations on Afghanistan in Moscow, attended by deputy foreign ministers from Afghanistan, India, Iran, Kazakhstan, Kyrgyzstan, China, Pakistan, Russia, Tajikistan, and Uzbekistan, and representatives of the SCO Secretariat. However, the adoption of sanctions against Russia in 2014 and 2015 resulted in scaling back these efforts.

The SCO members actively develop their military cooperation. Their defense ministries have joined in the efforts to combat terrorism, separatism, and extremism. Joint military exercises called SCO Peace Mission are conducted every two years and they deal with realistic scenarios of military conflicts which can take place in Central Asia. For example, the latest exercise Peace Mission 2016 was given the task of “re-establishment of the constitutional order” in an SCO country. The exercise involved an initial encounter of a unit of Kyrgyz military with attacking terrorists, which managed to enter two local townships. The Kyrgyz forces immediately got air support from the Russian Air Force strategic bombers. Russians also deployed tactical reconnaissance and attack planes into the area. Later Russian and Chinese reinforcements with heavy weapons and helicopters arrive on the scene and help to eliminate the enemy (Dzhumasheva, 21 September 2016).

The Peace Mission 2018 exercise in Chebarkul training ground in Russia involved more than 3000 troops from different SCO countries. It for the first time involved troops from both India and Pakistan, providing a unique opportunity for the militaries of these two countries to build some degree of mutual understanding and transparency. It was the first joint exercise with simultaneous
Indian and Pakistani participation ever (“In a first, India and Pakistan to participate in a multi-nation military drill,” April 29, 2018).

The economic cooperation within SCO has been stalling for a long time. However, it may get a new momentum now partly because both Russia and China face increased tension in their relations with the United States and feel it necessary to boost cooperation. India and Pakistan’s joining the organization as well as the development of the Greater Eurasia partnership could also give it a new push.

Unlike the situation with economic cooperation, there are good prospects for cooperation among the SCO states in the fields of education, culture, and public health. Central Asian countries, China, and Russia have ancient and unique civilizations. As these countries become increasingly open and as they make the best achievements of world culture an integral part of their own culture, they are being faced with a problem of preserving their national traditions in the face of an inflow of low-standard mass culture from abroad.

The clear position of the SCO, which stands for a multipolar world and the preservation of the decisive role of the UN and its Security Council in international affairs, evokes interest and respect in many parts of the world.

On the whole, despite some teething problems, the SCO is slowly but surely turning into a fully functioning authoritative international organization to be reckoned with. The basis for its existence is simple. All its members value cooperation with the West and understand that their economic development is impossible without this cooperation. At the same time, they feel more comfortable in a world where there are alternative centers of power and where there are organizations that understand their fundamental problems better and more deeply than the West does. The same considerations and even the very existence of a serious international organization whose working languages are Russian and Chinese but not English attract more and more new interested partners from other regions of the world to the SCO. In today’s world, with its strong tendency toward uniformity in everything, including politics, the voices of countries advocating a multipolar world, pluralism and tolerance in foreign policy must be heard.

In the early years of the SCO, all its members and most experts held that the number of members should not be increased for the time being, as the organization must first strengthen its present composition, set its mechanisms going and gain experience. Meanwhile, international interest in the SCO kept growing. Back in 2006, Pakistan, which had the status of observer state, requested full membership. Iran made similar requests in 2007 and 2008, and one more observer, India, expressed its wish to become a full member in 2010. In 2009, the SCO summit in Yekaterinburg introduced “dialogue partner” status, which was granted to Sri Lanka and Belarus. Egypt, Nepal, Serbia, Qatar, Azerbaijan, Turkey, and some other countries also displayed interest in establishing contacts with the SCO. Already in 2011, Turkey asked the SCO Secretary-General to grant it dialogue partner status. The United States, too, showed official interest in this status. Both countries are NATO members, which indicates that this alliance is very serious about the SCO.

The SCO explained its reluctance to accept new members as due to technical reasons, namely, the absence of mechanisms for joining the organization.
However, by the end of the first decade of the 21st century, such a mechanism was created, along with a legal basis and clear-cut procedures. The CHS at a June 2010 meeting in Tashkent approved Regulations on the Admission of New Members to the SCO, which formulated clear criteria that new members must meet. Under the Regulations, a state wishing to become a full member of the SCO must be located in Eurasia, have diplomatic relations with all SCO member states, maintain active trade and economic ties with them, have the status of observer or dialogue partner, and not be under UN sanctions. The latter criterion makes Iran, one of the most active applicants, not eligible for full membership for an indefinite time. In the security field, international obligations of states wishing to join the SCO must not conflict with international treaties and other documents adopted by the SCO. In addition, an applicant state must not be involved in an armed conflict with another state. The SCO summit in Astana in June 2011 adopted a model Memorandum on Obligations of an Applicant State Required for SCO Membership, which was the last step in creating the formal basis for admitting new members. Now there are no formal grounds to deny admission to other countries, pleading the absence of relevant procedural documents.

After Iran was made ineligible for admission, Russia became the main supporter of the SCO’s enlargement. Officially, Beijing did not object, but it said that the conditions were “not ripe” for the SCO’s expansion. However, as Russian-Chinese cooperation deepened and the international situation changed, Beijing changed its position, too, and agreed to a simultaneous admission of India and its old friend Pakistan. As a result, the formal admission of the two countries was sanctioned by the summit in Astana in 2017. The summit at Qingdao in 2018 was the first to welcome official delegations and leaders of both India and Pakistan. In addition, Russia has officially supported the admission of Iran, which became possible after international sanctions were lifted on Teheran.

The accession of India, Pakistan, and possibly Iran in the not-too-distant future will radically change the very nature of the SCO. The organization would then count all the leading non-Western powers of Eurasia among its members. Belarus, a European nation with a somewhat peculiar political system, has already become an SCO observer state. An increasingly Eurosceptic Turkey and Sri Lanka, which has become disillusioned with the West for pointlessly defending Tamil separatists, were granted a looser dialogue partner status.

With these new members, the SCO could be regarded as an emerging cornerstone of the multipolar world in the making, a platform offering a Eurasian alternative to Western Europe. If the BRICS group is about to become an alternative to Western structures in terms of global governance (narrowly speaking, an alternative to the Group of Seven and the Group of Twenty), the SCO could assume the role of a second, non-Western center of gravity in Eurasia (since Western Europe is also part of Eurasia).

There exists a theory, quite popular both in Russia and abroad, that Russia and China are destined to fight for influence in Central Asia. Having been conceived by Western political scientists such as Zbigniew Brzezinski and Samuel Huntington who build abstract constructs like “chessboards,” “great games,” or “the clash of civilizations,” they have become quite widespread in the academic circles in the post-Soviet space. The popularity of such ideas in the United States,
where they are not dominant at all, can be explained by the wishful thinking of anti-Russian and anti-Chinese conservatives who believe that conflicts and struggle between Moscow and Beijing could benefit Washington. In the post-Soviet space, it is based partly on the piety for Western theories, and partly on political approaches. In Russia, it is usually outright Westernizers who speak about the danger of China, thus seeking to encourage Russia to follow the United States and Europe, as well as radical nationalists who see threats to Russia everywhere, China being no exception.

In reality, China’s interests in Central Asia coincide with those of Russia in the following three key factors:

1. Maintaining political stability (no one wants a political eruption that can bring radical Islamist movements to power)
2. Keeping the power of secular regimes; and
3. Accelerating the economic development of countries in the region as the only political basis for stability.

In this sense, economic or any other activity that each state carries out in Central Asia should not be regarded as threatening the interests of other countries (as diehard Cold War-era conservatives sometimes claim). If China invests in Central Asia’s economy, supports cultural and research work there, they do not necessarily seek to harm the interests of Russia in the region, because their efforts will eventually lead to the economic and cultural development of these countries. It would be silly to oppose such activity. Being a dog in the manger irritates people in Central Asia and can hardly be possible in the modern world. What is true is that Russia should be more active in implementing such programs.

But, of course, the coincidence of vital state interests does not mean the absence of economic competition between companies from different countries. Many of them, including large state-owned power and other corporations, obviously compete for the Central Asian markets and often get support from their own governments. But economic competition between companies should not be confused with rivalry between states, even the closest allies, as was true during the potato war between the United States and Canada in 1982–1983, the banana war affecting the interests of the United States, the UK, the EU, and some Latin American countries, or constant trade tensions between the United States and Japan. Those were acute economic conflicts, but they did not spoil political relations based on a solid allied foundation.

**Conclusion**

The removal of security concerns and establishment of mutual trust were initially the key drivers of the developing security relationship between Moscow and Beijing. By the mid-1990s they moved beyond that, starting to increasingly coordinate their policies on the regional and global levels. Such cooperation was based on their shared views on the world order and steadily growing tensions with the United States.
The resolution of the border disputes, partial demilitarization of the border and successful cooperation in the shared neighborhood of the Central Asia provided the necessary bases for bringing the cooperation to the global level. Russia and China have managed to contain their competition in the region so far and to move forward their joint regional project – the SCO.

On the global level, that security relationship went hand-in-hand with military technical cooperation which effectively turned China into a world-class military industrial and military power capable of projecting power regionally and globally.

While Russia avoids direct involvement in the most explosive issues of regional security in the Asia Pacific, it is affecting the situation in a major way by restricting U.S. abilities for military rebalancing from Middle East and Europe toward Asia.

Russia and China have been working on increasing the interoperability of their military forces since the mid-2000s. Technically, they have already done much that is needed for preparing ground for a military alliance. Politically, they do not appear to be ready for that yet. The alliance option may be maintained for the possible worst case scenario if both countries have a deep security crisis in their relations with the United States.

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Note

1 During the author’s discussion with the former Chinese State Councillor Dai Bingguo and officers of the Chinese Embassy in Russia on North Korea sanctions case, during Dai’s visit to Moscow on June 1, 2016, he admitted the “communication failure” and blamed the Embassy staff for it.

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Transformation of China’s Development Model under Xi Jinping and its Implications for Russian Exports

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The article focuses on the main factors underlying the structural transformation of China’s economic model under Xi Jinping and its implications for Sino-Russian economic cooperation and Russian merchandise exports. Russian exports to China are analyzed in the context of major changes in the volume and structure of China’s aggregate demand. The results show that the rebalancing of the Chinese economy would bring some risks to Russia in the short and medium terms through putting downward pressure on its exports of natural resources (except for natural gas). At the same time, it would open new opportunities for industries producing resource-intensive consumer goods and, therefore, gives Russia an opportunity for diversification of its economy in the longer term. In order to derive benefits from China’s transformation, Russia should shift the focus of its export policy from negotiating politically driven large projects toward more intensive promotion of consumer goods exports.

Key words: China, Chinese economic model, diversification, Russian exports, Sino-Russian trade

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El artículo se enfoca en los principales factores que yacen bajo la transformación estructural del modelo económico chino bajo Xi Jinping y sus implicaciones para la cooperación económica sino-rusa y las exportaciones de mercancía rusas. Las exportaciones rusas a China se analizan en el contexto de cambios mayores en el volumen y estructura de la demanda total de China. Los resultados que el rebalanceo de la economía china traería algunos riesgos para Rusia a corto y medio plazo a través de la presión sobre sus exportaciones de recursos naturales (excepto gas natural). Al mismo tiempo, abriría nuevas oportunidades para las industrias que producen bienes de consumo que necesitan muchos recursos, y por eso le da a Rusia una oportunidad de diversificar su economía a largo plazo. Para poder sacar beneficios de la transformación de China, Rusia debería cambiar el enfoque de su política e exportación de la negociación de proyectos grandes con impulso político a una promoción más intensiva de exportaciones de bienes de consumo.

Palabras clave: China, modelo económico chino, diversificación, exportaciones rusas, comercio sino-ruso

Introduction

The rapid economic growth and rising political power of Asian countries in the 2000s and early 2010s encouraged Russia to launch a “turn to the East” in its foreign, economic, and regional policies. This was further accelerated by the Ukrainian crisis, followed by the deterioration of Russia’s relations with Western countries.

This turn suggested the need for closer cooperation with Asian countries and fostered the development of Russia’s eastern regions, primarily the Russian Far East. However, even this far eastern internal component of Russian Asian policy has an important foreign dimension. Attracting capital from Asian countries is considered the key instrument for the development of the Russian Far East, as well as support of export-oriented industries targeting the Asian markets (“Towards the Great Ocean-2,” 2014).

In both economic and political agendas of Russia’s turn to the East, the role of the major partner belongs to China. China shares Russia’s views on the evolution of global governance and the development of the new world order. It has not joined the anti-Russian sanctions, unlike Japan, and has not even criticized the Russian position on the Ukraine crisis. Russia and China have also managed to settle potential contradictions in Central Eurasia, and have declared joint efforts to coordinate the Chinese Silk Road Economic Belt initiative – a part of the Belt and Road initiative – and the Eurasian Economic Union (Lukin, 2018; “Towards the Great Ocean-3,” 2015).

However, within the turn to the East, China, first of all, is considered an economic partner. The turn to the East it started with the call by President Putin to “catch the Chinese wind in the sails of our economy” (Putin, 2012). With its economy – the world’s largest and one still rapidly growing – China may become a major market for Russian exports. At the same time, Chinese capital (nowadays expanding all over the world) may be a valuable source of foreign direct
investment into a Russian economy that is currently facing a deficiency of such sources due to the economic downturn and financial sanctions from the West.

Having passed through several decades of rapid economic growth, China is now experiencing structural changes in its development model, which, on the one hand, may challenge cooperation between the two countries and, on the other hand, may open up new windows of opportunity. There is an extensive literature that looks at the present and future transformations of the Chinese development model ("China 2030," 2013; Huang, 2017, Pettis, 2013): namely, a gradual shift away from export-oriented production and the relocation of production facilities that accelerated after the 2008–2009 financial crisis (Bao, Chen, & Wu, 2013; Zhang, 2013); as well as the growing role of domestic demand and the expansion of domestic market-oriented production networks (Yang, 2013; Yang & He, 2017). Given the scale of the Chinese economy, this transformation had no precedent in world history. It has broad implications for the whole global economy, notably for China’s trade partners, and is the subject of many authors’ research (Asian Development Bank, 2016; Lakatos, Maliszewska, Osorio-Rodarte, & Go, 2017; Lee, 2016; Lee, Park, & Shin, 2017). Most researches reveal serious risks for exporters of components and investment goods, and new opportunities for exporters of final goods to China.

Russian-Chinese economic cooperation is widely covered in academic literature (Chen & Yun, 2011; Skalamera, 2016; Schubert & Savkin, 2016; Makarov, 2017a; Korolev, 2018), as well as Chinese government publications (Ministry of Commerce of PRC, 2016). Russia-China economic cooperation attracts an especially growing attention due to Russia’s turn to the East (Korolev, 2016; Kuchins, 2014; Mankoff, 2015; “Towards the Great Ocean-2,” 2014; “Towards the Great Ocean-3,” 2015). However, very few of these sources examine China’s structural transformation from the standpoint of pros and cons for Russia and its impacts on Russia’s exports to China. The present article attempts to bridge this gap. It is aimed at characterizing the major directions of Chinese economic transformation, notably the shifts in Chinese aggregate demand, and determining challenges and possible opportunities for Russia’s exports.

The article is structured as follows: “Transformation of the Socio-Economic Development Model in China” section gives a brief description of the transformation of the development model in China. “Changes in the System of Economic Relations in East Asia” section discusses how it changes the system of intraregional economic relations. “Sino-Russian Trade Dynamics and the Structure of Russian Exports” section depicts recent dynamics in the volume and structure of Sino-Russian trade. “Evolution of the Sectoral Structure of Chinese Economy” section analyzes changes in the sectoral structure of the Chinese economy. “Change in Volume and Composition of Aggregate Demand in China” section examines changes in the structure of Chinese aggregate demand. Finally, “Implications of China’s Transformation for Russian Exports” section concludes with the implications of these trends for Russia’s export potential.

Transformation of the Socio-economic Development Model in China

The Chinese economy, after several decades of rapid growth at an annual average rate of 10%, accounts for 15% of world GDP and has now entered a period of
structural transformation accompanied by the deceleration of economic growth. In 2016, China’s GDP growth rate was 6.7% – a record low since 1990. Though in 2017 it was a bit higher (6.9%), most scholars and international agencies agree that the Chinese economy will continue to slow down (Figure 1).

The slowdown of China’s GDP growth is due to several fundamental reasons. First, the source of extensive economic growth based on cheap labor and exploitation of natural resources is gradually being depleted. Extensive industrial production has brought the depletion of natural resources (forest, water, and land) closer to the critical threshold, against a background of large-scale environmental pollution in China. The living standard and average income of the Chinese population grew over time, with negative implications for competitiveness of Chinese products in international markets. “Leading manufacturing provinces fell into the so-called “middle income trap,” – with growing production costs, they are still lagging behind Western competitors with regard to product quality (Woo, 2012; Zhuang, Vandenberg, & Huang, 2011).”

Second, the opportunities for productive investment, which has been the engine of the Chinese economy during the last decades, are shrinking. Instead, nonproductive investment is growing, fueled by low interest rates, an ambiguous credit system, and minimal restrictions in the field of labor protection, intellectual property rights, and an environment leading to growing debt for large companies, banks, and regional administrations (Pettis, 2013).

Third, the country’s leadership faces the growing social costs of noninclusive development, which takes into little account income distribution and social policy issues. The rapid economic growth in recent decades has significantly enriched China’s population (GDP per capita has surged more than fivefold in 1995–2015), while its positive effects have been distributed unevenly. This has
resulted in a sharp increase in income inequality and an aggravation of regional imbalances, issues which are now drawing more and more attention by society (Xie & Zhou, 2014). Fourth, the slowdown of economic reforms during Xi Jinping’s first term in office may also be a result of serious internal political tensions and discontent among the party cadres, problems which he tried to resolve by organizing a large-scale anti-corruption campaign that affected 527,000 Chinese officials in 2017 alone (Nagai, 2018).

Having understood that a solution to the abovementioned contradictions is not possible without a change in the country’s development model, the Chinese government launched a process of structural reforms announced in 2012 at the 18th Congress of the CPC. Their core idea is the reorientation of the national economy toward the expansion of domestic consumption as the main engine of economic growth; along with priority development of new industries, including the modernization of the manufacturing industry, to ensure a close link between science, production, and the service sector.

However, the initial bold plans for reforms developed shortly after the 18th Congress (during the November 2013 Third Plenum) remain largely unimplemented. Among the measures that were delayed are changes in the rural land market, relaxation of access to urban residence rights (hukou), and stock market and capital account liberalization (Naughton, 2017). At the same time, significant efforts were made to ensure financial stability by the People’s Bank of China conducting an aggressive banking sector deleveraging policy (Qiang, Jiewei, & Wenyi, 2017).

The 19th Party Congress in 2017 maintained the previously stated goals to build a moderately prosperous society by 2020, which according to the definitions of the Chinese 13th Five-Year Plan, would mean doubling the 2010 GDP and urban and rural per capita income. Interestingly, the numbers are neither mentioned directly in Xi Jinping’s report nor have they been denied. Other goals include achieving “socialist modernization” by 2035 and building a world-class modernized socialist economy by 2049, but they have no specified benchmarks.

The Chinese government hopes to achieve those goals in the coming years by conducting a number of reforms, with a special role to be played by Supply Side Structural Reform program – including a variety of initiatives, from cutting excess capacity in the old industries to implementing major industrial and technological policy projects such as development of artificial intelligence (Naughton, 2018). Large-scale technological initiatives are playing an increasingly important role in the Chinese government’s attempts to transform the national economy’s growth model and move it up the production chain.

For Xi, one of the priorities will be the restructuring of China’s central state-owned enterprises (SOEs) into new global companies that will play the role of “national champions” in their respective fields. As stated in the report, “We will further reform SOEs, develop mixed-ownership economic entities, and turn Chinese enterprises into world-class, globally competitive firms.” At the same time, the state assets in the SOE must increase in value; the SOEs are supposed to be “stronger, doing better, and growing bigger” (Xinhuanet, 2017).

The 19th Congress especially emphasized that economic growth would slow down but remain strong enough as domestic consumption should become its main driver (Xinhuanet, 2017). The party will pay special attention to such issues
as pollution, housing, poverty alleviation, healthcare, and socioeconomic disparity. The deleveraging campaign continues as the People’s Bank of China makes new regulations, including tightening rules on bond trading (“China Tightens Bond Trading,” 2018). While 19th Party Congress report does not contain specific details about the future economic policies, we can expect them by November 2018 when the 3rd Plenum of the 19th Central Committee of the Chinese Communist Party takes place.

In general, reforms are expected to cut shadow subsidies to many conventional industries (which were provided through cheap credits, informal governmental support, energy industry support, and weak environmental regulation) and redistribute wealth toward households, especially poor ones. These would lead to a transformation of the sectoral structure of the Chinese economy, change its participation in global value chains, and continue to transform the system of international economic relations in the Asia-Pacific.

Changes in the system of economic relations in East Asia

Structural changes in China’s economy inevitably lead to the transformation of the entire structure of international economic relations in East Asia. Countries of the region tend to focus their foreign economic specialization on meeting China’s demand. As a result, the share of intraregional trade in the total commodity turnover within Asia-Pacific has grown by eight percentage points since 2013, up to a record value of 47% in 2016 (Figure 2). Slow postcrisis recovery in Europe, growing uncertainties in U.S.–China trade relations, as well as the strengthening regional value chains within Asia-Pacific, are the main prerequisites for reinforcing the “Asia for Asia” model in the coming decade.

Figure 2. Intraregional and total turnover of Asia-Pacific countries in 2007–2016, in USD trillion. 
Source: Trade Statistics for International Business Development: https://www.trademap.org. [Colour figure can be viewed at wileyonlinelibrary.com]
China’s place in the global value chain system is also gradually being transformed. Capital investment in the country is increasingly confronted with rising production costs. High social tax and rising wages impact corporate decisions regarding expansion or partial relocation of their production abroad or to less developed provinces of China. This process goes along with the partial reshoring of manufacturers from Asia back to developed countries. In particular, within 2010–2015, 285 U.S. companies returned 27.6 thousand jobs from China to the United States (“Reshoring Initiative Data Report,” 2016). Relocation of Chinese production is also stimulated by the state policy which has declared a national "Go Out" strategy for certain industries.

By 2012, China had become the third largest investor in the world, gradually catching up with the United States and Japan in terms of volume of FDI abroad. From year to year, the outflow of Chinese FDI kept growing, while the dynamics in the United States and Japan showed moderate changes in FDI. Moreover, for the last five years the gap between the volume of inflow and outflow of FDI in China has been rapidly shrinking and, in 2016, for the first time in history, China became a net investor (Figure 3).

Such a transformation in China’s role in the global trade and investment landscape gives an opportunity for accelerated economic growth to countries that used to find themselves at the regional periphery, lagging far behind both in terms of level and speed of economic development (Makarov, 2017b). For instance, a significant and growing share of Chinese FDI goes to developing countries of Southeast and South Asia. One of the most telling examples is the textile industry. Many medium and large clothing manufacturers have started to relocate production to Vietnam and Bangladesh. The scale of the phenomenon can be confirmed by the fact that in 2013, Bangladesh became the world’s second largest textile producer after China (“Central Bank of Bangladesh,” 2015).

Southeast Asia is appealing not only for labor-intensive manufactories but also for those that require vast water and energy resources, which are being

Figure 3. Chinese inflow and outflow FDI in 2009–2016, in USD billion. Source: UNCTAD. [Color figure can be viewed at wileyonlinelibrary.com]
depleted in China but are relatively more abundant in its neighboring countries. The development of the new model of China’s trade and economic cooperation with Southeast Asian countries was facilitated by the FTA agreement signed between China and ASEAN in 2012, which reduced import tariffs on components for final production. In China, the relocation of labor-intensive industries abroad goes with the orientation of domestic production toward the development of the high-tech and service industries.

At the same time, due to the transition from export-oriented production toward the production of satisfying domestic needs, Chinese manufacturers often choose to relocate industrial facilities not outside the country but to central or western provinces, where labor costs are lower, and are situated closer to final consumption markets. This trend has already shifted the geographical patterns of economic growth in China. It is moving from historically more developed eastern provinces to the less developed ones westward.

In 2013–2015, the provinces of Western and central China had the highest annual gross regional product growth rates, while just a decade ago (2005–2007) they grew significantly slower than the rest of the country. These provinces are Chongqing, Jiangxi, Hubei, Anhui, and Hunan in Central China; Guizhou, Tibet, and Yunnan in the Southwest; and Shaanxi, Qinghai, and Gansu northwest of China ("National Data," n.d.).

The shift of economic growth from east to west of China strengthens cooperation between China and its neighbors in the northwest – i.e. the Central Asian countries – as well as promotes the development of new logistical networks in the region. While eastern provinces are connected to foreign markets by sea, the development of western ones require the construction of land transport routes that link them to raw material suppliers and consumption markets. This is one of the main reasons for the launch of the Economic Belt of the Silk Road (which became part of the "Belt and Road" initiative), as well as the creation of new institutions to finance large-scale infrastructure projects (e.g. Asian Bank for Infrastructure Investments, Silk Road Fund, and New Bank Development of BRICS).

China is rapidly expanding economic ties with its developing neighbors from the West – countries of Central Asia, Pakistan, and Iran. In order to provide a sound basis for trade and economic cooperation, Chinese investments are channeled into the modernization and construction of transport infrastructure in these countries ("China’s New Silk Road," 2018; "Kazakhstan’s China," 2016). The Belt and Road initiative is not only aimed at building new transit routes to Europe, but also serves as a platform for offshoring Chinese industries to the Greater Eurasia region where they would benefit from access to natural resources, cheap labor, and lax environmental regulation.

While northwestern China plays a key role in the cooperation of China and the Eurasian Economic Union or EEU, such as including this proposal within the Eurasian Economic Union and Silk Road Economic Belt, it is northeastern China – Heilongjiang, Jilin, and Liaoning provinces – that is crucial for bilateral Sino-Russian economic relations. Heilongjiang province is the only region in China that has strong economic dependence on trade with Russia. In 2016, Russia accounted for 55% of the province’s external trade volume ("In 2016, the Total Import and Export," 2017). Heilongjiang alone was responsible for 13.8% of
the Sino-Russian trade that year. Since 2014, the region has been experiencing an
economic downturn, with GRP growth rates considerably slower compared to
the southern and eastern coastal regions. Among the key reasons for the down-
turn are the excess capacity problem in the local coal and steel industries, and
a large number of old state-owned enterprises in need of modernization. The
economy of Liaoning actually contracted by 2.5% in 2016 (“National Data,” n.d.).
The reason for such contraction was the decision of the provincial government to
cut excess capacity significantly by closing 44 coal mines and reducing produc-
tion capacity by 13.61 million tons of steel per year (Yân, 2016).

Sino-Russian trade dynamics and the structure of Russian exports

By 2009, China had surpassed Germany to become the main trade partner of
Russia for the first time. Optimistic expectations regarding the future of mutual
trade were reflected in a declaration by Vladimir Putin and Xi Jinping in 2011,
laying down an aim to increase trade turnover to $100 billion by 2015 and $200
billion by 2020. Now it is clear that this aim is unachievable.

In 2012, just when the idea of Russia’s turn to the East appeared in the speeches
of political elites and Vladimir Putin himself, the rates of growth in Russia-China
trade decreased to 6.9% (from 51.9% and 40.7% in 2010 and 2011, respectively). In 2013, they fell to 1.3% and, in 2014, went negative (–0.1%). However, the real
failure happened in 2015 when Russia-China trade turnover fell by 28.1%. In
2016, trade turnover grew by 4.2% and, in 2017, shot up by 30% to $86.7 billion.
Nevertheless, Russia’s trade volumes with China are currently still lower than
where they were in 2012 ($88 billion).

The slowdown in Russia-China trade in the last five years has a number of
objective reasons – among them are falling oil prices, the economic recession in
Russia, sharp devaluation of the ruble, and modest devaluation of the renminbi.
Another important factor is the transformation of the Chinese economic model,
which has become less dependent on infrastructure investment and, therefore,
demonstrates decreasing demand for raw materials from Russia. It both puts
downward pressure on prices and limits the volume of Russian exports. In the
Russian domestic debate, the view is becoming more widespread that Russia’s
turn to the East is too late and that Russian raw materials will not be required by
the Chinese market in quantities previously planned (“Why Over the Past Year,”
2016).

Nevertheless, export volumes keep growing year by year. The annual growth
rate fluctuates but remains positive: 1% in 2015, 14% in 2016, and 12.8% in 2017.
Moreover, it should be noted that bilateral trade statistics do not fully represent
the actual amount of the bilateral trade since, currently, at least part of it goes
through other Eurasian Economic Union member states. In 2016, China has ex-
perienced significant growth of trade volumes with Kazakhstan (+17.5%) and
Kyrgyzstan (+29.6%) reported by Chinese Customs in Ürumqi, Xinjiang Uighur
Autonomous region (“Part of the Country (Region),” 2017). Considering this fac-
tor, the actual Russian-Chinese trade volume may be slightly higher in value
prior to the crisis of 2014 and significantly higher in physical terms.

To date, mineral products still account for more than two thirds of Russian ex-
ports to China (67.8%); wood and related products account for 10.5%; machinery,
5.7%; fertilizers, 1.7%; and food products, 2.8% (the bulk being fish and sea products). The export of weapons however remains an important component of Chinese-Russian trade and strategic partnership. Its value is not clearly depicted in Russian federal trade statistics, but the export categories under “secret code” may be a good estimate – accounting for less than 3.9% of aggregate Russian exports to China in 2017 (Federal Customs Service of Russia, n.d.). Hydrocarbons remain at the core of Russian exports to China; however, recent dynamics show that other categories, including high value-added manufactures, either have emerged or expanded their shares in the overall export structure.

For the last five years, Russian exports to China have increased by 8.8%, although all the main components of Russian exports have experienced different patterns. Due to the oil price drop after 2014, Russian exports of mineral products experienced a slight decline of 3% by 2017 in comparison to 2012, which has been offset by substantial increases in machinery (102%) and wood and pulp products (47%) exports. During the period 2012–2017, food products gained 17%, while fertilizers lost 11%, according to Euromonitor International.

For comparatively large categories – i.e. >0.5% in aggregate Russian exports to China – among the fastest growing exports in absolute terms are nuclear reactors and components as well as electrical machines and radar apparatus, all of which fall within the larger “machinery” group. These gained 2.7 percentage points in the structure of Russian exports to China for the last five years together with refined copper and copper alloys. Comparatively small categories – i.e. less than 0.5% but more than 0.3% – albeit noticeably expanding rapidly, are sunflower oil, soybean and soybean oil, crustaceans, trailers, motor cars, liquid crystal devices, lignite, and zinc ores (as per Euromonitor data). An important factor pushing forward the exports of these categories is the devaluation of the ruble in 2014, when the Russian currency lost nearly half of its value for a couple of months. The devaluation helped Russian exporters significantly increase their competitiveness in foreign markets.

Given the key trends of the Chinese economic transformation, the key question for Russia is whether the country is willing to participate in the “Asia for Asia” model; and what would be the conditions of such participation. Russia is unlikely to be willing to become just a source of raw materials for Chinese companies nor a platform for Chinese dirty industries. But this is what China primarily wants from its economic partners in the region. The difference in approaches of the two countries is among the main reasons for low Chinese presence in the Russian economy, one that is unlikely to be overcome in the near future. However, the transformation of the Chinese economy gives Russia a chance to diversify its economy, as well. This opportunity is brought about by changes in the sectoral structure of the Chinese economy and the structure of its aggregate demand.

**Evolution of the sectoral structure of the Chinese economy**

Over the last decade, the average hourly wage in China has more than doubled, jumping from $1.50 in 2005 to $3.30 in 2016. The most significant increase occurred in the manufacturing sector. During the same period, wages increased threefold, from $1.20 to $3.60. In terms of wage levels in industry, China has
taken one of the leading places among developing economies; leaving behind Russia, Brazil, Argentina, and Thailand (Figure 4). Nevertheless, the income level in China is highly differentiated by region. In Beijing, the monthly wage is 9.2 thousand renminbi ($1,452), as of January 30, 2018 foreign exchange rates; in Shanghai, 9.1 thousand renminbi ($1,436); and in Henan, 3.7 thousand renminbi ($600) (“National Data,” n.d.).

The service sector has undergone significant changes, bringing new sources of growth to the Chinese economy. In 2010–2015, the share of employees in the primary and secondary sectors declined (from 36.7% to 28.3%) and experienced correspondingly weak growth (from 28.7% to 29.3%). Meanwhile, the share of employees in the tertiary sector has been growing at an accelerated pace (from 34.6% to 42.4%).

Although it is too early to consider the structural reforms in China as successful, the restructuring of the economy and foreign trade is rapidly gaining momentum. The transition to a new development model opens up additional opportunities for strengthening the competitiveness of the Chinese service sector in domestic and world markets, laying the foundation for the gradual recovery of the national economy. In 2015, the service sector accounted for more than half of the country’s GDP, while the share of the tertiary sector in GDP gained 7.3 percentage points since 2007. Its expansion takes place along with a gradual decrease in the contribution of secondary and primary sectors to Chinese GDP (by 6 and 1.4 percentage points in 2007–2015, respectively) (Figure 5) (“China Economy 2016,” 2017).

To date, China is the second largest economy after the United States in terms of foreign trade in services. Over the last decade, Chinese trade in services has grown 3.4 times, primarily due to increased imports of transportation and tourism services (UNCTADstat, n.d.); by 2016, service trade turnover amounted to $661.5 billion.

Figure 4. Real average wages (in 2016 prices, USD per hour) in industry sector of developing countries in 2005 and 2016.
Source: Euromonitor International. Note: for Russia, value for 2009 is depicted instead of 2005. [Color figure can be viewed at wileyonlinelibrary.com]
Moreover, the share of FDI in the service sector of China is growing. In 2006, the industrial sector accounted for 63.6%, while the service sector represented only 31.1% of total FDI. The situation had significantly changed by 2011, when the service sector outstripped the industrial sector and became the largest recipient of FDI. In 2015, the service sector made up 61.1%, ($77.1 billion), while FDI in the industrial sector accounted only for 31.4% ($39.5 billion) of total FDI in the Chinese economy (“The Regular Press Conference,” 2016).

So far, China is still in the early stages of transition to a postindustrial economy, lagging significantly behind the OECD countries, with the share of service sector at the level of 70% of GDP. Nevertheless, innovation-based growth has already become an integral part of the country’s long-term strategy for social and economic development. Ensuring Chinese leadership in science and technology, astronautics, and digital economy is one of the key components of Xi Jinping’s address at the October 2017 19th Congress of the CPC (Xinhuanet, 2017).

Increasing the GDP share of its nonindustrial sector through the expansion of production of services and goods of high added value has become one of the priorities for Chinese national economic policy, both in the short and long run. The provisions of the 13th Five-Year Plan for 2016–2020 distinguish innovations to become the main driving force of the national economy.

Conventional industries that have been the engine of the Chinese economy for the last decades would therefore be contracted. Recently, governmental policy has been aimed directly at the elimination of overcapacity in the coal, steel, aluminum, concrete, and other industries. For example, for 2017 the Chinese government planned to cut the overcapacity for annual production of 50 million

**Figure 5.** GDP of China by Sectors in 2007 and in 2015, %. *Note:* The Primary Sector refers to Agriculture, Forestry, Animal Husbandry, and Fishery Industries. The Secondary Sector refers to Mining, Manufacturing, Production, and Supply of Electricity, Steam, Gas and Water, and Construction. The Tertiary Sector refers to all other activities not included in the Primary or Secondary Sectors including services. *Source:* National Bureau of Statistics of China.
tons of steel and iron, 150 million tons of coal, as well as coal-burning power generation capacity for more than 50 million kilowatts (“China to Achieve Coal Capacity,” 2017). So far, Chinese government policies to cut excess capacity are bringing mixed results since some of the enterprises that are supposed to be cut are under effective protection of local governments. Still, in some cases, the Chinese manage to achieve the intended goals or even surpass them. For example, 65 million tons of excess iron and steel capacity were phased out in 2016, against the intended target of 45 million tons, and coal capacity was reduced by 290 million tons (Zhiyao, 2017). Currently, China plans to cut about 10% of steel and cement production capacity (Xiaochuan, 2017). In 2017, China managed to cut steel capacity by 115 million tons. As for coal, China hopes to cut production capacity by 500 million tons in 2017 (“China to Make Deeper Cuts,” 2017). The reduced supply of these commodities in China could have positively affected international prices and supported relevant Russian industries. However, it is likely that these effects would be offset by the reduction of demand for corresponding goods.

Change in volume and composition of aggregate demand in China
Transformation of economic growth in China is clearly reflected in the structural changes of aggregate demand. The savings and investment rates are going down. Investment had served as a main driver of economic growth until 2010. Now, the annual investment growth has stabilized at the level of 5%–6%; while, in line with Chinese leaders’ statements, consumer spending has taken the role of the main engine of the economy (Figure 6).
Consumer spending in China started to grow earlier on as a result of population and income growth, as well as urbanization. Since 2000, China’s annual per capita disposable income has risen by $4,000 (with an annual growth rate of 10.4%), while the number of urban residents has increased by 330 million. In 2011, for the first time in Chinese history, the urban population exceeded the number of rural residents, as per UNCTADstat. At the same time, consumption growth rate has long been lower than the real GDP growth rate. This situation started to change soon after the financial crisis of 2008–2009, where the average annual growth of household consumption in the period 2011–2016 amounted to 8.4% (1 percentage point higher than the GDP growth rate).

The increasing role of consumer spending in aggregate demand is partly due to the growing middle class in China – with a large share of the population surpassing the income threshold after which the consumption growth accelerates – as well as state measures to tackle inequality. The revaluation of the renminbi, enhanced monitoring of financial institutions and regional administrations, as well as a strengthened environmental policy – all of which can be considered policies against hidden subsidies for producers and investors at the expense of households and consumers – made consumer expenditures rise rapidly. Over the last 10 years, the latter grew at an average rate of 13% per year and amounted to $4 trillion in 2016.

The reduction of the savings rate, with a proportionately smaller decrease in the investment rate, automatically implies the contraction of current account surplus, primarily of net exports. This has started to happen: Chinese exports have been falling since 2015, and the trade surplus since 2016. China will keep a huge trade surplus for a long time, however, its volume will be gradually contracting. The recent shifts in Chinese aggregate demand will only intensify in the future (IMF, 2017). They reflect intentions to rebalance the economy; a move away from excessive reliance on investment and exports, reducing the prohibitively high savings rate and immense foreign trade surplus. This rebalancing will be accompanied by a general decline in economic growth – at best, at the level of 4%–5% and, possibly, at the level of 2%–3% on average by the mid-2020s.

**Figure 7.** Consumer spending by type in China in 2007 and in 2016, %.
*Source: Euromonitor International. [Color figure can be viewed at wileyonlinelibrary.com]*
Nevertheless, the components of aggregate demand will demonstrate different dynamics. While investment growth will continue to slow down, consumption growth will remain high in comparison to the world average, exceeding Chinese GDP growth by 1–2 percentage points.

Consumer spending in China is also undergoing transformation, which will continue in the future. Apart from growth in absolute values, consumer spending experiences changes in the structure. Its composition still remains typical for developing economies, but with time it will rapidly get closer to the demand structure of developed countries.

To date, about a quarter (24%) of all consumer spending in China falls on food products – about twice as much as that in high-income countries (Figure 7). In 2007–2016, food consumption in China was growing by 11% every year. Forecasts show that in the coming years the demand for food will keep rising, but at a slightly lower rate of 8% (“National Accounts,” n.d.).

Growth in disposable income shifts the Chinese population’s diet patterns toward a larger consumption of animal products. While in 1985, the average Chinese consumed 19.5 kg of meat annually, by 2013 this figure had jumped to 61 kg (FAOStat, n.d.). Diet dramatically changed in the 1990s; within the decade the share of pork in total meat consumption had fallen from 79% to 64%; the share of beef had grown from 4% to 8%, and the share of chicken had risen from 13% to 22%. Since 2000, the composition of meat remained almost unchanged, with consumption of various types of meat growing evenly (Figure 8). Changes are taking place in milk consumption, as well, growing at least threefold from 2000 to 2013. The boost in milk consumption is due to rising income and urbanization, along with changes in consumer habits of the Chinese population, as well as the rapid development of the dairy industry and marketing channels (Fuller, Huang, Ma, & Rozelle, 2006).

The growth of meat consumption resulted in a sharp increase in feed intake. While the consumption of food crops, primarily rice and wheat, has experienced a slight growth since 1990 (and even decreased in per capita terms), feed consumption has risen substantially – 76% for maize and 187% for soybean since 2000.

Figure 8. Consumption of animal products in China in 1990–2013.
Source: FAOStat. [Color figure can be viewed at wileyonlinelibrary.com]
Historically, growing demand for food has been largely met by domestic production, however, that is hardly possible in the future. To date, China is most dependent on soybean import in comparison to other food categories. Since the import liberalization in 1996, it has increased 17 times; the share of soybean in feed crops consumption has surpassed 20% (3.2% in 1996) as per FAOStat. At present, China is the destination for half of the world’s soybean exports. Natural restrictions such as the degradation and decrease in arable land area, as well as water shortage, indicate that large-scale imports of corn may start in the near future. The expected need for feed crops (corn and soybean) caused some scholars to state that “feed security” rather than “food security” is the main challenge for China’s food system (Dong, Wang, & Yang, 2015).

One of the burning questions for the global food market is: when will China start to increase meat imports? So far, self-sufficiency is achieved through large-scale import of feed crops, protectionist policies, and still-low labor costs in rural areas – making Chinese food products cheaper than imported ones. Nevertheless, these drivers are gradually being exhausted (Makarov, 2017a). Meat consumption will grow; growing labor costs will bridge the gap between domestic and world food prices; and the increase in domestic production will lead to excessive dependence on feed crops import. As a result, China will turn into the largest world meat importer within a decade (Dong, Wang, & Yang, 2015; Yu, 2015; Yu & Cao, 2015).

Despite the absolute growth in food consumption, its share in total consumer spending has decreased by 5 percentage points since 2007. At the same time, shares of such categories as clothing and footwear, and goods and services for households are growing (Figure 7). These categories are more typical for a middle-class consumer basket demanded by an increasing number of households in China. At the same time, consumption of these types of products is largely triggered by the rapid development of electronic commerce. In 2015, e-commerce accounted for 15.9% of all retail sales in China. According to the Chinese research company iiMedia, the total volume of online shopping amounted to $920 billion in 2016 and is projected to grow to $1.28 trillion in 2018 (“China Cross-border e-commerce,” 2017). It is expected that one out of three “retail dollars” in China will be spent online by 2019. China has more than 688 million Internet users, with 53% of them making online purchases – a number that exceeds the aggregate population of the United States, Russia, and Brazil. Moreover, more than 1.28 billion mobile phones are being used in China, which also serve as a popular channel for online shopping (“Electronic Commerce,” 2016).

The share of transport and communication spending has not grown much, although this sector is experiencing significant changes driven by new technologies. E-commerce fosters the development of the information and communication technologies (ICT) market, which reached the benchmark of $431 billion in 2015. China’s Big Data market is rapidly growing; its capitalization amounted to $31.3 billion in 2015–50% higher than in 2014. In the mid-term, Chinese ICT market will be boosted by the construction of smart cities, use of the “Internet of things,” Big Data, and cloud services. What’s more, the ICT market will largely benefit from the implementation of the national strategies “Made in China 2025” and “Internet Plus,” which involve increased domestic investment in R&D,
advances in communication, and “green technologies” – key elements of the 13th Five-Year Development Plan. According to the Chinese Ministry of Science and Technology, Chinese investment in R&D in 2015 amounted to 1.43 trillion renminbi ($225.7 billion) – a 9.9% increase in comparison to 2014.

Another important trend is the growing consumption of luxury goods. According to forecasts, Chinese consumers will purchase 44% of the world’s luxury goods by 2020 and average consumer spending costs for these goods will grow by 11% every year (“China Personal Care,” 2016). This trend is especially typical for beauty products. A growing middle-class and general population in large cities underlie the future stable demand for premium cosmetic goods and hygiene products among citizens 20–30 and 30–39 years old. The consumption of jewelry jumped more than two-fold in the last 10 years, and hasn’t been affected even by the anti-corruption campaign. Tourist attractions are also becoming increasingly popular among the Chinese middle class. Both domestic and outbound travel expenditures increased more than fourfold in the last decade while spending on attractions of Chinese population has more than doubled, according to Euromonitor.

For the last two decades, China’s economy has been the main energy consumer in the region and the world. In the last 10 years, primary energy consumption has increased by 70%. The relatively low dependence on foreign energy supply (around 18% of energy consumption is covered by imports) is ensured by extensive use of domestic coal, which accounts for two-thirds of the total primary energy consumption (equivalent to around 2 billion tons of oil). Meanwhile, 17% of consumption falls on crude oil, 11% on renewable energy, 5% on natural gas, and only 1% on nuclear energy. However, this pattern is being transformed.

The mass burning of coal has led to huge environmental damage, which is increasingly hindering the country’s economic growth and becoming an important political agenda. China has the world’s largest shale gas reserves but extraction costs are high due to geological, technological, and institutional difficulties. Nevertheless, the transition from coal to natural gas, reduction of carbon and energy intensity, and the development of renewables have already been declared as priorities of China’s energy policy.

China is undergoing significant changes in both the structure of the energy balance and amount of energy consumed. In the past five years, the growth in energy demand slowed significantly due to the general economic slowdown and restructuring of the economy. Recent trends in energy consumption, plans to relocate dirty industries abroad, and recent shutdowns of coal energy plants in many regions are leading to assumptions that the peak of coal consumption in China will take place in next few years, as reported by the International Energy Agency. According to other estimates, it has already passed (Qi, Stern, Wu, Lu, & Green, 2016).

Implications of China’s transformation for Russian exports

The demand shift in China will have significant implications for exporters, Russia among them. The ongoing transformation of the socioeconomic development model will further lower the growth rates of resources (energy, metals) consumption, with a subsequent lowering effect on prices. Growth in demand
for investment goods and services (equipment, construction) will slow down. The shift away from investment to household consumption as a driver of economic growth will hit conventional Russian exporters of coal, fertilizers, and chemicals. This makes the transformation of China’s economic model a risk for the development of Russian-Chinese trade. At the same time, the demand for consumer goods, including durable goods, will continue to expand rapidly. In a decade, China will challenge the position of United States in the world’s main consumer market; new production centers will be located at its periphery – in South and Southeast Asia, Central Asia, and, perhaps, in Russia.

China is the largest foreign market for Russian producers of coal, who risk facing challenges as China’s energy transition gains momentum. At the same time, it opens new doors for Russian natural gas exporters since the greener alternative is expected to gradually substitute for coal in the Chinese energy mix. According to forecasts, China’s natural gas consumption will grow from 206 billion cubic meters (bcm) in 2016 to 300 bcm in 2020 and 600 bcm in 2040. As a result, China is expected to become the biggest natural gas consumer, outstripping the United States (“China Drives Natural Gas,” 2017). Russia is still in the early stages of entering the Chinese market. A number of Russian natural gas export projects are being implemented or negotiated, including the Chinese purchase of 20% stake in the Russian LNG producer Novatek by China National Petroleum Corp, the construction of Power of Siberia pipeline, and two additional pipelines currently under discussion.

China will likely try to maintain a certain share of energy imports from Russia because of strategic considerations. These include Chinese aspirations to decrease the reliance on vulnerable shipping routes via the Strait of Malacca, accounting for some 80% of Chinese oil imports, and diversify the sources of supply (Friedman, 2017).

However, the largest niche likely to open to Russian exports would be in the consumer goods market, which will continue to expand rapidly. The growth of consumer spending in China gives Russia a valuable impulse to diversify its economy and an opportunity to develop new market niches for goods with higher added value than crude oil and natural gas, unprocessed wood, and fish. Most of these goods and services require plenty of natural resources, but the key priority for Russia would be to take advantage of resource-intensive industries and step into the Chinese market at higher levels of value chains. Such industries include agriculture and processed food, water-intensive products, jewelry, wood processing (production of pulp and paper products and probably furniture), tourism, and data processing. Russia’s Eastern Siberia and Far East may also attract some energy-intensive industries that are fueled by coal in China and, thus, environmentally harmful, but which may operate on hydropower in Russia without a significant impact on the environment.

Conclusion

The transformation of the Chinese economy brings enormous risks and, at the same time, opportunities for its trading partners, including Russia. The strategy of long-term trade and investment cooperation with China should start from the premise that extensive economic growth based on cheap labor and growing
consumption of energy resources and other raw materials is no longer viable. The former socioeconomic development model is gradually being replaced by a new one characterized by slower GDP growth, based on the expansion of domestic demand due to the rising disposable income of the Chinese population. This shift underlies slower growth in resources consumption (energy, metals) and the consumption of investment goods and services (equipment, construction), along with faster growth in demand for consumer goods, including durable ones.

Russia can become a key supplier of many such goods, especially those that require a lot of energy, water, or other natural resources. These include products of agriculture and food industry, timber industry, paper, fish and seafood, data storage and processing services, among others. However, Russian producers are not yet ready to compete in these market niches.

First, significant barriers still exist in Chinese markets as regards Russian goods. For example, targeted protectionism measures such as sanitary and phytosanitary standards are directed at Russian agricultural producers. Moreover, unlike most of the regional economies, Russia has no free trade agreement with China, which weakens Russian exporters’ position compared to their competitors from ASEAN countries, Australia, or Pakistan. The text of EAEU-China comprehensive economic agreement has already been passed, but it addresses only some nontariff barriers and does not cover tariffs at all. Without overcoming the trade protection of Chinese markets, Russian goods are unlikely to increase their share significantly.

Second, the problem of logistics on the Russian-Chinese border has not yet been fully resolved. Such projects as the Primorye transport corridors (routes from Heilongjiang province to the Russian Pacific ports), as well as the Russia-Mongolia China corridor, are still being negotiated.

Third, tastes and preferences – often very specific – are more important in the consumer market than in the raw materials and investment goods market. This makes marketing essential in corporate strategy, and requires the building of new marketing channels, creating relations with the retail industry, and engagement with the Chinese media. As the Chinese market is new for most Russian companies, there are large requirements for investing in knowledge.

In the case of commodity exports, agreements at the political level have served as a main means to promote Russian producers. As for consumer goods, their competitiveness will largely depend on the Russian state’s ability to decrease trade barriers through trade agreements, as well as on the set of export support measures, including export-credit insurance, state guarantees, services of consulting centers, and the role of trade missions. As President Putin puts it, Russia still has a good chance “to catch (the) Chinese wind” but to do so, it should turn its sails in the right direction.

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Note

1In this paper, Asia-Pacific region refers to China, Japan, the Republic of Korea, and ASEAN countries; as well as India, which does not geographically belong to the region although often regarded as part of it.

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Why over the past year, Russia has not quite succeeded in “Turn to the East” [Chinese Lessons].


Missed Opportunities: Could a U.S.-Russian Dialogue on Asia-Pacific Have Prevented the New Cold War?

Dmitry Suslov*

A U.S.-Russian dialogue on the Asia Pacific could have become a vital pillar of cooperation and helped sustain the bilateral relations through their deterioration in 2011 and especially since 2014. This is due to the importance of the Asia Pacific to both Russia and the United States, the lower incidence of serious contradictions between them in this region compared to Europe and the Post-Soviet space, as well as the existence of common interests. However, this opportunity was missed as the Asia Pacific became instead another theater of U.S.-Russian new systemic confrontation. Nonetheless, the two sides might still benefit if they succeed in separating their relations in the Asia Pacific from the general bilateral confrontation. Russia can create a favorable environment to continue the role of independent power center, help reduce polarization in the region, and prevent unnecessary tensions between the United States and its Asian allies and partners.

Key words: Asia Pacific, China, Russia, New Cold War, United States

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Introduction

Russia and the United States alike regard the Asia Pacific as the center of gravity of world economy and politics. They consider their active participation in the region existential and did not have such intensive contradictions and rivalry in this part of the world as in Europe or in the former USSR. Moreover, they have been sharing some converging strategic interests in the region, such as preventing Chinese hegemony. However, their relations in and about the Asia Pacific region have traditionally been peripheral to the U.S.-Russian relations agenda, and was limited to separate security issues such as North Korea, and lacking systemic foundation. A U.S.-Russian comprehensive dialogue on the Asia-Pacific has been absent even at when both sides proclaimed their “pivots” to the region, and when their overall relations were not confrontational.

The United States declared what became known as the “pivot” in Autumn 2011 with the publication of “America’s Pacific Century” an article by the then State Secretary Hillary Clinton (2011). This was followed by Barack Obama’s Pacific tour in November that year, when he hosted APEC summit in Honolulu and visited Australia and Indonesia, following which he participated in the ASEAN summit and held a number of bilateral meetings with leaders of Asian states.

Russia proclaimed its own rebalancing to the Pacific, widely known as “turn to the East,” in 2012. In September 2012, it hosted the APEC summit in Vladivostok; in December of the same year President Putin declared in the Annual Address to the Federal Assembly that the “vector of Russian development in the 21st century is development to the East” and that the Asia Pacific is “the most dynamic and vigorous region of the world” (Putin, 2012a). Finally, Putin’s election campaign foreign policy article, outlining his strategy for the next six years of his presidency, suggested that Russia should “catch the Chinese wind in the sails of our economy” (Putin, 2012b).

This was precisely the moment when the initial agenda of the U.S.-Russian “reset” was fulfilled, and the two sides started to think about a new one. Considering the importance of the Asia-Pacific to both Russia and the U.S., the lower number of serious contradictions between them in this region in comparison to Europe and the Post-Soviet space, as well as existence of some crucial common interests, the U.S.-Russian dialogue and cooperation on Asia-Pacific could have become a vital pillar of their positive cooperation. These could have increased sustainability and durability of their relations, preventing or at least
softening their deterioration since 2011 (following the NATO war against Libya) and especially since 2014 (Ukraine crisis and beyond).

The two sides failed to establish this dialogue, and this failure contributed to immense fragility of U.S.-Russia relations and to the pace and depth of their deterioration in the 2010s. Both sides demonstrated strategic short-sightedness and are to be blamed. Still, given the asymmetry of the sides’ initial positions in the Asia Pacific which is strongly in the U.S.’ favor, as well as the flaws and drawbacks in implementation of Russia’s “turn to the East” policy, Moscow bears greater responsibility for this failure, and the reasons are foreign policy inertia, path dependency when it comes to U.S.-Russia relations, and lack of geopolitical imagination.

**United States’ “Rebalancing” and the role of Russia**

The United States has been an integral part of the Asia-Pacific economy and the region has been the centerpiece of its prevailing security system for decades. It has led a “hub and spoke” system of military alliances (Japan, South Korea, Australia, Philippines, Thailand and Pakistan, plus a defense agreement with Taiwan), maintained many partnerships with other states, participated in many regional multilateral arrangements on security matters, such as East Asia Summit, and has had colossal economic relations, interdependence and a history of cooperative relations with China since the 1970s. The task it faced was not just to integrate itself deeper into regional affairs, but to consolidate an economic and security order in the Pacific with a central role for the United States as an indispensable nation and the hub of major economic and security relations, main author of the rules of economic relations and security policies, even as it sought to prevent China from shaping a regional economic and security order that would undermine U.S. leadership in the region and consequently in the world. Managing the challenge from China, which was increasingly perceived as a rival and peer competitor, trying to undermine the major pillars of the U.S. central role in the Pacific, was among the major rationales for the Obama Administration. However, unlike its successor, the Obama team was trying to address this challenge through a combination of containment and engagement instruments, not through containment only. Its ultimate purpose was to ensure China’s eventual integration into the U.S.-centric order.

Against this background, former State Secretary Hillary Clinton formulated the purposes of the renewed U.S. strategy in the Pacific along the following six priorities: “strengthening bilateral security alliances; deepening our working relationships with emerging powers, including with China; engaging with regional multilateral institutions; expanding trade and investment; forging a broad-based military presence; and advancing democracy and human rights” (Clinton, 2011). In fact, this was a strategy of shaping the security and economic orders in the Pacific in a way favorable for the United States and led by Washington, and of preventing these orders to be shaped by China. From the outset this strategy had two major pillars – security and economic ones.

The security pillar consisted of strengthening the U.S. “hub and spoke” system of alliances with Japan, South Korea, Philippines, and Australia, and increasing U.S. credibility and impression that Washington is committed and capable
of counter-balancing Chinese power in the region. In this regard, the U.S. negotiated the opening of a new military base in Darwin, Australia, claimed that its defense commitments toward Japan apply to the contested Senkaku island, and tried to revitalize security cooperation with the Philippines. Second, the U.S. developed new security partnerships in the region, especially among countries who were concerned about Chinese assertiveness: Vietnam, India, Indonesia, and Singapore. Third, the United States increased its overall military presence and activism in East and Southeast Asia and notably raised the importance of the latter in its overall Asian strategy. As early as 2011, the United States started to recognize the growing importance of the Indian Ocean and India itself for geopolitics in the Asia-Pacific, thus it intensified security engagement with Southeast Asian states and New Delhi.

Fourth, an important component of the U.S. security agenda was strengthening engagement with regional multilateral institutions, above all ASEAN and ASEAN-related security dialogues, such as ASEAN Regional Forum, ASEAN Defense Ministers Meeting-Plus and East Asian Summit. This allowed the United States both to manifest its increased engagement with Southeast Asia, and to position itself as an organic component of regional architecture and processes. Bilateral alliances and U.S. engagement with ASEAN-centric formats were two mutually reinforcing and complementing components of the U.S. security agenda.

The fifth component of the U.S. security policy (and driver for the previous ones) was managing relations with China. The measures described above certainly imply some increase in containment policy. Moreover, since 2011–2012 the Obama Administration explicitly started to regard Chinese military policies as the major determinant of the U.S. defense policy and posture, thus de facto recognizing China as a military challenger and No. 1 threat. This approach was manifest already in the Strategic Defense Guidance document published by the Obama Administration in January 2012 (Department of Defense, 2012).

At the same time, the Obama Administration refused to reject engagement with China either and in fact continued the traditional dual approach vis-à-vis Beijing, to the disappointment of some of its regional allies, above all Japan. More emphasis on military and diplomatic containment (in response to Chinese ambitions in the South China Sea) coincided with robust attempts to engage Beijing in security dialogue to get it to address the U.S. and its allies’ and partners’ concerns about Chinese military policies in the region in a cooperative way. The prevailing paradigm in the Obama Administration was that a one-sided policy toward China based on containment only was unacceptable and self-destructive. After all, Washington’s intention at that time was to engage China in the U.S.-centric order in the Pacific, not to alienate it and push it away.

The economic pillar of the U.S. “rebalancing” strategy was based on the Trans-Pacific Partnership project, deepening economic dialogues with ASEAN and within ASEAN-centric formats, and, again, management of economic dialogue with China. The Obama Administration regarded the TPP as the central component of the desired economic order in the Pacific. This project was not just about trade liberalization, but essentially about economic governance: regulation, intellectual property, investments and management of production chains.
With these rules it hoped to make the regional economic order beneficial for the United States with more relative economic gains in its favor: the existing rules were favoring others, above all China. Beijing’s exclusion from the TPP negotiations was not supposed to cut it from the U.S.-centric order forever and produce a fragmented order in the region. On the contrary, the United States expected TPP, whose original 12 member-states accounted for 40% of global GDP, to become so dominant and attractive in terms of regulating economic relations in the Pacific, that China would have no alternative but to eventually join it.

Thus, Washington was trying to avoid the emergence of a China-centric economic order in the Pacific, which excludes the U.S. Establishment of the TPP was supposed to intensify economic interdependence and activism between Asian countries and the United States in a way favorable for U.S. business, and eventually to establish a U.S.-centric economic order in the Pacific based, as President Obama said himself, “on the rules written in Washington.”

What was completely absent in the United States', thinking about the Pacific at that time was Russia. It was not because of an intention to exclude Russia: rather, Russia was not perceived as a being present on the regional chessboard. Given Russian marginal position in the region at that time, it was fully understandable, however short-sighted. By 2011, Russia had already established a solid strategic partnership with China, and Moscow-Beijing bilateral relations were among the best both sides were having at that time, especially among great powers. This factor alone should have worked as a wake-up call to the United States, but it did not. Moreover, Russian intentions to play a more active role in the Asia-Pacific were already visible: it joined the East Asian summit together with the United States in 2010, was taking an increasingly active stance in APEC and was planning to hold its summit in Vladivostok in 2012.

One of the major reasons behind U.S. failure to regard Russia as a substantial player in the Pacific is the deep belief among many of U.S. foreign policy elite, that Russia and China are natural rivals, rather than partners, let alone allies, and that they are doomed to conflicts of interest and confrontation sooner rather than later. Russian-Chinese rapprochement of 2000s and 2010s was, in their mind, a temporary “marriage of convenience,” caused by artificial, rather than natural reasons (namely, their mutual desire to undermine the U.S. role in Central Asia and resist its hegemonic ambitions and policy globally), and will inevitably collapse. Although more balanced and comprehensive opinion on Russian-Chinese relations exists in the U.S. academia (Bolt & Cross, 2018), the thinking described above is widely spread among many Western, including American, policy-related publications (Lo, 2008, 2015; Lo & Hill, 2013; Putz, 2016; Shapiro, 2017; Wood, 2018). It is also shared by leading American decision makers. Speaking at the 2018 Shangri-La Dialogue the U.S. Defense Secretary James Mattis described Russian-Chinese relations as “natural nonconvergence of interest” (Mattis, 2018). In his view “it is objective fact that Russia has more in common with Western Europe and the United States than they have in common with China. I believe China has more in common with Pacific Ocean nations and the United States and India than they have in common with Russia” (Mattis, 2018).

This paradigm is based on several factors. First, the growing asymmetry between Russia and China in economic and demographic areas, which should make Russia fearful and wary of its eastern giant. The Russian economy is about
six times smaller than the Chinese, and with economic stagnation in Russia but still very high growth rates in China (6.7% in 2016), this gap is getting bigger every year. Already by the early 2010s the structure of Russian trade with China became similar to its trade with the EU, with Russia supplying raw materials and importing manufactured goods, machines and added value products. Demographic contrast between an overpopulated China and Russia’s neighboring regions inhabited by just 6.3 million people after having lost a quarter of its population after the collapse of the USSR, is also striking. Militarily Russia preserves its nuclear weapons preponderance and technological advantage in conventional military power, but the gap between Russia and China is quickly shrinking. According to SIPRI, the Chinese defense budget as of 2017 was more than three times bigger than the Russian one (228 billion vs. 66.3 billion USD).

This growing asymmetry, according to many American analysts and politicians, should push Russia to start hedging and even balancing against China, limiting major avenues of cooperation and intensifying relations with the West as a source of protection. According to some Western observers, Moscow already took measures to limit Chinese economic “expansion” to the Russian market, especially in the Far East, and intentionally slowed down implementation of the special economic zones along the Russian-Chinese border (Rousseau, 2013).

Second is the problematic history of Sino-Russian and especially Sino-Soviet relations. According to China’s official view, Russia acted as a typical Western imperial power in late 19th and early 20th century. With the exception of the 1950s, Chinese-Soviet relations were hostile during most of the Cold War (from 1960s up to late 1980s), culminating in a direct military clash in 1969 at Damansky island.

Third is the common neighborhood that Russia and China share – Central Asia – and the quick increase in Chinese economic penetration into this region, traditionally regarded by Moscow as its backyard. As of 2018, China has surpassed Russia as the major trade partner of Turkmenistan, Uzbekistan and Kyrgyzstan – three out of five Central Asian countries. Followed by increase in Chinese political influence, this economic expansion, according to U.S. prevailing narrative, will inevitably cause Russian-Chinese geopolitical rivalry in Central Asia quite similar to the Russia-Western one over Ukraine and other Western parts of the former USSR.

All this contrasts with the intensity and richness of U.S.-Chinese relations, which both sides unquestionably consider more important, than their ties with Russia. U.S.-Chinese trade in goods turnover is US$635 billion, and both sides regard their economic relations as vital for their own development and prosperity. Former U.S. Treasury head Lawrence Summers famously described U.S.-Chinese economic relations as “mutually assured financial destruction” and “balance of financial terror” (Rapkin & Thompson, 2013, pp. 129, 201). Politically the United States and China consider their partnership vital for managing many global challenges such as the world economy and international economic relations, finance, climate change, as well as ensuring free maritime navigation in the Pacific, on which both nations vastly depend. Finally, despite demanding a greater authority and decision-making role, China remains vitally interested in preservation of the liberal world economic order, above all the free trade system.
established by the United States and based to a big extent on American-led regimes and institutions.

As a result, the United States has cultivated a sense that a Russian-Chinese opposition to the U.S. global leadership, hegemony and regional presence, although irritating, should not be considered as a grave strategic threat requiring a separate policy. Beijing, the argument holds, will not risk aggravating its ties with Washington for the sake of some global “anti-American” coalition with Moscow.

Although some of these arguments may be correct by their own merit, this narrative as a whole is false, especially in a wider context. It overestimates the negative consequences of Russian-Chinese rising asymmetry and ignores their ability to manage it, as well as many objective common interests that Moscow and Beijing share. This management was truly remarkable and perhaps even unique in contemporary international relations: there is no hint for this asymmetry in the Russian-Chinese official dialogue, and both sides carefully follow the diplomatic parity and equality principle.

The idea of a Russian-Chinese rivalry in Central Asia misses the fact that expansion of Chinese trade with local states and the latter’s indebtedness to China does not undermine the major pillars of Russian influence in the region: Eurasian Economic Union, Collective Security Treaty Organization and Central Asian states’ dependence on the Russian labor market. China has never asked Central Asians to choose between itself and Russia, or questioned their participation in Russia-centric institutions. Both Russia and China benefit from political stability and economic development of Central Asia and consider their policies as contributing to this in a complementary way; and both are interested in reducing U.S. presence and influence in the region.

Finally, the skeptical arguments ignore the fact that Chinese political and strategic dependence on Russia is no less than Russian dependence on China. Russia is for China the only truly friendly great power and the only truly friendly neighbor. If Russia turns back to West-centric foreign policy or its relations with Beijing deteriorate, China would become encircled by unfriendly powers, which would become a geopolitical nightmare. As a result, Beijing is likely to continue court ing Moscow even if asymmetry between them is exacerbated (Krickovic, 2017).

One should note that an opposite opinion exists in American discourse as well: one which overestimates the dangers of Russian-Chinese partnership and presents it as a sistematically and ideologically anti-Western and anti-U.S. alliance (Rozman, 2014; Schoen & Kaylan, 2014). One can hardly agree with this conclusion for several reasons. First, it ignores the objective scale of Chinese dependence on the United States and on the U.S.-led liberal economic order and its unwillingness to form any systemic opposition to it. Second, it misses the full-fledged commitment of both Russia and China to strategic independence and roles as independent power centers, not restrained by any sort of great power alliance.

**Russian “Turn to the East” and the role of the United States**

There is a widespread opinion among Western scholars and politicians that Russia’s “turn to the East” was just a reaction to deterioration of its relations
with the West, which happened in 2014 and turned out to be much deeper and longer than some in Moscow had originally anticipated. From this perspective Russia would easily revise this policy as soon as its relations with the U.S. and the EU improve again. However, this is unlikely to happen. Moscow initiated its rebalancing toward Asia two years before the Ukraine crisis as a reaction to the general economic and political power redistribution, with the Pacific objectively becoming the centerpiece of the world economy and international political affairs.

Like the United States, Russia understood that preservation and strengthening of its status and role as an independent global power center would depend on its participation in the regional processes, whereas isolation from the Pacific creates a risk of global marginalization. However, as an outsider and newcomer to the region, Russian ambitions and strategy were much more modest than those of the United States. In general, it had three major pillars: further strengthening strategic partnership with China; intensifying relations with other Asian countries and multilateral institutions, thus positioning Russia as an independent Pacific player rather than a Chinese ally; and an overarching pillar and priority – developing the Russian Far East, which was by that time the last underdeveloped region in the Pacific.

Russian desire to strengthen strategic partnership with China further was absolutely natural and predetermined by several factors. First was geographic proximity: the Russian-Chinese border is the second longest border for Russia after the one with Kazakhstan. The second was Chinese remarkable rise (the central reason behind Asia Pacific becoming central to world economy and politics, and behind the overall power shift in the world) and China becoming the main economic partner for the majority of Asian countries. In 2010, China surpassed Germany Russia’s as major trade partner. The third was the logical implication of the first and the second ones: as the regional economic superpower, it was natural that China would play a crucial role in development of the Russian Far East – more than any other player in the Pacific. The fourth factor was Moscow’s intention to manage the growing Russian-Chinese asymmetry and develop a new level and rules of strategic partnership before power shifts in Chinese favor too much. Finally, Russia and China share multiple common interests both at global level (collaboration in the UN Security Council, reform of global governance institutions, resisting U.S. hegemonic ambitions and policies such as regime change, etc.) and regional level (ensuring political stability and economic development of Central Asia, weakening United States’ position there).

At the same time, Russia made it very clear that its “turn to Asia” was not just a turn to China. The latter would have made Moscow Beijing’s junior partner, thus jeopardizing Russian major foreign policy tradition and its identity as an independent global player enjoying parity and equality with other global centers of power. Alexander Lukin, one of the leading academics focusing on Russian-Chinese relations, provides excellent analyses of the logic of Russian “pivot to Asia” and of Beijing’s place in it in his book “China and Russia: The New Rapprochement” (Lukin, 2018a, 2018b). Positioning itself as an independent power in the Pacific, not as an ally of China, certainly required intensification of relations with other Asian states (Japan, South Korea, India, ASEAN
member-states) and multilateral institutions, above all ASEAN-centric structures (Korolev, 2016). However, the China factor and other limitations (such as its territorial dispute with Japan) prevented Moscow from going too far in strengthening relations with these countries, many of which were increasingly fearful of Chinese power and its hegemonic potential. As Russia was balancing between China and other Asian countries, unlike the United States, it was unable to take a clear position on many of the acute security issues of the Pacific, such as territorial disputes and freedom of navigation in the South China Sea. Its approach was doomed to be neutral with some rhetorical (but not substantial) sympathy for the Chinese approach.

The development of the Far East and Russia as a whole as a result of its greater integration into the regional processes was the major economic rationale of its “turn to the East” policy. There was a growing understanding that this vast territory, historically considered as deep periphery, outskirts, a closed fortress, underdeveloped and increasingly depopulated, would become a huge liability for the Russian state, and over time perhaps even a source of severe troubles in relations with neighbors, including China. Or it could become a powerful driver of economic development and a factor of Russian strength in the 21st century. With the development gap between the Russian Far East and majority of other Asian territories getting bigger, there was no time for delay. Rapid development of this region was becoming not just a matter of Russian positioning of itself as a global great power, but a question of territorial integrity and survival. These questions were truly inseparable, and both necessitated economic development of the Far East. It was impossible for Russia to play a full-fledged role in the Pacific, thus ensuring its global status in the Pacific-centric international system, while its Pacific territories remained backward and underdeveloped.

At the same time, it was clear that domestic Russian resources were drastically insufficient for ensuring successful development of the Far Eastern regions, and that the best way to do that was integrating them into regional processes, drawing the Pacific nations in and using their capital, technology and markets as external sources of development. This required attracting foreign investment, increasing connectivity between the Russian Far East and other Pacific territories, as well as the European parts of Russia (Eurasian transit), and building up exports from the Far Eastern regions to the Asian countries with demand for energy and agriculture. Boosting development of the Far East with the help of the Asia Pacific economies in turn could become a new powerful engine of development for Russia as a whole, inasmuch as Russia’s earlier model of economic recovery that depended on energy exports to Europe was by 2011–2012 largely exhausted.

In addition to multiple domestic economic and administrative decisions aimed at improving investment attractiveness of the Far East and its openness and accessibility for foreign investors, a fundamental shift in perception of the land was required from periphery and fortress to a major frontier and the second center of gravity after the European part of Russia. In foreign policy, implementation of this idea demanded very active engagement with the Pacific countries – the more the better – and adopting a series of bilateral and multilateral agreements on trade, investment and economic relations, participation in multilateral connectivity and economic cooperation initiatives in the Pacific.
driven by APEC and ASEAN and, above all, maintaining balance between China and the rest in terms of their role in Far East development. It was very important for Russia to avoid Chinese unilateral domination of the development projects.

However, implementation of this policy was slow, disorganized and insufficient. After the 2012 APEC summit in Vladivostok was over, Moscow’s attention to the region visibly declined. Other “mega projects” came to the fore, such as preparation for the Olympic Games in Sochi in 2014. Russia failed to appoint a permanent ambassador to ASEAN for a long time, and the Russian president was regularly missing the East Asian summits, sending either, the prime minister or foreign minister instead. Because of lack of experience, cultural differences and prevailing Euro-centric orientation among the Russian business elites, it was quite slow in promoting development projects and attracting investments from Asian states and companies. The Ministry for Far Eastern Development was established in May 2012, but at the start its performance was hardly efficient. According to prominent Russian experts, the major product of its performance in more than a year was the state program SocioEconomic Development of the Russian Far East and the Baikal Region, which was approved in March 2013, but which just half a year later was officially recognized as outdated, mainly because of serious flaws in the document (Karaganov, 2014).

In terms of Russian exports to the region the main emphasis was given to energy. The Russian government did try to promote agricultural exports and position Far East as an agricultural reservoir for Asia Pacific, but with poor success – despite the growing demand for food and hydroscopic products in China and some other Asian countries.

The resolution of the Russian-Japanese territorial dispute was stalling, thus impeding diversification of Russian relations in Asia and limiting its cooperation with one of the other key players of the region. Among the Southeast Asian states Russia managed to substantially intensify its economic and security (arms sales) partnership with Vietnam. It was particularly important as a manifestation of Moscow’s autonomy from Beijing on the regional matters, and Beijing did not hesitate to state its disappointment with the growing Russian-Vietnamese partnership, including in the South China Sea. Still, relations with other regional players remained relatively low – despite Russian efforts to intensify arms supplies to Thailand, Laos, Indonesia and Malaysia – also against evident protests from China. Relations with India were developing in a quite successful and consistent way, but were largely detached from the wider Asian context and kept as predominantly bilateral.

As a result of these and some other deficiencies of Russia’s “turn to the East” implementation, many Asian states simply did not consider it serious and thus did not view Moscow as a reliable and credible partner. Moreover, since much of the real substance of Russian economic and political relations with Asia was in fact its bilateral ties with China, many regional states started to view Russia as China’s junior partner or a sort of participant of a tandem with China, rather than an independent great power. Indeed, Russian trade with China was more than twice as big as its trade with other Asian countries altogether; China was
the major partner in Far Eastern development projects; and Moscow’s political
dialogue with Beijing was far more intensive and foreign policy coordination far
closer than with any other state in Asia Pacific. Since many states of the region
had increasingly tense political relations with China, such a perception substan-
tially undermined Russian position and implementation of its “turn.”

Finally, such an imbalance in Russian Asian policy toward China and lack of
real substance of the other components of the “turn to the East” strategy, espe-
cially during its initial stages, contributed to the U.S. perception of Russia as an
essentially European country with little to do with the Pacific. The United States
simply did not pay attention to Russian rhetoric and actions about its “turn to
the East” and regarded them as not serious. As Russia analysts Bobo Lo and
Fiona Hill put it, “Unfortunately for Putin, Moscow has limited capacity to make
its pivot dreams a reality,” adding that “In short, Russia’s pivot is not so much
policy as talk” (Lo & Hill, 2013). As for the progress in Russian-Chinese rela-
tions, the United States did not consider it durable and sustainable as it believed
in an inevitable Russian-Chinese deterioration. Thus, it did not think that this
strengthening was a serious challenge, let alone a threat requiring a separate
Pacific policy toward Russia. As Lo and Hill conclude, “over the long term, the
economic and political gap between a dynamic China and a nonmodernizing
Russia will be too wide for Moscow to bridge in the Asia-Pacific. … Looking
beyond Russia’s current pivotal moment, it is more likely than not to find itself
disillusioned once more, caught between an East to which it does not belong and
a West in which it does not easily fit.” (Lo & Hill, 2013).

If the U.S. failure to consider Russia in their “pivot,” although shortsighted,
could at least partly be justified by the marginal role Moscow was playing in the
Pacific, especially beyond China, the Russian failure to attribute a prominent
role to the United States in its own “turn” is an unforgivable mistake. Indeed,
the U.S. dimension in the Russian strategy was strikingly not commensurate to
the major role America was playing in the Pacific economy and security systems.
Even if Russia did not support much of the U.S. security and economic policy
in the region, it was still doomed to face the U.S. factor and presence in almost
every dimension and issue in the Pacific.

Strategically Russian failure to establish a dialogue with the United States on
the Pacific diminished Russian ability to position itself as an independent power
in region and convey to others its wish to be recognized as such. It also reduced
the potential of Russian cooperation with U.S. allies and partners in the Pacific,
which constitute a majority of the countries of the region. Thus, Russia increased
its unilateral dependence on China (which, incidentally, had a very intensive
dialogue with the United States) and strengthened the others’ suspicions that it
is not truly independent in its Pacific policy.

Tactically Russian failure to allocate a role for the United States in its “turn to
the East” policy deprived it of some important benefits it could obtain through
cooperation with Washington, the most important being American investments
into the Russian Far East and encouragement of U.S. allies and partners to accel-
erate their participation in these projects. This could have substantially increased
effectiveness of the Russian attempts to sustain a balance of foreign investors
into projects in the Far East.
Most probably, this was a result of foreign policy thinking rigidity and lack of imagination. A U.S.-Russian dialogue on the Pacific would indeed have been very untraditional from the perspective of the conventional agenda of U.S.-Russian relations, centered on strategic stability, international security, Europe and the post-Soviet space. Policymakers in Moscow – either those running the Asian agenda, or those dealing with the United States – did not consider the Pacific as a promising agenda and certainly failed to present a U.S.-Russian dialogue on the region as Moscow’s important foreign policy interest and preference. This is a vivid illustration of severe illness of both U.S.-Russian relations and Russian policy toward the United States and particularly of their detachment from important trends of global development. If U.S.-Russian relations were healthy, they would have definitely followed the global trend of the Pacific becoming the centerpiece of global economy and politics, and foreign policy evolution characterized by a “turn to the East.”

Thus, the U.S. and Russian “pivots” to the Pacific, although different in ambitions and scale, had three things in common: they were based on perception of the region’s centrality in global economy and politics; they happened at the same time; and they lacked a dialogue between themselves. Neither the United States nor Russia saw each other in the Pacific as potential, let alone preferential, partners, and failed to consider their dialogue on the Pacific as a part of the U.S.-Russia relations agenda – at a time when this agenda was drastically needed.

**Russian and U.S. interests in the Pacific**

Could a hypothetical U.S.-Russian dialogue on the Pacific, if it had been launched during the upswing period of their relations, become a stabilizer? To answer this question one needs to analyze their converging and diverging interests toward the region and where to strike a balance. The resulting picture is complex, as both common and clashing interests exist and are important. Some factors such as the role of China unite and separate Russia and the United States at the same time (Mankoff & Barabanov, 2013). Still, common interests prevail.

First, both Russia and the United States are interested in economic and security orders in the Pacific being inclusive and open for non-Asian nations, such as themselves. A strictly Asian or Asia-centric order, dominated either by China alone, or by China, Japan and India would be unfavorable for both Moscow and Washington, as they would be sidelined to a marginal role. For Russia as an indigenously marginal player in the region, this would be even more dramatic.

Second, Russia and the U.S. share an objective and important interest of avoiding Chinese hegemony in the region. For the United States, a China-dominated Asia would pose the gravest strategic threat whatsoever, similar to a Soviet-dominated Europe after the Second World War. Preventing key regions from being dominated by uncontrollable, let alone rival and adversarial, powers, has been the primary priority of U.S. grand strategy in the last one hundred years and the reason for the United States to go into wars, including First World War, Second World War, and the Cold War.

For Russia as a weaker power, avoiding Chinese hegemony is perhaps even more important. First, a China-dominated Asia would prevent Russia from being an independent power in this region and restrict it to a marginal subordinated
role. Second, consolidation of Chinese hegemony in Asia would create temptation for Beijing to try to pursue an increasingly hegemonic policy toward Russia itself. This would pose the gravest threat to Russian-Chinese relations: Russia would be compelled to start counter-balancing and containing. As of now the major source of the positive state and durability of Russian-Chinese partnership is that Beijing is avoiding any allusions to hegemony and superiority to Moscow: it emphasizes equality in bilateral relations, avoids challenging Russia-centric institutions in Central Asia and agrees to develop economic and security orders in Eurasia jointly with Russia (the Shanghai Cooperation Organization and coordinated development of the Eurasian Economic Union and China’s One Belt-One Road initiative). If this state of affairs changes, Russian-Chinese relations would face real troubles, even outright hostility, which many U.S. experts predict and anticipate.

However, weakening and destroying U.S. hegemony in Asia-Pacific is no less vital for Russia, than preventing a Chinese one, and so far this creates a fruitful space for Russian-Chinese cooperation.

Third, both sides are interested in preventing aggravation of conflicts in the region, including those in the South China Sea. This aggravation, let alone direct military clashes and war, would jeopardize economic growth of Asia, vital routes of global trade, and possibly trigger a deep world economic crisis, from which both Russia and the United States would suffer.

Fourth, Moscow and Washington are interested in management of the North Korean nuclear weapons problem, and neither prefers escalation. The reasons each side has are different. For Russia, an unresolved North Korean nuclear weapons issue justifies the increase of U.S. military presence in North-East Asia, which Moscow does not support. Escalation might result in even greater U.S. military presence and eventual elimination of the North Korean state, which will move the U.S. presence even closer to China and Russia. For the U.S., development of a North Korean nuclear program is a challenge to credibility: America’s continued inability to resolve it undermines its ambitions to be a global leader and hub of security in the Pacific. On the other hand, aggravation might even destroy the U.S.-centric system in Northeast Asia, as both Japan and South Korea would suffer greatly and might accuse the United States of sacrificing their interests and security for the sake of American ambitions.

Fifth, Russia and the United States both support multilateral ASEAN-centric fora and are interested in their centrality in regional security architecture and economic processes. Russian interest is more genuine, since their centrality would create a better chance for Moscow to play a role in Pacific affairs. Although Washington is more interested in promoting U.S.-centric arrangements, it still supports the ASEAN-centric ones in order to avoid aggravating the majority of regional players, for whom these forums are very important, and in order to prevent China from gradually acquiring regional dominance. Russia shares the latter interest as well. Neither of them is interested in marginalization of these multilateral arrangements nor in Chinese unilateral leadership in them.

Diverging U.S. and Russian interests, on the other hand, largely center around the U.S. role and place in the region and in its security architecture and economic order. The U.S.-centric order in the Pacific is as unfavorable for Russia as a Chinese one (or even more – given troublesome bilateral relations in general),
as both doom Moscow to a marginal position. Thus, Russia is generally critical of the U.S.-led system of defense alliances in Asia, of American attempts to broaden the web of partnerships to other Asian states, and it was initially suspicious of the TPP.

Moscow and Washington clearly favor different security architectures in Asia. For Russia preservation of the U.S. alliances after the end of the Cold War was perceived as an attempt to consolidate unipolarity and U.S. global leadership, which sharply contradict the Russian vision of a desired world order. The alliance system also works to prevent or slow down the rise of new power centers, above all China, and the general power shift from the West to non-West. The only exception is U.S. alliance with South Korea, which is regarded as related to the North Korean challenge, and thus justified. In contrast, the U.S.-Japanese alliance is viewed with suspicion as a part of the United States’ containment of China and hegemonic policies. If this U.S.-centric hub-and-spokes system prevails in the regional security order, Russia is automatically pushed to the sidelines – just as with the NATO-centric security order in Europe. The implications on their relations with China are mixed. On the one hand, their existence certainly prevents Chinese hegemony. But on the other hand they contribute to continued polarization of the Pacific into a U.S.-centric and China-centric part, which also marginalizes Russia. Russia has to be in this context either an outsider or a Chinese junior partner.

Russia is even more upset with U.S. attempts to broaden its system of allies and partners to include such countries as India, Vietnam, and Indonesia. First, this expands the U.S.-centric security order in the Pacific, thus automatically marginalizing Russia even more. Second, this expansion aggravates the U.S.-Chinese rivalry and general polarization of the Pacific, makes it an arena of sharp competition, which also dooms Russia to a marginal role. Third, it aggravates conditions of Russian relations with these countries themselves, which have traditionally been major importers of Russian weapons, military equipment and economic partners as well. With the U.S. outreach, competition for their markets profoundly increases, and the overall importance of their economic and political relations with Moscow goes down.

At the same time, the intensity and importance of the U.S.-Russian contradictions over security order in the Pacific are much less than those in Europe or especially in the Post-Soviet space. The formation of a new non-block security architecture in the Euro-Atlantic with a full-fledged Russian participation has been among its major foreign policy priorities since the early 1990s, and the struggle against NATO expansion has dominated much of Russian foreign policy since 1994. Expansion of the U.S.-led security order in Europe was at the center of each of the major crisis of U.S.-Russia relations for the whole post-Cold War period. In Asia, their contradictions have been less acute. Partly this is due to historical reasons and because traditionally Europe played a far greater role in Russian security concerns and U.S.-Russia relations, than Asia. Partly it is because the U.S.-led security system in Europe is consolidated within NATO, whereas in Asia there is a much less unified system of bilateral alliances. Finally, unlike in Europe, the U.S. security system in Asia has not been expanding in the post-Cold War period, especially to regions of vital importance to Russia.
Even prior to Trump Russia is also not interested in a U.S.-centric economic order in the Pacific, whether is it centered on the TPP or on something else. Despite the possibility that some of the TPP provisions could play a positive role for Russian modernization, the very fact that they were elaborated in an exclusive way with Moscow and Beijing being cut from the negotiations, guaranteed a negative attitude. Moreover, creation of multilateral U.S.-led economic projects without China contributes to economic polarization of the Pacific, which is also against Russian interests as it increases its dependence on China. As with security field, Russia supports consolidation of an inclusive economic order in the Pacific (such as a one based on APEC) that would maintain a balance between several centers of power and prevent a hegemony of a single player. Naturally, as the U.S. intensified efforts to consolidate American-centric economic and security orders in the Pacific, Russian criticism of them was getting stronger.

Another important U.S.-Russian contradiction in the region relates to missile defense. In particular, Russia is critical of U.S. deployment of missile defense system in Japan. On the one hand, this is a spillover of their general clash on this issue. After the U.S.’ unilateral withdrawal from the ABM Treaty in 2002, Russia has been considered its missile defense policy as threatening to strategic stability in the longer-term prospect. The logic is that without any restrictions Washington might eventually build a system that could be able to challenge Russian second strike capability, which is considered as prerequisite of stability and absence of war between Moscow and Washington and manifestation of Russian exclusive great power status. Such approach also allows Russia to abstain from further reductions of nuclear weapons and maintain vast nuclear preponderance above everyone except the United States, which is also vital for Russian security and great power status.

Despite profound modernization of Russian strategic nuclear forces in recent years and successful construction of weapons allegedly capable of overcoming any hypothetical missile defense systems (such a hypersonic nuclear armed missiles), proclaimed by Vladimir Putin in March 2018 Address to the Federal Assembly (Putin, 2018), Moscow continues to criticize all U.S. missile defense infrastructure, especially those close to Russian borders, as destabilizing and threatening. Moreover, deployments of U.S. missile defense infrastructure are part and parcel of the general expansion of the U.S. military presence and strengthening of U.S.-led security orders in key regions, which Russia perceives negatively in general. Finally, these deployments constitute different regional branches of one and the same U.S. global missile defense system, centrally controlled by Washington and operated by U.S. the military only.

On the other hand, the China factor is also important for Russian criticism of the U.S. missile defense policy in Asia. This is not just about Russian solidarity with its major strategic partner. American missile defense deployments in Japan and South Korea (Russia is less critical about the latter, but still has a negative attitude) provoke arms race, and push China to increase defense spending even more and expand and improve its nuclear weapons program. This decreases Russia’s military advantage over China and eventually compels Moscow to take steps that it would ideally prefer to avoid.

Last but not the least, Russia and the United States disagree about ways to resolve the North Korean nuclear problem and the desired outcome. Russia fully
understands the DPRK’s position that after United States’ attacks against Iraq and Libya, a unilateral denuclearization would be an act of utmost insanity and a death sentence. This suggests that management of this issue would be slow, difficult and requiring balanced compromises from both sides, including the United States.

In the medium-term prospect Moscow seems to be ready to embrace an option whereby DPRK limits, not eliminates, its nuclear weapons and ballistic missile programs in exchange for credible concessions from the United States, such as diplomatic recognition, guarantees of nonaggression and rejection of regime change policy, partial abolition of sanctions and partial reduction of U.S. military presence near North Korea. This option, although acceptable for Pyongyang, is undesirable for Washington, as would look like a its unilateral concession that would undermine America’s credibility in the eyes of its regional allies, above all Japan and South Korea. Thus, under the Trump Administration, the U.S. insists on North Korea dismantling its nuclear and missile programs in exchange for a direct bilateral dialogue and its better tone, not such material concessions as reduction of the U.S. military presence in Northeast Asia.

In the long-term prospect Russia prefers a scenario whereby DPRK denuclearizes completely and irreversibly, but survives as an independent player with the existing political regime, and whereby the United States takes measures to convince Pyongyang and other interested players (China and Russia), that an attack against it is not just absent from the agenda, but difficult to implement in practice. The latter presumes a fundamental revision of the military-political situation in Northeast Asia: substantial reduction of U.S. military presence and elaboration of an inclusive collective security system with Chinese, Russian, and North Korean participation.

Such a development might persuade Japan and South Korea to obtain a nuclear deterrent of their own. Indeed, reduction of U.S. military presence, its security guarantees and recognition of North Korea, would make Tokyo and Seoul increasingly vulnerable and suspicious of not just DPRK itself, but also (and mainly) of China. Under conditions of the U.S. retrenchment China might intensify its assertive and hegemonic policies further, so Japan and South Korea would have to counter-balance it themselves. However, there are grounds to think that such an option for Russia could be acceptable. Independent Japanese and South Korean nuclear weapons would not just undermine the U.S. alliances system in Asia that Moscow does not like, but also put substantial limits to Chinese hegemonic ambitions, and create a truly multipolar great power balance in Northeast Asia, which Moscow considers most favorable for its interests. Indeed, such a great power balance in the region would simplify the task of Russia to become another Asian great power and even create a demand for its participation as a balancer.

For the United States, these preferences and scenarios are unacceptable and seem to be purposefully anti-American. Washington prefers a solution which would preserve its alliances with Japan and South Korea and strengthen its leadership, not undermine it, and thus demands denuclearization of North Korea without any linkages to U.S. military posture in the region. Since Washington does not support the idea of its alliances being replaced with a collective security
system in Northeast Asia, it does not perceive Russia as a preferential partner in management of the North Korean problem, especially so after the Trump Administration embraced direct negotiations with Pyongyang.

**What a U.S.-Russian cooperation agenda in the Pacific could have looked like**

This analysis shows a complex balance of converging and diverging interests of Russia and the United States in the Pacific. Despite the diverging ones being quite serious, the overall balance is still in favor of the convergence ones, which seem to be more fundamental and long-term. The situation in the Pacific is still drastically different from the balance of U.S. and Russian interests in Europe, post-Soviet space or even the Middle East, where diverging interests clearly prevail. This means that with some imagination, courage and political will, Moscow and Washington could have made their dialogue on the Asia-Pacific a prominent component of their relations agenda and a pillar of positive cooperation, thus creating an important source of their relations’ sustainability (The US and Russia in the Asia-Pacific, 2016).

In particular, both sides could have coordinated their efforts to promote Russia’s economic and political relations with U.S. allies and partners in the region, thus reducing Moscow’s unilateral dependence on China and hedging against Beijing’s hegemonic policies in the region. This is a clear common interest for both Russia and the United States. Resolution of the Russian-Japanese territorial dispute and deepening of their relations should have been one of the major dimensions of this priority, especially since it was (and is up to now) actively supported by Tokyo. Establishment of Russia-U.S.-Japan and Russia-U.S.-South Korea trilateral dialogues would have reduced Russian economic and political dependence on China, increased Japan’s and Korea’s role in development of Russia’s Siberia and Far East, and strengthened Russian role in the Pacific independently of China.

The United States and Russia could have also intensified Russian participation in U.S.-centric multilateral security arrangements in the Pacific, such as the RIMPAC military exercises. Russia took part in them just once in 2012; its participation in 2014 was excluded following the Ukraine crisis and beginning of the new U.S.-Russian confrontation. The two sides could agree on making Russian participation permanent. Russia and the United States could have also intensified coordination at the ASEAN-centric multilateral security forums, since both sides were interested in ASEAN’s survival and strengthening and were paying lip service to promoting their centrality in the regional security order.

In addition, both could have established bilateral and multilateral dialogues (including U.S. allies and partners in the region) on security order in the Pacific in general, including the China factor. This dialogue should have coexisted with a strong Russian-Chinese security partnership, thus reducing the overall polarization of the Pacific into a U.S.-centric and China-centric sub-orders. A more prominent Russian role and U.S.-Russian dialogue on the Pacific could have even mitigated the growing U.S.-Chinese rivalry. Over time, the sides could have established a trilateral U.S.-Russian-Chinese dialogue on security order in
the Pacific, which would have been a game changer for the region for the better, preventing its polarization and U.S.-Chinese strategic rivalry.

A web of more intensive security dialogues with the United States and its Pacific allies and partners, if combined with preservation of the Russian-Chinese strategic partnership and development at later stages of more inclusive U.S.-Russian-Chinese and multilateral security formats, could have diminished Russian suspiciousness and opposition to the U.S.-centric security architecture in the region. At the same time, active security cooperation between Russia and such Asian countries suspicious of Chinese hegemonic ambitions in the region, as India and Japan, could have allowed the United States to reduce its own contribution to counterbalancing China and put more emphasis on the efforts conducted by its regional allies and partners. This could make its military posture in the Pacific less costly and more balanced – much along the lines of the “offshore balancing” strategies advocated by leading American realists (Mearsheimer & Walt, 2016). Despite regional actors’ rather high ability to contain and counterbalance China, they are usually underestimated by American policy planners (Beckley, 2017). A more robust Russian cooperation with U.S. allies and partners could have made the latter even more capable, thus mitigating the most fundamental contradiction between Moscow and Washington in the Pacific: Russian suspiciousness of and opposition to the network of U.S.-centric security alliances.

The United States itself could have played an important role in promoting economic development of Russia’s Siberia and the Far East as a provider of investments, knowhow and technologies, and taking benefit from development of this last remaining Pacific frontier (Karaganov & Suslov, 2011). American participation would have balanced Chinese role in regional development, and provided the developmental project with higher standards and better governance rules as well as encouraged U.S. allies and partners to intensify their involvement in the development of Siberia and the Far East.

Finally, Moscow and Washington could have upgraded their cooperation on the North Korean nuclear problem, with Russia providing important economic incentives and security guarantees for Pyongyang’s gradual step-by-step denuclearization.

Such a cooperation agenda for the Pacific might have helped sustain relations when the U.S.-Russian “reset” started to crumble since 2011-2012.

Conclusion

If the U.S.-Russian dialogue on the Pacific had been established in 2011–2013, the stakes of both sides in their bilateral relations and their perception of costs and benefits would have been different. It is quite likely that dialogue and cooperation would have created a mutual sense of importance of the U.S.-Russian relations as a whole, and that U.S. response to the Euromaidan crisis in Ukraine in 2014 would have been different. The two sides would have considered it important to avoid overall confrontation and they might have made an effort to manage that crisis in a cooperative way, rather than taking unilateral steps at the expense of each other.

This opportunity was missed, and the Ukraine crisis sparked a new stage of U.S.-Russia relations – systemic confrontation- which with the Russian military
involvement in the Syrian civil war on the side of Bashar Assad government and U.S. accusations of Russian interference in the 2016 U.S. Presidential elections deepened and deteriorated even further, becoming quite reminiscent of a new Cold War (Legvold, 2016). As a result, the United States started to perceive Russia as an apparent adversary that tries to undermine American position and policies in key regions and challenges its leadership globally.

This development impacted U.S.-Russian interaction in the Pacific as well. Although not a source of U.S.-Russian confrontation, the region became another theater (although less fierce than Ukraine, Europe, or the Middle East) where both sides became driven by adversarial logic rather than by objective long-term interests.

Washington under both Presidents Obama and Trump turned to impeding Russia’s cooperation with U.S. allies and partners in Asia-Pacific through either political pressure (e.g. Obama Administration insisted on Japan joining anti-Russian sanctions and pressured its Prime Minister Abe to abstain from active dialogue with Vladimir Putin) or through threatening unilateral sanctions for importing Russian arms (as prescribed by Countering American Adversaries Through Sanctions Act adopted in August 2017), thus trying to isolate Russia in the region and weaken its international standing. The Trump Administration’s National Security Strategy officially proclaimed Russia and China as its global adversaries (National Security Strategy, 2017).

Moscow, in turn, became very critical of the Trans-Pacific Partnership project during the late Obama era, opposed U.S. policies toward North Korea and the South China Sea during early Trump period, and was quite suspicious of the Trump Administration’s flagship project in the region – its Indo-Pacific concept. Russian’s “turn to the East” strategy – originally a rational reflection of the shift of the global center of gravity to the Asia Pacific – started to be perceived and presented as an alternative to its relations with the West and a way to compensate for deterioration of ties with the U.S. and the EU. Although Russia tried its best to maintain balance between its relations with China and that with other Asian states – struggling to intensify cooperation with India, Japan, South Korea, Vietnam, and other ASEAN states or at least to prevent its decrease since 2014 the intensity and dynamic of its partnership with China clearly prevailed over its relations with other Asian states.

The spillover of the new U.S.-Russian confrontation to the Pacific is contrary to both sides’ strategic interests. It contributes to the general polarization of the region in a Cold War style, which could jeopardize economic development of Pacific countries and is against the interests of nearly all the Pacific countries. This confrontation impacts Russian relations with both U.S. allies in the region (Japan, South Korea, and Australia) and countries that Washington seeks partnership with (India, Vietnam, Indonesia, and some others) in a negative way. They continue to develop now despite American pressure, but if the U.S.-Russian confrontation escalates further, they would certainly suffer. This would undermine Russian desire to play the role of an independent great power in the Pacific and increase its dependence on China, which eventually would create a strong irritant in Russia-Chinese relations.

The new U.S.-Russia confrontation is bound to last a long while (Suslov, 2014) and it will be painful (Trenin, 2016), but its spillover to the Pacific does not serve
American interests, either. United States attempts to limit Russian cooperation with Pacific states and to “isolate” it undermine American power. Russia’s position as an independent great power in the Pacific is fully congruent with the interests of the U.S. allies and partners, who are afraid of a hypothetical Russian-Chinese alliance and prefer Moscow to play a role that is autonomous from Beijing. Finally, the United States itself is not interested in continuous deepening of the Russian-Chinese partnership as it considers China the major strategic rival which is preparing to intensify its political, economic and military capacity for years to come. Beliefs that Russia is doomed to clash with China over Central Asia, that it will become increasingly concerned about rise and over asymmetry in Russian-Chinese relations, and thus will be compelled to return to the Western orbit in the end – although quite popular in Washington today – are misguided. The more intensive is U.S.-Russian confrontation, including in the Pacific, the stronger will be the consolidation of the Eurasian landmass against the United States under Chinese and Russian leadership, and the greater will be the protest against such U.S. policies on the part of American Pacific allies and partners.

Thus, both Russia and the United States would benefit, if they succeed in separating their relations in the Asia-Pacific from the general U.S.-Russian confrontation, which is for is bound to last a good long while. This entails building a nonadversarial relationship in the region without active cooperation (in as much as cooperation unlikely in the observable future), but without outright confrontation either. Both sides should refrain from perceiving actions of the opponent as a-priori negative and from calculating its own interests in automatic opposition to the interests of the other.

U.S. attitude to Russian cooperation with its major allies and partners in the region, including India, Japan and South Korea, should be positively neutral (not publicly encouraging but not torpedoing the engagement either). The common interest of Moscow and Washington in intensifying security, foreign policy and economic ties and cooperation between Russia on the one hand and the U.S. allies and partners in the Pacific on the other hand, greater checks against Chinese hegemonic ambitions in the region, Russia in turn should as much as possible stay detached from U.S.-Chinese clashes over the South China Sea and have separate dialogues with regional countries on security issues. Finally, Russia and the United States should participate in the same multilateral and minilateral strategic talks about security and economic order in the region.

Such an outcome would create a more favorable environment for Russia to continue the role of an independent power center in the Pacific, having balanced relationships with the key regional actors, while not jeopardizing Russian-Chinese strategic partnership. Moreover, it would reduce polarization in the Asia Pacific and prevent its evolution toward a bipolar system dominated by the U.S. and China. Finally, it would create conditions for the gradual convergence and complementarity of two grand projects for the region – the “Indo-Pacific” and “Greater Eurasia.”
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Note

1 By the time the Euromaidan crises began, Obama Administration had no political will left to work to sustain US-Russian relations in a positive mode and no understanding why constructive relations with Moscow were necessary. Obama’s decision to cancel his visit to Moscow planned for September 2013 was very illustrative in this regard.

References


Russia’s Policy toward Japan and Regional Security in the Asia-Pacific*

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Relations with Japan are a key component of Russian policy in the Asia-Pacific and an important part of Moscow’s foreign policy in general. Relations are not free of challenges, primarily due to the existing territorial dispute. Furthermore, Japan is an important strategic ally of the United States, with whom Russia’s relations are currently at their lowest point since the collapse of the Soviet Union. At the same time, mutual interest in economic cooperation has motivated Moscow and Tokyo to enter into serious negotiations in an attempt to overcome their political differences—differences that outside forces seek to exploit. Japan can help Russia avoid a one-sided economic dependence on China, but because of its ties to the United States and the territorial dispute with Russia, Japan cannot assume the same level of importance for Moscow as China holds.

Key words: Asia-Pacific, Japan, Japanese-Russian rapprochement, Korean Peninsula, Russia

俄日关系是俄罗斯在亚太地区政策的关键，也是该国总体外交政策的重心。由于当前的领土争端，两国关系并非一帆风顺。此外，日本是美国的重要战略盟友，而美俄关系目前处于苏联解体以来的最低谷。与此同时，基于两国在经济合作方面的共同利益，俄罗斯和日本积极开展认真谈判，试图化解彼此之间的政治分歧——外部势力想要借此趁虚而入。日本可以帮助俄罗斯避免对中国片面经济依赖，但由于日本与美国的关系以及其与俄罗斯的领土争端，日本对俄罗斯而言仍不如中国对其重要。

关键词：亚太，日本，日俄和解，朝鲜半岛，俄罗斯

Las relaciones con Japón son un componente clave de la política rusa en la región Asia-Pacífico y una parte importante de la política exterior de Moscú en general. Las relaciones no están libres de desafíos, primordialmente debido a la disputa territorial existente.

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Además, Japón es un aliado estratégico importante para los Estados Unidos, con quien Rusia tienen unas relaciones que están en su punto más bajo desde la caída de la Unión Soviética. Al mismo tiempo, el interés mutuo en la cooperación económica a motivado a Moscú y a Tokio a entrar a negociaciones serias para intentar superar sus diferencias—diferencias que las fuerzas extranjeras quieren utilizar. Japón puede ayudar a Rusia a evitar una dependencia de China unilateral, pero por sus lazos con los Estados Unidos y la disputa territorial con Rusia, Japón no puede asumir el mismo nivel de importancia para Moscú que tiene China.

Palabras clave: Asia-Pacífico, Japón, acercamiento japonés-ruso, península coreana, Rusia

Relations between Russia and Japan have always been complex and complicated. For decades, they were determined by two opposing tendencies. On the one hand, the two countries were looking for ways of increasing economic cooperation; on the other, this desire was restricted by political differences and the existing territorial dispute. After the Cabinet of Prime Minister Shinzo Abe came to power for the second time in 2012, the Japanese government decided to develop a broader relationship with Russia despite the inability to immediately resolve the territorial issue. This meant a de facto agreement to accept a strategy that had been put forward by Russia a long time ago: to develop economic cooperation and deepen mutual trust first, and look for new ideas on how to solve the territorial dispute on this basis thereafter. However, the situation became increasingly complicated in 2014 as a result of the conflict in Ukraine, which led to the worsening of Russia’s relations with Japan’s main ally, the United States, and forced Japan to put on hold some of its plans of expanding economic cooperation.

Nonetheless, in its policy toward Japan to this day, Russia continues to expect that Abe will resume his course of strengthening bilateral ties. Russia became even more interested in it after adopting the policy of pivot to Asia, which was pushed forward as a side effect of worsening relations with the United States and the European Union (E.U.). In an attempt to avoid excessive economic dependence on Beijing, Moscow saw the need to diversify its trade in Asia. The factor of a rising China is also pushing Japan to look for other regional partners to balance Beijing’s growing influence. However, Tokyo is also interested in maintaining close relations with Washington, which guarantees its security in the region. At the same time, it is experiencing strong U.S. pressure aimed at stimulating Japan to support anti-Russian sanctions more actively. Will a deeper Russian-Japanese rapprochement in this situation be possible, and what are the realistic prospects for bilateral cooperation? This article aims to explore the possible scenarios.

Unexpected rapprochement

Japan considered the Soviet Union a serious national security threat during the Cold War. Afterward, however, Japan no longer looked at Russia as a likely enemy. Moreover, in its first ever National Security Strategy adopted in 2013, Japan spoke of Russia not as a threat but an important partner in ensuring peace.
Russia’s Policy toward Japan and Regional Security

and stability in East Asia (National Security Strategy of the Cabinet Secretariat of Japan, 2013). That situation changed in March 2014 when Japan announced that it was imposing sanctions against Russia in connection with the Ukrainian crisis. Tokyo halted consultation with Moscow on simplifying the visa regime and postponed the start of talks on a number of joint projects that were to have resulted in the signing of agreements on cooperation in investment and space exploration, and on the prevention of dangerous military activities. Further, in August 2014 Japan adopted restrictive measures against two groups of people numbering 23 and 40 individuals, respectively, whose citizenship, although not specified, was clearly Russian or tied indirectly to Russia through the Ukrainian crisis. In this way, Tokyo made it clear that it did not recognize the incorporation of Crimea into Russia. Japan’s Foreign Minister stated, “Japan will never overlook any attempt to change the status quo by force” (Kitade, 2016).

Despite the situation that had developed, it came as no particular surprise when Japanese Prime Minister Shinzo Abe paid an unofficial visit to Russia in May 2016. Regional security had deteriorated to an unacceptable level due to stepped-up naval activity in the gray zones in the East China and South China seas. The rapidly shifting configuration of challenges and threats had shown that the region’s bloc-based security architecture—in which Washington played an active role—had become less effective. One of the most dramatic and contentious presidential campaigns in U.S. history led to decreased transparency in U.S. foreign policy in general, and a leadership vacuum in the Asia-Pacific in particular. Tokyo was forced to look for new contacts in the region, and began considering Russia as a promising partner. Under such circumstances, the conflict between the Japanese desire to play a more independent role in its foreign policy and its need to support its Western partners’ political and economic isolation of Russia became evident, not only to Japanese politicians but to broader segments of society—especially because Abe had campaigned, in part, on the need to improve Russian-Japanese relations. Tokyo also noted Russia’s ability to adapt well to Western sanctions.

Tokyo also attempted to diversify cooperation on regional security by establishing national defense-related ties with India and Australia, but these have thus far produced only palliative results. New Delhi has stuck to its course of “strategic autonomy” and has been reluctant to be drawn into a confrontation between Beijing and a third party. Abe’s announcement that Japan was interested in China’s “One Belt, One Road” project, which he made in Tokyo on June 5, 2017 at the 23rd International conference on The Future of Asia, came as something of a “cold shower” for India. New Delhi became one of the most determined opponents of that continent-wide project once it learned of China’s plans for the Indian Ocean region, including building infrastructure in Pakistan on the territory that India claims (Munshi, 2017). Adding to this fly in the ointment in Japanese-Indian relations is the lack of progress on talks, dating back to 2011, for Japan to supply the Indian Navy with patrol and rescue seaplanes.

Japan’s failure to win a tender to supply submarines to the Australian Navy in 2017 also negatively influenced the relations between the two countries. An important test for Abe’s new military export policy, the successful sale of submarines would have generated $20 million for the country’s defense industry and demonstrated the economic advantages of “proactive pacifism” to Japanese
voters. For Abe, however, the main goal of the deal was to strengthen military and political cooperation between Japan and Australia, former Second World War adversaries. Behind Canberra’s ultimate decision to award the tender to a French shipbuilder apparently were more than financial considerations. Not only did Australian trade unions put pressure on the government over the lack of localization in the Japanese proposal, but media reports also suggested that China—a principal trade partner with Australia in a number of strategic economic sectors—also applied pressure, unwilling to watch passively as Canberra strengthened its security relations with Tokyo (Ryall, 2016).

However, in 2017, Japan joined the so-called Quadrilateral Security Dialogue (Quad) which was originally championed by Abe during his first term as prime minister from 2006 to 2007 but later canceled over China’s criticism. While all Quad members officially deny that it was directed against China, commentators pointed to the participants’ calls for “free and open international order based on the rule of law in the Indo-Pacific,” and “enhancing connectivity,” as aimed at “countering China’s aggressive behavior in the Indo-Pacific region” and providing an “alternative vision to China’s ambitious Belt and Road Initiative.” (Huang, 2017); (“What is India, US, Japan, Australia quadrilateral?” 2017) (Panda, 2017).

Japanese officials make no secret of their goals for a New U.S.-Japan Strategy. According to Japan’s Assistant Chief Cabinet Secretary and Deputy Director-General of the National Security Secretariat Nobukatsu Kanehara, “China remains reluctant to accept and help defend the values that we cherish. If China wants to join the open and liberal world order in a responsible manner, we should welcome them. But if China wants to take advantage of the system in order to undermine it, or to replace it with their own system, we must dissuade them together” (Kanehara, 2018). This evidently implies that only an obedient China can be accepted, and should it refuse to play by the rules adopted by Washington and Tokyo, it would be contained. However, it is still not clear if this policy is going to bring results or collapse as it did back in 2007.

The joint strategy of Washington and Tokyo to reinforce the infrastructure and military capabilities of the ASEAN states has also failed to produce the results Japan desired. For example, Japan has been actively cooperating with Indonesia on infrastructure and oil and gas projects and, since 2006, has delivered patrol ships to that country despite the fact that Japan’s self-imposed restriction on the export of military products remains in effect. Tokyo was therefore very upset when it learned that Jakarta had chosen Beijing as a partner in building a large-scale infrastructure corridor with strategic importance to the situation in the South China Sea.

Thus, Tokyo was somewhat disappointed in its search for potential partners willing to cooperate on security—an effort that began with the “Arc of Freedom and Prosperity” concept that emerged from Abe’s first Cabinet and included states such as India and Australia that shared Japan’s democratic values. As this was happening, Tokyo began looking more seriously to Russia. In addition to a strong desire to resolve the “Kuril question,” Japan also hopes to develop closer security ties with Russia. The rapid growth of Russia’s military capabilities contributed to this interest. According to former Russian Ambassador to Japan and Deputy Foreign Minister Alexander Panov, the politically and militarily
successful operations by Russia’s Air Force in Syria made the greatest impression on Japanese political circles and on Shinzo Abe, personally. At the meeting in Sochi, Abe expressed his support for Russian and U.S. efforts to conclude a truce in Syria and spoke in favor of Russia playing a more active role in reaching a settlement of the Syrian crisis. Russian President Vladimir Putin suggested that Japan play a more active role in resolving the humanitarian problems in Syria (Panov, 2016). The ability of the Russian military to conduct unique logistics operations dispelled possible doubts as to whether Russia could counter military threats in any part of the Far East—thereby strengthening its position in Moscow’s dialogue with regional partners.

The “new approach” to relations with Russia that Japan announced officially in May 2016 is based on eight points that include regular personal meetings between the Russian and Japanese leaders, as well as expanded economic cooperation between the two countries. At the same time, Japan has not clarified precisely what this “new approach” entails. Statements by Japanese officials such as Chief Cabinet Secretary Yoshihide Suga indicate that Japan would no longer cling to historical claims and would take a more flexible position on the issue of territory. However, he also stated: “The basic position of Japan has not changed,” and that “a peace treaty would be concluded after resolving the issue of the return of the four islands” (Brown, 2016).

In an interview with TASS on December 18, 2016, Abe explained that the eight-point plan touches on “not only the economy and business, but also brings advantages directly connected to the everyday life of Russian citizens in such areas as medicine and the urban environment. It also focuses on inter-regional athletic and youth exchanges. One of the eight points calls for establishing as many direct contacts as possible between Japanese and Russian citizens.” The prime minister emphasized that, “thanks to this, the peoples of both countries will have a tangible sense of the advantage of developing Japanese-Russian relations” (Abe, 2016). At the same time, Japanese representatives had earlier insisted that economic cooperation is a political tool, and that the eight-point plan would be implemented based on progress on the “territorial question.” Deputy Chief Cabinet Secretary Hiroshige Seko stated: “We, of course, believe that peace treaty negotiations and joint economic projects with Russia should be conducted in parallel” (Brown, 2016).

The informal summit in Sochi was followed by a meeting between Putin and Abe on the sidelines of the Eastern Economic Forum in Vladivostok in September 2016. That gathering looked at the questions of developing bilateral cooperation and interaction in the Asia-Pacific region. Abe suggested that he and Putin meet annually in Vladivostok to discuss the implementation of plans to develop cooperation between the states. “President Putin, I will present to you a new proposal,” he said. “Let us meet once a year in Vladivostok to confirm with each other the state of progress of these eight points.” He added that, if that initiative were approved, it would give him an excellent opportunity to visit Vladivostok every year. “Let us occasionally enter the virgin taiga forest, get enveloped in the sunlight filtering through the trees that appeared in Akira Kurosawa’s Dersu Uzala, and together consider what kind of relations Japan and Russia must have 20 or 30 years into the future,” the Japanese Prime Minister said poetically. His comments were greeted with applause. In his speech he also described the
absence of a peace treaty between Russia and Japan for the last 70 years as an abnormal situation and called for putting an end to this ("Address by Prime Minister Shinzo Abe at the 2nd Eastern Economic Forum," 2016).

Putin had commented earlier on this topic, saying that Russia does not bargain with its territories. At the same time, he said, Moscow very much wanted to reach a compromise on this question with its “Japanese friends.” ("Abe predlozhitj Putinu obsuzhdat’ otnosheniya Rossii i Yaponii v taige v luchakh solntsa,” 2016) The next meeting between the two leaders took place in December 2016—despite a perfunctory attempt by U.S. President Barack Obama to persuade his ally to cancel the visit.

Old problems—new approaches

Considerable time has passed since the Russian-Japanese dialogue was revived at the highest level. In that time, Putin and Abe met on several occasions, including in November 2017 at the APEC Summit in Danang; talks between the two countries’ Foreign and Defense Ministers in the 2 + 2 format were renewed; and an agreement was reached on economic and humanitarian questions concerning the southern Kurils.

The plan for the joint economic development of the disputed territories has antecedents. In particular, former Foreign Minister Yevgeny Primakov first proposed it back in 1998 (Primakov, 2017), but the idea only became the subject of concrete negotiations in 2016. According to Carnegie Moscow Center Director Dmitri Trenin, “It has shifted into the practical realm of discussing a special legal regime and conditions for doing business in the respective territories. For all its difficulty, the process of reaching agreement is an exercise in coordinating the interests of the two countries, and negotiations are a platform for building mutual understanding and creating elements of trust between the parties. In fact, the desired result—the peace treaty, the final delineation of the border (including the security aspect) and the agreement on economic cooperation—should, in the future, generate a level of trust between the parties that until now has been (and continues to be) in short supply” (Trenin, 2017).

Trenin notes that, despite external pressure, Japan continues to demonstrate an interest in rapprochement with Russia because Abe believes it will serve the strategic interests of his country as a whole—primarily by strengthening its position in the Asia-Pacific region (APR). This is especially important at a time when Washington is gradually but steadily reducing the degree of its involvement in international affairs. In addition, Prime Minister Abe is determined, as mentioned earlier, to go down in the history of his country as the politician who restored Japanese sovereignty over at least part of the so-called “northern territories” and concluded a peace treaty with Moscow.

The motives of the Russian side, according to experts, are also quite clear. Japan is a leading technological, financial, and economic power with which interaction is extremely important for the development of not only the Russian Far East and Siberia but also the country as a whole. Full-fledged relations with Japan would strengthen Russia’s political and economic standing in Asia and the Pacific. By settling border issues with its neighbors, as Moscow has done with China in recent decades, Russia improves its security and forms a culture
of trust with contiguous countries. Concluding a peace treaty with Japan could also serve as another important foreign policy achievement for President Putin (Trenin, 2017). It is also significant that Putin is the first Russian leader in both recent history and the more distant past that has shown a special interest in and respect for the people and traditions of Japan.

Nonetheless, a quick resolution to the territorial dispute is unlikely, despite the fact that several Japanese experts are urging their government to resolve the situation by dividing the disputed territory equally between Russia and Japan, or through some other compromise (Iwashita, 2013). At present, Russia is ready for such a compromise. Its official position is to negotiate based on the Soviet-Japanese Joint Declaration of 1956 that proposed giving Japan two of the four islands after the signing of a peace treaty. Vladimir Putin has referred to this on multiple occasions. The Japanese position, however, suggests little willingness to compromise: Tokyo demands that Russia recognize Japanese sovereignty over all four islands, return two to Japan immediately, and continue negotiations on the return of the remaining two (Hirose, 2015). Naturally, Russia cannot agree, as it would mean surrendering its position completely—something it has no interest in doing.

At the same time, the Japanese position has apparently shifted in a fundamental way. Tokyo has effectively agreed to the Russian approach that calls for broad bilateral cooperation to precede the resolution of the territorial dispute because it creates an atmosphere of mutual trust and motivation, and makes the parties more amenable to reaching agreement. Such an approach enabled Russia to resolve its territorial issues with China after 40 years of talks. Tokyo had always considered this a cunning plan by which Russia could secure investment without resolving the territorial problem. However, it seems that Abe’s government decided that it had no other option under current conditions.

A number of limiting factors influence Russia’s cooperation with Japan. Considering that China is currently Japan’s main rival for regional leadership, Beijing might view it with suspicion if the Russian leadership were to make a demonstrative pivot toward Tokyo. The propitiousness of Moscow’s decision to deepen relations with Beijing methodically and in the spirit of strategic partnership became evident when the West sought to isolate Russia politically and economically in response to the Ukrainian crisis, and mutual relations deteriorated. This period saw a tangible rapprochement between China and Russia as the two countries aligned their foreign policy agendas and strengthened their military and military-technical cooperation.

Russian expert Dmitri Streltsov believes that for Japan—that fears the prospect of a Moscow-Beijing axis forming—the deepening of ties with Russia takes on added importance as a means for hedging risk. Japan is well aware that China is actively attempting to get Russia to side with it in the territorial dispute with Japan, and that Russia is a powerful Chinese ally for exerting pressure on Japan regarding the regional agenda (Streltsov, 2016). For example, in June 2016 Russian and Chinese warships entered the waters adjacent to Senkaku Islands and remained there for several hours. That could have been perceived as a sign of Russia’s indirect support for China’s position on the Senkaku Islands, although it remains unclear whether the two fleets coordinated their actions. The joint Russian-Chinese naval exercise Maritime Interaction 2016 held in the South
China Sea in September of that year included not only gunnery and rescue operations but also airborne troops landing on the islands (Melikov, 2016).

Japan probably does not expect that Russia will offer direct support for Chinese claims to the Senkaku Islands or, conversely, break off its traditionally friendly relations with China because of Japan. Nevertheless, Tokyo remains concerned about the possibility of a Russian-Chinese pact aimed against Japan and, therefore, wants to prevent the two countries from achieving an overly close political rapprochement. Tokyo believes that, by establishing an active political dialogue with Moscow, it can send a signal to Beijing that Russia is not “putting all its eggs in one basket.” That, in turn, would strengthen Japan’s negotiating position with China (Streltsov, 2016).

Finally, the majority of the Japanese elite genuinely subscribe to the general Western theory that Russia “is challenging the post-Cold War U.S.-European led international order,” and that the “international community needs to be wary of Russian hegemonic activity and must oppose a worsening security environment in the world due to confrontation between the U.S. and Russia,” as Yomiuri put it on March 5, 2018, commenting on Putin’s annual address to the Russian parliament (“Pūchin enzetsu. Beikoku to no tairitsu gekika wo kenensuru,” 2017). From that point of view, as the same paper believes, the United States’ desire to replace the “war on terror” with a focus on great power competition with China and Russia, expressed in the U.S. National Defense Strategy published in January 2018, is largely consonant with the interests of Japan, including in facing China’s threat to the Senkaku Islands, boosting traditional alliances, and confronting China more directly. The article also clearly sees the Australia, India, and Japan cooperation format as aimed at the “containment of China” (“Bei, Chūgoku taitō ni keikaikan. Kokubō senryaku. Gunkaku, dōmei kyōka de taikō,” 2018).

At the same time, longstanding factors limiting Russia’s diplomatic efforts toward Japan continue to play a role. The Russian political elite believe that Japan holds an unequal position in the Japan-U.S. security alliance, meaning that Tokyo is not an entirely independent foreign policy actor and continues to coordinate its foreign policy with the United States. Russian foreign policy documents reflect similar views. For example, the 2016 Foreign Policy Concept of the Russian Federation lists Japan as a partner in Asia only after mentioning China, India, and even Mongolia (Foreign Policy Concept of the Russian Federation, 2016).

Indeed, Washington closely monitors any changes in Japanese-Russian relations. According to Japanese officials, one of the topics that Shinzo Abe and Donald Trump discussed during their phone conversation on April 24, 2017 was preparation for the meeting scheduled for April 27, 2017 between the Japanese Prime Minister and President Putin. A second and, this time, unofficial telephone conversation took place between Abe and Trump on May 1, 2017 during which, according to Japanese media sources, the two leaders discussed, among other things, the meeting between Trump and Putin mentioned here earlier (Pollmann, 2017). Washington recognized Tokyo’s interests by accepting the idea that, rather than declaring a “pivot to Asia” (as it did under Obama’s administration), it would be more productive for the United States to cooperate more actively with
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Russia on regional issues, thereby giving Russian leaders greater opportunity to pursue multipronged diplomacy in the East Asian-Pacific region.

At the same time, the fact that Tokyo’s active shift toward Washington—that began after the Cold War and continues today—has left it with decreasing maneuvering room for an independent foreign policy has caused some dissatisfaction among the Japanese political leadership and strengthened the nationalist wing in recent years. That part of the political establishment has begun calling for Japan to pursue a more active and independent course in foreign policy and military security—one that does not necessarily comply with the political line dictated by Washington. Fears arose that the United States might refuse military support for Japan if the Japan-U.S. territorial dispute were to heat up—despite the Treaty of Mutual Cooperation and Security between the two countries and all assurances to the contrary by the U.S. leadership. This mood prompted Japan to seek closer ties with Russia, particularly in the area of regional security. By strengthening ties with Moscow, Tokyo sends a signal to Washington that it wants equal relations. This trend intensified after Donald Trump won the U.S. presidential election (Streltsov, 2016). In addition, Tokyo began to worry that Washington’s situational contacts with Beijing over the North Korean issue could grow into something more.

Another indication that Japanese policy is gradually becoming less U.S.-centric is Tokyo’s activity with regard to North Korea. By discussing the issue with Russia, Japan demonstrated its intention to act outside the framework of its alliance with the United States. At a joint press conference following the meeting between Putin and Abe in Moscow on April 27, 2017, the Japanese Prime Minister said: “At today’s meeting with the President, we discussed the North Korea issue for quite a long time. Russia is a permanent member of the UN Security Council and an important partner of the six-party talks. President Putin and I agreed that Japan and Russia will continue their close cooperation and urge North Korea to fully comply with UN Security Council resolutions and refrain from further provocative action” (Press statements following Russian-Japanese talks, 2017). Presidential aide Yuri Ushakov clarified that Putin and Abe did not discuss which measures should be taken against North Korea to normalize the situation on the Korean peninsula, stating: “The leaders did not discuss specific measures. But this can be done through the Foreign Ministry” (“Putin i Abe podtverdili gotovnost’ rabotat’ v meste i reshat’ samye slozhnye voprosy,” 2017). Although Putin suggested during the press conference that six-party talks be renewed, Abe, while speaking to journalists in London on April 29, 2017, did not endorse the proposal, saying that, under current circumstances, “dialogue for the sake of having dialogue will not lead to any solution” (Komuro, 2017).

In 2016, however, Washington was too preoccupied with the presidential elections and the change of administrations to interfere significantly in relations between Japan and Russia. Japan seized that opportunity for greater independence by announcing its “new approach” to Russia the same year. Tokyo reasoned that it should accomplish as much as possible before the new U.S. administration took office in January 2017. The Japanese leadership expected that Hillary Clinton, known for her negative attitude toward Russia, would win the presidential election and begin pressuring Japan to refrain from pursuing rapprochement with Russia. That is why the Japanese side was eager to achieve a breakthrough in the
territorial dispute during the summit in December 2016 and present the outcome to the new U.S. administration as a fait accompli (Brown, 2016).

The Russian leadership’s views on relations with Tokyo also proved to be heavily dependent on the outcome of the presidential elections of 2016. Had Clinton won and made good on her campaign promise to increase pressure on Russia, Japan might have been able to play the role of “blockade breaker” as envisioned by Russia’s leaders. Had that happened, Tokyo might have gained significant ground on the border demarcation issue. That would have made it a key agenda in Russian diplomacy in what would have been a first in postwar Soviet/Russian-Japanese relations. Conversely, a victory for Donald Trump would have helped Moscow improve relations with Japan, both from an economic point of view and in terms of overcoming the political isolation to which Russia has been subjected since 2014. In that case, however, Russian leaders have indicated no real willingness to make substantial compromises on the status of the disputed islands.

**Constraints on cooperation**

In the long term, Japan’s participation in the U.S. global missile defense system is the most serious deterrent to the development of Russian-Japanese relations concerning security. For example, Russia is closely monitoring how Japan and the United States have been jointly developing a new modification of the SM-3 Block IIA interceptor since 2008. Plans call for deploying the missile in 2018. The new interceptor missile will be placed on ships and in the ground-based Aegis Ashore missile defense systems that the Pentagon has deployed in Eastern Europe. In late 2017, Tokyo also announced plans to purchase the Aegis Ashore. Although tests of the SM-3 Block IIA have had mixed results, the fact that U.S. global missile defense capabilities have, overall, risen significantly is a major result of Washington’s cooperation with Tokyo in the area of security.

Thus, after starting with cautious participatory steps in regional Theatre Missile Defense, Tokyo is gradually contributing to the creation of a global missile defense architecture, the purpose of which goes beyond ensuring the national security of Japan proper. This also touches on European missile defense, an extremely sensitive issue for Russia. Japan is already coming to be regarded as a leading and influential actor on missile defense capabilities—an area of importance to the members of the world’s “nuclear club.” Tokyo itself might find this an unexpected result of its activities in this area.

The question is to what extent does this contribute to the security of Japan’s population? It seems that Pyongyang’s missile capabilities are starting to outstrip Japanese-U.S. achievements in the field of missile defense even as Tokyo begins making its own contribution to the regional arms race. Thanks largely to missile defense, the integration of the military capabilities of the United States and its allies Japan, South Korea, and Australia, has reached a fundamentally new level. This helps consolidate the bloc architecture of APR security, something that Russia has repeatedly called on all parties to abandon (Paramonov, 2017). This deepening cooperation between the United States and Japan in military-political and military-technical areas has not gone unnoticed by senior Russian and Chinese officials. A joint statement on strengthening global strategic
stability that Putin and Xi Jinping issued in Beijing on June 25, 2016 expressed particular concern regarding the missile defense situation (Совместное заявление Президента Российской Федерации и Председателя Китайской Народной Республики об укреплении глобальной стратегической стабильности, 2016).

Western experts often contend that, despite President Putin’s statements regarding a “pivot to Asia,” in practice, that foreign policy focus remains subordinate to Russia’s relations with the countries of the Euro-Atlantic region. Viewed from this angle, the progressive development of Russian-Chinese cooperation in the military, energy, and other spheres is perceived not so much as a policy consistent with its long-term interests but rather as a “trump card” that strengthens Russia’s negotiating position in its relations with the U.S. and NATO countries, generally. Furthermore, in light of Russian military operations with Syria and its much deeper involvement in the Middle East, the West doubts that the Russian leadership has adequate diplomatic and other resources to pursue an East Asian agenda, as well (Miller, 2017).

However, the Russian sinologist Vasily Kashin believes that APR will steadily play a greater role in Russia’s foreign relations over the long term due to the weakening in importance of its relations with Europe. At some point, the APR will begin to play a role not only in economic geography but also in Russia’s economic, social, and even cultural development. Japan is currently the least “problematic” partner for Russia from among the G7 countries. Of that group, Russia’s relations with Germany are the worst. It dates back to the 2000s, when Russian-German relations were ruined by the Ukrainian crisis, in which Berlin played the central role in shaping a common European position on imposing anti-Russian sanctions. Other privileged partners of Russia in Europe such as Italy turned out to be not very influential or independent. Nevertheless, the setback in relations with Europe has spurred Russia to build stronger relations with Asia. It is likely that in the coming years Japan will gradually step forward as a priority partner in building new ties with the West (Kashin, 2016). In its relations with Tokyo, Russia is looking to attract Japanese economic resources for the development of the Russian Far East and Siberia, and to settle border demarcation issues. Russia also views Japan as a market for its energy resources (Trenin, 2016).

Ever since 2014, when it became clear that it was unrealistic to either “incorporate” Russia into an “expanded West” or to bring the former Soviet republics back into Moscow’s orbit, Russia has been searching for a new geopolitical position in the world. The most natural option is for Russia to position itself as a major northern power that stands in the center of Eurasia; one that interacts closely with all its neighbors in Europe, the Middle East, and Central, South, Southeast, and East Asia, but that does not belong to any existing or emerging geo-economic or geopolitical bloc. A willingness to interact “in all directions” without forming close ties to anyone could become the distinctive feature of Russian foreign policy of the 21st century.

Japan is an important and necessary partner to Russia as a “free player,” an integral part of the “balance of foreign investment” in Russia, especially in the country’s eastern regions, as well as a geopolitical counterweight in Northeast Asia. Unlike many other G7 countries, Japan is a pragmatic partner, interested in economic cooperation even in the face of sanctions—that Tokyo joined as a gesture of solidarity with its allies. That spirit should be supported by moving
forward in the search for a peaceful settlement and by developing programs for economic, scientific, technical, and cultural cooperation.

Reaching agreement on problems of the past and laying the foundation of relations based on trust and cooperation are challenging tasks, the resolution of which must ultimately be ratified not only by the parliaments but also by the peoples of Russia and Japan. This requires genuine leadership to succeed. Fortunately, favorable political circumstances currently prevail. Experienced politicians lead both countries—patriots who enjoy the trust of their elites and the support of the majority of the population. Prime Minister Abe, who recently won reelection, will most likely remain in office through 2021 and President Putin will be in power through 2024. Thus, the window of opportunity is 2018 to 2020. According to D. Trenin, Russia and Japan should seize this chance to build a new relationship (Trenin, 2017).

**Motives and prospects for rapprochement**

Throughout the postwar period Tokyo has sought an answer to the following question: to what extent can Japan rely on its allies—even one as powerful as the United States —and what would happen if Washington’s interests were to conflict with its commitments as an ally? It was not the actions of the Soviet Union during the Cold War—against which the Japan-U.S. alliance was originally directed—that caused the gravest doubts about the reliability of U.S. security guarantees for Japan, but the escalation of Japanese-Chinese tensions over the Senkaku Islands. Washington’s support for Tokyo’s position was limited and essentially palliative in nature. Japan later found itself in an even more difficult situation when the United States began its confrontation with Russia. Washington’s policy of isolating Russia prompted Russia and China to strengthen their relationship—an undesirable result for Tokyo (Lukin, 2018). Tokyo is forced to try to strengthen its military arsenal and diversify its security policy. The search for suitable security partners, however, began during Shinzo Abe’s first Cabinet and produced no result. For example, the change of governments in Australia in 2015 led to a marked cooling off of military-political and military-technical cooperation between Tokyo and Canberra.

In light of this situation, Abe recalled his positive personal relations with Putin and concluded that, given the region’s ongoing geopolitical rivalry, rapprochement with Russia could provide Tokyo with additional foreign policy opportunities. At the same time, Japan will probably continue to view the United States as a pillar of its defense policy. It is no coincidence that Abe attempted a rapprochement with Russia at the end of Barack Obama’s second term in office—that is, during the “lame duck” period of his presidency. That gave the Japanese Prime Minister greater room for political maneuvering.

Because it has no significant security challenges with East Asian states, Russia is more interested in economic cooperation with Japan. For example, raising political relations to a new level would finally make it possible to release the flow of Japanese investment into the Russian Far East. Signs of new activity are already evident. With the economy recovering after a two-year decline, Russia is now more attractive for investment. Also, Tokyo believes that sending investments
to Russia will demonstrate to the Japanese people the obvious advantages of cooperation between the two countries.

Russian statistics indicate that in 2016 Japan was Russia’s second largest trade and economic partner in Asia and its seventh largest in the world. Total trade between Russia and Japan equaled $16.1 billion in 2016, down 24.62% from 2015. The decline was due not only to the general economic situation in Russia and the world but primarily the fall in energy prices. Russian exports to Japan totaled $9.4 billion in 2016, down 35.27% from 2015. Russian imports from Japan totaled $6.7 billion in 2016, down 1.95% from 2015. At the same time, Russia and Japan had a positive balance of $2.7 billion in 2016, although that was 64.81% less than in 2015. Japan accounted for 3.4% of Russia’s total foreign trade volume in 2016, down from 4% in 2015 (“Tovarooborot Rossii s Yaponiei,” 2017; Korneyko, 2015). According to a Japanese Finance Ministry report, the trade turnover as a whole recovered in 2017. Japanese imports from Russia grew by more than a quarter—by 26.6% to $14.125 billion (1 trillion 553.848 billion yen) in 2017, while the growth of exports to Russia increased by 21.5% over the previous year, to $6.124 billion (673.726 billion yen). The delivery of energy resources, including oil, oil products, and liquefied natural gas, accounted for the bulk of imports from Russia (69.4%, or 1 trillion 78.878 billion yen). That marked a 26% increase year-on-year. In addition, Japanese imports of Russian grain increased in 2017 to a total of $56 million (6.162 billion yen) (“Ob’yom torgovli Yaponii i Rossii znachitel’no vyros za 2017 god,” 2018). Thus, total turnover amounted to $20.25 billion—almost equaling the 2015 total of $21.3 billion, but still quite short of the record total in 2014 of $30.8 billion (More information is available on the Far East website: https://dv.land/news/8474).

In addition to economic interests, geopolitical considerations play a role here. After the United States and European states launched a sanctions war against Russia, Moscow began a substantial economic pivot to Asia, where its actions in Ukraine are received with less censure. The greatest promise for Russia lies with China—that, in many ways, is sympathetic to Russian policies and accuses Washington of provoking the Ukrainian crisis—and South Korea, which refused to join the sanctions. Moscow has considerable interest in Japan, which has only perfunctorily condemned Russia’s military actions and is only half-heartedly enforcing the sanctions under obvious pressure from the United States. Furthermore, because part of the Russian elite argues that the pivot to Asia could increase Russia’s one-sided dependence on China, Moscow is striving to diversify cooperation in Asia, including by way of building ties with Japan (Lukin, 2016, pp. 584–585).

According to a number of Russian experts, the initial and unjustified enthusiasm over China, based on the idea that it could almost completely replace the West as an economic partner, has given way to some disappointment in Beijing on the part of Russian officials and businesspeople. China was unable to meet all of Russia’s needs for bank loans and investments. As a result, discussions began by 2016 about the need to diversify cooperation in Asia. Not only was Japan seen as the best candidate but it was considered easier to conduct business with Tokyo than with Beijing. According to Alexander Gabuev, “Russian officials were able to sell to Japan the idea of rapprochement with China much more successfully than skeptical Europeans and even the Russian business community.
As a result, in an effort to please the prime minister and hoping for government funding from the JBIC, Japanese companies rushed to seek partners in Russia—although, before the government applied pressure on them, few showed much desire to invest” (Gabuev, 2016).

Consequently, Vladimir Putin’s visit to Japan in December 2016 resulted in the signing of 80 agreements (12 interdepartmental and 68 commercial documents), that surpassed the previous record of more than 50 documents signed during the breakthrough meeting between Vladimir Putin and Xi Jinping in May 2014 in Shanghai. Although not all of those contracts will be fulfilled (and their combined value was a very modest $2.5 billion), the visit to Japan marked a breakthrough in bilateral relations.

Despite the mutual desire to develop cooperation, a number of reasons limit opportunities for expanding economic ties. These are primarily factors that prevent the flow of foreign capital to Russia overall: corruption, administrative barriers, the selective interpretation and application of laws, conflicting legislative norms, and conflicts between the state and business. The Japanese government does not view the Russian economy as a reliable object for investment and, therefore, dissuades its corporations from doing so. In addition, the infrastructure in the Far East not only falls short of modern standards but even compares poorly to the more developed regions of Russia.

The development of relations with Japan is a top priority of Russian policy in the APR. Japan is a key trade and economic partner that can contribute significantly to Russia’s strategic goal of boosting the economy of its Asian regions, and compensate to some extent for Russia’s losses resulting from decreased trade with EU countries. Japan can become one of the main targets for diversifying trade and economic cooperation with Asian states—a necessity if it is to avoid a one-sided economic dependence on China. At the same time, because Tokyo is bound by a military and political alliance with the United States and cannot compromise on its territorial dispute with Russia, Japan cannot assume the same level of importance for Moscow as China holds. In the near future, therefore, China will remain Russia’s most significant political and economic partner in Asia.

References
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Prospects for Normalization on the Korean Peninsula: A View from Moscow

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After what seemed like a hopeless impasse in the nuclear crisis on the Korean Peninsula, signs appeared that Pyongyang and Washington had changed their stances and were ready to seek a way out. The DPRK, the U.S., and South Korea announced a shift away from direct confrontation towards a search for compromise. When the Trump administration increased pressure on the DPRK, Russian policy on the Korean Peninsula drew attention, with some experts saying that Russia will act as a spoiler. For now, Russia remains one of the key actors and is able to play a constructive role. This article uses historical data to provide a complex analysis of the different players’ positions. U.S., Japan, and South Korea conduct a well-coordinated process, with Washington drawing its allies into the negotiation process. Russia and China joined sanctions; however, they consider unilateral sanctions excessive and argue that only constructive dialogue can ensure progress on Korean affairs.

Key words: DPRK, Korean Peninsula, nuclear missile program, Russia’s foreign policy, South Korea

在朝鮮半島核危機陷入無望僵局之後，有跡象顯示，朝鮮和美國已經改變立場，準備尋求出路。朝鮮、美國和韓國宣布從直接對抗轉向尋求妥協。當特朗普政府加大對朝鮮的施壓時，俄羅斯對朝鮮半島的政策引起了關注。一些專家表示，俄羅斯將扮演破壞者的角色。目前，俄羅斯仍然是主要參與方之一，能夠發揮建設性作用。本文利用歷史數據對各參與方的定位進行了複雜的分析。美、日和韓國之間的進程協調發展，美國將其盟國牽扯到談判進程中。俄羅斯和中國加入了制裁，但他們認為單方面制裁是過分的，并認為只有建設性對話才能確保在朝鮮事務上取得進展。

Key words: 朝鮮, 朝鮮半島, 核導彈計劃, 俄羅斯外交政策, 韓國

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Después de lo que parecía un callejón sin salida en la crisis nuclear en la península de Corea, aparecieron señales de que Pyongyang y Washington habían cambiado de postura y estaban listos para buscar una salida. La RPDC, los EE. UU. Y Corea del Sur anunciaron un cambio de la confrontación directa hacia una búsqueda de compromiso. Cuando la administración de Trump aumentó la presión sobre la RPDC, la política rusa en la península de Corea llamó la atención, y algunos expertos dijeron que Rusia actuaría como un spoiler. Por ahora, Rusia sigue siendo uno de los actores clave y puede desempeñar un papel constructivo. Este artículo utiliza datos históricos para proporcionar un análisis complejo de las posiciones de los diferentes jugadores. Estados Unidos, Japón y Corea del Sur llevan a cabo un proceso bien coordinado, con Washington llevando a sus aliados al proceso de negociación. Rusia y China se unieron a las sanciones; sin embargo, consideran que las sanciones unilaterales son excesivas y argumentan que solo un diálogo constructivo puede garantizar el progreso en los asuntos de Corea.

Palabras clave: RPDC, península de Corea, programa de misiles nucleares, política exterior de Rusia, Corea del Sur

The Korean Peninsula is a key component of security in Northeast Asia and the entire Asia-Pacific region, and therefore a central foreign policy priority for Russia. Moreover, geopolitical factors such as the North Korean nuclear arsenal and the deep involvement of China and the United States in Korean affairs give the Korean Peninsula global importance (Luzyanin, 2017). The Korean War of 1950–1953 and more than 60 years of subsequent events on the peninsula have shown that the Korean problem, as well as its possible resolution, are tied closely to not only the intentions and actions of Pyongyang and Seoul, but also to the policies of neighboring states and the United States – as well as to the situation in the world as a whole.

Russia and the DPRK: New realities require new approaches

The DPRK has undergone major domestic political changes in recent years. The new North Korean leader is making considerable efforts to consolidate his sole authority – and is doing so with great severity.

The Kim clan, that has held power for more than 70 years, was shocked and demoralized by the execution of Kim Jong-il’s relative and closest associate Jang Song-thaek, the removal from the highest echelons of power of Kim Jong-il’s own sister Kim Kyong-hui, the death of Kang Sok-ju, the cousin of the North Korean leader’s father, and the assassination of the leader’s half-brother Kim Jong-nam, whom Kim considered a genuine opponent. Kim Jong-un has also done away with top military commanders, and the economic base of the military was destroyed, although the top brass was not deprived of all opportunity to “command” the economy.

The new leader has returned to the policies of Kim Il-sung, taken steps to strengthen the leadership role of the Workers’ Party of Korea (WPK), and forced the military to obey the party and to recognize its political authority over all structures of society.

The Party approved a new strategy for the country’s development. In place of the so-called “Songun” policy that gave priority to the army in all spheres of life,
Kim Jong-un proclaimed a policy of spurring the economy while building up the country’s nuclear potential.

The Seventh Congress of the WPK in May 2016 announced that a new stage in the history of the country had arrived – “the era of Kim Jong-un,” meaning, experts note, that North Korea had founded a new potentate. A new national holiday was proclaimed: Kim Jong-un’s birthday, January 8, became “Galaxy Day.”

At the session of the Supreme People’s Assembly (SPA) of the DPRK held in late June 2016, Kim Jong-un was elected Chairman of the State Council, the highest authority of the country. The SPA also abolished the National Defense Commission – a creation of Kim Jong-il’s. The DPRK political system is now wholly subordinated to the new potentate: the totalitarian system is headed by Kim Il-sung’s grandson, Kim Jong-un.

It is no simple task to assess just how stable and resilient the current North Korean regime actually is. Over the decades, the totalitarian system of the DPRK has faltered occasionally, particularly in connection with events following the death of the leader. The death of Kim Jong-il in 2011 also engendered some hope that the new leader, who had received a grammar school education in Western Europe – would introduce certain changes to the system of power. The young leader, however, immediately demonstrated an inclination toward a rigid political course.

From the historical perspective, the fate of any totalitarian regime is predestined. Before too long, the people will wake up to the reality of their leader and take steps to democratize the regime and adapt it to the real needs of society. Of course, much will depend on North Korea’s neighbors. Apart from Seoul, it seems that none of them would like to see North Korean statehood collapse overnight. Such a scenario could lead to unpredictable consequences for the entire region. Apparently, however, South Korea is preparing for that eventuality by creating special structures to cope with the sudden destabilization of the DPRK, considering the possibility of sending armed forces into North Korea to take control of its nuclear facilities and to arrest and neutralize the country’s political and military leaders. At the same time, South Korea is counting on practical assistance in that task from the United States and from U.S. troops stationed on its territory. Were the United States to play such a role, it might prompt China to become involved as well.

However, that scenario is implausible at present. The North Korean ruling regime holds firm control over the situation in the country: it strictly monitors the behavior and mood of the people and suppresses the slightest manifestations of discontent.

Growing pressure by the international community poses a serious challenge to the North Korean leader and his team. The United States, Japan, and South Korea conduct a well-coordinated political process regarding the DPRK, and Washington places a high value on this tripartite cooperation. According to former Obama administration Secretary of Defense Ash Carter, this makes it possible “to coordinate measures to counter Pyongyang’s missile and nuclear programs.” Carter called cooperation between the three countries one of the three components of the American system of security in the Asia Pacific (along with the United States’ bilateral military alliances with Asian states and the
U.S.-ASEAN structure) (Joint Press Conference..., 2016). Washington, Seoul, and Tokyo impose sanction after sanction in an attempt to isolate the DPRK fully. At the same time, they place particular emphasis on persuading Russia and China to join these unilateral sanctions to make the pressure on North Korea complete. Moscow and Beijing, however, consider such sanctions excessive. It seems that in this case – as in many other similar situations – Moscow need not indulge Washington. The tactics of the United States are clear: it aims to use others to achieve results for its own benefit. As Chung Suk-Gu noted, “it is natural for the Korean government to suspect that the North is pulling its nuclear weapons into domestic politics and that the United States intends to use it as a leverage against China” (Jeong Seog-Gu Kalleom, 2016).

After taking office, U.S. President Donald Trump sharply increased the pressure on Pyongyang and toughened sanctions. The U.S. president insulted Kim Jong-Un’s personally as well as his nuclear missile policy, and declared that the United States was prepared to destroy the DPRK. The North Korean leader did not give him the upper hand, making a worthy retort to Trump by promising to launch a nuclear missile strike against U.S. territory.

In accordance with Russian diplomatic goals and objectives in the Asia Pacific, Moscow seeks to maintain equal, good-neighborly relations with both Korean states and to develop mutually beneficial economic, scientific, technical, and humanitarian cooperation with them. Russia and the DPRK share many years of political, economic, military, and other ties. That experience has had not only positive but also negative consequences. The Korea policy of the Soviet Union, in contrast was oriented toward developing ties with Pyongyang alone and completely ignored South Korea. When, starting in the 1960s, Seoul sought to normalize relations with the Soviet Union, it proposed establishing economic and cultural ties between the two countries, but Moscow, following the “principles of proletarian internationalism,” rejected those initiatives. For its part, Pyongyang did everything it could to prevent any contacts between the Soviet Union and the Republic of Korea (ROK), not to mention any more serious steps by Moscow in regard to South Korea.

The Soviet Union contributed a great deal to laying the foundations of the North Korean economy. It helped build more than 100 industrial and agricultural facilities, as well as institutions for science, culture, and sports. The Korean People’s Army was equipped with Soviet weapons. The Soviet Union repeatedly waived North Korean debts; in 2014 Russian Parliament ratified a 2012 agreement to write off a Soviet-era $10 billion debt in a single act (Russia writes off..., 2014). Soviet economic assistance, often in the form of grants, cultivated a sense of parasitism and mendicancy among the North Koreans, and especially among its leaders. Kim Il-sung constantly appealed to Moscow for assistance, using natural disasters such as drought and floods as his excuse. And when the North Korean leader was reminded of the need to repay those debts, he said: “Our Soviet comrades should always remember that the DPRK defends the eastern outpost of world socialism.” Moscow heard the same phrase on repeated occasions, even after both the Soviet Union and Kim Il-sung were no longer in the picture.

However, the overall impact of bilateral cooperation between the Soviet Union and the DPRK is rather ambiguous. Despite the fact that Moscow wrote off $10
billion in debt, it is hard to say that the people of North Korea enjoyed a better standard of living. But we do know that North Korea acquired nuclear weapons and built up its missile force. Victor Cha and David Kang noted that “at the same time that the regime empowers itself military, it starves its citizens at home” (Cha & Kang, 2003, p. 2). Today, the economic ties between Russia and the DPRK are extremely weak. Their annual trade turnover is slightly more than $60 million. Russia provides annual humanitarian aid to the DPRK in the form of food and medicines. Moscow has proposed a number of interesting projects of trilateral cooperation between Russia, the DPRK, and the ROK, but it is impossible to carry them out now due to the complex situation on the peninsula.

Russia managed to restore good-neighborly relations with the DPRK by the end of the 1990s after sudden shift of interest toward South Korea after the collapse of the Soviet Union Moscow consistently opposes efforts to isolate North Korea from the international community. It advocates a political solution to the nuclear missile problem on the peninsula and non-nuclear status for the DPRK and ROK. Russia emphasizes the need to resume dialogue in the six-party format as the most appropriate tool for resolving the Korean nuclear crisis. Despite the UN Security Council resolutions, Pyongyang continues its nuclear tests and launches ballistic missiles, thereby provoking the imposition of even more sanctions and sharp political condemnations from neighbors and international organizations.

The DPRK confirmed its nuclear status at the Party Congress in 2016, and a provision for that status was earlier included in the country’s constitution. Admittedly, it is impossible at present to convince North Korean leaders to abandon their nuclear ambitions. Pyongyang has invested so many resources and so much energy and emotion into its nuclear project that it would be pointless to try to persuade it to halt its nuclear-missile program now. New approaches are needed. The DPRK does not trust anyone, including Beijing, and does not accept a guarantee or nuclear umbrella from any other country in return for abandoning its own nuclear missile projects.

At this stage, it seems possible to try taking the following steps with regard to the DPRK. First, reduce the pressure on Pyongyang from the United States and its allies. Second, begin a dialogue between the DPRK and the United States, in the course of which Washington would commit itself to not using force or hybrid means to liquidate North Korean statehood. It would also be important to sign a document, to which Russia and China could act as guarantors. Russia’s North Korean policy must reflect the current realities on the Korean Peninsula and in Northeast Asia generally, Russia’s overall objectives in the region, and its national and state interests. For Moscow, it is important to ensure that Pyongyang understands not only its own interests, but also takes into account Russia’s interests and security concerns. Moscow would like to see the principles of international law, mutual respect, and equality go beyond empty propaganda clichés to become concrete policies. No side should attempt to outmaneuver the other or to achieve goals that are contrary to the other party’s interests. Only a high degree of mutual trust can prevent compromising the peace and security of a region in which Russia and the DPRK are in extremely close proximity.

The situation on the Korean Peninsula is still unstable and it is very difficult to predict how events will unfold. For this reason, we believe it is necessary to
consider Russia’s possible actions on the peninsula. The DPRK finds itself in a difficult position militarily, politically, and economically. This is the result of the North Korean leadership’s strategic miscalculation of relying on the buildup of its nuclear missiles. The United States, South Korea, and their allies maintain their military and political pressure on Pyongyang, strengthening sanctions against the country in hopes of forcing the North Korean authorities to make missteps that would lead to the collapse of the ruling regime and its ultimate liquidation.

Imposing personal sanctions against Kim Jong-un raised the situation on the peninsula to a qualitatively new and very dangerous level. In fact, the nature and severity of the charges against the North Korean leader equated him with Saddam Hussein, Muammar Gaddafi, and several other former leaders whose tragic fates are well known. The numerous joint maneuvers by the United States and South Korean forces posed a particular danger. South Korea is host to the third-largest number of U.S. troops overseas, with close to 35,000 personnel stationed at 83 sites. As this is happening close to the Russian border, Russia needs to hold a serious dialogue on this topic with both Koreas, and with the United States and Japan, to prevent a military scenario.

**Russia and the ROK: The need for an equal partnership**

During the period following the establishment of diplomatic relations between Russia and South Korea in the 1990s, Moscow and Seoul accomplished a great deal to advance bilateral relations along the path of mutually beneficial cooperation in the political, economic, technological, cultural, and other fields (Договор об основах... 1992). Russia and the ROK enjoy fruitful cooperation in addressing today’s most urgent problems – nuclear nonproliferation, international terrorism, international security, the leading role of the UN in settling conflicts, and so on. The Russian and South Korean sides advocated Pyongyang’s full and unconditional implementation of the UN Security Council resolutions on the denuclearization of North Korea. Neither side accepted the nuclear status of the DPRK. At the same time, Russia opposed the further increase of military and political pressure or additional sanctions against Pyongyang. It also opposed the establishment of a missile defense positioning area in South Korea and the placement of U.S. antimissile systems there.

The political interaction between Moscow and Seoul was most active during the administrations of Presidents Kim Dae-jung (1998–2002) and Roh Moo-hyun (2003–2007). In joint documents, Moscow and Seoul expressed a mutual desire to promote a partnership based on trust and mutual understanding (Russian-Korean Joint Statement, 2001), etc. However, the framework of the 1953 Mutual Defense Treaty between the United States and the Republic of South Korea did not permit Seoul to establish a truly strategic partnership with Russia. Under pressure from Washington, Seoul opted not to purchase Russian weapons and military equipment despite the fact that they were more sophisticated and less expensive than U.S. weapons.

South Korea has made significant leaps forward in its economic, technological, and social development in recent years. South Korea is set to become one of the 15 leading economies of the world (World Bank Databank). The country’s exports increased to $574 billion in 2017. Although the country’s rate of growth
slowed somewhat during the crisis years, its economy has since rebounded to a rate of 3% in 2017 (South Korea Exports..., 2018).

The complicated internal political situation in South Korea stands in striking contrast to this backdrop of economic success. In a historical first for the ROK, former President Park Geun-hye was impeached on charges of corruption, poor governance, and other serious misdeeds – and she was brought to justice.

With a popularity rating of 70% or more, the newly elected President Moon Jae-in began his term with a great deal of activity. The heads of the state and government are taking measures to improve people’s lives by raising the minimum wage as well as pensions for some groups. The president’s foreign policy focuses on the alliance with the United States and with expanding partner relations with China, Russia, and other countries. Moon Jae-in advocates a political settlement of the North Korean nuclear problem, dialogue with the DPRK, and greater cooperation with Pyongyang in various fields.

Given the size of their respective economies, South Korean trade with Russia is very modest compared to that with China, the United States, Japan, and the ASEAN countries. Trade turnover between Russia and South Korea stood at $21 billion in 2017 (Trade turnover...). Russia signed numerous economic agreements with the ROK (South Korea wants..., 2017), but many of them remain only on paper. Seoul has used a variety of pretexts to explain why it has been impossible to implement them.

After the United States, the EU, and a number of other countries imposed sanctions against Russia, South Korea did not announce officially that it was joining them, but only put several agreements with Russia on hold (Lee, 2017; Lukin, 2016). In particular, Seoul halted the trilateral rail transport project between Russia, the ROK and the DPRK. During talks in Moscow in June 2016, the Russian and South Korean foreign ministers reached an agreement “to seek practical ways to strengthen economic cooperation in the Far East and Siberia.” (RK i Rossija..., 2016) South Korea has shown great interest in cooperating with Russia in the scientific and technical field, and more than 100 such joint projects currently exist.

During a meeting between President Vladimir Putin and President Moon Jae-in at the Third Eastern Economic Forum in Vladivostok in September 2017, the two discussed possibilities for expanding trade, economic, technological, and investment cooperation, and participation by South Korean businesses in the development of the Russian Far East (Statement for the press..., 2017).

With its considerable economic achievements, the Republic of Korea seeks to position itself as an important agent of influence not only in Northeast Asia, but also throughout the Asia-Pacific region. Seoul has shown an interest and the desire to become a member of many political, economic, and humanitarian organizations in the Asia Pacific, and the world. South Korean representatives actively work in the UN and its bodies. Seoul is particularly assertive in the IAEA, where discussions are held on the North Korean nuclear issue and where the South Koreans position themselves in strong opposition to Pyongyang and persuade other countries to support them. Seoul is also very active in the UN Human Rights Council, another body engaged in a heated political struggle over a different problem in North Korea – human rights. The ROK has also become much stronger militarily, and now ranks seventh in the world for military might.
As a regional center of influence, South Korea pursues a generally pro-U.S. policy in the Asia Pacific. Seoul’s lack of independence in international affairs and its decision to follow in the footsteps of U.S. policy – including on the Korean issue – is a serious obstacle to Russian-South Korean cooperation. Nevertheless, Moscow needs to continue efforts to resolve the nuclear crisis and to strengthen our work with the South Koreans. It is first necessary to convince South Korean businesses of the benefits of cooperating with Russia, especially in the Far East. It is important to come up with ways to involve small- and medium-sized South Korean businesses in investment projects in the Far East. Russia should create a healthy competition between business people from South Korea, China, Japan, and other Asian and non-Asian states for the right to invest in projects in the country’s Far Eastern region. At the same time, it is necessary to fight corruption in Russia itself since it has become an obstacle to promoting foreign economic cooperation.

**Russia and the nuclear-missile problem on the Korean peninsula**

The nuclear missile problem on the Korean Peninsula continues to worsen. The DPRK has conducted six nuclear tests, with the most recent in September 2017. The North Korean leadership has also declared that the nuclear missile program will continue in response to the real threat to the country’s independence. Before 2018, the DPRK regularly launched ballistic missiles. It also officially declared itself a nuclear-weapon state. Experts estimate that North Korea currently has approximately 20 nuclear warheads and could amass as many as 100 within five years (KBS News, June 6, 2016).

The North Korean leadership believes it has no other choice but to respond in kind to the nuclear threat from the U.S. Washington and Seoul were actively persuading additional countries to join the sanctions against the DPRK. This has complicated the situation for Russia which consistently advocated a political solution to the Korean nuclear crisis. In effect, the United States and its allies opened another front against Moscow: in addition to the European front, they added the Far Eastern one. Washington is trying to persuade Moscow to take drastic steps against the DPRK.

Russia has been taking an increasingly firm public stance with regard to North Korea’s nuclear missile activity. Foreign Minister Sergei Lavrov has made a number of pointed statements, calling Pyongyang’s actions “irresponsible.” At the same time, he said the situation should not be used as a pretext for building up military potential in Northeast Asia (Lavrov, 2016).

The decision by the leaders of the two Koreas to meet on April 27, 2018 marked the beginning of change in the nuclear crisis. North Korean leader Kim Jong-un and South Korean President Moon Jae-in discussed three main subjects: the denuclearization of the Korean Peninsula, buttressing peace in the region, and bilateral relations. A declaration was issued at the conclusion of the summit in Panmunjom calling for peace, prosperity, reunification, and joint efforts to reduce military tensions on the Korean Peninsula. The parties advocated the nuclear-free status of the Korean Peninsula, the resumption of negotiations between military representatives, dialogue between their respective Red Cross societies, and
exchanges between relatives that had become separated. They also agreed on measures for connecting their respective railway (Asmolov, 2018).

The Declaration did not contain any groundbreaking ideas. The Panmunjom document essentially reiterated the main provisions of earlier official documents, such as the 1991 Agreement on Reconciliation, Mutual Nonaggression, Cooperation and Exchanges, the Pyongyang Declarations of 2000 and 2007, etc. Although steps were later taken to implement those agreements, little was actually achieved. The administrations of South Korean Presidents Lee Myung-bak and Park Geun-Hye halted implementation of the agreements in favor of increasing pressure on Pyongyang – which, in turn, began building up its nuclear missile program very actively.

The agreement on the normalization of relations that Kim Jong-un and Moon Jae-in reached during their summit in April 2018 also faces considerable difficulties. These include the anti-North Korean sanctions imposed by the UN Security Council and additional restrictions on Pyongyang leveled by the United States, South Korea, Japan, and EU countries.

From the very beginning, the South Korean administration actively supported the idea of a North Korean-U.S. summit, went to great efforts to ensure that it would take place, and made a positive contribution toward achieving a diplomatic resolution of the North Korean nuclear issue. By agreeing to normalize relations with Seoul, Kim Jong-un gained, in the person of Moon Jae-in and his administration, an ally interested in peaceful settlement of the North Korean nuclear issue. While actively lobbying for an urgent meeting between Kim Jong-un and Donald Trump, South Korea did not disguise its intentions to take part in the summit so that the two parties would not fail to reach agreement on anything and thereby cause harm to Seoul or infringe on the interests of South Korea generally.

The lead-up to the Kim-Trump meeting was very dramatic and marked by intensive backroom negotiations. The U.S. Secretary of State flew to Pyongyang for talks with Kim Jong-un and his colleagues. Contradictory statements were issued from Washington. United States senators denounced the DPRK and its leader and demanded that Trump cancel the summit because, in their words, the North Korean leader would “wrap the U.S. president around his little finger,” “embarrass the ‘great America,’” and so on. At one point, Trump announced that he was postponing the summit indefinitely, but diplomatic contacts continued anyway. Then Trump announced unexpectedly that the meeting would take place after all – in Singapore on June 12, 2018. The North Korean media, unlike that in the United States, exercised some restraint. It reported on the closure of the nuclear test site in Punggye-ri, the elimination of the Sohae rocket range and a number of other military facilities. The Singapore summit took place. Kim Jong-un and Donald Trump signed a joint statement on June 12, 2018 that contained four points (The full text..., 2018):

1. The DPRK and the United States commit to establish new relations.
2. The DPRK and the United States will join their efforts to build a lasting and stable peace regime on the Korean Peninsula.
3. The DPRK commits to work toward complete denuclearization of the Korean Peninsula.
4. The United States and the DPRK commit to recovering POW/MIA remains, including the immediate repatriation of those already identified.

Two very important provisions of the document are President Trump’s commitment “to provide security guarantees to the DPRK” and Kim Jong-un’s “unwavering commitment to complete denuclearization of the Korean Peninsula.” The parties also agreed to hold special “follow-on negotiations...to implement the outcomes of the...summit.” (Read The Joint Statement From President Trump And Kim Jong Un, June 12, 2018). Pyongyang and Washington drafted the document in very careful wording, instructing their delegations to work out the details. Frankly, that task will prove extremely difficult to accomplish.

**Russia and the question of Korean unification**

The nuclear missile problem greatly complicates and effectively blocks the resolution of other important challenges there. These include the need to establish a stable and productive inter-Korean dialogue and mutually beneficial cooperation and create favorable external conditions for the peaceful coexistence of the DPRK and ROK (Lukin, 2017; Lukonin, 2015, pp. 12–14). Clearly, it is more propaganda than substance for Pyongyang and Seoul to claim a desire for peaceful reunification. Reunification will remain a dream for both Koreas unless, of course, something sudden and unexpected happens.

The nuclear missile problem on the Korean Peninsula is tied closely to other aspects of the larger Korean issue. Without achieving some progress on resolving those, it is impossible to begin easing tensions, reducing the armed forces and armaments on both sides, withdrawing troops from the Military Demarcation Line, and so on. Before the DPRK began its nuclear testing, Pyongyang and Seoul had prepared a raft of joint documents designed to clear the way for ending the confrontation, and for détente, establishing trade and economic cooperation, and resolving humanitarian issues. The two countries signed the South-North Joint Communiqué (The July 4..., 1972) in 1972, and, in 1991, the Agreement on Reconciliation and NonAggression and Exchanges and Cooperation between the South and the North (Agreement on Reconciliation, 1991) in which both sides recognized each other as independent states. The two summits held in 2000 and 2007 were of great importance for resolving pressing inter-Korean problems and engendered hope that the two Korean states could reduce tensions and move toward cooperation. The DPRK and ROK also took steps toward denuclearization by signing the Joint Declaration of the Denuclearization of the Korean Peninsula (Joint Declaration, 1992) in 1992. They also formed a Joint Nuclear Control Commission (Joint Declaration..., 2011) in 1992. However, all these attempts were unsuccessful. Tensions flared again: the South Korean corvette Cheonan sank in 2010, North Korea fired on the South Korean island of Yeonpyeong the same year, clashes erupted periodically on the Yellow Sea, and skirmishes broke out near the DMZ, pushing the situation to the brink of a dangerous military conflict. The efforts by Russia and China managed to diffuse tensions and bring both sides to the negotiating table. Nuclear testing and ballistic missile launches soon followed, however, causing tensions to mount once again on the peninsula. In the end, the DPRK announced that it was canceling all agreements and arrangements with Seoul, and the work of the Kaesong Industrial Complex halted.
The UN imposed even tougher sanctions against North Korea in response to Pyongyang’s nuclear test in January 2016, the launch of an artificial satellite in February 2016, new nuclear tests in September 2017, and repeated missile launches. The United States, Japan, South Korea, the EU, and a number of other countries also toughened restrictions against the DPRK.

Former South Korean President Park Geun-hye took a very strict line against the DPRK, announcing a transition from a policy of trust on the Korean peninsula to a policy of changing the North Korean regime and proposed that South Korea essentially absorb or incorporate North Korea. Seoul sharply reduced inter-Korean ties and slashed trade with North Korea from $2.7 billion in 2015 to just $300 million in 2016.

Unlike Kim Il-sung and Kim Jong-il, the new North Korean leader has not put forward any “momentous” initiatives for uniting Korea, such as the initiative Pyongyang proposed in 1980 for creating a confederation of North and South Korea along the lines of the Chinese “one country, two systems” approach. Pyongyang’s version called for “one nation, one state – two systems, two governments.” Kim Il-sung also formulated a program for the consolidation of the North and South. For their part, South Korean leaders proposed various options for unification: former President Roh Moo-hyun spoke of a “Korean community,” while former President Kim Young-sam proposed a three-phase concept of unification. Prominent South Korean political figure, Nobel Peace Prize Kim Dae-jung during his term as President took a new approach to North Korea with his so-called “Sunshine Policy.” Many of the documents the two countries signed focused on creating an atmosphere conducive to unification. Most of those intentions remained on paper only, although the two countries did implement some things such as a tourism project in the Diamond Mountains, the Kaesong Industrial Complex, and others. The constant tension between the two Koreas effectively killed all constructive initiatives. In addition, the United States tried to prevent Pyongyang and Seoul from reconciling, repeatedly stopping former Presidents Kim Dae-jung and Roh Moo-hyun from “going too far” in their relations with North Korea.

In June 2016, the DPRK government proposed to Seoul the implementation of a set of measures that would open the way to reconciliation and unity. Pyongyang repeated an earlier proposal to create a federation of the North and South that would function according to the principle of “different social systems and ideologies.” Not entirely a new initiative, it resembled the proposal by Kim Il-sung to create a confederation of the two Koreas. Seoul rejected the initiative, stating that it was aimed at the communization of South Korea by the North. The National Unification Advisory Council, chaired by President Park Geun-hye, looked not for viable ways to unite the South and North, but for ways to counteract North Korean steps against Seoul. As a result, South Korea rejected Pyongyang’s proposal to conduct military negotiations, calling it yet another propaganda ploy. The South Korean Ministry of National Defense said that North Korea should take concrete steps toward denuclearization prior to making such proposals.

South Korea also refused to hold joint commemorative events marking the anniversary of the inter-Korean Summit of 2000 at which the Pyongyang Declaration was signed, canceled nongovernmental exchanges between the two
countries, and halted government-sponsored shipments of humanitarian aid that the DPRK urgently needed to offset food shortages.

South Korea tries to persuade countries that maintain diplomatic relations with the DPRK to renounce such friendship. Namibia announced an end to its cooperation with North Korea and its support for UN Security Council Resolution 2270 on the introduction of anti-North Korean sanctions. South Korea is deliberately establishing ties with states that have traditionally been friendly to the DPRK. In June 2016, senior ROK officials visited Cuba and Laos and “had a little talk” with them concerning Seoul’s anti-DPRK agenda.

In early 2018, North Korean leader Kim Jong-un proposed ending the inter-Korean confrontation and expressed his intention to send a North Korean delegation to the Olympic Games in Pyeongchang. Seoul welcomed the initiative and hailed it as a step toward a possible dialogue on the nuclear disarmament of the Korean Peninsula. Along with other measures the ROK and United States agreed to postpone their joint maneuvers that they hold annually in February-March until after the Olympic Games. Russia, China, and other countries welcomed the inter-Korean agreements. Although it is hoped this happens, it has never been possible to ease tensions on the Korean Peninsula for long. No sooner do inter-Korean relations improve than a new surge of dangerous tensions ensues. The resumption, soon after the Olympics, of United States-North Korean maneuvers involving several hundred thousand troops is the landmine that consistently blew up all hopes for inter-Korean relations, set them back significantly, and posed a serious threat to peace on the peninsula.

Russia was trying to diffuse tensions between North and South Korea. Moscow advocated the establishment of a negotiation process between North and South Korea to prevent a military confrontation on the peninsula, and generally to promote an atmosphere of reconciliation and cooperation (Saito, 2017, pp. 161–185). As Alexander Zhebin noted, “the aspiration of some analysts to enroll all the neighbors of Korea, including Russia, to the number of opponents to its unification, is nothing more than another attempt to mask selfish interests of some countries who consider the (Korean) Peninsula a mere pawn in their geopolitical combinations. For Russian security and economy the inter-Korean reconciliation and broad cooperation is, of course, profitable” (Zhebin, 2008).

**Russia and the Chinese factor on the Korean peninsula**

China considers the Korean Peninsula a zone of special geopolitical interests, and seeks to keep it within the orbit of its influence. Despite the fact that the DPRK is formally a Chinese ally and the ROK is an ally of the United States, Beijing maintains a balanced relationship with both Korean states (Lukin & Denisov, 2014, pp. 55–70).

Beijing and Pyongyang have many years of experience in bilateral cooperation. According to official Chinese data, from 149 to 400 hundred thousand Chinese soldiers died defending North Korea during the Korean War of 1950–1953 (Remains of Chinese soldiers..., 2016). The Sino-North Korean Mutual Aid and Cooperation Friendship Treaty that China and the DPRK signed in 1961 continues to serve as the foundation of the alliance between the two countries.
North Korean-Chinese relations developed very actively during the presidencies of Kim Il-sung (until 1994) and his son, Kim Jong-il (until 2011). North Korean and Chinese leaders visited each other’s countries frequently. When Kim Jong-un came to power; however, tensions arose between the two countries in connection with his nuclear-missile program, nuclear weapons tests, and ballistic missile launches China openly condemned North Korean policy and supported the UN Security Council resolutions against the DPRK and the imposition of economic sanctions against Pyongyang. The Chinese press openly criticized the DPRK, with the Xinhua News Agency calling it “reckless and unreasonable.” (Opinion…, 2016).

North Korea has retaliated by ostracizing Chinese policy as hostile and hegemonic. North Korean newspapers claim that China has forgotten its friendly relationship with the DPRK, and given in to pressure by joining the sanctions against the DPRK.

In June 2016, WPK Politburo Central Committee member Ri Su Yong visited Chinese President Xi Jinping in Beijing and informed him of the results of the Seventh Congress of the WPK – namely, that the DPRK leadership confirmed its intention to follow a strict course for the simultaneous development of the economy and the country’s nuclear potential. He also emphasized Pyongyang’s desire to strengthen relations with China. The Chinese side responded that, given the situation on the peninsula, Pyongyang should pursue a course of calm restraint, consultation, dialogue, and the preservation of regional peace and stability. Clearly, China would also like to reinforce its authority in the DPRK and influence the North Korean leadership.

Beijing is under intense pressure from the United States, South Korea, and their allies to adhere strictly to the sanctions against North Korea and to do everything possible to make Pyongyang abandon its nuclear-missile program. Instead, China supported the UN Council decision and imposed targeted sanctions against the DPRK that exact a heavy price from the North Korean economy. However, China would never allow itself to help crush the North Korean political regime, however deep its disappointment is with the DPRK’s new leader. China is attempting to implement the idea of simultaneously negotiating the nuclear disarmament of the Korean Peninsula and concluding a peace treaty. The most significant Chinese idea is known as ‘double freeze’: the DPRK stops the nuclear tests while the US and the ROK do not conduct their military exercises. Washington, however, insists that Pyongyang liquidate its nuclear missile program Beijing does not agree with the U.S. approach. China supports the resumption of six-party talks as the basis for a political solution to the nuclear missile issue. The joint statement adopted in 2005 by the six parties contains a set of concrete measures and obligations for resolving the nuclear problem on the Korean Peninsula. Beijing also proposed a general formula for reaching a phased solution to the Korean problem, which contains three elements: nuclear disarmament, the establishment of peace and tranquility on the peninsula, and dialogue.

China remains North Korea’s only major trade and economic partner. The DPRK-Chinese trade turnover in 2016 totaled $5.7 billion – or 91% of all North Korean trade (Kim, 2017). Beijing declared a list of 25 types of goods that fall under its anti-North Korean sanctions, including oil products, aviation fuel,
engineering products, electronics, etc. China does not prohibit, however, the delivery of goods used for nonmilitary purposes in the DPRK. China also announced a ban on the import of North Korean coal, iron ore, gold, titanium, rare earth metals, and other raw materials. However, these sanctions appear to be more declarative than substantial, as their implementation is not as stringent as the Chinese media reports. The peoples of China and the DPRK have close connections owing to their many years of bilateral cooperation, the personal relations that Kim Il-sung and Kim Jong-il held with China’s former leaders, and the two countries’ common cultural heritage. The current Chinese leadership could not possibly ignore these factors in its relations with its neighbors.

China’s policy toward Pyongyang aims to prevent chaos from breaking out and the country from collapsing. Beijing encourages Pyongyang to pursue domestic and foreign policies conducive to stability, the peaceful coexistence of North and South Korea, the nonnuclear status of both countries, and the exclusion of any foreign military presence on the peninsula. The possibility exists that China would use force if the situation in the DPRK – a strategically important ally – were to get out of control and the real prospect of losing the country arose. As mentioned above, a legal basis for such actions already exists – the Sino-North Korean Mutual Aid and Cooperation Friendship Treaty that has no fixed term.

China and the Republic of Korea have achieved significant results in economic, scientific, technical, and cultural cooperation in the nearly quarter of a century since they established diplomatic relations in August 1992. Annual trade turnover in recent years totaled more than $240 billion in 2017 (Korea Customs Service, n.d.), the two countries have signed a free trade agreement.

China and South Korea maintain a high level of political dialogue. Their top leaders meet regularly and hold in-depth discussions on the Korean problem. Seoul constantly appeals to the Chinese leader to play a positive role in stepping up pressure on Pyongyang. For its part, Beijing draws the attention of the South Korean president to the unacceptability of deploying U.S. missile defense complexes on that country’s territory. The Chinese leader has repeatedly called on Seoul to react “cautiously and appropriately” to the Pentagon’s plans for South Korea. It is worth noting that Chinese officials at all levels very insistently demand that South Korea refuse the U.S. missile defense system, rejecting Seoul’s argument that the entire program is meant to protect the country from North Korean ballistic missiles.

Beijing advocates the improvement of inter-Korean relations, the establishment of cooperation between North and South Korea, and the easing of the confrontation between them. China opposes the mounting military and political pressure on the DPRK and the arms race on the peninsula. It calls on both parties to come to the negotiating table. The countries refuse to listen to each other, however, and fail to heed Chinese appeals.

Russia is deepening its cooperation with China concerning the Korean problem. The close agreement between the positions of the two countries concerning all aspects of the Korea problem became clear once again during President Vladimir Putin’s visit to Beijing in 2016 (The Declaration …, 2016).

The Russian and Chinese Foreign Ministers issued a statement in July 2017 containing a joint initiative based on the Chinese ideas of a “freeze for freeze”
(according to which the DPRK halts its nuclear-missile activity and the United States and South Korea stop their large-scale joint maneuvers) and “parallel progress towards denuclearization” of the Korean Peninsula and the formation there of a mechanism for peace. The plan called for direct DPRK-United States and DPRK-ROK talks that could discuss the question of mutual diplomatic recognition. After that, multilateral negotiations could begin on the establishment of peace and security in Northeast Asia that would include the questions of denuclearization of the DPRK and the demilitarization of the region. These major Russian-Chinese initiatives could serve as the basis for advancing the process of resolving the nuclear crisis on the Korean Peninsula.

The United States was attempting to replace the six-party format for resolving the nuclear crisis by drawing its allies into the negotiation process. In this context, it is worth noting the results of the Vancouver Conference on the North Korean nuclear-missile problem that the United States convened in Canada in January 2018. The forum brought together the foreign ministers and senior officials of 20 states – primarily those that fought on the side of Seoul in the Korean War of 1950–1953. Russia and China were not invited to the conference. The outcome document adopted in Vancouver is consistent with the spirit of the United States-South Korean approach to resolving the crisis through the intensification of sanctions and pressure against Pyongyang. The 20 ministers rejected the Russian and Chinese proposal for normalizing the situation on the peninsula.

With tensions in the world growing, Russophobia on the rise among the political elite in the United States and a number of EU states, and NATO taking increasingly provocative actions, Russia strengthened its focus on Northeast Asia and the Korean Peninsula – where Washington is unquestionably working to thwart Russia and its interests.

In developing cooperation with Pyongyang, Moscow also intensified a dialogue with Seoul on all aspects of the Korean problem – even though South Korea holds pro-U.S. views on some important issues. Russia must consistently convey the idea that it is ready to take real steps to resolve the nuclear-missile crisis on the peninsula by political means – emphasizing that only cooperation as equals and constructive dialogue can ensure progress on Korean affairs.

Russia’s Korean policy has intensified noticeably in recent years. It has become more balanced and flexible, gathered appreciable steam, and has earned the respect of the states of the region (Toloraya & Gabets, 2017, pp. 109–149). As one U.S. expert put it, “The Russian government’s efforts to steer the United States and North Korea towards a peaceful course has increased its credibility as a diplomatic stakeholder in the region” (Ramani, 2017).

This is not enough, however; Moscow must go forward. Only when Russia is powerful by every measure can it actively influence the resolution of 21st-century problems – including the Korean nuclear crisis – and help create the conditions for the peaceful settlement of the situation on the Korean Peninsula.

The North Korean leader played the “China card” while preparing for his meeting with the U.S. president in June 2018. Prior to their summit, Kim Jong-un set aside his country’s differences with China and traveled to that country to hold talks with Chinese President Xi Jinping. During his first meeting in March 2018, the two leaders agreed to strengthen high-level exchanges, deepen strategic
communication, and expand exchanges and cooperation (Xi Jinping, Kim Jong Un hold talks in Beijing, March 28, 2018).

Judging by a number of indirect signs, China supported Kim Jong-un in his efforts to resolve the Korean Peninsula nuclear crisis peacefully through dialogue with the United States. This was essentially a fulfillment of the 1961 Sino-North Korean Mutual Aid and Cooperation Friendship Treaty that called for urgent consultations between the parties if the situation in the region should deteriorate sharply, although neither Beijing nor Pyongyang referred formally to this document and its importance for both countries. During his second, surprise visit in early May, Kim Jung Un confirmed his agreement to denuclearize North Korea as long as “the relevant party eliminates its hostile policies and security threats against the DPRK.” (Zhang, 2018). This was a clear indication that it was Chinese pressure that played a decisive role in Kim’s decision.

China supported the UN Security Council sanctions against the DPRK but strongly opposed the restrictive measures that individual states imposed against Pyongyang. After the China-North Korea summit in Beijing in March 2018, China repeatedly called for the gradual repeal of sanctions against the DPRK, arguing that it would accelerate the denuclearization of the Korean Peninsula and the normalization of the situation in the region.

Russia supported the steps by the two Koreas to normalize the situation on the Peninsula and the dialogue between Pyongyang and Washington to reach a political solution to the nuclear issue. During his visit to Pyongyang in May 2018, Foreign Minister Sergei Lavrov met with Kim Jong-un and gave him a personal letter from Vladimir Putin in which the Russian President invited his North Korean counterpart to visit Russia. Moscow has expressed its approval of the agreements between the two Koreas and its readiness to contribute fully toward their implementation.

Moscow is ready to implement projects of trilateral cooperation between Russia, North Korea, and South Korea in the areas of railways, energy, gas, etc. that have long been planned. The settlement of the nuclear issue on the Korean Peninsula and the easing of tensions between the two Koreas create favorable conditions for the development of trilateral cooperation.

As for the nuclear issue, Sergei Lavrov stressed that nuclear disarmament should be considered in the context of the entire Korean Peninsula, and not only its northern part. He said it is important to synchronize the process of denuclearization and U.S. security guarantees for the DPRK in order to strengthen mutual trust. Of course, the document that Kim Jong-un and Donald Trump signed provides only a general framework and substantial time and effort will be needed to work out its numerous details. (Lavrov: Kim Chen Yn schel ubeditel’nymi obeshhanija Trampa, 2018).

Conclusion: Moscow and the future of normalization on the Korean peninsula

Russia has emphasized the need to lift the unilateral sanctions against North Korea as soon as possible – particularly the additional extraterritorial restrictions – and to modify the sanctions imposed by the UN Security Council against the DPRK (V MID Rossii prizvali k peresmotru..., 2018, June 15). In our view, this
would help accelerate the process of reaching a settlement of the North Korean nuclear issue.

The visit by South Korean President Moon Jae-in to Moscow in June 2018, after the Singapore summit between Kim and Trump, produced positive results. Those talks focused on the denuclearization of the Korean Peninsula, the intensification of bilateral relations, and trilateral cooperation between Russia, South Korea, and North Korea. The parties signed eight memorandums of mutual understanding in the areas of energy, industry, and investment and agreed to begin talks on preparing a free trade agreement.

The heads of state confirmed their desire for the peaceful denuclearization of the Korean Peninsula and the establishment of a lasting peace in the region. The South Korean President praised Russia’s contribution to the settlement of the situation on the Peninsula and to the normalization of inter-Korean relations.

The issue of nuclear disarmament on the Korean Peninsula concerns not only North Korea, but also South Korea, Japan, the United States, China, and Russia. In other words, it concerns not only Northeast Asia, but also the whole world. It therefore requires a comprehensive solution based on a multilateral and constructive dialogue.

Pyongyang and Washington agreed to untangle the North Korean nuclear knot through “full denuclearization.” However, the two Koreas already tried that approach in their official documents, particularly the 1991 Joint Declaration for a NonNuclear Korean Peninsula. In 1992, the two Koreas formed a Joint Nuclear Control Commission. It is very unfortunate that both the Declaration and Joint Commission were unable to make a practical contribution to resolving the nuclear issue on the Korean Peninsula. Today’s problems require concrete solutions. Even if to end the nuclear program and eliminate its extremely complex structure, what should be done with the nuclear weapons that have already been built and that are located in secret North Korean warehouses? It is unlikely that Pyongyang would agree to destroy all nuclear weapons. It can hardly trust the United States to provide adequate guarantees of North Korean sovereignty and to accept the continued rule of the Kim Jong-un regime. The actions of U.S. administrations in the international arena in recent decades demonstrates a complete disregard for agreements on such issues as security, disarmament, and others that are relevant today, as well as an unwillingness to take into account the interests of other states, international organizations, and forums. It is, therefore, difficult for Pyongyang to overcome its distrust of the United States, and it will remain very cautious with regard to United States’ proposals and specific measures for disarming the DPRK.

Pyongyang remembers well the 1994 Geneva framework agreement with the United States in which Washington promised, among many other things, to build two light-water reactors in North Korea and provide Pyongyang with guarantees of the nonuse of force and nuclear weapons. (Agreed Framework Between the United States of America and the Democratic People’s Republic of Korea, 1994). In a personal letter to Kim Jong-il, then-U.S. President Bill Clinton confirmed U.S. obligations under the framework agreement. However, Washington never fulfilled those promises.

It is also necessary to determine how North Korea’s relationship to international law would change once it eliminates its nuclear arsenal. Pyongyang
withdrawn from the Comprehensive Nuclear-Test-Ban Treaty in 1993, thus North Korea must restore its relationship with the IAEA fully and on a solid legal foundation.

The right of the DPRK to the peaceful use of nuclear energy also remains a very important question – one requiring an enormous amount of legal and practical work.

In addition to nuclear weapons, the DPRK possesses other types of WMD – chemical and biological weapons, as well as the means for their delivery – ballistic missiles. The parties will have to resolve this very complex issue either within the framework of the current summit’s results, or else through separate negotiations and decisions.

The issue of the U.S. military presence in South Korea will also come up during negotiations. Although Trump let slip that the United States would have to withdraw its forces from the South due to Seoul’s unwillingness to contribute more to the high cost of their maintenance, both South Korea and the United States have announced that the question is not on the table in the current North Korean-U.S. negotiations. For North Korea, however, the issue is critical to national security. The mere cessation of certain United States-South Korean maneuvers could never satisfy Pyongyang. It justifiably demands a halt to all large-scale military maneuvers between South Korean and U.S. troops – exercises that yearly deploy up to 200,000 or more personnel in simulated attacks against the North.

Despite a certain normalization of the situation on the Korean Peninsula after the summit between Kim Jong-un and Donald Trump, subsequent U.S. actions toward the DPRK have been disquieting. For example, just 10 days after the meeting in Singapore, the U.S. President ordered a one-year extension of the country’s unilateral anti-North Korean sanctions.

More generally, the question of a peace treaty formally ending the 1950–1953 Korean War remains unresolved. To achieve this would require taking into consideration the interests of all sides in the conflict, as well as the interests of countries neighboring the Korean Peninsula. Russia can make a significant contribution to this process.

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References


Russia and India in the Indo-Pacific

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The new world system endowed the biggest semi-peripheral countries, most notably India, with a special role. Along with China, India appears to be transforming into a specific subsystem of international relations where both Asian giants can become competitors to the United States in the struggle for leadership. In this sense, history is repeating itself, with rivals appearing at the periphery. The international community still does not recognize India’s status as a global power. Its realpolitik is still poor and the country follows a balancing strategy dating from the bipolar era. However, the Indo-Pacific region is a key direction of Indian foreign policy and it is deepening engagement with East Asia, thus making it easier to analyze the national interests of the country, its limits and opportunities, and the state of cooperation or contradiction with such global actors as the United States and China. The Asia-Pacific is also a vital region for Russia’s national interests, but Moscow’s political and economic presence is thus far more declarative than real. India is a natural and objective ally of the Russian Federation. However, the joint activities of India and Russia in the Indo-Pacific will be limited, primarily due to their different approaches toward relations with China.

Key words: balancing, China, India, Indo-Pacific, Russia

新的世界体系赋予了最大的半外围国家，尤其是印度这一特殊角色。不仅是中国，印度似乎也在转变为国际关系中的一个特定子系统，在这个子系统中，两个亚洲大国都可以成为美国在争夺领导地位斗争中的竞争对手。从这个意义上说，历史正在重演，而竞争对手则在周边地区渐渐崛起。国际社会仍然不承认印度作为一个全球大国的地位。它的现实政治仍然是贫穷的，这个国家遵循的平衡战略可以追溯到两极时代。然而，作为印度外交政策的一个重要方向，印太地区正在加深与东亚的来往，这有助于分析该国的利益、局限与机遇，其与美国和中国等全球参与者之间的合作或矛盾状态变得更为容易。亚太地区也是俄罗斯国家利益的重要区域，但俄罗斯的政治和经济影响远比现实更具有宣示性。印度作为俄罗斯联邦客现存在的盟友，其和俄罗斯在印太地区的联合活动将会受到限制，主要原因是由于两国针对对华关系采取的做法有所不同。

关键词：平衡，中国，印度，印太地区，俄罗斯

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El nuevo sistema mundial dotó a los países semi-periféricos más grandes, especialmente a India, con un papel especial. Junto con China, India parece estar transformándose en un subsistema específico de relaciones internacionales donde los dos gigantes asiáticos pueden convertirse en competidores de Estados Unidos en la lucha por el liderazgo. En este sentido, la historia se repite con los rivales que aparecen en la periferia. La comunidad internacional aún no reconoce el estatus de la India como una potencia global. Su realpolitik sigue siendo pobre y el país sigue una estrategia de equilibrio que data de la era bipolar. Sin embargo, la región del Indo-Pacífico es una dirección clave de la política exterior de India y está profundizando el compromiso con Asia Oriental, lo que facilita el análisis de los intereses del país, sus beneficios y oportunidades, y el estado de cooperación o contradicción con tales Actores globales como Estados Unidos y China. La región de Asia y el Pacífico también es una región vital para los intereses nacionales de Rusia, pero la presencia política y económica de Moscú es mucho más declarativa que real. India es un aliado natural y objetivo de la Federación Rusa. Sin embargo, las actividades conjuntas de India y Rusia en el Indo-Pacífico serán limitadas, principalmente debido a sus diferentes enfoques hacia las relaciones con China.

**Palabras clave:** Balanceo, China, India, Indo-Pacífico, Rusia

### The role of Greater East Asia for Russia

The concept of an “Indo-Pacific” appeared about 10 years ago, reflecting drastic changes in Asia, including a sharp rebound of China as well as other actors—primarily India. India welcomed an Indo-Pacific concept that was already in the official discourse of Australia as a reflection of India’s heightened role for both Australia and Asia (Frost, 2016, p. 161). The concept was also used by Indonesia (Koldunova, 2014). In 2017, during his first trip to Asia, Donald Trump used the term “Indo-Pacific” several times instead of the more familiar “Asia” or “Asia-Pacific.”

The concept appears to coincide largely with a theory of the creation of “The Greater East Asia” (North-East Asia, South-East Asia, Central, and South Asia), which has long been supported by experts from MGIMO University of the Russian Ministry of Foreign Affairs, primarily from an economic, cultural, and civilizational perspective. In the Greater East Asia region, economic interdependence is generally complementary. The regional states include all three models of economic development—post-industrial, industrial, and resource (Voskresenskiy, 2010, pp. 110–113). Japan developed a “knowledge-based economy,” and was followed by South Korea (which ranked first in the Bloomberg Innovation Index for four years) (Jamrisko & Lu, 2017), Taiwan, and Singapore. The world’s manufacturing industry has already moved from Europe and North America to East and South Asia. The macroregion which includes the Asian part of Russia, Central Asia, and individual countries of Southeast Asia, has over a third of the world’s raw materials.

The region already sees the beginnings of economic integration processes; Greater East Asia is demonstrating a steady growth in regional turnover share. All regional organizations—from the ASEAN, ASEAN Plus arrangements, to the East Asia Summit (EAS)—aim at gradually reducing trade tariffs within the region, as well as lifting import restrictions to the point of creating a free trade
Economic integration ties are quite profitable for the macroregional countries. Three Asian giants (China, India, and Japan, but especially China) advocate for expanding economic cooperation. China considers East Asia its sphere of influence, and is determined to form and modernize free trade zones with all other regional countries, i.e. Japan, South Korea, India, and ASEAN member states. Economic integration serves China’s interests by facilitating the PRC’s soft economic overlapping of Southeast Asia, with Beijing expecting to take on the leadership role in the region.

After the collapse of the USSR, East Asia was not a priority for Russia’s foreign policy. Yevgeny Primakov who was Minister of Foreign Affairs in 1996, then Prime Minister in 1998, later brought changes to Russian foreign policy toward Asia—primarily in relations with India and China which became important elements of his strategy to balance Russian partners in both the West and East.

During his visit to India in December 1998 as prime minister, he was the first in the post-bipolar world to openly declare the idea of a triple alliance between Russia, China, and India, a concept which had been put forward by Joseph Stalin nearly a century ago (Stalin, 1947, p. 372). Russia’s original perception of East Asia emphasized the military and strategic dimension, as overwhelmingly based on Soviet tradition. Russia was not satisfied with the regional security system based primarily on the American bilateral alliances in the region. But the accelerated development of China and India had led to their steady emergence as independent centers of power, thus substantially reconfiguring the whole international system. The triple alliance proposal indicated Russia’s “Pivot to Asia,” although for explicit progress in this direction, Russia required a change of the power balance. After all, it was the developed countries that had rejected Russia, prompting it to change its foreign policy line and look for new partners primarily among large Asian countries (Lukin, 2016, p. 578). By the year 1996, Russia had become a participant in the ASEAN dialogue; in 1997, it joined the APEC; and in 2010, it entered the EAS.

Russia’s increased involvement in economic integration was based on the fact that, by the start of the century, the Far East and East Siberia had already become much more oriented toward Asia rather than toward other parts of Russia. But its economic ties with the region were concentrated on the energy field. Moscow had to take full control of those processes, expand beyond the resource interests, and transform them so as not to lose the aforementioned macroeconomic regions in the future.

Its turn to Asia was a valuable opportunity to raise Russia’s international stature and recover the global power status that it had lost in the 1990s. Moscow’s active participation in the region created new possibilities for using relations with certain Asian countries with whom it had developed trust during Soviet times. Asia can also become a resource to help overcome disputes dividing Russia and the West. In fact, Russia remains one of the few countries in the world that is not in serious contradiction with East Asia. Russia’s presence does not provoke irritation. On the contrary, many countries are seeking its favor—preconditioned by its resource potential, the possibility of using the Russian Federation as a political balance against other major powers, and the absence of a colonialist past.
Yet, the real understanding of the value of East Asia came only by the second decade of the century. The early 2010s marked a drastic transformation of Russia’s policy in the Asia-Pacific. Many politicians and experts felt Russia needed more diversified relations with East Asia, among other things, to avoid excessive dependence on China. Indeed, Russian diplomacy has taken several steps to revitalize relations with Japan, South Korea, and Vietnam. A case in point was that in 2013, for the first time in history, Russian-Japanese relations saw a strategic dialogue in a “2 + 2” framework (i.e., simultaneous meetings of foreign ministers and defense ministers of the two parties).

Japan’s stagnating economic growth and potential transition into a middle power at the regional level could open additional cooperation opportunities for both sides. Though strategically and politically inclined toward an alliance with the United States, Japan had to find other mechanisms to maintain its leading role in solving regional problems. Increasingly losing space for maneuver due to China’s rise, Japan could very well consider a partnership with Russia as one such mechanism, in exchange for supporting Russia in its aspiration to strengthen its position in Asia-Pacific. Japan and South Korea remained the most likely candidates in East Asia to become Russia’s partners in modernization. Russian-Korean relations meet the criteria for such a partnership; Russia and South Korea enjoy a high level of bilateral trade, as well as participate in joint projects in space and atomic energy. Russia took part in establishing the South Korean Naro Space Center and launching KSLV-1. Apart from trade diversification, Russia is seeking the expansion of technological and industrial cooperation with South Korea. Meanwhile, South Korea hopes that strengthened economic ties with Russia would help it win a more assertive Russian stance on North Korea.

In 2012, Russia’s and Vietnam’s bilateral cooperation had developed into a comprehensive partnership. At that time, bilateral ties covered trade, development of oil and gas joint ventures in Russia and Vietnam, negotiations on a free trade zone, and a project to construct the first atomic power plant in Vietnam. Russian investments engage with over a hundred projects in Vietnam. The free trade zone with Vietnam, as a model for a free trade zone with ASEAN as a whole, has been a topic of many discussions.

In 2014, India’s and China’s importance to Russia experienced significant growth inasmuch as Moscow could rely only on Beijing and New Delhi as a means of easing tensions with the West. The Russian Federation is aware that Russia, China, India, and other large non-Western countries have quite similar approaches to world order and positions on global political and economic problems (which, for instance, determined the emergence of BRICS). For these nations, independent foreign policy had always been a major goal; subordination to anyone runs counter to their plans. Besides, these giants do not relate to the privileged part of the world economic system and are thus not at all enthusiastic about the rules of the game imposed by developed countries.

Some aspects of the Western reaction to the Ukrainian crisis literally forced Russia to develop a strategic partnership with China (Lukin, 2018). Nonetheless, the Russian elite still remain pro-European, manifesting more through an increased skepticism over the United States and less with Western Europe. It spawned ideas for a possible divide between two global centers, and Russia’s
emergence as a European partner. The Russian establishment still strongly believes in a Europe-centric “ideal model,”—clearly suffering from an inferiority complex as compared to Europe, and traditionally pessimistic about its own country, which has always engendered real cynicism (in pre-revolutionary times, during the Soviet period, and up until now).

However, the Russian elite are limited by drastic changes in Russian public opinion. From 2014 to 2017, a study by Russia’s Levada Center noted that the public’s negative assessments of the European Union showed a threefold increase, with two-thirds of the respondents impelling the Russian elite to change its approach. According to the Center’s reports on “Non-Profit Organizations Performing the Functions of a Foreign Agent,” the attitude toward the EU slightly improved in late 2017 (15% hold a very negative view of Europe; 39%, negative). Nevertheless, 14% called the EU the main enemy of the country. The attitude toward the United States is even worse, with 68% of Russians perceiving it as an overt foe. Only 24% of Russian citizens see the United States in a positive light.\(^1\) This negative attitude toward the superpower has prevailed in the Russian Federation within both society and the elite. Russia-United States economic ties have not acquired exceptional dimensions; and the business elite is not particularly interested in ties with the United States. The Russian establishment does not suffer much from American sanctions. In effect, all the stereotypes of Soviet times, when the Unites States was the USSR’s chief enemy, have now been resurrected.

Amid worsening Russian relations with the United States and Europe,\(^2\) one trend has emerged: Moscow started to attach greater significance to China. This began when Vladimir Putin first used the phrase “an unprecedentedly high level”\(^3\) in describing bilateral ties. Previously, the prevailing view in Russia had been that China was more a competitor than a partner in terms of integration into the international community. The Russian Federation had to adapt to a new international context: one where China had already projected itself as a global actor with its own well-defined interests that are quite different from Russia’s; and one that it was ready to support economically. Still, Moscow’s approaches to China were quite cautious.

After the overt conflict between Russia and the West erupted in 2014, public opinion toward China saw significant improvement. Data from 2006 showed 48% of Russians calling the P.R.C. a friendly state and 30% holding a different point of view. By 2015, China had won the sympathy of 80% of Russians. Only Belorussia achieved better results (i.e., 81%); however, Belorussia had more negative assessments (11%, as compared with China’s 8%).\(^4\) 46.3% of Russians regarded China as the main ally with which all types of relationships are to be developed (in 2004, only 7.6% favored a coalition with the P.R.C.).

However, both sides lacked in definitive actions to develop strategic cooperation, resulting in diminished Russian sympathy toward China rather rapidly. In 2016, just 34% of respondents defined China as Russia’s main friend (compared with Belorussia, 50% and Kazakhstan, 39%)\(^5\) (The residents of Russia consider the United States, Ukraine, and Turkey to be the main opponents, 2016). Russian experts say that Chinese banks (excluding the state-owned Eximbank and Development Bank) have, in fact, joined the Western sanctions against Russia and started to either refrain from issuing loans to Russian banks and other economic
entities or toughened their terms and conditions for doing so. Many Russians were reportedly forced to close their accounts with Chinese banks. Some Russian experts have also observed that in the last two years, Chinese economic entities exploited Russia’s economic problems to try to harden their negotiating positions with Russian partners in general.

There are also complaints with regard to a specific implementation of China’s “Silk Road Economic Belt,” and its compatibility with the Eurasian Economic Union. Regarding China’s energy connections with Central Asia, China has recently found no substantial opposition in Russia. But that is not the case with its pipeline extension to Iran, Turkey, and Europe, which would be considered by Russia as “anti-Russian,” and similar to the American concept of a “New Silk Road” (with the Europe-Caucasus-Asia transport corridor project TRACECA having to pass the territory of Russia).

In terms of the transportation component, China pays little attention to the Northern Corridor construction (China-Central Asia-Russia-EU countries) and sees Russia’s transit potential only as a railway network for its Central region (Urumqi-Almaty-Orenburg-Kazan-Moscow-Saint Petersburg-Europe). Many experts fail to understand why the already existing transport corridor between the P.R.C. and the E.U.—namely the Harbin Railway—Trans-Siberian Railway Moscow-Vladivostok, which, at 9,298.2 km, is the world’s longest railroad to date and is completely electrified—in fact remains off the radar.

Disappointment about cooperation with the West remains Russia’s and China’s common ground. After the 2008 economic crisis, the P.R.C. expected from the United States and Europe greater understanding of Chinese core interests, given that China took several steps to boost the world economy during the crisis. However, the reality has not met expectations. The West remained critical of the state of human rights in China, especially with regard to the situation in Tibet. In 2010–2011, United States-China contradictions in the Asia-Pacific became particularly acute with the United States supporting the Philippines and Vietnam in territorial disputes with the PRC over islands in the South China Sea. The conflict that seemed to have been latent for some time contributed to the escalation of another territorial dispute—between China and Japan over islands in the East China Sea. The outcome was an active global and regional discussion over China becoming more aggressive in international affairs. In general, Russia supposes China would be the United States’ main rival for quite a long time.

At least in the medium term, Russia’s and China’s interest in working together is bound to prevail over their contradictions. However, the Russia-China strategic partnership is still largely determined by a tactical rather than a truly strategic vision of bilateral relations. Improved Russian relations with the West would likely lead to weakened Russia-China ties, inasmuch as Russia’s confrontation with the West was the major factor for the very rapid changes in the country’s foreign policy.

The Indo-Pacific in India’s foreign policy

India failed to build complementary interdependence with its neighboring countries of South Asia; hence, it values highly the development of economic ties with East Asia. At the beginning of the post-bipolar period, India had proclaimed the “Look East” policy which implied a strengthening of its position
in East Asia; however, the Indian economic model is different from East Asia’s export-oriented model and to date, India and East Asia are not particularly interconnected. In contrast, India’s strategic partnerships with Japan, South Korea, and Australia, along with its strategic dialogue with Vietnam, are viewed by its government as a key barrier to the spread of Chinese influence (Blank, Moroney, Rabasa, & Lin, 2015, p. 95), adding a strategic dimension to India-East Asia interrelations.

Even during the bipolar Cold War period, India’s position had strengthened in the southern and southwestern parts of the Indian Ocean, where the country’s increasing military and naval power did not threaten the vital interests of global powers. In these least developed regions, India could fill gaps in low-technological needs and trigger some economic and political integration of those countries. Most countries with direct access to the Indian Ocean have India as one of their major markets. Indian capital, both state-owned and private, has experienced active outflow and a number of joint venture companies have been established. One should also take into consideration India’s long-standing cultural ties as well as the large number of Indian expatriates in many countries in the Indian Ocean.

India’s lengthy and porous maritime border (6,100 km), vulnerable seaports, far away insular territories (up to 2,000 km from the mainland), the importance of maritime traffic for external trade, and its traditional connections to many island states of the Indian Ocean help explain India’s need for rapid deployment of its naval forces. These have, pre-determined India’s long-standing position against militarization of the Indian Ocean by the navies of the great powers (primarily, the United States and former USSR), and its desire to strengthen its own position instead (Bratersky & Lunyov, 1990, pp. 936–937).

The post-bipolar world somewhat changed the situation. Delhi’s intention to elevate its stature among developing countries significantly weakened as India lost its de facto status as a spokesman for their interests. In this regard, India has become less active in international affairs, focusing more on the domestic economy. Indian diplomacy has become more spot-oriented (focused on the development of relations primarily with specific countries and regions), with East Asia being one of the key targets. Following the Cold War, India declared the “Look East Policy”—primarily for Southeast Asia, then starting from the third implementation phase of the initiative, for North East Asia, as well.

In 1993, sectoral dialogue relations between ASEAN and India were established; and in 1995, India was given full-fledged partner status. The first ASEAN + India summit was held in November 2002. India also became one of the 16 participating countries at the first EAS, which took place in Malaysia in December 2005. The launch of the Mekong-Ganges forum brought together India and five ASEAN countries, namely Cambodia, Laos, Myanmar, Thailand, and Vietnam. In 1997, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) organization was formed, linking Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand in joint economic projects. However, the aforementioned initiatives have not brought the expected results. In 2007, India even canceled the heads of governments’ meeting that was to be held in Delhi after Bangladesh found it impossible to
participate; even though a decision to set the special free trade zone was intended to be made during the meeting.

India’s relations with Southeast Asia are very similar to China’s ties with South Asia. For the smaller countries, the “neighboring giant” (India for South Asia, China for Southeast Asia) is both a promising economic partner and a security threat. As such, Southeast Asian countries welcome strengthening ties with India while balancing policy by relying on other regional (India and Japan) and extraregional powers (primarily the United States).

India constantly reassures China that its linkages to ASEAN countries do not run counter to the P.R.C. But Indian policy itself, as well as some Southeast Asian states’ intention to use Delhi as a counterweight to Beijing, will inevitably mean attempts toward relative weakening of the PRC’s position in the region. This, in turn, will lead to complicated relations with India. Nowadays, Delhi’s political and economic stature in Indonesia and Vietnam has risen, notably on the basis of anti-Chinese sentiment. Indian government officials and experts believe in the so-called Chinese “String of Pearls” strategy whereby Beijing allegedly intends to build military bases in Myanmar, Bangladesh, Sri Lanka, and Pakistan—with the intention of gaining access to the Indian Ocean directly through the Bay of Bengal. However, that concept has no real substance; China did not even build a naval base in Gwadar, Pakistan as was speculated (Khurana, 2008). As of today, China’s position in Southeast Asia is substantially more solid than that of India due to the relatively limited Indian influence over Greater East Asia. Given current developments and its limited resources, India will be unable to compete on equal terms with other great powers (Voskresenskiy, 2010, p. 103); thus, one can characterize India’s impact in the region as small, though gradually growing (Cohen, 2002, pp. 25–27).

India’s participation in regionalization, which covers two completely different phenomena—the revival of regional powers, and formation of regional integration groupings—is of great interest. The simultaneity of these processes is fairly contradictory but, in a post-bipolar world, no longer opposes each other as it did during the bipolar period. Globalization and regionalization are both interconnected and conflicting since all countries are both objects and subjects of the two processes (Buzan & Weaver, 2003; Godehardt & Nabers, 2011; Nel, Nabers, & Hanif, 2012). Regionalization responds better to individual countries’ economic interests, as well as political, social, and cultural, interests. Herewith, there are enough facts to consider regionalization as a final goal rather than an intermediate stage toward globalization, which means it can become an obstacle to the further development of globalization. An interim version, and therefore more likely, is the gathering of “old” regions into macroregional complexes (Voskresenskiy, 2010).

Although India is interested, support for pan-regional integration is not the most serious priority for Indian economic policy. First of all, India’s economic relations with South and East Asia are underdeveloped. Before the global crisis, India experienced an extremely fast export growth to Southeast Asia (over 30% a year) and a considerable increase in import from Northeast Asia (25–40% annually). However, negative trade phenomena related to economic difficulties and the overall global crisis have been noted in past years. India’s external trade with East Asia stood at 27.8% of India’s total trade turnover in 2009–2010, but showed
a decrease of 18.4% in 2014–2015 although it has risen tremendously in more recent years (Table 1).

In general, India remains a low-priority partner for regional states. India’s economic relations with Japan, for instance, are more political in nature, and have no real economic rationale. Secondly, the Indian economy is overwhelmingly domestic-oriented with exports comprising an insignificant share of India’s GDP. In the future, however, India could become second only to China as the biggest regional actor in Greater East Asia. India’s strategic political goal in the region is largely similar to China’s—to become a global power and a regional leader. But compared to the P.R.C., the geographical scope of Indian vital interests is more limited. It involves South Asia, first of all, then Southeast Asia. Besides, India’s short-term interests in Southeast Asia will remain modest, although it seeks to expand influence, primarily through some countries’ aspirations to deter China, in which case India is to a large extent considered an external player.

India places a premium on enhancing its naval potential in the Indian Ocean. Former Indian Prime Minister Manmohan Singh assumed, “India’s growing international stature gives it strategic relevance in the area, ranging from the Persian Gulf to the Strait of Malacca (Singh, 2007, p. 4).” India’s 2007 naval strategy for the next 15 years and maritime doctrine of 2009 envisage strengthening Indian positions in the Indian Ocean. The 2015 naval strategy called “Maritime security” already gives India’s navy the responsibility to ensure navigational safety in the Indo-Pacific region. This concept arose at the end of the first decade of the new century, and was officially recognized in India in the above-mentioned 2015 document. The document highlighted nine locations of special importance to the Republic: the Suez Canal, Strait of Hormuz, Bab-el-Mandeb Strait, Mozambique Channel, Cape of Good Hope, Malacca Straits, Sunda Strait, Lombok Strait, and Ombai and Wetar straits. The “main interest” zones includes the entire area of the Indian Ocean and Red Sea Basin; while of “secondary interest” is the zone from the West Coast of Africa and the Mediterranean Sea to Australia and Antarctica. The Navy was tasked to contribute to the strengthening of Indian “political, economic, and investment cooperation” in vital regions. As such, maritime diplomacy has been given special attention under the administration of Narendra Modi and has become a dominant element of India’s overall foreign policy (Limaye, 2017, p. 52). Prime Minister Modi personally proclaimed these changes in Indian policy when, in March 2015, he suggested a revised and

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<td>Southeast Asia</td>
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<td>North East Asia</td>
<td>95.1</td>
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clearer framework for the Indian Ocean, which then became fully reflected in the navy’s new official strategy (Roy-Chaudhury, 2015).

India’s conduct of joint naval exercises—with Russia, the United States, the United Kingdom, France, and Australia, among others—increased considerably, and new warships were bought and constructed. Though the goal is already set, India still cannot expect to dominate in the Indian Ocean.

Traditionally continental, India and China are now rapidly developing as naval powers. “Historically, China has shown more interest in the Pacific Ocean, though the Indian Ocean is drawing more of its attention because it serves as one of China’s important sea lines of communication…India, meanwhile, has historically exhibited more interest in the Indian Ocean but now has increasing interests in the Pacific Ocean (Tellis & Mirski, 2013, p. 105).” Yet, even Indian experts posit that India will not be the main actor in the Indian Ocean (Pant, 2009, p. 297).

Currently, nearly 50 warships are under construction, with four to five ships built annually. The Indian naval forces ranked sixth in the world even in the early 21st century, but experts forecast that it will take the third or fourth place in the world by 2030, second only to China in Asia (Mizokami, 2016). Today, India has over 170 warships, including two aircraft carriers. In November 2013, Russia transferred to India its aircraft cruiser (formerly known as “Admiral of the Fleet of the Soviet Union Gorshkov”), which became part of the Indian fleet. The modernized aircraft carrier has over 2,000 crew members and 30 aircrafts (24 MIGs-29 and 6 KA helicopters).

The aircraft carrier—the “Viraat,” built in 1959—was transferred by Britain to India in 1987. Its services, however, were terminated in 2012; and final decommissioning is expected when the “Vikrant” (constructed in 2009, launched in 2013, but which has yet to pass tests) is ready to serve. Originally India expected that the “Vikrant” will be ready in 2014, but now the Indian officials speak about a timeline of 2022–2023.

At present, India has 13 destroyers, all with guided missiles (three are Delhi-class; two Calcutta-class, almost invisible to radar; three Shivalik-class; and six Rajput-Kashin-class). It also has 14 frigates (six of which are from Russia), 24 corvettes, a nuclear submarine (leased by Russia), 13 diesel submarines (nine being Soviet-made), and 109 patrol boats (The International Institute for Strategic Studies, 2016, pp. 251–255).

India’s military might also stems from the fact that the country was a nuclear power for over 40 years, having exploded its first nuclear bomb in May 1974 when the government declared it as an experiment for peaceful purposes, but which many in the international community doubted. In 2005, it was estimated that India had between 30 and 100 nuclear warheads (Arbatov & Chufrin, 2005, p. 11). By 2015, Stockholm International Peace Research Institute (SIPRI) estimated the number to have risen to 90 to 110 and, in 2016, 100 to 120. India uses mainly plutonium for its nuclear weapons. Recently, it started to increase production capacity for highly enriched uranium, with Delhi stressing the need for a nuclear triad for air, land, and sea delivery. The French Mirage 2000H, also called Jaguar IS or Su-30MK, is regarded as India’s primary nuclear strike aircraft (Kile & Kristensen, 2015, pp. 345–346).

India is actively developing its missile program, as well. To date, it has deployed approximately 50 intermediate-range ballistic missile launchers able
to carry nuclear weapons. The country also implements a program involving ballistic medium-range missiles called “Agni. “Agni-V” (with a range of over 5,000 km and an operational load of 1 ton) was first tested in April 2012 (Subramanian, 2012). SIPRI reports that the sea-based ballistic missile “Dhanush” (with a 400 km range and 0.5-ton warhead) is already operational. Other similar missiles are also in service, according to the International Institute for Strategic Studies (2016, p. 15). The K-15 (700 km range, 0.5-ton warhead) and K-4 (nearly 3,000 km in range) are under development (Kile & Kristensen, 2015, pp. 345–349). Overall, India has 12 intermediate-range and 42 short-range (500–1,000 km) ballistic missiles (The International Institute for Strategic Studies, 2016, p. 251).

The growth of India might have a certain impact upon the relations between China and the United States. The Sino-United States controversies in the Indo-Pacific are about redistributing spheres of influence and preserving regional security, as the P.R.C. is seen to be subverting the established balance of power in recent years, violating the status quo, and posing a threat to American interests both in the Asia Pacific and globally. Chinese leadership achievements in that direction will enable it to succeed in others, being that it is uncomfortable with the fact that America is a global leader (Favel, 2014, p. 9). Meanwhile, according to some experts, in the future the United States will lack sufficient financial base to catch up with China, and thus faces a weakening position in the region amidst rapid Chinese economic and military development (Kanaev, 2014, p. 205). Beijing, in turn, fears being “encircled” by the U.S. alliances and partnerships throughout the region, which reflects on its relations with Washington and the ongoing arms race.

The United States, in contrast, is interested in developing relations with both China and India. Both Delhi and Washington are well aware that their relations are built on mutual strategic interest (among other things, to limit China’s expansion of influence). At the same time, India does not want to be fully allied with the United States (or Japan) in its confrontation with China—the reasons being the reluctance of the United States to recognize any country as an equal partner; disputes with the United States over many important issues, including world global problems; and India’s unwillingness to have its “hands tied” as its leadership seeks to uphold foreign policy independence and maintain broad cooperation with other countries, including Russia (Madan, 2015). India is still following its balancing strategy even at the regional level (Lunev, 2016).

Russia-India ties and their cooperation in the Indo-Pacific

India is Russia’s natural and reliable ally for objective reasons. The two countries’ national interests coincide with, or at least do not contradict, each other. On a vast majority of world problems, India takes the same or a similar stance as Russia. Particularly noteworthy are the two nations’ identical goals in relation to the West—an unwillingness to comply with the imposition of a unipolar world and a United States-led hegemony of developed countries, as well as the need to maintain at least working relations with the West. The Russian Federation and the Republic of India are also interested in mitigating potential conflict in East-West relations. Likewise, they would benefit from acting as a kind of a broker or bridge between the developed and developing countries.
Geopolitical considerations drive the need to enhance linkages between these two. India is Russia’s strategic partner on the southern flank, which is particularly essential in case threats from Islamic states arise. Now that both Russia and India are at the forefront of fighting against Muslim terrorism, they face a unity of tasks, including aligning their relations with the Islamic world.

One can say that there are certain commonalities in Russia’s and India’s civilization features. For example, collectivism, meaning placing priority on group interests over individual ones (a trait often attributed to Asian culture) confronts individualism or the recognition of private interests as a priority (which is at the core of Western society). Both Russia and India are not in these categories and undergo the so-called “middle” model, which contains “Asian” as well as “European” values. Two periods in Russian history may be observed in this regard. The 1917 October Revolution turned Russia “upside down” to the collectivist way, but this was soon followed by an evolutionary movement toward individualism. In the 1990s, an attempt was made to choose a purely individualist way of development. During these two instances where Russia chose a foreign paradigm, the results differed. The first case led to considerable progress regarding macroeconomic indices, but it was accompanied by great impoverishment of the population and the loss of millions of lives. The second case led to a socioeconomic regression which to date has very few analogies in world history (Clesse & Lounev, 2004, pp. 141–142).

Tolerance of both Eastern and Western civilizations led to a multi-ethnic and multi-confessional structure of both states that now represents a unifying factor for Russia and India. Both countries share ethnic and religious separatist experiences urging them to find a common approach to issues of self-determination, terrorism, and separatism. India has always understood and supported practically all the moves of the Russian government to establish constitutional order in Russia.

The foreign policy processes in South Asia are akin to that of post-Soviet realities, and India’s situation is surprisingly similar to Russia’s with respect to the following: (i) the presence of a state that obviously surpasses others in economic, political, intellectual, military, and strategic parameters; (ii) historical affinity of the regional countries; (iii) a certain cultural and civilizational resemblance; (iv) small countries harboring ambitions to reinforce their geopolitical positions at the expense of extra-regional powers; and (v) breaches of economic ties within a once unitary economic complex.

Nevertheless, the Russia-India partnership is not without its problems. Despite the many features that bring the two together from the political point of view (e.g. the similar approaches to global problems, the opposition to the monopolistic position of the West and its current policies, and shared geopolitical concerns), there is one key negative factor in bilateral political relations: a psychological perception by the other side’s elite. The rather cold approach of the Indian elite to Russia relates to “the third emigration wave” that formed a powerful Indian diaspora in North America and Europe and that now enjoys a rather privileged position in the new homeland. At present, many members of India’s elite have close friends or relatives with U.S. citizenship. As a result, India has political leaders who promote an almost exclusive focus on Washington, which threatens to destroy the foreign policy consensus that had prevailed in the
last half-century. An impediment to India’s complete turnaround to the United States is Delhi’s awareness of Washington’s reluctance to treat India as an equal partner; with India finding it impossible to accede to a role of junior partner. Likewise viewed negatively by Delhi is Moscow’s continuing approach to India as a secondary power. In turn, the Indian elite is quite skeptical about Russia’s current role in the world system (See, for example, Khilnani et al., 2012).

India-Russia bilateral relations are weakest in the aspect of economic relations. An overall strengthening of economic links with the North has become one of the main thrusts for both countries since the beginning of the 1990s. An extremely influential Indian business sector has made no secret of its lukewarm view of socialism. It was the only segment of Indian society that was more or less satisfied with the collapse of the USSR. Today, India’s business sector in general is quite disinterested in rapprochement with Russia. The same can be said of Russian business. Under such conditions, it is necessary to restore some form of state economic ties on the one hand, and stimulate the business sector to develop bilateral ties on the other. For example, it is possible to give some state guarantees to Indian businessmen in Russia and similar guarantees to Russian businessmen in India. It is also necessary for the state to lobby for the interests of private businesses in the partner country, as well as for businesses to provide reciprocal support in each other’s partner country.

There are no great prospects for trade relations between India and Russia for the time being. A very low turnover is caused by (i) logistics (to date, the transport route between Russia and India is long and expensive); (ii) Russia’s problematic export credit to India; and (iii) the absence of harmonization in trade procedures. India and Russia are close to each other only on the political map. In fact, most of the main goods are supplied by sea, so the route turns out to be too long; thus effectively increasing shipment costs. This geographical factor will affect Russia-India trade relations for a long time. To solve this logistics problem, one might create a North-South transport corridor (Europe-Russia-Iran-India-East Asia), but this is impossible in the medium term. This requires huge work—determining the current status of the international transport corridor, elaborating on a common strategy and coherent cargo policies; and creating an international consortium.

There are, however, other economic spheres with huge development potential—energy being the most important of them. The prospect of a strategic and inexpensive energy supply from Russia to India (and to China and Japan, as well) provides a major opportunity for increased regional integration involving energy companies, investors, and governments.

Military technical cooperation is also a cornerstone of Russia-India relations, and is of extraordinary significance to both countries. Military technical cooperation with India has stimulated innovative processes in the Russian military-industrial complex, in the largest extent during the 1990s, when the military orders of China and India saved the Russian military-industrial complex. However, only India constantly demanded the modernization of a wide range of arms. In truth, the military-technical cooperation between Russia and India is very slowly changing from a “trading and intermediary” to a “cooperation” model.

Russia and India vigorously support each other in different regional organizations, especially when it comes to joining multilateral institutions. Moscow has
backed India’s membership in APEC while Delhi actively lobbied for Russia’s entry into the EAS. Russia applied for membership in the EAS soon after its establishment but became a member only in 2010. Paradoxically, Moscow lost interest in the EAS soon after. Moreover, the Russian Federation always supported India’s entry into the Shanghai Cooperation Organization, although—taking into account Beijing’s position—it had to agree to simultaneous membership of India and Pakistan, resulting in India’s certain disappointment as Delhi did not want Pakistan to join the organization.

Russia initiated the Russia-India-China (RIC) triangle, which provided the basis for BRICS. The RIC countries share the opinion that establishing a unipolar world is unacceptable. The early post-bipolar world had shown China and India’s readiness to expand mutual contacts to prevent one country’s hegemony in the global system. This was taken up in December 1991 during the visit of Premier Li Peng in India, the first visit of a Chinese Prime Minister to India after 1960.

A fundamental factor of the Russia-India-China triangle is also opposition to growing Islamic extremism and radicalism. The “Muslim curve” goes from North-West of Africa to South-East of Asia. India with its 180 million Muslim population, Russia with Muslims in the Caucasus and Volga-Ural region, and China with Muslims in Xinjiang, are connected to each other by similar problems and common goals of struggling against the Muslim extremists and terrorists that have intensified their activity in all countries.

However, the RIC triangle is almost inactive in the Asia-Pacific. Russia and India have a differing approach toward China. Delhi stresses the need to form a peculiar “diamond necklace” of India-friendly countries and to be more dynamic in ties with such countries as Myanmar, Indonesia, Singapore, Vietnam, South Korea, and Australia. The P.R.C. is uncomfortable with such an idea which could potentially develop into an anti-China alliance, even though Delhi publicly denounces its anti-Chinese character. Russia’s attempts to act as an intermediary between India and China have failed so far.

Russia’s updated Maritime Doctrine of 2015 states that the Russian Federation seeks to maintain and consolidate positions in the Indian Ocean; to conduct a targeted course of transforming the region into a zone of peace, stability, and goodwill; and to participate in ensuring maritime security. This orientation coincides completely with Chinese interests. Although Russia’s aspirations in the Indian Ocean generally coincide with India’s interests, India is uncomfortable with how the 2015 Maritime Doctrine identifies China as Russia’s main partner in the Pacific (although the document also calls for strengthening positive interaction with other states of the region).俄罗斯海事政策2015年提出的目标是保持和巩固在印度洋的立场;有目标性地将该地区转变为和平、稳定和友好之地;并参与确保海上安全。这一取向与中国的利益完全一致。尽管俄罗斯在印度洋的雄心与印度的关切基本一致，但印度对2015年海事政策中将中国视为俄罗斯在太平洋的主要伙伴这一点感到不安（尽管该文件也呼吁加强与其他地区国家的积极互动）。

Officially, the Kremlin always calls for navy cooperation between Russia, China, and India, but it has stumbled upon Delhi’s unwillingness to develop trilateral military ties, as openly voiced by India’s defense ministers.

Russia moreover has no contacts with India on the issues where the South Asian giant has contradictions with the P.R.C. Moscow has been relatively neutral with respect to China’s conflicts with all its neighbors. Thus, Russia upholds noninterference in the South China Sea and officially states only the need to recuse itself from “internationalization” of territorial disputes. Moscow is unlikely to support Beijing on the issue, though it is obviously ready to become a
mediator between China and Southeast Asia. If Beijing is interested, the Kremlin could conduct confidential negotiations on the matter, as well as help draw the attention of the international community to United States attempts to inflate controversies between the conflicting parties.

The territorial disputes in the South China Sea have also thrust Russia’s strategic partners like China and Vietnam into opposite sides; driving Moscow to maintain neutrality whenever possible and, to instead concentrate on promoting initiatives to create a new security architecture. Theoretically, the idea serves the interests of many regional actors, but it needs to be further conceptualized as alliances with the United States still remain the main security guarantee for most countries of the region. Tactics to preserve neutrality have been insufficient, and Russia has yet to elaborate a more comprehensive strategy for regional interaction.

At the same time, Moscow is not happy about the intensified military and political contacts among India, Japan, and the United States, including their holding naval exercises, although it has never publicly voiced this opinion. However, Moscow blatantly corrected its approach toward Pakistan by pursuing military and political cooperation, dealing India a very negative surprise. In November 2014, Russia’s defense minister Sergey Shoigu paid an official visit to Pakistan (the last time a defense minister had visited was in 1969). During the visit, a military cooperation agreement was signed and talks on military supplies were initiated. In 2015, Russia signed an agreement to sell four Mi-35M helicopters to Pakistan. The first-ever joint Russian-Pakistani military exercises were held in September 2016, with approximately 200 soldiers participating. Moscow points out that Pakistan joined the SCO together with India, and makes the effort to assure Delhi that this is within the framework of joint combat against international terrorism and aimed at stabilizing the situation in Afghanistan; thus also serving India’s interests. However, Delhi has rejected Russia’s arguments and refuses to consider Pakistan as a potential partner in the fight against Islamic terrorism.

Russia would clearly benefit from enhanced China-India ties. But, bearing in mind that these Asian giants are extremely cautious about any attempts to meddle in bilateral disputes, the Russian Federation can only try to weaken the negative factors in Indian-Chinese affairs, and propose trilateral cooperation in mutually beneficial fields.

Conclusion

The Indo-Pacific region is extremely important to Russia, and for good reason. As a part of the Eurasian continent, Russia does not detach itself from Asia, which accounts for almost 80% of Russian territory and nearly a fifth of the Russian population. The lion’s share of Russia’s national wealth is centered in Asia: timber and fresh water; nonferrous and rare metals; oil, gas, coal, and diamonds, which constitute a substantial portion of world natural resources. Notwithstanding this, Moscow has taken only a few real steps to improve its position in the region.

Until recently, the Russian elite was mostly Eurocentric. Nevertheless, dramatic changes in Russian public opinion (2014–2016) showed a threefold increase in the negative attitude toward the European Union; with two-thirds of those interviewed forcing the elite to review its position. Amid a worsening of
Russia-United States and Russia-Europe relations, it has become evident that Moscow can only rely on the biggest non-Western countries. After the Ukrainian crisis began, Western politics literally pushed Russia closer to China.

Yet, Russia has not pursued a more active policy in the Indo-Pacific, even with one of its most important partners and natural allies—India. The national interests of the two states coincide with, or at least do not contradict, each other. Geopolitical considerations underscore the need to enhance cooperation. The foreign policy processes in South Asia are clearly akin to post-Soviet realities, leading to similar approaches by Russia in the Commonwealth of Independent States and by India in South Asia; as well as reciprocal support of each other in their regions.

Russia and India currently enjoy full-scale cooperation in solving global problems and many regional issues. In general, political relations between these countries are developing quite fruitfully, and are extremely successful in many areas. Nonetheless, there are some negative points. Both countries underestimate each other. Amid the abrupt worsening of Russia’s relations with the West, and its substantiated fears of becoming dependent on China (which has always prioritized its own national interests), it is vital to understand the role of India in helping Moscow accomplish particular global political and economic goals.

India opted for normalizing relations with China. These Asian giants, however, are limited by fundamental contradictions primarily because, in most cases, they are competitors. In the long term, China and India would still consider each other as a strategic rival in Asia and, perhaps, the world. Most of the Indian elite suppose that in the distant future, they will come into direct confrontation.

During the post-bipolar period, Delhi has given special attention to the eastern part of the Indian Ocean. Apart from developing political and economic cooperation with East Asia, the new century has been marked by India’s amplification of its naval potential in the area. The number of India’s joint naval exercises (with Russia, the United States, the United Kingdom, France, and Australia, etc.) increased significantly; new warships were bought and constructed. Nevertheless, India still fails to prevail in the Indian Ocean, though the goal is already set. It is highly likely that India enlarges the term “region,” which, apart from South Asia, will involve most part of the Indian Ocean.

In order to be recognized as a global power and enhance its position as a regional leader, India is pursuing an active policy in Greater East Asia. At the turn of the century, Delhi announced the Look East program, bolstering its position in Southeast Asia and, later, in Northeast Asia. India paid great attention to the development of economic relations with East Asian countries, but it has achieved success primarily in trade. The Asian giant currently has little interest in economic integration processes, which means that politics is the priority. That said, the majority of the states in the region sympathizes with India and consider it as a sort of balance to China’s influence. Although India cannot be considered as a main actor in East Asia so far, its influence is growing and this process is likely to continue.

On the whole, Russia and India have close ties in terms of regional problems, but Indo-Pacific policy appears to be an exception. Moreover, certain contradictions have become apparent in their perceptions of the main global actors, namely the United States and China. The region can be a major area of cooperation
between the leaders of Russia and India, as their joint actions will assist both countries in expanding their presence in Asia, and will have a positive synergistic effect for the Indo-Pacific. Such effects could include the strengthening of the international-legal foundations of regional security on the basis of the principle of indivisible security, the development of confidence building measures, and the enhancement of the prospects of creating a system of interaction, cooperation, and confidence measures in the region.”

Acknowledgments

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Notes

2The European Union is an economic giant, but a political dwarf who completely supports Washington’s policy, though individual countries may take an independent stance.
5At the same time, Beijing is not implementing the announced project of the construction of the Kazan – Moscow high-speed railway.
7The supply of this type of destroyers were begun by the Soviet Union (Victor, 1985, pp. 89–90).
10World media called “Agni-V” strategic missiles wrongly as intercontinental missiles have a range of over 5.5 thousand km.
11Great Kautilya wrote that “an immediate neighbouring state is an enemy and a neighbour’s neighbour, separated from oneself by the intervening enemy, is a friend” (Rangarajan, L. N. The Arthashastra: Edited, Rearranged, Translated and Introduced. New Delhi, India: Penguin Books India Ltd., 1992, p. 542).
14In 2017, all three countries again took part in Maritime exercise Malabar (Kumar & Barry, 2017).
15The U.S. came second after Russia in arms supplies to India, which accounts for 15% of world arms imports, and in 2016 both sides signed an agreement on military logistics, which allows naval ships and military aircraft to use each other’s bases.

References


The residents of Russia consider the United States, Ukraine and Turkey to be the main opponents.


While Russia’s policy in Southeast Asia (SEA) encounters serious deficiencies, in 2016, plans to raise the Russia-ASEAN relationship to the level of strategic partnership were announced at the top level. The puzzle is how cooperation between Russia and ASEAN in Eurasia can lay the foundation for their strategic partnership. The article gives insights into Russia’s policy in SEA through the prism of ASEAN prospective plans, traces the increase in bilateral cooperation in Eurasia, and assesses the potential of the ASEAN-SCO-EAEU format and its implications for Russia’s policy in SEA. The authors argue that the Russia-ASEAN strategic partnership will be premised upon their cooperation in Greater Eurasia, which will give a strong impetus to Russia’s policy in SEA. The article identifies the reasons behind premising the planned Russia-ASEAN strategic partnership on Greater Eurasia’s foundation, the obstacles the parties will have to overcome, and the impact of this cooperation upon Russia-ASEAN connectivity.

**Key words:** ASEAN, Eurasia, Eurasian Economic Union (EAEU), Russia, Shanghai Cooperation Organization (SCO)

尽管俄罗斯在东南亚(SEA)的政策存在严重缺陷，俄罗斯高层仍在2016年宣布将俄罗斯-东盟关系提升到战略伙伴关系水平。俄罗斯与东盟在欧亚大陆的合作如何为两国的战略伙伴关系奠定基础是个难题。本文从东盟未来规划的角度分析了俄罗斯针对东南亚实施的政策，研究了欧亚大陆双边合作的增长，并评估了东盟—上合—欧亚经济联盟合作模式的潜力以及其对俄罗斯东南亚政策的影响。笔者认为，俄罗斯—东盟战略伙伴关系将以它们在大欧亚大陆的合作为前提，这将有力地推动东南亚政策。本文说明了在大欧亚大陆基础上建立俄罗斯—东盟战略伙伴关系计划的背后原因，各方必须克服的障碍，以及双边合作对俄罗斯—东盟互联互通的影响。

**Keywords:** 东盟，欧亚经济联盟，欧亚，俄罗斯，上海合作组织

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During Russia’s difficult times in the 1990s, Lee Kuan Yew, one of the most prominent political figures in contemporary history as well as the figure behind many of ASEAN’s success stories, mentioned that Russia’s failure as a great nation was misleading (Yew, 2000). Among other interpretations, this signaled that Russia would not be dismissed from ASEAN’s strategic calculations in the future.

As the current developments suggest, this future seems to have arrived. In the midst of the anti-Russian economic and propaganda war, the leaders of the states belonging to the Association of Southeast Asian Nations (ASEAN) not only came to Russia to celebrate the 20th anniversary of the ASEAN-Russia Full Dialogue Partnership, but more importantly agreed to raise the relations to the level of strategic partnership. At a minimum, this demonstrates that despite a lack of breakthroughs, ASEAN and Russia have similar visions of the present as well as the forthcoming international trends. At a maximum, coupled with other directions of Russia’s and ASEAN’s policies, this shows their preference for a multipolar world order as only that can give them the chances for an advantageous future.

Emerging from these developments are new and complex questions about the forthcoming evolution of the Russia-ASEAN relations and the substance of the planned strategic partnership. From the practical perspective, the move to a truly strategic partnership that lives up to its name implies expanding Russia-ASEAN relations far beyond their present scope as well as embracing cooperation in the geopolitical and geoeconomic areas of Greater Eurasia where the Shanghai Cooperation Organization (SCO) and Eurasian Economic Union (EAEU) can play a pivotal role. To substantiate why this expansion will lay the foundation for the forthcoming Russia-ASEAN strategic partnership and, by implication, upgrade Russia’s policy in Southeast Asia (SEA) is a timely and relevant exercise.

Starting from the identification of the main obstacles in the Russia-ASEAN relationship against the growing strategic congruence in their perceptions of international processes, this article reveals the reasons behind Russia’s and

**Palabras clave:** ASEAN, Unión Económica Euroasiática (EAEU), Eurasia, Rusia, Organización de Cooperación de Shanghai (SCO)
ASEAN’s interest in developing cooperation in Eurasia. It then turns to discussing the format of ASEAN-SCO-EAEU, as agreed upon at the Russia-ASEAN Commemorative Summit in Sochi in May 2016, through the prism of the planned Russia-ASEAN strategic partnership in order to finally assess the prospects of the Russia-ASEAN cooperation in Eurasia for Russia’s policy in SEA. The conclusion summarizes the foregoing analysis.

**Deep-Rooted problems and emerging tasks**

Since the establishment of the Russia-ASEAN Full Dialogue Partnership, critics have continuously charged that it is not living up to its true potential (Martynova, 2014; Rangsimaporn, 2009; Sumsky et al., 2012). As seen from the Russian perspective, a fundamental reason has been Russia’s failure to coordinate its projects in SEA with ASEAN strategic planning. The latter concentrates mainly upon the narrative of connectivity by embracing three dimensions: physical connectivity, institutional connectivity, and people-to-people connectivity.

In the realm of physical connectivity, the Russia-ASEAN relations encounter numerous shortcomings. The key reason is the poor level of transport infrastructure in the Russian Far East and its insufficient integration into the logistics network of the Asia-Pacific region. The high costs of transport services in Russia, as compared to those in the Asia-Pacific countries, also matter. The Russian air transportation market is sensitive to increases in the cost of jet fuel, which increases expenditures on the aviation fleet and air cargo traffic maintenance. According to the Federal Agency for Air Transport, as of December 2017, the average price of jet fuel in Russia was $826 per ton (Federal Agency for Air Transport, 2018), while in Asia and Oceania, it accounted for $632 per ton (IATA, 2018). The low throughput capacity of the Russian ports and railways, mainly the Trans-Siberian Railway, as well as the absence of direct flights between large Russian (apart from Moscow) and SEA cities, adds to the Russia-ASEAN physical connectivity deficiencies.

Against this background, it is hardly surprising that the Russia-ASEAN total trade in goods accounted for just 16.7 billion dollars in 2017. This is dramatically lower than the corresponding exchanges between ASEAN and its other dialogue partners (see Table 1).

The institutional realm of connectivity is presented by the structures of the Russia—ASEAN Full Dialogue Partnership. The main platforms are the Russia-ASEAN Senior Officials Meeting (SOM), the ASEAN-Russia Joint Cooperation Committee (ARJCC), the ASEAN-Russia Joint Planning and Management

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade (Billion Dollars)</th>
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<tbody>
<tr>
<td>China</td>
<td>436.8</td>
</tr>
<tr>
<td>USA</td>
<td>233.1</td>
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<tr>
<td>Japan</td>
<td>217.9</td>
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<tr>
<td>South Korea</td>
<td>152.5</td>
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<tr>
<td>India</td>
<td>73.5</td>
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<td>Russia</td>
<td>16.7</td>
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Committee (ARJPMc), the ASEAN-Russia Dialogue Partnership Financial Fund (ARDPFF), the ASEAN-Russia Business Council (ARBC), the ASEAN-Russia Working Group on Science and Technology (ARWGST), and the Post Ministerial Conferences (PMCs+1) (ASEAN Secretariat, 2016). This multidivisional organizational structure, however, does little to unlock the true potential of the Russia-ASEAN cooperation and allows it only to maintain contacts at the level of reasonable sufficiency.

There are several reasons why this relationship does not live up to its potential. State agencies do not always provide these institutional frameworks with the necessary support. The agendas of the ARJCC and ARJPMc extend beyond economic cooperation and overlap with the responsibility of the ASEAN-Russia Joint Working Group on Counter-Terrorism and Transnational Crime (JWG CTTC). Cumbersome bureaucratic procedures prolong both the selection and implementation of projects.

The people-to-people dimension of the Russia-ASEAN connectivity remains underdeveloped as well. In SEA, Russia has no ethnic diaspora involved in economic exchanges to an extent comparable to that of China and India. Labor migration between Russia and the ASEAN countries is largely absent. Russia lacks recognizable brands and goods of mass consumption in SEA markets, and the majority of the Russian small and medium-sized businesses do not see SEA as commercially promising. Personal connections between the management of the economic champions in Russia and SEA countries are virtually nonexistent. The academic and student exchange programs are still sporadic, although the ASEAN Center at MGIMO University deserves high appreciation for developing them to an ongoing and sustainable basis.

The key reasons behind the weak Russia-ASEAN connectivity can be summarized as follows. First, the USSR and the Russian Federation did not participate in the regional supply production chains or, to put it differently, in the process of East Asian regionalization. Second, Russia is almost completely ignorant about the possibilities of free trade agreements (FTAs) as a tool to promote its economic interests while the FTA between the EAEU and Vietnam remains just a trial exercise. Third, until recently, Russia has been far from attempting to integrate its business interactions with SEA states in a large-scale geopolitical project with ASEAN as its part, which would even partially resemble cooperation between the USSR and Vietnam during the Cold War.

Coupled with this poor economic performance are ASEAN’s and Russia’s differing strategic visions about each other. For ASEAN, Russia’s pivot to the Asia-Pacific region signifies primarily Moscow’s siding with Beijing, a point substantiated by Russia’s solidarity with China’s position on the Permanent Court of Arbitration (PCA) decision on the South China Sea issue and the Russian-Chinese naval exercises in this maritime area in September 2016. Russia is not part of the RCEP, the main ASEAN-led mega-initiative of economic regionalism that, if implemented successfully, will lead to a qualitative increase of ASEAN’s international status. Last but not least in significance, Russia is a marginal role-player in urgent need of influence on regional political-security issues, the key being the narrative about the Indo-Pacific region and the evolution of the Quadrilateral Defense Cooperation format. However, seen from the Russian angle, the direction of its ASEAN policy to a considerable extent remains a
function of its relationship with China whereas in its cooperation with ASEAN, the imbalance in favor of Vietnam is conspicuous.

By identifying these obstacles Russia-ASEAN cooperation, a stark reality should be accepted: the long-term and complex nature of the obstacles does not allow them to be overcome quickly. Strong infrastructure is formed over years, while establishing brands takes decades, and economically thriving and politically influential ethnic communities can require centuries. At the same time, Russia and ASEAN must develop a relationship within the limited time available. Resolving this task implies expanding it beyond its present scope.

Simultaneously, ASEAN and Russia must formulate responses to similar challenges generated from the fundamental trend: in its present form, globalization does not offer the world equitable and sustainable development. As the Russian expert Viktor Sumsky observed in the year of ASEAN’s 15th anniversary, “The time has come for ASEAN and its members to face the moment of truth. ...It is the time to say goodbye to the illusions that the epoch when humankind faced the threat of major wars allegedly sank into oblivion with the end of the Soviet-American confrontation; and that the guarantee of everlasting peace is general economic interdependence that would be created through globalization and would make fighting wars detrimental to those who fight. It is the time when American-style globalization looks less and less like a process which it is possible and necessary to join with the maximum benefit to oneself” (Sumsky, 2017). The coming “globalization of mistrust” generates Russia’s and ASEAN’s parallel search for responses to the same predicaments.

Neither Russia nor ASEAN seems to know how to simultaneously maintain friendly relations with China and India as the Belt and Road Initiative (BRI) develops. In the future, the Russian-Chinese conjugation of the One Belt, One Road (OBOR) and the EAEU might very well lead to India’s dissatisfaction. ASEAN anticipates negative repercussions due to the Sino-Indian disagreements over the BRI project in SEA (Jha, 2015; Mulay, 2017). How to offer both Asian giants a cooperative agenda is a task of uppermost significance for Russian and ASEAN top experts and policymakers, especially as there are no easy solutions in sight. The ongoing escalation of traditional and nontraditional security challenges generates concerns in Russia and ASEAN, which is reflected in joint documents such as the Sochi Declaration of the ASEAN-Russian Federation Commemorative Summit, Comprehensive Plan of Action to Promote Cooperation between the Association of Southeast Asian Nations and the Russian Federation 2005–2015 and 2016–2020, and Statement of ASEAN and Russia Ministers of Foreign Affairs on the Joint Effort to Counter International Terrorism (ASEAN–Russia Summit, 2016b).

In the case of traditional security challenges, the tensions between Russia and the United States over combating international terrorism in the Middle East couples with NATO’s expanded operational and combat training with a de facto anti-Russian component. The inroads the Islamic State of Iraq and Al-Sham (ISIS, forbidden in Russia) make in SEA coincide with the steady development of the North Korean nuclear and missile programs, which undermine ASEAN’s plans to make SEA a nuclear weapons-free zone.

Russia and ASEAN search for an alternative to the Western-led global order. In particular, the Sochi Declaration of the ASEAN-Russia Commemorative
Summit implies that the parties reaffirm commitment to the principles and norms of international law enshrined in the UN Charter, the Treaty of Amity and Cooperation in Southeast Asia (TAC), including mutual respect for sovereignty and territorial integrity of States, noninterference in internal affairs, and the non-use of force or the threat to use force, as well as respect for ASEAN principles and norms including ASEAN Centrality in the evolving regional architecture, which are logically linked to the concept of the ASEAN Way (Sochi Declaration of the ASEAN–Russian Federation Commemorative Summit, 2016).

As Russia’s contradictions with the “collective West” further evolve, Moscow seems to have abandoned its previous vision of the Euro-Atlantic spatial and spiritual periphery and now sees itself as a great northern Eurasian power (Diesen, 2017; Karaganov & Peskov, 2016; Lukin, 2016; Maçães, 2018). ASEAN, in turn, is growing disappointed in the European integration project, pointing out its irrelevance to SEA (Hoang, 2017).

Another important contextual factor currently influencing the Russian and ASEAN relationship is the forthcoming Fourth Industrial Revolution. Russia and ASEAN see no reason to integrate into the new phase of globalization from the perspective of subordinate actors that will obtain losses rather than benefits. Social unrest, political manipulations, mass unemployment, uncontrolled fake news, and cyber-attacks on financial institutions, as well as critical infrastructure issues generated by disruptive technologies are just a few points of their concern.

Finally, the American factor plays an important role. Donald Trump’s rise to power has led to an intensification of the U.S.-China confrontation, both in the economic and military-political spheres. While the former is exemplified by the China-U.S. trade contradictions, the latter is confirmed by the promotion of the Indo-Pacific Region concept (IPR) with clear anti-Chinese connotations. Given the U.S. attempts to drag the ASEAN countries into containing China, coupled with the weakness of regional security institutions, the IPR concept can deepen the rift within ASEAN, undermining its fundamental principles such as non-alignment, balancing between the great powers, ASEAN’s central role in the economic and security dialogue in the Asia-Pacific region, and the rejection of the block status (Kausikan, 2018; Santikajaya, 2013). Of note is a lack of consensus within ASEAN over whether or not to join this initiative. While Thailand, Vietnam, and Indonesia support it (Chongkittavorn, 2018), Malaysia, Cambodia, and Laos are understandably apprehensive as they see it as capable of jeopardizing the potential benefits from cooperation with China (Kausikan, 2018). This deterioration of the regional milieu undermines ASEAN’s capabilities to effectively coordinate multilateral negotiations on security issues and complicates its interaction with dialogue partners, including Russia.

With this in view, a critical factor in the Russia-ASEAN relationship is the need to create a completely new context for a relationship, one in which its present shortcomings will decrease in significance while Russia’s and ASEAN’s motivation to undertake coordinated actions will grow.

The Eurasian reset

The success behind the formation of this new context critically depends upon Russia’s and ASEAN’s ability to grasp the key trends shaping the current international politics. Among these trends, the most conspicuous is the emergence
of Greater Eurasia as a new center of geopolitical gravity. Despite its relative recency, a number of authors attempted to conceptualize the term “Greater Eurasia.” For example, Dmitry Yefremenko considers the Eurasian Partnership a “fundamental process of geopolitical and geo-economic changes in Eurasia and the adjacent regions of Africa,” highlighting the development of semi-peripheral and peripheral countries (Yefremenko, 2017).

One of the most prominent Russian international relations scholars, Sergey Karaganov, suggests viewing Greater Eurasia as a complex system with the following elements. First, it is a continental system of co-development, cooperation, and security from Jakarta to Lisbon premised on the existing mega-initiatives and institutions. Second, Greater Eurasia is not limited to the Russia-China relationship and gives credit to other non-Western centers of power—India, Iran, Japan, the Republic of Korea, and ASEAN. Third, Greater Eurasia is an open partnership, including for Europe. Fourth, Greater Eurasia is an independent growth area that rejects hegemony, military and political alliances, asymmetric dependence, sanctions, and any other form of economic and diplomatic coercion. Instead, respect for international law, the recognition of the leading role of the United Nations, political and cultural pluralism, and respect for the sovereignty and territorial integrity of countries are prioritized. Fifth, Greater Eurasia offers its participants the liberalization of economic cooperation, openness, and flexibility, as well as nonpoliticization of economic interactions (Karaganov et al., 2017).

In his book, The Dawn of Eurasia: On the Trail of the New World Order, Portuguese political scientist Bruno Maçães makes an analytical attempt at insight into the civilizational, social, political, and economic characteristics of Europe and Asia. His main argument is that Europe and Asia form a unified political space, which make up the Eurasian supercontinent. In his view, the distinction between Europe and Asia is premised solely on the fact that for centuries Europe has been modern, while Asia has remained traditional. According to Maçães, the major factors behind the formation of the integrated Eurasian space are the rise of new great powers and the increase in their aggregate capabilities, as exemplified by the cases of China, Russia, India, Japan, as well as the strengthening of “the arc of instability threatening both Russia and Europe,” which stretches from Afghanistan to North Africa. Accordingly, the rise of traditional and nontraditional security threats across Europe and Asia heightens the necessity to create a consolidated Eurasian security architecture to replace the failed concept of Greater Europe (Maçães, 2018).

Glenn Diesen is on the same page with Bruno Maçães while analyzing the prerequisites for Greater Eurasia (Diesen, 2017). From his perspective, the creation of a new geo-economic space is conditioned by Russia’s attempt to remove itself from the periphery of Europe and Asia, which gains significance as the crisis with the West evolves and the necessity to introduce a new development model in Russia increases (Diesen, 2017). Beyond that, Diesen argues that the promotion of Greater Eurasia by means of the Russia-China rapprochement is accompanied by Moscow’s rejection of the Greater Europe concept, which prioritized the common approach toward security threats. In this light, according to the expert, Moscow’s Greater Eurasia project is designed as a bargaining chip in
Russia’s dialogue with the West while simultaneously enhancing its economic, political, and military ties with the East.

Alexei Voskressenski, Ekaterina Koldunova, and Anna Kireeva assume that Greater Eurasia, or the Greater Eurasian Partnership, is a search for the implementation of transregional projects, which would reduce the risk of political and economic gaps similar to those between Russia and Europe. From this perspective, the main problem in the formation of a consolidated Eurasian space lies in the existence of several multidirectional transregional initiatives that are markedly different from both the classical integration model based on the EU experience and the “new regionalism” with its focus on non-state actors and transnational processes that go beyond the control of the state (Voskressenski, Koldunova, & Kireeva, 2017).

The beginning of the Ukraine crisis marked the failure of Russia’s plans to reintegrate the post-Soviet space. It was described as a dismissal of “Small Eurasia,” the term introduced by the MGIMO University professor T. Shakleina. In her vision, Small Eurasia is a new subsystem of international relations which unites the so-called “transit post-Soviet states located between the core-country—Russia—and other powerful actors” (Shakleina, 2013, p. XX). Simultaneously, for Russia, the need to respond to China’s One Belt, One Road project (OBOR; now BRI since May 2017) grew in significance. But perhaps most importantly, the crisis in Russia’s relations with the “collective West” coupled with the modest results of Russia’s “pivot to the East” made Moscow reassess the foundations of its foreign policy.

In response, Russia intensified the development of the EAEU as its own integration project and strengthened its external ties. As mentioned earlier, in 2015, the Russian-Chinese agreement to conjugate the EAEU and the Silk Road Economic Belt (SREB) was concluded, and the FTA between the EAEU and Vietnam was signed. In 2016, at the Russia-ASEAN Commemorative Summit in Sochi, the promotion of the format ASEAN-SCO-EAEU is considered by many officials of the ASEAN member states a great opportunity to enhance the bilateral ties between Russia and the Association (Koldunova & Rangsimapon, 2016; Sochi Declaration, 2016; Viet Nam News, 2016).

Finally, a trade and economic cooperation agreement between the EAEU and China was concluded in 2017. Such steps portray a gradual shift from the original “pivot to the East” policy toward the formation of the Greater Eurasian Partnership. Russia’s focus on developing the Eurasian project is premised upon several sound reasons. Facing political and economic pressure, Moscow strives to elaborate on a “Code of Conduct” in Greater Eurasia that prioritizes co-development and prohibits hegemony, regime change, and other forms of economic and diplomatic war as foreign policy tools. The modernization of Siberia and the Far East, as a key task for the entirety of the 21st century, requires more external resources, even more so since the interim results of the “pivot to the East” have been modest thus far. Most importantly, Russia as an influential global actor needs its own integration project with a distinct global dimension.

Considering the further development of the BRI as inevitable, Russia wants to avoid a scenario under which Chinese economic possibilities will translate into political and military predominance (Gabuev, 2015). This can be done by the multilevel and multidimensional balancing of China by Eurasian actors.
Finally, Russia realizes that to diversify and deepen relations with its neighbors in the post-Soviet space is its major priority and a precondition for successful economic development. While the West refuses to accept it, such sentiments do not exist in Asia. Added to this positive emotional atmosphere, the rapid economic development of Asian powerhouse economies, including the ASEAN member states, makes cooperation with them even more attractive.

Seen from the ASEAN angle, the reasons behind the expansion of cooperation on Eurasia are also clear. The implementation of ASEAN’s prospective plans related to the establishment of the ASEAN Community 2025 and the Master-Plan on ASEAN Connectivity 2025 will not succeed without large-scale investment in transnational infrastructure. The single market and single production base in SEA and their integration in the global value chains presuppose the reduction of the currently existing mismatch between the levels of infrastructure development in the ASEAN states. This requires huge financial allocations that the association does not possess. According to Asia Development Bank (ADB) estimates, the ASEAN expenditures on infrastructure for 2010–2020 account for 1.09 trillion dollars while the ASEAN Infrastructure Fund established in 2011 can provide just 300 million dollars a year (Asia Development Bank, 2016). In these complicated circumstances, the association has no option other than to integrate its policy with the strategies of its extraregional partners. Among them are China’s BRI, Japan’s Partnership for Quality Infrastructure Investment for Asia’s Future, and India’s programs to improve connectivity with ASEAN within the framework of Modi’s Act East Policy. All these states aim to integrate SEA in a wider web of their interactions in Eurasia. Consequently, ASEAN support of the Eurasian narrative is becoming a critical factor for attracting investments from these countries to SEA.

ASEAN’s motivation to cooperate in Eurasia is reinforced by the expansion of ISIS activity in SEA. As demonstrated by the acts of terrorism committed from 2014 to 2017, after losing their positions in the Middle East, the ISIS militants are infiltrating other regions. SEA, with its large Muslim population, indigenous terrorist organizations, and deep-rooted ethno-religious rivalries, attracts the close attention of ISIS. Along with the number of citizens of ASEAN countries who have joined the ISIS, of note is the number of people who demonstrate solidarity with this group. In Indonesia alone, more than three thousand citizens support ISIS through social networks (Bordachev et al., 2017). Specifically, a number of radical Islamist groups—Jemaah Islamiyah, Ansar al-Khilafah, Mujahideen Indonesia Timor, and others—pose a threat to the domestic stability of ASEAN countries, especially of the Philippines, Indonesia, and Malaysia.

According to the Global Terrorism Index 2017, South and Southeast Asia account for one-third of all terrorist attacks in the world. Two SEA countries—the Philippines (12) and Thailand (16)—are among the 20 states of the world with the highest impact of terrorist activity. Since 2002, the greatest increase in terrorist activity has been observed in the Philippines, Thailand, and Myanmar. At the end of 2016, these three countries accounted for 94% of all terrorist attacks in the Asia-Pacific region, as compared to 55% in 2002 (Institute for Economics & Peace, 2017). The most horrific incident was the Marawi Siege, a five-month armed conflict between the Armed Forces of the Philippines and pro-ISIS militants, namely, the Maute and Abu Sayyaf Salafi jihadist groups, which claimed
the lives of more than 200 Philippine citizens (Fonbuena, 2018). Under these circumstances, ASEAN understands that ISIS should be combated primarily in the Middle East rather than in SEA.

Possibly most importantly, Greater Eurasia as a global center of gravity can give ASEAN what it needs the most—to enter the multipolar world simultaneously escaping the “unipolar revenge” at the ongoing stage of transition toward multipolarity in global politics. From this perspective, the relationship with Russia that strives to perform the same tasks in the Greater Eurasia context strengthens its relevance to the association.

In the ASEAN expert community, the Eurasian narrative is receiving an increasing amount of attention. ASEAN experts link the upgrade of ASEAN institutions and the modification of the ASEAN Way to the forthcoming cooperation in Eurasia (Kausikan, 2016). Reflecting the future course of the ASEAN relationship with China and the United States, ASEAN experts predict a decrease of U.S. attention to SEA under the Trump administration while simultaneously raising doubts about China’s readiness to take ASEAN interests into consideration while implementing the BRI (Emmerson, 2017). China’s reaction to the PCA decision evidenced its selective approach to international law while dealing with emerging disputes. Under these circumstances, ASEAN experts suggest creating reliable safety mechanisms to, on the one hand, capitalize upon China’s BRI while also intensifying cooperation with other strong Eurasian actors, primarily with Japan and India, to balance Beijing’s growing influence (Hong, 2015; Singh, 2017; Chongkittavorn, 2017; Cook, Suryadinata, Izzuddin, & Hiep, 2017; Kausikan, 2018). Besides, some scholars from ASEAN member-states highlight the necessity to not only participate in the BRI, but to also integrate it into ASEAN strategic planning to enhance regional connectivity (Jetin, 2017; Kapahi, 2017; Pitakdumrongkit, 2018).

In parallel with Russia’s and ASEAN’s bid for cooperation in Greater Eurasia, international trends advance rather than undermine the advent of this scenario. The crisis of the global regulatory institutions is accompanied by the establishment of non-Western mechanisms of financial and economic governance, complementing the already existing institutions. They include the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund (SRB), the BRICS New Development Bank (NDB), and the Eurasian Development Bank (EDB). The shift from the paradigm of “Asia for the world” to “Asia for Asia” in terms of the Asian consumption of produced goods, services, and technologies due to rising regional incomes further intensifies this trend. As a consequence of the BRI, the likely Sino-centric security system will be premised upon the perception of common security, adding another impetus for the establishment of Greater Eurasia.

The format of ASEAN-SCO-EAEU and its implications

Given the rise of Greater Eurasia in the priorities of both Russia and ASEAN, the question about the most resourceful institutional framework for Russia and ASEAN to engage with one another in multilateral cooperation becomes pertinent. A penetrating and cutting-edge foresight supports the format of ASEAN-SCO-EAEU, which was agreed upon during the Commemorative Russia-ASEAN
Summit in Sochi in May 2016 (ASEAN–Russia Summit, 2016a; Sochi Declaration, 2016).

For the first time, this initiative was mentioned in Putin’s Annual Presidential Address to the Federal Assembly in December 2015. Speaking there, the Russian President mentioned strengthening links between the EAEU, the SCO, and ASEAN (President of Russia, 2015). By then, the foundations for this proposal had already been laid. Armenia and the Kyrgyz Republic joined the EAEU, China and Russia agreed on the conjugation of the EAEU and the Silk Road Economic Belt, and the EAEU and Vietnam signed an FTA. In 2015, the decision to admit India and Pakistan into the SCO was made, which signified that four ASEAN dialogue partners—Russia, China, India, and Pakistan—are the SCO members. Significantly, in 2017, there was also an intensification of contacts between ASEAN and the SCO, when the SCO Secretary General attended the East Asia Summit (Shanghai Cooperation Organisation, 2017). All the factors mentioned suggest that the format of ASEAN-SCO-EAEU was not an inconsiderate or groundless proposal.

From the association’s perspective, the format of ASEAN-SCO-EAEU offers it generous advantages. Given that ASEAN is older than the SCO and the EAEU, the association, with its experience in coordinating negotiations between many participants on a neutral and inclusive basis and the existing web of dialogue venues, may well be delegated the status of the “driving force” of the ASEAN-SCO-EAEU. Under these circumstances, the ASEAN-led multilateral dialogue platforms, the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers’ Meeting Plus Eight (ADMM+8), and the East Asia Summit (EAS), integrated into the framework of ASEAN–SCO–EAEU, dramatically increase in importance.

The practicability, as well as the likelihood, of this integration rests on several fundamental reasons. Seen from the ASEAN angle, this matches well with its priorities to raise its global status. The demand for the establishment of the pan-Eurasian security system has been articulated (Karaganov, 2018; President of Russia, 2018), and ASEAN can use it to its greatest advantage. Simultaneously, this step will strengthen ASEAN’s positions as the coordinator of the already operating multilateral dialogue negotiations in the Asia-Pacific region. But possibly most importantly, the rise of terrorism in SEA provides the impetus for ASEAN to address its roots, which are far from their geographical domain.

The latter argument is substantiated by the interest of ASEAN top-level militaries displayed at V Moscow conference on international security, which was organized by the Russian Ministry of Defense in April 2016 and focused upon fighting international terrorism, to joining efforts in combating ISIS (Ministry of Defence of the Russian Federation, 2016). This is hardly surprising because the combination of technological capabilities, political will, and strategic foresight demonstrated during the Russian operation in Syria is the only successful anti-terrorist operation along with the escalation of international terrorism all over the world, including SEA, as demonstrated by the Marawi incident.

The aftereffects of the incident itself upon relations between Russia and the Philippines follow the logic of the pan-Eurasian security system. The interest displayed by the President of the Philippines R. Duterte during his visit to Moscow in May 2017 and the beginning of the Marawi siege were hardly a mere coincidence. The contract on defense and technical cooperation signed between Russia
and the Philippines during the fourth session of the ADMM+8 was followed by the handover of Russian military equipment, particularly suitable for anti-terrorist operations, to the Philippines (Romero & Laude, 2017). The shared interest in combating international terrorism with the focus upon ISIS was reiterated at subsequent meetings between the Russian and the Philippine top foreign policy and military officials (The Ministry of Foreign Affairs of the Russian Federation, 2018b; Laude, 2018).

For the association’s partners in the ASEAN-SCO-EAEU, to delegate it this status is even more advantageous as many considerations matter. From the reputational perspective, ASEAN is an authoritative international actor with a glorious history and bright success stories. ASEAN can be regarded as an acceptable figure by all the participants of the ASEAN-SCO-EAEU. From the practical viewpoint, in the Asia-Pacific region as the testing ground, these institutions have demonstrated “the limit of the possible” in making the Asia-Pacific security challenges manageable. The “functional cooperation,” such as humanitarian assistance and disaster relief, search and rescue operations, illegal migration, and environmental degradation, should be prioritized, while raising sovereignty issues, even with the best intentions, is not advisable. The coordination between these dialogue platforms, although not absolutely ideal, has been in place for many years. The experience of ARF, ADMM+8, and EAS can be highly useful, if not indispensable, for the establishment of a continental pan-Eurasian system of security and cooperation.

This system should embrace the countries of Northeast Asia that are absent in ASEAN, SCO, and the EAEU. This is especially relevant in regard to North Korea. As part of the perspective Eurasian security system, ARF remains the only channel of communication with the DPRK. Given that this system should be inclusive, ASEAN-led multilateral venues can provide diversified channels of communication with nonparticipants, including the United States.

In Russia’s expert community, the idea to invite the European Union (EU) to join the Greater Eurasia project has been put forward (Bordachev, 2017; Karaganov & Peskov, 2016). It was reiterated at the top political level (Ministry of Foreign Affairs of the Russian Federation, 2018a). As long as the connections between the EAEU and the EU remain underdeveloped, the ASEAN Regional Forum, in which the EU has participated since 1994 (coupled with the ASEAN-EU partnership established in 1977), can provide an institutional linkage between ASEAN-SCO-EAEU and the EU.

Burdened with numerous internal tasks regarding its expansion, the SCO will be unable to perform the function of acting as the driving force of security cooperation in Eurasia. The EAEU is an economic format, and its members tend to rely upon the Collective Security Treaty Organization (CSTO) to tackle security challenges. As a result, ASEAN-led multilateral venues will logically become the institutional hub for the forthcoming Eurasian system of cooperation on security issues.

ASEAN’s history has amply demonstrated that to be a success, the association needs a super task as the key motivating and consolidating factor. Developing a transcontinental security system will give the association a new mission and, by implication, increase its internal coherence.
For Russia, the likely benefits from the ASEAN-SCO-EAEU are also significant. Russian companies will find it easier to develop the markets of ASEAN countries if they are integrated with those of the EAEU states where Russia’s economic presence is already strong enough. Although relations with China will likely occupy the central place in Russian policy in Eurasia, Russia should diversify its directions, including by developing relations with ASEAN. Another motivating factor is that the experience obtained by ASEAN-led platforms in combating international terrorism can be used in Russia’s vicinity.

Among the constraints the new format will have to remove, the most serious is institutions. The connecting links among ASEAN, SCO, and EAEU are virtually nonexistent. While Russia sees the EAEU as its key prospective integration project while considering the Eurasian Economic Commission (EEC) as the central agent for economic integration in Greater Eurasia, at present, the EAEU is largely left out of multilateral economic cooperation with other Eurasian dialogue platforms. The EAEU is still in the “catch-up” stage of identifying the possibilities for establishing FTAs and other economic agreements. Beyond that, in spite of the considerable third-party interest in concluding FTAs with the Union (as of July 2018, there were about 40 applications) and the ongoing negotiations, the EAEU still lacks a clear strategy for developing cooperation with external partners (Karaganov et al., 2017). Due to its relative youth, the EAEU has so far been more focused on its internal integration, developing “in depth” rather than “in breadth.”

From the strategic perspective, the task of fostering institutional links between the EAEU and its partners in the Greater Eurasia project will be a matter of growing significance. Urgent steps include the establishment of a dialogue partnership between the EAEU and ASEAN by emulating the dialogue between ASEAN and the EU (in parallel with the further development of the Russia-ASEAN Full Dialogue Partnership) and the conjunction between the EAEU and the Regional Comprehensive Economic Partnership (RCEP). The conjunction of these initiatives should be aimed at creating formats for long-term cooperation to coordinate the rules of trade and investment activities in the institutional and normative spaces of the EAEU and the RCEP. This is aimed at reducing the institutional barriers for unlocking the EAEU transport-logistic potential to form a production linkage between the RCEP and EU countries, as well as to make these external conditions for exporting the EAEU norm and practice.

The foundation for this cooperation can be premised upon the accumulated political and economic RCEP potential. In parallel, the necessary step is to engage ASEAN in this format, including on the expert level.

In the future, it is worthwhile to think about the expansion of the EAEU-RCEP format by creating the so-called “Far Eastern Partnership.” In its key parameters, it should resemble the “Eastern Partnership” promoted by the EU, but without a harsh political component, rather being primarily focused upon the development of economic, scientific, educational, and sociocultural ties.

In parallel, it is of top importance to develop a comprehensive cooperation between the EAEU and ASEAN (apart from the conjunction between the EAEU and RCEP). At a minimum, in the dialogue partnership format, at the level of regular meetings of the EAEU trade ministers, EEC ministers, and ASEAN member states, expert groups must elaborate on an interaction strategy between
the two integration formats. In order to strengthen the political level of cooperation, the idea to establish the EAEU-ASEAN format with meetings at least every 2 years deserves to be developed. At the same time, the EAEU-ASEAN track does not mean abandoning the mechanisms of the ASEAN-Russia Full Dialogue Partnership. Within the two formats, a division of competences must be established.

In the practical realm, the ASEAN-EAEU format will facilitate the establishment of an FTA, which is why Russian companies will enter SEA markets. ASEAN readiness to establish an FTA with Russia makes this scenario quite realistic (Cahiles-Magkilat, 2017; Russia Briefing, 2017; Tsvetov, 2018). As stated above, the EAEU already has a similar agreement with Vietnam (concluded in 2015 and entered into force in 2016). The EAEU-Vietnam FTA is by far the only institutionalized element of the Russia-ASEAN economic cooperation in Greater Eurasia. Seen from the Russian perspective, the advancing of trade and economic ties with Vietnam also has political significance. The level of Vietnam-Russia relations is far ahead of other countries in SEA. Strong historical ties facilitate cooperation in strategic sectors—primarily, energy and arms transfers. As the Russian expert A. Tsvetov observes, this allows Russia to position the FTA as a special gesture toward Vietnam, while at the same time using Hanoi’s willingness to conclude FTAs as an additional counterargument against the Western narrative of Russia’s isolation (Tsvetov, 2017).

At present, similar negotiations are being held between the EAEU and Singapore. According to Russia’s top officials, the agreement can be concluded in 2018, which is symbolic as this year marks the 50th anniversary of Singapore-Russia diplomatic relations and Singapore’s chairing ASEAN (Russia-Singapore Business Council, 2018). The FTA with Singapore will be pivotal in the rapprochement between the EAEU with ASEAN, as it will show the ability of the EEC negotiating team to work not only with politically close Vietnam. Given the influence of Singapore in ASEAN, the Russian side expects to improve the perception of the Union in ASEAN as well as the entire Eurasian initiative (Tsvetov, 2017). Finally, Indonesia and Cambodia also expressed their readiness to conclude a preferential agreement on trade and economic cooperation with the EAEU. Specifically, in 2016, a Memorandum of Understanding was concluded between the EAEU and Cambodia, and a working group was established to study the aftereffects of the agreement (EEC, 2017).

Nevertheless, the intra-ASEAN differences on the reasonability of the FTA regime with the EAEU are also in place. What is more, even the positions of the ASEAN states that are already discussing or preparing to negotiate this issue with the EEC markedly differ. This is conditioned by the following reasons. As compared with FTAs with other ASEAN partners, for the association, the expected commercial benefits from the agreement with Russia and the EAEU are insignificant. ASEAN is busy harmonizing its FTAs with the six largest economies of the region (China, Japan, South Korea, India, Australia, and New Zealand) into a single framework of the RCEP, which is much more economically promising (International Centre for Trade & Sustainable Development, 2018).

Despite the EAEU’s efforts to achieve international legitimation, ASEAN countries still do not perceive it as a self-sufficient actor, especially because
Russia is the major “promoter” of the FTA within the EAEU. At the same time, for Russia itself, the benefits of the EAEU-ASEAN FTA are not yet obvious: the trade volume with SEA countries is small while the competitiveness of many Russian goods remains rather weak.

On the whole, the key lacuna in the enhancement of economic ties is the EAEU’s and Russia’s lack of a clear trade strategy for SEA. The contemporary approach to FTAs requires a nuanced understanding of their substantial and institutional specificity. As things are, the trade policy is not an instrument for protecting the domestic market and not even just a means of liberalizing trade. In the present circumstances, foreign trade agreements signify positions of countries and intergovernmental platforms in the world economic and political arena. The EAEU member states, including Russia, will be able to successfully defend their positions in negotiations with larger partners only if they fully utilize their capabilities at the national and the EAEU levels.

Although the common trade policy may give the EAEU member states valuable feedback, this policy must go further than just trade exchanges and include mutual investment, sanitary regulations, technological cooperation similar to ASEAN-China Free Trade Area (ACFTA) which rests on agreements on trade in goods, trade in services, and investment (ASEAN-China Free Trade Agreements, 2018).

As a first step, it is worth considering the possibility of establishing a permanent intergovernmental body for coordinating the interaction between the EEC and ASEAN member states on issues related to foreign trade negotiations. The focus on the export priorities of each country, possible investment projects, and the expert evaluation of the readiness of a particular partner to cooperate is relevant.

From the political and security perspectives, an intensified dialogue between SCO and ASEAN-led platforms corresponds with the interests of both parties. This is mainly because the dialogue allows intensifying the cooperation between their anti-terrorist agencies, including in the form of joint exercises and information exchanges.

Finally, it is worth coordinating both the JWG CTTC and the SCO Regional Anti-Terrorist Structure with an emphasis on fighting terrorism and extremism.

Summing up the factors discussed above, in spite of the existing difficulties, it is the ASEAN-SCO-EAEU that will lay down the foundation for the Russia-ASEAN strategic partnership. In translating this vision into reality, the Russia-Vietnam comprehensive strategic partnership, whose Eurasian dimension is evident, can be the starting point. Vietnam is the first ASEAN country that concluded an FTA with the EAEU. Vietnam expresses interest in developing the resources in the Arctic in cooperation with Russia. In the anticipation of the BRI, Vietnam wants to create reliable safety mechanisms against uncertainties by deepening and diversifying cooperation with great powers. This is all the more timely because the BRI can be used by China for security purposes, including in the digital sphere (Basu Das, 2017), and convincingly explains the reasons behind the SRV’s interest in training Vietnamese specialists in cyber-security in Russia.

For the Russian Federation, the Eurasian dimension of the comprehensive strategic partnership with Vietnam stems from the increased importance of the
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The maritime component in Greater Eurasia, which allows it to avoid an excessive reliance upon China. Resulting from this scenario, the cumulative effect of the Russia-ASEAN cooperation in Greater Eurasia by means of Russia’s policy in SEA can be really significant as it allows for the elimination of the shortcomings of the Russia-ASEAN connectivity in its physical, institutional, and people-to-people dimensions.

The repercussions for “physical connectivity” imply the advancement of infrastructure cooperation involving ASEAN, China, Russia, and the Central Asian states along the BRI transport corridors. Specifically, the central direction (the EAEU and the SREB), the southern (the port infrastructure development of the SEA countries and the 21st Century Maritime Silk Road), and the northern (the Northern Sea Route) can be distinguished. This will shape the trans-Eurasian connectivity arc in which Russia and SEA will play important roles.

The enhancement of physical connectivity will have noticeable aftereffects for the Russia-ASEAN trade and economic cooperation. At present, the Russian export to ASEAN is at a low level—just $7.5 billion by the end of 2017, most of which (54%) accounts for mineral fuels, mineral oils, and products of their distillation (Trade Map, 2018). Of note is the inadequate use of the potential of the Russian Far East. According to the Federal Customs Service of Russia, Far Eastern Federal District exports to ASEAN in 2017 amounted to only $473 million, which is only 2% of the total exports of the Far East to foreign countries (Federal Agency for Air Transport, n.d.). However, in the long-term perspective, the development of infrastructure in the Russian Far East, in particular the increase in the capacity of Russian ports, can boost Russian exports to SEA countries, especially the export of agricultural products. Russia can produce bioethanol on its territory, as the necessary ingredients—sugar beets, potatoes, corn, and barley—are traditional Russian agricultural outputs. The Far Eastern Federal District is already the leading producer of soybeans in Russia. The cultivation of rice in Primorsky Krai, Amur, and the Jewish Autonomous Oblast can be among the steps welcomed by the ASEAN states as they import quite a large number of products in this sector (collectively, they account for more than $100 billion per year). In the future, Russia’s export of food and biofuels has a good chance to increase, which will result in the gradual formation of agricultural supply production chains.

The institutional connections are also expected to increase. More intensive contacts between Russia and ASEAN starting, for example, from combating international terrorism but then moving beyond that initiative will naturally stimulate cooperation in other areas, as well as its subsequent institutionalization. Simultaneously, the present institutions in the Russia-ASEAN Full Dialogue Partnership will be upgraded.

Finally, with respect to the people-to-people dimension of the Russia-ASEAN connectivity, of particular importance will be the expansion of personal contacts at different levels. Of prominence are informal connections and the personification of making business decisions in business practices with participation of ASEAN member states. To do this, it is advisable to continue the ongoing practice of meetings between the representatives of the business communities of Russia and ASEAN countries. They can be integrated either into the format of existing platforms, where a joint discussion of the Russia-ASEAN partnership
already takes place—the St. Petersburg International Economic Forum (SPIEF), the Eastern Economic Forum (EEF), the Krasnoyarsk Economic Forum (KEF), or new platforms where representatives from ASEAN member states are not involved, such as the Far Eastern Investment Congress in Vladivostok, the International Investment Forum in Sochi, and the Gaidar Forum in Moscow. Along with the specialized agencies, efforts to find potential investors and prepare the necessary materials should come from the Russia-ASEAN Dialogue Partnership mechanisms, in particular, the ASEAN-Russia Business Council, the ASEAN-Russia Joint Cooperation Committee, and the ASEAN-Russia Joint Planning and Management Committee.

In sum, Eurasian cooperation opens up new opportunities for strengthening the Russia-ASEAN relationship as well as has a strong stimulating effect upon Russia’s projects in SEA and the development of the Russian Far East. In the security realm, while Russia’s key comparative advantage is the supply of security to its neighboring territories (Karaganov & Peskov, 2016), ASEAN has a ready security infrastructure hub that can be extended from the Asia-Pacific region to Greater Eurasia as well as adapted to combat trans-Eurasian security challenges. This congruence of possibilities makes Russia and ASEAN valuable partners for one another. Therefore, Greater Eurasia will form the foundation for the Russia-ASEAN Strategic Partnership to live up to its name and mission.

Conclusion

Overcoming the existing deficiencies in the Russia-ASEAN relationship requires following a well-known quotation of Dwight Eisenhower: “If the problem cannot be solved, enlarge it.” Russia’s current policy in SEA appears to have exhausted its resources as it is unable to effectively respond to ASEAN fundamental priorities.

The simultaneous increase of the Eurasian component in Russia’s and ASEAN’s strategic vision coupled with the obvious advantages that the parties can obtain by developing the ASEAN-SCO-EAEU suggests that the forthcoming Russia-ASEAN strategic partnership will be a function of cooperation in Greater Eurasia. Starting from cooperation in the security sphere, it will be gradually embraced in other directions. One of the positive side effects will be the promotion of the Russia-ASEAN connectivity in SEA.

In Greater Eurasia, ASEAN and Russia are neither partners of consequence nor “disposable friends” as the Russia-ASEAN cooperation will be premised upon their strategic comparability. While Russia’s history demonstrates its ability to “move beyond the red lines” when its interests are threatened, ASEAN’s history serves as evidence of its search for an optimal balance between the interests of all negotiating parties. Apart from eliminating elements of competitiveness, this factor increases the strategic congruence and the complementarity of Russia’s and ASEAN’s interests and possibilities.

In sum, cooperation in Greater Eurasia offers Russia and ASEAN exactly what they have lacked so far—the possibility to establish self-maintaining and self-reproducing ties with positive repercussions for Russia’s policy in SEA. This provides Russia and ASEAN with a sound motivation to develop the relationship, possibly for the first time in their history.


Trade Map. (2018). Bilateral trade between Russian Federation and Association of South-East Asian Nations (ASEAN). Retrieved from https://www.trademap.org/Bilateral_TS.aspx?nvpm=1|643|||24|TOTAL|||2|1||1|2|1|1|1|1


Russia-Australia Relations in the Context of the Ukrainian Crisis

Ivan Krivushin*

This article examines the 2014–2015 crisis in Australia-Russia relations that occurred after Russia's annexation of Crimea in March 2014, from the point of view of both Moscow and of Canberra. It finds that the Kremlin did not take into account a number of factors that negatively affected Canberra’s stance towards the Kremlin even before 2014, and which greatly contributed to the crisis. These include the very limited involvement of Australia in commercial exchanges with Russia, Canberra’s growing suspicions about Moscow’s foreign policy intentions and view of Russia as a revisionist power (especially after the 2008 Russia-Georgia war), a strong sense of solidarity with the West among Australia's political elites, and Russia’s increasingly worsening public image in Australia, Prospects and contemporary challenges in the relations are also discussed.

Key words: Australia, crisis, relations, Russia, Ukraine

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Este artículo examina la crisis de 2014-2015 en las relaciones entre Australia y Rusia que se produjo después de la anexión de Crimea por parte de Rusia en marzo de 2014, desde el punto de vista tanto de Moscú como de Canberra. Encuentra que el Kremlin no tuvo en cuenta una serie de factores que afectaron negativamente la postura de Canberra hacia el Kremlin incluso antes de 2014, y que contribuyeron en gran medida a la crisis. Esto incluye la participación muy limitada de Australia en los intercambios comerciales con Rusia, las sospechas crecientes de Canberra sobre las intenciones de la política exterior de Moscú y la visión de Rusia como una potencia revisionista (especialmente después de la guerra Rusia-Georgia de 2008), un fuerte sentido de solidaridad con Occidente entre Las elites políticas de Australia, y la imagen pública cada vez peor de...
Introduction

The Ukrainian crisis and Crimea’s incorporation into Russia in 2014 was accompanied by a sharp deterioration in Moscow’s relations with Western countries. This has naturally led to a greatly increased interest in Russia’s foreign policy, its goals, its methods, the factors that determine it, and in how much of what happened in 2014 was caused by previous developments. Most scholars, however, have focused more on changes in the Kremlin’s relations with the United States and European states, which have always been a priority for Russian leaders; much less attention has been paid to changes in Russia’s relations with other countries viewing themselves as part of the Western world. In this regard, Russia-Australia relations become a relevant subject of analysis and inquiry. On the one hand, Australia had no close political and economic ties with Russia and even less with Ukraine, and the two countries did not consider each other as priority partners. On the other, Australia and Russia, which are both regional great powers and have comparable economic weight, can be regarded as actors of relatively equal status in the international arena. If they are relatively equal and not too dependent on each other, why did the relations between the two states deteriorate so much because of the 2014 Ukrainian crisis, which did not affect the vital interests of one of them? In order to answer this question, it is necessary (i) to consider the evolution of Russia-Australia relations before 2014 to understand whether the Ukrainian crisis was the cause of their sharp deterioration in 2014–2015, or if it only accelerated the process that began much earlier and (ii) to find out how much the crisis and Moscow’s and Canberra’s subsequent foreign policy steps affected the bilateral political and economic relations and to what extent it changed public perception of Russia in Australia and Australia in Russia. The analysis of the shifting relationship between Moscow and Canberra allows us not only to better understand how the Ukrainian crisis has influenced it and what factors have played a decisive role, but also to highlight the logic of Moscow’s foreign policy tactics and to determine how appropriate, relevant, and effective was Russia’s response to the actions taken by Western states, especially economic and political sanctions.

Russia-Australia relations before the 2014 Ukraine crisis

The relations between Australia and Russia (USSR) during the first two centuries after their first acquaintance in 1807 were difficult and volatile. The period of friendly contact in the 1810s–1820s was followed by an era of growing tension, the starting point for which was the negative reaction of Australian colonists to the brutal suppression of the 1830–1831 Polish uprising against Russian rule. This tension intensified with relations deteriorating between Russia and Britain since the late 1830s and culminating during the Crimean War and the three
decades that followed, when Australian colonies were afraid of Russian military invasion. Anti-Russian sentiments began to wane in the late 1880s–1890s and especially in the early 20th century due to Anglo-Russian rapprochement. In 1893, Russia set up an imperial consular mission in Melbourne, which soon after the creation of the Australian Commonwealth was transformed into a Consulate-General (1903). During the First World War (WWI), Russia and Australia (as a British dominion) were allies.

After the Bolshevik takeover in November 1917 and Russia’s withdrawal from the war, diplomatic relations between the two countries were interrupted. They were restored only in 1942, when the Second World War (WWII) made Australia and the USSR allies again. During the Cold War, when the countries belonged to two opposing military-political blocs, the bilateral relations deteriorated, and in 1954 were completely interrupted. Despite the resumption of diplomatic ties in 1959, the general atmosphere of suspicion and mistrust persisted, except for the period of “warming” under the Labor governments of Gough Whitlam (1972–1975). The bilateral trade was very modest. The share of Australia in the total amount of Soviet foreign trade did not exceed 1% (0.91% in 1950, 0.31% in 1960, 0.28% in 1970, 0.83% in 1980). Moreover, the bilateral trade was extremely unbalanced. The USSR has a gigantic trade deficit with Australia. In 1950, Soviet imports from Australia outweighed exports by a factor of more than 15, in 1960—78, in 1970—40, in 1980—more than 129. For Australia, the USSR was not a supplier of goods, but only a buyer, especially of sheep’s wool, and also of wheat in those periods when it was experiencing serious food difficulties (1932, 1934, 1938–1939, 1964–1965, 1975–1986).

Only the collapse of the USSR and the birth of the Russian Federation provided opportunities to change fundamentally the bilateral relationship in both political and economic spheres. However, Australia and Russia did not take advantage of these opportunities immediately. After its almost total stoppage in 1990–1991, the bilateral merchandise trade has been growing at a rather slow pace. Its overall volumes remained very modest throughout the 1990s and the first half of the 2000s and began to show a significant increase only in 2004–2005. The 1989 level (A$1.069 million) was achieved as late as 2008. In 2014, Australia–Russia goods trade reached its historic peak—A$1.837 million.

At the same time, merchandise trade between Russia and Australia for a very long time could not get rid of its former curse—its extreme imbalance—although Russia’s trade deficit with the Fifth Continent was not so huge as in the Soviet period: Australian exports to Russia were 13 times larger than imports in 1994 and almost 10 times in 2000. This trend was reversed only in the 2000s: in 2002, the gap was reduced to 3.75:1, in 2004 to 3.15:1. Although in 2006 Australian exports to Russia exceeded imports by more than 10 times again, in the following years, the ratio began fell to 5.2 in 2007, to 1.86 in 2008, and to 1.63 in 2009. And, finally, in 2011, for the first time in history, Russia achieved a small trade surplus against Australia and in 2014, Russian exports to the Fifth Continent exceeded imports by almost 2.5 times (A$1307 million and A$530 million, respectively).

The expansion of trade and economic relations between Russia and Australia was the result, on the one hand, of the gradual recovery of the Russian economy after the dramatic collapse of the Soviet economic system, and, on the other, of the political rapprochement between the two countries. Russia joined
the Asia-Pacific Parliamentary Forum in 1993 and the Asia-Pacific Economic Cooperation in 1998. Canberra and Moscow intensified high-level political dialogue in the second half of the 2000s with President Vladimir Putin’s visit to Australia in September 2007 and President Dmitry Medvedev’s meetings with Prime Minister Kevin Rudd in November 2008 and April 2009. Russia actively used the G20 platform to establish and strengthen contacts with Australia’s political leaders and foreign policymakers. In October 2008, the Soviet-Australian mixed commission on trade and economic cooperation resumed its functions.

This rapprochement, of course, was made possible by changes in the mutual perceptions of the two countries. In 1997, the Australian Government predicted:

Russia’s external attention will continue to be drawn mainly westwards. … This western orientation and its continuing preoccupation with domestic issues suggest that Russia is unlikely to be a major influence in the Asia Pacific in the short term. However, in the medium to long term Russia must be seen as a significant country in the Asia Pacific. As Russia puts its economic house in order, its interests in its Pacific seaboard will increase, potentially to the advantage of Australia’s trade and investment interests. The Government will encourage Russia’s constructive role in Asia Pacific affairs … The working out of Russia’s longer-term relations, not only with the United States but also with China, Japan and India, will be important for the security of the Asia Pacific. (p. 31)

Six years later, the official views on Russia became even more optimistic: “Russia’s overall engagement with the West is likely to continue”; “Russia could become a more important partner for us… dependence on foreign markets, capital and technology, and its aspirations to join the World Trade Organization (WTO), will drive Russia’s increased international economic engagement. Australia is a potentially valuable economic partner as Russia looks for assistance to develop its vast natural resources” (Australian Government, 2003, pp. 22, 99, 101).

The same optimistic mood prevailed among Russian diplomats. “The level of relations between the two countries, achieved over the past three years, has never been so high,” said Alexander Blokhin, the ambassador to Australia in 2005–2010 (Prazdnovanie, 2009). In the Concept of the Foreign Policy of the Russian Federation (2013), Australia was mentioned for the first time: “Russia … will continue to intensify its relations with Australia.”

However, not all was so rosy. Although there has been substantial increase in the bilateral trade, its total volume remained insignificant both for Russia and Australia. In 2012–2014, the share of Russia in the foreign trade of Australia amounted to 0.3% (0.2–0.3% in exports, 0.3–0.4% in imports), while the share of Australia in the goods trade of Russia was even smaller—0.1% (0.01–0.025% in exports and about 0.25% in imports). In 2014, Australia occupied only 74th place among Russia’s foreign economic partners (67th in 2012, 71st in 2013).

Australia continued to view Russia as a “transition economy.” In 2001, it imposed an anti-dumping duty on imports of ammonium nitrate from Russia. For its part, in August 2009, Russia, the largest buyer of kangaroo meat (about 70% of production, more than US$10 million annually), placed a temporary ban on its import, reportedly due to high levels of contamination with salmonella or E. coli,
which hit Australian farmers. On October 20, 2011, at the meeting of the Foreign Affairs, Defense and Trade Legislation Committee (FADTLC), Bruce Gosper, a senior Department of Foreign Affairs and Trade (DFAT) official, acknowledged: “It is quite important to our industry ... it is a significant market for them and one they need great assurance in supply for” (FADTLC, 20 October 2011, p. 99).

Another negative trend can be mentioned here. In 2003–2013, the bilateral services trade more than tripled in volume from A$84 million to A$282 million. Inter alia, Australia was important for Russia as a software and engineering services supplier; cooperation also developed in the financial sector. However, the share of services trade compared to goods trade gradually decreased from 42.6% in 2001 to 9.5% in 2011 (12.6% in 2014).

In 2011–2012, the total value of Russian investments in the Australian economy jumped almost four-fold (from A$1.420 million to A$5.564 million) and in 2013 it amounted to A$4.844 million, while the total value of Australian investments in Russia increased in 2012–2014 from A$1.480 million to A$2.352 million. The major Australian investors in Russia were the mining companies BHP Billiton and Rio Tinto; the main Russian investors in Australia were United Company RUSAL, Norilsk Nickel, Magnitogorsk Iron and Steel Works, Metallinvest Management, Sberbank of Russia, VTB Bank, and Baltika Breweries. In 2005, United Company RUSAL invested US$401 million in the Australian mining sector by acquiring a 20% stake in the world’s largest alumina refinery, Queensland Alumina. In 2006, Norilsk Nickel entered into an alliance with two Australian corporations, Rio Tinto and BHP Billiton, on minerals exploration and development in Russia. The cumulative value of Russian investments in the Australian economy by 2014 totaled more than US$2 billion. Nevertheless, in 2013, Russian investments amounted to only 0.2% of all foreign direct investment (FDI) inflows in the Fifth Continent, while Australia’s investment in Russia was only 0.1% of its FDI. In general, the bilateral trade and economic relations by 2014 did not reach a high enough level to cushion the impact of a serious crisis in political relations between the two countries.

In the political sphere, in the late 2000s, the obvious signs of a hardening Australian attitude and some mistrust toward Russian foreign policy were observed. This is well demonstrated by the debates about the uranium deal between Moscow and Canberra. On September 7, 2007, Russia and Australia signed the Agreement on Cooperation in the Use of Nuclear Energy for Peaceful Purposes. This agreement allowed Russia to enrich Australian uranium for use in its civil nuclear power industry. Russia pledged not to reprocess Australian uranium for military purposes and assured Canberra that the Agreement pursued a purely economic objective. The deal was estimated to be worth about US$1 billion, and no wonder that Canberra was very interested in implementing the Agreement. However, its passage through the Australian Parliament coincided with the Russia-Georgia conflict of August 2008. On August 26, Moscow recognized Georgia’s breakaway regions—Abkhazia and South Ossetia—as independent states. The next day, Stephen Smith, Foreign Minister under Kevin Rudd’s Labor Government, condemned this decision. “The actions of the Russian Federation in this respect [a large-scale military offensive in Georgia] were clearly disproportionate,” he asserted (Official Hansard, 2008, pp. 6385–6386). Nevertheless, the Australian Government was clearly not ready to sacrifice beneficial relations
with Russia to support Georgia. At a meeting with Russia’s ambassador Blokhin, Smith expressed the official position of Canberra far more reservedly. “Actually it was normal diplomatic dialogue,” Blokhin emphasized, “no criticism, no protests, and it was conveyed in a very constructive way; we actually exchanged our opinions on the situation” (as cited in Smith, Russian Ambassador Meet, 2008). However, on September 1, during the consideration of the 2007 agreement in the Joint Standing Committee on Treaties (JSCOT), some of its members expressed doubts about the reliability of Russia as a partner and the possibility of exercising an effective control over the peaceful use of Australian uranium. The Committee chairman Kelvin Thomson, Labor MP, proposed to delay the ratification for two years to monitor “what Russia does on the nuclear disarmament front and what happens in terms of relationships with its neighbors.” But DFAT officials argued that the conclusion of such an agreement would be of great potential benefit to Australia, that Russia is a predictable and reliable partner for peaceful nuclear cooperation, and promised that the government when considering ratification “will take into account developments recent and ongoing events in Georgia.” “Australian uranium”, the director general of the Australian Safeguards and Non-proliferation Office John Carlson said, “will not be used for weapons because Russia has such an enormous surplus there is no reason why it would even think of doing so” (JSCOT, 1 September 2008, pp. 3, 10).

For its part, Moscow has exerted pressure on the Rudd government. On September 1, 2008, Blokhin made a statement that was virtually an ultimatum: “If this agreement is not ratified, in that case we could regard it as an obviously politically biased decision, which could harm the economic interest of Australia as well. We do not see any connection between the events in the Caucasus region and the uranium deal. These are completely separate things” (Aust-Russian Uranium Deal, 2008).

Nevertheless, on September 18, JSCOT recommended the government refrain from ratifying the agreement. But in November, at the APEC summit in Lima, Rudd and Smith assured their Russian colleagues that they would make every effort to bring it into force. In an interview with Sky News, Smith (2008) tried to correct the impression that the government had ignored the views of the Parliament. He admitted, “Russia is very keen to pursue or proceed with the agreement” and pledged to consider “Russia’s recent conduct in Georgia and Abkhazia and South Ossetia.”

The Rudd government responded to JSCOT’s objections not until in March 2010, when passions had calmed down. It expressed “deep concern about Russia’s military action in Georgia and its subsequent recognition of the ‘independence’ of […] South Ossetia and Abkhazia” and stated that it had allocated A$1 million “to help Georgia recover from the intervention,” but, at the same time, that “there has been progress under a European Union mediated ceasefire agreement of 12 August 2008. … Russian troops have withdrawn from positions deep within Georgia to the disputed regions […] The Government welcomes these developments. The Government notes also that members of the international community have moved—bilaterally and multilaterally—to re-engage Russia on issues of common interest and concern” (Official Hansard, 2010, pp. 2277–2278). Taking such a stance made it possible for the government to justify
its final decision to ratify the agreement, which entered into force in November 2010. However, this issue did not disappear from the Australian political debate. The Australian Greens remained implacably hostile to the uranium deal with Russia (as well as with India). In August 2013, they accused the Liberals and Labor of backing “uranium to the hilt, even planning to sell uranium to nuclear weapons states India and Russia,” (Bersten, 2013), “two countries with appalling nuclear safety records,” according to Senator Scott Ludlam (as cited in Uranium Moratorium, 2013).

The Russia-Georgia conflict had yet another unexpected consequence for bilateral relations: for the first time in the post-Soviet period; it induced Canberra to see Russia as a real threat to its own interests. Nicaragua and Venezuela were the only countries to have joined Russia in recognizing the independence of Abkhazia and South Ossetia. In a bid to get wider international support for its foreign policy line, Moscow tried to attract to its side at least small states with little clout in international affairs. Pacific Island states seemed to Moscow a quite suitable object. In December 2009, the independence of Abkhazia and South Ossetia was recognized by Nauru, which received in return the next year a US$35 million aid package from Russia. This example was followed by Vanuatu in June 2011 and Tuvalu in September 2011. Australia has long enjoyed close political and economic ties with these countries, and it is not surprising that Moscow’s diplomatic activity in the region caused irritation in Canberra. In early October 2011, the Rudd government officially expressed its dissatisfaction with Russia’s “so-called cheque-book diplomacy” (as cited in Flitton, 2011). It also conveyed its growing concern about what was happening to the leaders of Nauru and Tuvalu. On October 20, 2011, Jeremy Newman, a DFAT official, informed FADTLC that “there has certainly been [Russian] financial inducement on this,” that “Russia has been active in the region,” and that Moscow’s diplomatic efforts in the South Pacific were not limited only to these three states (FADTLC, 20 October 2011, p. 68).

Russian Foreign Minister Sergey Lavrov’s visit to Fiji in early February 2012 caused new discontent in Canberra. When, a few days before, the Russian Foreign Minister arrived in Australia, his counterpart Kevin Rudd pointed out to him “the importance of transparency in development assistance with the region” (as cited in Gartrell, 2012). On May 30, 2012, at the FADTLC meeting, Senator Eggleston expressed concern that the South Pacific had become a diplomatic battleground between Georgia and Russia. Paul Myler, a DFAT official and future ambassador in Moscow, responded: “it really is Russia now casting a very wide net in an effort to try to generate this [to get formal international recognition of Abkhazia and South Ossetia]. Of course, the Pacific has been the subject of this sort of recognition tussle before. It is unfortunate.” His colleague Dennis Richardson vigorously stressed: “This is simply a blatant, crude attempt to buy recognition. We do not like Russia doing that and we do not think it is a good thing for South Pacific island countries to be selling recognition” (FADTLC, 30 May 2012, pp. 112–113).

This issue was raised again at the FADTLC meeting in early June 2013, where Lachlan Strahan, a DFAT official, acknowledged: “ Unexpectedly (!) ... we do see Russia as a little bit of a worry on this front. They have been trying to convince some of the small island states to recognise the two breakaway republics
in Georgia, South Ossetia and Abkhazia. It is no secret that they have offered sums of money in return for this recognition. [...] We have told Russia that this is not a good practice.” When he was asked by Senator David Fawcett, a Liberal, how Moscow responded to Canberra’s diplomatic protests, Richardson replied: “I must say we have not had much of a response” (FADTLC, 5 June 2013, p. 160).

Some other factors also contributed to a more critical, negative attitude of the Australian political elite toward Russia before the 2014 Ukraine crisis. One of them was Moscow’s support of Bashar al-Assad’s repressive regime in Syria, which, however, still remained mostly on the margins of mainstream political debate. This issue was raised, in particular, by Christine Milne, Senator and Leader of the Australian Greens. It can be said that the Greens had become by then the most outspoken critics of Russian policies. They launched a vociferous campaign for the release of Australian activist Colin Russell (arrested by Russian border guards together with other Greenpeace activists who protested against offshore oil drilling in the Pechora Sea on September 18, 2013), accusing a new Liberal-National Party Coalition government of inaction. On November 14, Milne introduced in the Senate a resolution condemning Russia’s actions. Another target of criticism for the Greens was Russia’s 2013 “gay propaganda” law. On February 12, 2014, they sponsored a Senate resolution supporting Australian athletes who spoke out against a repressive approach to the LGBT rights in Russia during the 2014 Sochi Winter Olympic Games. “Russia’s discriminatory anti-gay laws need to be condemned,” Senator Sarah Hanson-Young stressed (as cited in Greens’ Motion Supporting, 2014). In November 2014, Greens spokeswoman Tammy Franks compared Russia’s policy towards sexual minorities to Uganda’s (Greens Proud, 2014).

Thus, even before 2014, Canberra’s suspicions about Russia’s intentions had increased, and criticism of Russian foreign and domestic policies in Australian political circles had intensified. After the Russia-Georgia conflict, Canberra began to perceive Russia as one of the potential U.S. rivals (along with China, India, Japan, and the European Union), which, according to the Department of Defence (2009, pp. 32, 33), “will exercise global influence in differing degrees and acquire varying levels of military strength to promote their interests,” and as one of the key players in the Asia Pacific. This view was even more clearly expressed by this Department of Defence four years later (2013, p. 13): “Building on already deep and extensive relations with India and China, Russia is seeking to expand its influence in the Indo-Pacific beyond traditional partners, both politically, through consolidation and potential expansion of the BRICS grouping and, in line with Russia’s economic potential, as a supplier of oil and gas, nuclear technology and conventional arms.”

Equally important is the fact that the public’s attitude toward Russia, its foreign and domestic policies, and its leader had also gradually changed. In 2003–2008, the level of Australians’ confidence in Vladimir Putin’s international policies declined from 53 to 38%, while the level of distrust increased from 37 to 44%. In the spring of 2008, even before the Russia-Georgia conflict, only 24% of the respondents answered “Yes” to the question: “Do you think the government of Russia respects the personal freedoms of its people?” (57% said “No”). Although in 2008–2009 confidence in Putin’s foreign policy rose from 53 to 59%, despite
the Georgian crisis, by 2011, however, it returned to its 2008 level. In 2012–2013, the percentage of people showing positive attitudes to Russia’s international behavior decreased from 34 to 29% and the share of those with a negative attitude climbed from 38 to 53%.³

However, Moscow ignored all these signs of Australia’s growing distrust of its motives and actions. The comments made by Russian officials on the bilateral relations were quite optimistic (see, e.g., Nesterenko, 2010, and MFA Information and Press Department, 2012). “We have identical or similar positions on most international issues,” Sergey Lavrov said in 2010 (Lavrov, 2010). “It seems that there is a strong inter-party consensus [in Australia] on the need to strengthen and develop ties with Russia, and there is no disagreement on this point,” he asserted in 2012 (Lavrov, 2012).

For its part, the Russian public perceived Australia as a distant, exotic, and hospitable country. According to Levada-Center’s survey data (2015), in 2005–2013, Australia was not considered by Russians as a hostile state; moreover, Australia was listed by 2% (in 2009 and 2011) or even 3% of the respondents (in 2005, 2007, and 2010) as one of the five friendliest countries.

The impact of the Ukraine crisis on Russia-Australia relations

Immediately after establishing de facto Russian control over Crimea in late February through early March 2014, the Abbott government voiced its strong displeasure at this unilateral action. On March 2, DFAT asserted its full support for Ukraine’s territorial integrity and stressed the unacceptability of Moscow’s behavior. On March 3, the Russian Ambassador was officially informed of Canberra’s position, and the Prime Minister cancelled two previously scheduled visits to the Fifth Continent by top Russian officials; Australia also actively participated in consultations on the crisis among the UN Security Council members (Official Hansard, 2014, p. 1996). On March 17, the House of Representatives held a debate on the 16 March referendum in Crimea; Teresa Gambaro, a ruling party MP, introduced a draft resolution condemning it. In the debate that followed, the Labor opposition supported the resolution. Tanya Plibersek, the Deputy Leader of the Opposition, claimed that “Russia’s behavior highlights the danger of countries adopting a zero-sum game world view” and called for supporting “international efforts to apply economic means to resolve the crisis peacefully” (Official Hansard, 2014, p. 1998–1999).

These “economic means” were used two days later. On March 19, immediately after Crimea’s incorporation into Russia, Foreign Minister Julia Bishop announced “targeted financial sanctions and travel bans against those who have been instrumental in the Russian threat to Ukraine’s sovereignty” (eight Russian and four Ukrainian officials). She stressed that these “measures have been taken in close coordination with our friends and allies, including the United States, the United Kingdom, Canada and Japan” (Official Hansard, 2014, p. 2447). Again, the opposition unconditionally approved the government’s decision (Official Hansard, 2014, p. 2448).

The secession from Ukraine of two Russia-oriented regions of Donbass and the escalating armed conflict in the eastern parts of the country promoted a growing sympathy for Kiev in Australian political circles. On May 15, 2014, the Group
Australia-Ukraine “in Support of Democracy in Ukraine” was launched in the Parliament. On May 21, the government announced expanding sanctions on 38 individuals and 11 entities; on June 19, it imposed asset freezes and travel bans on another 50 people and 11 companies, including Bank Rossiya, Stroytransgaz Group, and Transoil.

The deterioration of the bilateral relations culminated with the shooting down over eastern Ukraine of Malaysian Airlines Flight MH17 on July 17, 2014; among the dead were 38 Australian citizens and residents. Later, the same day, Tony Abbott, speaking before the Parliament, pointed to “Russian-backed rebels” as the likely perpetrator (saying “it seems”) of the crime, and demanded that Moscow “fully cooperate in this investigation” (Official Hansard, p. 2014, 8471–72). He was fully supported by Labor leader Bill Shorten (Official Hansard, 2014, p. 8473). Canberra led the charge in putting pressure on Russia, particularly in the UN Security Council. The government even considered the possibility of “a joint operation” with the Dutch in Eastern Ukraine and sending 1,000 Australian troops there (Official Hansard, 2015, pp. 875–76; FADTLC, 25 February 2015, pp. 27–28).

This tragedy added fuel to the anti-Russian sentiments among the Australian political elite and led to increasing pressure on the Abbott government. On August 11, the Green Party acting leader Adam Bandt urged the prime minister “to take a tougher line with Vladimir Putin […] Tony Abbott needs to stop sending mixed messages. Tony Abbott must tell Mr Putin very clearly that he must give the recovery operation access to the crash site or he won’t be welcome at the G20 summit” (as cited in Abbott Must Take, 2014). On August 26, Abbott made a statement to Parliament; it showed that the government no longer had any doubts about who actually committed this crime: “flight MH17 had been shot down by Russian backed rebels over eastern Ukraine. This was not just a tragedy; it was an atrocity” (Official Hansard, 2014, p. 8549). On September 1, Abbott announced new sanctions against Russia as waging an undeclared war in Ukraine: “Australia will lift its sanctions against Russia to the level of the European Union’s. There will be no new arms exports; there will be no new access by Russian state-owned banks to the Australian capital market; there will be no new exports for use in the oil and gas industry; there will be no new trade or investment in the Crimea; and there will be further targeted financial sanctions and travel bans against specific individuals. […] I want to make it absolutely clear that the bullying of small nations by big ones and assertions that might is right should have no place in our world” (Official Hansard, 2014, p. 9152). Canberra also imposed a ban on the sale of uranium to Russia (greeted with applause by the Greens), thus suspending the 2007 agreement so actively promoted by the Rudd government. On September 3, the Prime Minister claimed: “Ukraine continues to be subject to active destabilisation and, indeed, outright invasion from Russia—a country it has never, ever sought to harm”; he announced the opening of the Australian embassy in Kiev and his government’s plans to provide short-term humanitarian assistance and nonlethal military assistance to Ukraine (Official Hansard, 2014, p. 9578).

In October, the growing tension between the two countries affected even the personal relationship between their leaders. On October 12, Abbott publicly
pledged to “shirtfront” Putin at the G20 summit in Brisbane in the middle of November (Chan & Alcorn, 2014). A few weeks later, he promised “to have a very robust conversation with him” during the APEC summit in Beijing ahead of the G20 summit (Tony Abbott Promises, 2014). Moreover, Canberra tried to block Russia’s participation in the Brisbane summit; however, it could not get the support of all other G20 members. In Beijing, on November 11, Abbott openly told the Russian President that MH17 had been shot down by a launcher that came from and then returned to Russia, and demanded an official apology from him. In Brisbane, Putin got quite a cold reception from the Australian officials; inter alia, on November 14, he was greeted at Brisbane Airport not by the Prime Minister and Governor General, but only by the Assistant Minister for Defense Stuart Robert and Queensland Governor Paul de Jersey (Piotrowski & Noble, 2014).

As a result, by the end of 2014, political relations between the two countries had dropped to a historically low point. It is important to note that the Australian political elite took a unified stance toward Russia from the very beginning of the Ukrainian crisis, in contrast to their much more cautious approach toward the 2008 Russian-Georgian war. This was due to a number of factors, including the political pressure exerted by the Ukrainian-Australian community. The parliamentary discussions on the events in Crimea in March 2014 were often initiated by MPs representing constituencies with Ukrainian residents, for example, Alexander Hawke (Mitchel, NSW) and Jason Wood (La Trobe, Victoria); on March 19, Wood bluntly told Julie Bishop: “The situation in Ukraine is of deep concern in my electorate” (Official Hansard, 2014, p. 2447). Canberra’s suspicions about Moscow’s foreign policy intentions, which intensified dramatically over the previous six years, also played its role. But the most important factor was solidarity with the West, especially Britain and the United States. For instance, in March 2014, Bishop held a number of “very productive discussions” on the crisis with UK foreign minister William Hague and with the British National Security Council (Official Hansard, 2014, p. 1996). However, Canberra’s stance proved at first even more rigid than the EU’s. In particular, Australia imposed sanctions on Russian banks, as well as oil and gas companies, earlier than European countries did. DFAT (2014, pp. 56, 101) declared that “we will need to consider carefully our relationship with Russia based on events in Ukraine,” and listed Russia’s annexation of Crimea among the major threats which “impacted on the global security landscape.”

From Canberra’s point of view, its policy toward Russia was exclusively reactive. The Australian ambassador in Moscow, Paul Myler (2014), explained the pattern of his government’s actions as follows:

We followed exactly the same progression as the EU. When Russia illegally annexed Crimea we imposed sanction in response to that, when they started destabilizing eastern Ukraine, we imposed sanction in relation to that, when it sent troops and weapons across the border into eastern Ukraine, we imposed sanctions in response to that, when those weapons shot down a Malaysian airline killing 38 Australians, we imposed sanctions in response to that. So the sanctions have been imposed in response to each activity taken by the Russian government.
How did Moscow respond to the unfriendly steps of the Abbott government? First, it tried to use economic pressure as a means of influencing Canberra. On April 7, 2014, Russia imposed “temporary restrictions” on imports of frozen and chilled beef from Australia, claiming it contained traces of the growth promoter trenbolone. At that time, Australia accounted for 5–10% of the beef imported into Russia. It was a preventive measure aimed to show Canberra that its anti-Russia foreign policy stance could inevitably deprive Australia of the vast Russian market.

On May 21, Russia reacted to the expansion of the sanctions list with a sharp statement by the MFA Information and Press Department (2014):

This step, which was clearly made under external pressure, is evidence of a distorted understanding of the causes of the internal political crisis in Ukraine by Canberra. We stated many times that the attempts to negotiate using the language of sanctions are not acceptable to Russia. Of course, they will not remain unanswered. Having chosen an openly anti-Russian line and spreading accusations, which have no basis in reality, the Government of Tony Abbott should be aware that it must take full responsibility for harming Russian-Australian relations.

This statement reflected Moscow’s attempts to understand the behavior of the Abbott government (on the one hand, it was not independent in its decisions; on the other, it received incorrect information about the situation in Ukraine) and to find the best way to persuade Canberra to shift its policy toward Russia (first, this policy is doomed to fail; second, it can inflict serious losses to Australia’s economy).

After Abbott indirectly blamed Russia for the MH17 tragedy, the Kremlin responded with another sharp statement describing the Prime Minister’s words as “unacceptable” (Lukashevich, 2014). On August 7, Moscow used the last instrument of economic pressure left at its disposal, when including Australia on the list of the countries from which imports of agricultural products (including beef, pork, vegetables, fruit, meat, poultry, fish, cheese, and milk) to Russia were banned. Because beef imports from the Fifth Continent had already been suspended, the primary victim of these sanctions was Australian butter producers. Australia’s export losses due to these sanctions amounted to just over US$400 million, only about 0.4% of its total sales, but this political decision further poisoned the atmosphere of the bilateral relations.

Neither Moscow’s warning signals, nor its attempts to use the tools of economic pressure had an effect, because trade relations with Russia were of little importance to Australia, no matter how painful the sanctions might be for individual sectors of its economy. After all economic means were exhausted, the Kremlin had a very limited set of instruments for influencing Canberra. In response to Abbott’s undiplomatic comments about Vladimir Putin, a Russian naval group during the G20 meeting in Brisbane conducted exercises in the Philippine Sea, while another group, led by the Varyag missile cruiser, entered the Coral Sea. “The fleet provided a reminder that gunboat diplomacy still exists,” said international affairs analyst Peter Coates (2014). It seemed as if the old days of the Crimean War had come back again, when Australians were seriously
afraid of Russian invasion. As a result, this demonstration further tarnished the image of Russia in the eyes of Australians.

Moscow explained its failed attempts to influence Canberra by the lack of a pragmatic approach to foreign policy in the Abbott government recklessly depriving Australia of all the benefits of a bilateral cooperation, though they had become evident during the preceding decade. Russian Ambassador to Australia Vladimir Morozov (2015) acknowledged that these relations “essentially were nullified.” “Unfortunately, at the initiative of the Australian side, political contacts were suspended, consultations on key issues of international agenda between our foreign ministries were frozen, security talks were discontinued, and sanctions against certain Russian entities and individuals were imposed. This undid whatever progress the two nations had achieved in the past years. I don’t think it’ll get any worse this year.” Morozov blamed for this the Australian political elite, which “holds quite conservative views, identifying itself with the values of the Western world.” “Unfortunately, this negatively influences cooperation with Russia,” he added. “The phobias of the Cold War still persist in the Australian media discourse (not without the support of political leaders).”

The deterioration of political relations between Moscow and Canberra was accompanied by a sharp drop in Australians’ positive feelings toward Russia. In 2015, Australians only viewed Syria and North Korea more negatively than Russia. The share of Australians having a favorable opinion of Russia decreased from 42% in 2013 to 24% in 2015, while the percentage of those with an unfavorable view climbed from 39 to 62%. The level of Australians’ confidence in Vladimir Putin’s international policies declined from 38% in 2008 to 15% in 2015, while the level of distrust increased from 44 to 81%. Although in 2016–2017 the attitudes toward Russia and its leader improved somewhat, nevertheless, they remained negative. In 2017, 55% of the Australians held an unfavorable opinion about Russia (versus 37%), 70% had little or no confidence in Putin, and only 17% believed that Russia poses no threat to their country.

The crisis in the bilateral political relations caused a breakdown of trade and economic relations. Already in 2014, Australian exports of goods and services to Russia fell by 24% (exports of goods by 28%). Due to economic sanctions and a sharp decrease in the sales of meat, meat byproducts, and live animals, the share of foods and agricultural raw materials in Australia’s exports declined significantly (to 29.8%), although they continued to hold second place. In the autumn of 2014, nuclear power plant equipment exports to Russia ceased (a total fall from 9.9 to 5.4% of exports over the year). In 2015, the same fate befell Australian imports from Russia, which decreased by 3.4 times (merchandise imports by 3.9 times). During the 2014–2016 period, they dropped 4.9 times (merchandise imports almost six-fold). Over these years, the total value of the bilateral trade in goods and services decreased by 2.4 times, while trade in goods by 2.65, falling below the 2006 level.

On Canberra’s initiative, the mixed commission on trade and economic cooperation suspended its activities. Major Russian companies, such as Norilsk Nickel, gradually curtailed their activities on the Fifth Continent. Ambassador Morozov (2015) explained this by “not always favorable doing business conditions in Australia.” “I think tense political relations and sanctions have played
a negative role,” he added. As regards Australian companies, according to Ambassador Myler (2014),

a lot of them choosing to commit their capital to other markets because they are uncomfortable with the risks associated with Russia at the moment. Russia was really a good market and had a lot of potential. Russia has huge deposits, huge reserves of everything essential, and there was going to be really good cooperation. But now I think the risks associated with Russia are starting to have little more limitation on the purely commercial decision about where do you invest with your company.

In 2015, the bilateral relations completely returned to Cold War patterns. In May, Australia participated in the Western boycott of WWII victory commemorations in Moscow. On July 29, Russia vetoed in the Security Council a draft resolution on the establishment of an ad hoc international criminal tribunal to prosecute crimes connected with the shooting down of MH17. Canberra’s reaction was very sharp. Julie Bishop (2015) described Russia’s veto as “an affront to the memory of the 298 victims of MH17 and their families and friends.” Australia did not express its condolences after the October 31 crash of the Russian passenger jet in Sinai. Later that year, DFAT (2015, pp. 83 and 87) announced further strengthening of sanctions against Russia and predicted that “bilateral relations with Russia will remain difficult until Russia ceases intervening in south-east Ukraine and fully implements its undertakings under the Minsk II cease-fire agreement.” In February 2016, the Australian political elite was disturbed by rumors about the supply of Russian weapons to Fiji (FADTLC, 11 February 2016, p. 135). The battle of Aleppo led to a growing dissatisfaction with Moscow’s support for the Assad regime (see, e.g., Official Hansard, 2016, p. 2699). The Australian political vocabulary was enriched with such expressions, as “Russia’s increasingly aggressive foreign policy” and “Russia’s ‘borderisation’ of its neighbouring republics” (Official Hansard, 2016, p. 24). The term “Putin’s Russia” was used to refer to repressive government policies (Defending, 2016). At the same time, the tone of Moscow’s official rhetoric became even sharper:

Australian Foreign Minister Julie Bishop again recently lashed out at Russia over the Ukraine crisis. [...] Such statements by the Australian minister confirm that, following in the wake of their overseas mentors, Canberra politicians are still divorced from reality in assessing the events in Ukraine. [...] The chanting of anti-Russian mantras in the Cold War spirit, which Canberra continues to resort to, is a road to nowhere. Ms Bishop merely drives Russian-Australian relations in a deadlock with such statements. (MFA Information and Press Department, 2015)

However, in 2016, in the bilateral relations, some positive changes occurred. According to DFAT (2016, pp. 72 and 74), “Russia continued on a confrontational path with NATO and the Ukrainian conflict remained unresolved. Crimea is still under Russian occupation. Australia’s sanctions against Russia, imposed by the department following Russian action against Ukraine in 2014, remain in place. [...] However] Russia remains an important international actor and we will maintain cooperation where there is mutual interest and benefit”; “We held consultations with Russia on Syria and the Middle East and recommenced negotiation
of the stalled counter-terrorism MOU.” For its part, in May, the Government of the Russian Federation (2016) eased the food embargo slightly by lifting the import ban on frozen beef, poultry, and vegetables needed for the production of baby food. In September, at the sidelines of the G20 Summit, Vladimir Putin focused discussion on the Syrian crisis and the fight against terrorism, especially against ISIL (Turnbull, 2016); when Turnbull expressed his government’s determination to pursue those responsible for the shooting down of MH17, the Russian President conceded that “this was important to Australia” (Probyn, 2016). He obviously sought to find areas for potential cooperation and not to dwell on frictions. The most recent Russian *Foreign Policy Concept* (2016) also adopted a more conciliatory tone toward Australia: “Russia will continue developing its relations with Australia […] on issues of mutual interest.”

Nevertheless, in 2016–2018, the bilateral relations did not and could not take a sharp turn for the better. There remain a number of issues that continue to poison them, including the prosecution of those responsible for the MH17 disaster; Russia’s annexation of Crimea and the ongoing conflict in Eastern Ukraine; Moscow’s support for the Assad regime; and the rights of sexual minorities in Russia, especially in Chechnya, which were discussed by the Australian Senate in May and June 2017 (Official Hansard, 2017, pp. 3321 and 4000). In September 2017, the government extended previously imposed sanctions for another three years and increased the number of targeted individuals and entities to 153 people and 48 companies, among them such giants as Sberbank, VTB Bank, Gazprombank, Vnesheconombank, Russian Agricultural Bank, Rosneft, Transneft, Gazprom Neft, Oboronprom, and United Aircraft Corporation. The latest Australian *Foreign Policy White Paper* indicated Russia’s “refusal to act in ways consistent with international law and these norms,” its “coercive and aggressive actions in Ukraine,” “unacceptable interference in democratic processes,” and “the activities of Russian cyber actors during the 2016 US presidential election.” However, the main conclusion concerning the policy toward Russia seemed quite pragmatic: “Given its international role and reach, Russia’s policies affect Australia both directly and indirectly. We will deal carefully with Russia to advance our interests where we see scope. Equally, Australia will work with partners to resist Russia’s conduct when it is inimical to global security” (Australian Government, 2017, pp. 24, 31, and 81).

**Conclusion**

The story of the sharp deterioration in the Russia-Australia bilateral relationship triggered by Crimea’s incorporation into Russia is quite illustrative because Ukraine itself was of no importance to Canberra as a political or economic partner. The volume of Ukrainian-Australian trade was negligible even compared to Russian-Australian trade: in 2013, it was 79 times smaller. In this respect, Australia differed from the EU, which was naturally concerned about what was happening on its eastern borders, as well as the United States obsessed by their superpower status. Moscow, lulled by the expansion of trade and investment ties and the increasing frequency of high-level political contacts, attached no significance to the issues that began to disturb the bilateral relations, and paid no attention to
an increasingly worsening image of Russia in Australia. The Kremlin’s attempts to achieve recognition of Abkhazia and South Ossetia from small Pacific states closely tied to Australia had somewhat undermined Canberra’s confidence in Moscow’s foreign policy, contributing to a general deterioration in Russia-West relations. Obviously, when making such attempts, Russian foreign policy strategists did not take into account a possible Australian reaction. The naval demonstration in the Coral Sea, at the peak of tension between the two countries, had a completely different effect than Moscow expected: at a time when Western leaders gathered in Brisbane, it could only further contribute to the Australians’ sense of belonging to the Western world.

The use of economic sanctions as tools for influencing foreign policy behavior has proved ineffective even when the Kremlin applied them against European countries, despite a considerable volume of their trade with Russia. Because of its very modest involvement in commercial exchanges with Russia, Australia was incomparably less sensitive to Moscow’s sanctions. First, they failed to do much damage to its economy. In spite of the sanctions, according to Ambassador Myler (2014), in 2014 “Australian beef exports reached record levels [...] there looks to be 17% growth on last year globally.” Second, Moscow shut the door to political rapprochement with Canberra through trade and aroused the Australian business community’s interest in beneficial cooperation with Russia. Instead, it proved itself to be an unreliable commercial partner whose foreign economic behavior is determined solely by political considerations.

Western sanctions against Russia as well as Australia’s joining them, turned out to be a complete surprise to the Kremlin. But could Russia have prevented it? Certainly not. The deterioration of the relations between the two states did not result only from “Abbott’s personal preferences,” as Alexey Martynov, a political analyst, argues (as cited in Alekseeva, 2018). Abbott’s view of Russia as a revisionist power was widely shared among the Australian political elite, and it was perhaps best expressed by ANU academic, Paul Dibb (2016)

We are living in an exceedingly dangerous world that is challenging the core values of our western civilization. The fact is Russia and China, both authoritarian powers, are challenging the western liberal order through the use of military force and coercion. They are aligned in their hostility towards the United States and its democratic allies, seeking to alter international borders and extend their territories. [...] The ambitions of a resurgent Russia are to reassert Russia as a great power (derzhava) and to recover lost territories. Vladimir Putin’s “new model Russia” is one of an independent great power resuming its geopolitical position on its own terms.

There is no reason to expect that Australia will suddenly realize the “imprudence” of its behavior toward Russia after 2014, and “that common sense will prevail” and “they [Western governments] will soon get tired of it [sanctions]” (Putin’s words cited in Congress, 2018). And, of course, there is no reason to hope that it will be possible to drive a wedge between Canberra and Washington. The Australian political elite continues to view the Fifth Continent as an integral part of the West, and the alliance with the United States as the cornerstone of its
security. On this point, there is a strong consensus between the main political parties (Labor, 2015, p. 172; Liberal Party, 2002, p. 15).

Is there a need for Russia to improve relations with Australia? The answer is certainly “yes,” especially in the context of the “pivot to the East” in Russian foreign policy announced as early as 2010 and the growing importance of the Asia Pacific in the world economy and international affairs. Canberra’s “pivot to Asia” launched by Prime Minister Julie Gillard’s 2012 White Paper *Australia in the Asian Century*, aiming to enter a new phase of deeper and broader engagement with Asian countries, significantly expands the room and potential for cooperation between Australia and Russia in the international, and more particularly the regional, arena. The Kremlin cannot help but notice Canberra’s desire to find its own point of balance between the alliance with the United States and strengthening its relationships with China, India, Indonesia, Japan, and South Korea. But this is not an easy task. According to Matthew Sussex (2015, p. 15), a defense policy analyst, “there are virtually no interdependencies in the Russia–Australia relationship. Much of this is due to the political climate, and indeed Russia’s own behavior.” Of course, there is one positive factor: the actual military or political threat posed to Australia by Russia is negligible, although the latter is increasingly positioning itself in the region as a military power, by making significant efforts to modernize its Pacific fleet; organizing visits by its warships to Pacific ports; conducting joint naval exercises in the Pacific with Japan, ASEAN countries, India, and especially China; and selling arms to Asia Pacific states. At the same time, there are two major challenges. In the economic field, rising energy demand in China and India makes Russia and Australia (which announced its intention to become the world’s biggest exporter of liquefied natural gas by 2020 [Department of Resources, 2012, p. 134] and an alternative “Saudi Arabia” of gas) potential competitors in Asian markets. As regards the political/security sphere, in the context of heightened tensions in the South China Sea and concerns of Australia about the long-term foreign policy intentions of China (its main trading partner), a too-close rapprochement of Moscow with Beijing may result in further deterioration of its relations with Canberra in case of a worsening of Australia-China relations, and embroil Russia in a web of conflicts in the Western Pacific. Therefore, Russia should adopt a strategy of gradual and persistent economic penetration in Asia Pacific countries and export diversification, actively use its soft power instruments and multilateral dialogue mechanisms, and present itself as a promoter of regional stability and security, while avoiding undertaking extensive political-military commitments in the region.

**Notes**

2. All data on Russia-Australia trade in the post-Soviet period are taken from the Department of Foreign Affairs and Trade (DFAT) statistical yearbooks and from http://russian-trade.com/
3. All Australian public opinion data are taken from surveys conducted by the Lowy Institute for Public Policy, BBC World Service, and Pew Research Center in 2003–2017.
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Since 2015, the Eurasian Economic Commission has become a key agent of Russian external trade policy and the policy of connecting with China’s Silk Road Economic Belt initiative. It has been responsible for all of Russia’s current free trade negotiations, and in the future may encompass wider frames of international economic cooperation. However, because of its short track record, the Eurasian Economic Commission is not very well studied in Russia or abroad. This article analyzes the current international exchanges between the Commission and Asian countries, and attempts to study other formats of cooperation with Asian actors where the Commission can be involved in the future according to its mandate. Our study reveals that bilateral exchanges remain dominant between the EAEU and Asian partners, and a switch to multilateral tracks like EAEU-ASEAN or EAEU-RCEP can occur only in the medium-term future. Both the analysis of open negotiations and of the Commission’s organizational resources prove this hypothesis.

Key words: Asian integration, EAEU, EEC, Greater Eurasia, Pivot to Asia

Desde 2015, la Comisión Económica de Eurasia se ha convertido en un agente clave de la política de comercio exterior de Rusia y de la política de conexión con la iniciativa

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Cinturón Económico de la Ruta de la Seda de China. Ha sido responsable de todas las negociaciones de libre comercio actuales de Rusia, y en el futuro puede abarcar marcos más amplios de cooperación económica internacional. Sin embargo, debido a su breve historial, la Comisión Económica de Eurasia no está muy estudiada en Rusia o en el extranjero. Este artículo analiza los intercambios internacionales actuales entre la Comisión y los países asiáticos, e intenta estudiar otros formatos decooperación con actores asiáticos donde la Comisión pueda participar en el futuro de acuerdo con su mandato. Nuestro estudio revela que los intercambios bilaterales siguen siendo dominantes entre la EAEU y los socios asiáticos, y un cambio a pistas multilaterales como EAEU-ASEAN o EAEU-RCEP solo puede ocurrir en el futuro a mediano plazo. Tanto el análisis de las negociaciones abiertas como los recursos organizativos de la Comisión prueban esta hipótesis.

**Palabras clave**: integración asiática, EAEU, EEC, Gran Eurasia, Pivot para Asia

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**An environment for an EAEU cooperative agenda in Asia**

Since the global financial crisis of 2007–2009, all the Asian powers, both rising and already well established, have initiated or supported some large-scale infrastructure projects in the region and have launched or joined various regional integration arrangements. ASEAN has significantly advanced integration, connectivity, and infrastructure development through the Connectivity Blueprint and the ASEAN Economic Community. The diversity of integrative agenda-setting in Eurasia has drastically expanded since 2013. First, an American-led Initiative was launched (in the form of the Trans-Pacific partnership. The U.S. quit TPP in 2017, but other participants demonstrate a desire to continue with this framework); ASEAN and its ASEAN+ partners initiated the Regional Comprehensive Economic Partnership (RCEP) free trade negotiations. RCEP, has the capacity to become one of the largest trading blocs in the world (Kimura et al., 2010; Lewis, 2013) and at the same time is most attractive as an EAEU multilateral partner (Knobel & Sedalishchev, 2017; Lissovolik, 2017).

Experts widely agree that ASEAN’s regional integration projects and China’s Belt and Road Initiative (BRI) are complementary and have tremendous potential (Fukunaga & Ikumo, 2013; Pitlo, 2015). Since 2015, China has placed its BRI project in the center of its foreign economic policy and made it part of its cultural diplomacy, economic and energy security policies, and internal strategic development. Korea officially launched a Eurasia Initiative in 2013. India started to position itself as a Eurasian power (a step beyond the traditional scope limited by Southern Asia) and proposed an idea of a new North-South corridor—a cross-Eurasian trade route.

The Eurasian Economic Union since 2015 has become an essential supranational framework for Russia, Kazakhstan, Belarus, Armenia, and Kirgizstan. Subsequently, Russia made the Greater Eurasian framework a cornerstone of its regional foreign policy as Russian Foreign Minister Sergey Lavrov has recently confirmed at the Russia-ASEAN Foreign Ministers’ Meeting in Singapore on August 2, 2018 (MID RF, 2018).
These Asian-led projects stand to benefit ASEAN and East Asia significantly, while their impact on and connection to the Russian Pivot to Asia Policy, the Greater Eurasia policy, and the relations of the EAEU with Asian countries and blocks varies from moderate to almost minimal. To boost ties and connectivity, all actors will be required to move beyond the previous agenda and structure of political and economic relations and look toward the future possibilities and opportunities that may arise from Russia-EAEU-Asian cooperation.

This article argues that, currently, the bilateral track remains dominant between EAEU and Asian partners and a switch to multilateral tracks like EAEU-ASEAN or EAEU-RCEP can occur only in the mid-term future. One of the main aims of the article is to present one of the first attempts of a comprehensive list of opportunities and projects that have already existed or can be established within these tracks.

In the following sections, we briefly present the current environment for cooperation in Asia; i.e., the external conditions for integration policies between EAEU and external partners; we then analyze the existing achievements on EAEU-Asia track (mostly Free Trade Zone with Vietnam) and the opening of negotiation tracks with four Asian powers (China, India, Singapore, South Korea). Then, we discuss the possible areas of cooperation—mostly in infrastructure and finance, considering new possible competencies of the Commission. The final section focuses on medium and long-term prospects for the multilateral dialogues between the Commission and ASEAN and RCEP.

While most of the projects and negotiation activities are rather new, we provide brief descriptions based on open sources, as well as regular communication with members of the Commission as part of research projects conducted by the National Research University—Higher School of Economics (including a series of executive seminars with Commission ministers and heads of departments, participation of HSE experts in the Research Council of the Commission, joint sessions at the April Conference of HSE, Eastern Economic Forum, etc.). The data used in the analysis consist of official documents, strategy plans, official statements of the policymakers, and business news sources.

The purpose of this article is not to give a definitive diagnosis on the degree of cooperation between EAEU and Asian countries, but to present a visionary approach to how to develop different formats of this cooperation and to which extent this cooperation could contribute to the Pivot to Asia policy of the Russian Federation. The conclusion proposes several approaches toward building new ties between EAEU and Asian countries and defines some time horizons for more sophisticated forms of cooperation—among EAEU, ASEAN, or RCEP.

An analysis of vital socioeconomic indicators confirms that the integration processes in Asia are objective phenomena, often overcoming even profound political differences between the countries of the region. As part of this broader regional trend, Asia is shifting from the “Asia for the world” and “Factory Asia” models (Baldwin, 2016) and transitioning to an “Asia for Asia” model (Bordachev, Likhacheva, & Xin, 2014). As a result, the balances of the intraregional trade and traditional North-South trade patterns have sharply shifted (Ando, 2006).

Leading Asian economies are trying to compensate for the slowdown in growth rates due to trade liberalization measures, which only spurs regionalization. Such acceleration and consolidation of integration processes in the
countries of Asia have direct consequences for their partners (Kanaev & Korolev, 2016). A consistent policy with regard to these integration processes is virtually the only alternative for countries wishing to enter the markets of the region and attract investments from Asia.

For Russia, as the leader and founder of its integration project, the EAEU, the principal agent for such a policy is the Eurasian Economic Commission (EEC), which is responsible for the common trade policy of the Union. In the future, based on the functionalist logic of the integration process, we can expect a rising number of spillovers and gradual expansion of its powers to other areas of integration cooperation—regulation, investment, transport, and infrastructure, and in the long-term period, energy. Some of these areas have already been included in official agendas and even roadmaps of the EEC, but remain far from being brought into life.

The EEC as an agent of the Russian economic integration agenda in Asia

This article unifies two close but not integral elements of Russian foreign policy in Asia: first, the “Pivot to the East” policy and, second, the Eurasian integration project. Experts differ on pinpointing the start of the Pivot: either in 2012 with the establishment of the Ministry for Development of the Russian Siberia and Far East and preparations for the APEC summit in Vladivostok (Karaganov, 2017)—or since the anti-Russian western sanctions had been imposed (Filippov, 2016). However, the real agenda of the Pivot remains the key issue (for a comprehensive analysis of the Pivot policy see research conducted by Alexander Lukin (2016a, 2016b).

For now, the political results of the Pivot policy remain much more persuasive than the economic dimension of the Asian policy. However, an export-oriented framework is a cornerstone of Russian trade policy in Asia. In the “Foreign Economic Strategy of the Russian Federation until 2020,” the promotion of exports and the achievement of global competitiveness have been clearly prioritized (Ministry of Economic Development of the Russian Federation [MED RF], 2008).

On the economic track, i.e., trade liberalization, FTZ agreements, trade, and customs regulation, the principal agent of Russian activity in Asia was appointed in 2014—and it is the EEC—one of two key executive institutions of the Eurasian Economic Union (the second one is the Eurasian Court). As a member of EAEU, Russia cannot conduct its trade negotiations with other countries. This mandate lies with the supranational body—the EEC, according to the Treaty on the EAEU (Eurasiancommission.org, 2014).

The EEC is the chief negotiator with Asian countries in the framework of trade liberalization. As Veronika Nikishina, EEC’s Minister of Trade, exhorts,
Nowadays, in line with its mandate and the established practice of intergovernmental cooperation in the EAEU, the EEC can promote Russian interests within the logic of the Pivot to Asia in many areas:

1. Negotiations on free trade zones with an emphasis on trade, but not mixed-type negotiations.
2. Reduction of non-tariff barriers, especially for agricultural products and food products, increasing information transparency in trade relations between countries.
3. Promotion of Russian investment projects during negotiations with international partners of the EEC and reduction of trade barriers in exchange for investments, i.e., removal of certain tariff or non-tariff barriers in exchange for investment in specific projects (for a detailed review of open negotiation tracks see below).
4. Consolidation of the special economic status of the border areas. The EEC can facilitate the conclusion of preferential and nonpreferential trade and economic agreements, which detail the mechanisms for cooperation with the border areas (through sections on cross-border trade, on priority cooperation in the region, on specific sectoral cooperation).
5. Protection of the domestic market. In many Russian industries, concerns about the influx of cheaply imported analogs remain very strong. That is why the rapid liberalization of trade with Asian countries along the Chinese-led mode, i.e., when the partner country of the free trade agreement (FTA) removes tariff protection for a larger number of product lines than China, is met with a lot of negative anticipations in Russia despite clear advantages of similar free trade zones (FTZs) for exporters to China and opportunity to apply “sensitive categories” for decades.
6. Promotion of business-to-business contacts due to negotiations. The EEC can support trade dialogues by business weeks and forums and cooperate with export agencies of member states.
7. Promotion of transport, tourism, and other services, as the EEC has the authority to conduct negotiations not only in the framework of trade cooperation, but also in the area of international regulation of services.
8. Promotion of a playground for negotiation on visa regulation and residence regime for foreign workers, etc.

These options represent the current capacity of the EEC within its existing powers. Thus, the principal issues of Russia’s interaction with Asian-like trade liberalization and, in the long term, participation in mega-regional trade agreements directly depend on the effectiveness of interaction among Russia, the
EEC, and the countries of Asia within this negotiating triangle and not in two isolated negotiation “rooms.”

**Key tracks of cooperation with Asian countries and blocks**

**EAEU track record as of 2018**

Until 2014, the main partners of the EvrAsEC (a customs predecessor of the EAEU) for trade consultations were EFTA and New Zealand (Izotov, 2013; Vinokourov, 2014; Vinokourov et al., 2016), with no Asian country as a partner in mind. However, since an acute crisis in relations between Russia and the West began, followed by series of mutual sanctions, the focus of the Commission has shifted to Asia, and the EEC has intensified its external activities (Yastreb, 2016). The first achievement in that direction was the agreement on the FTA with Vietnam, signed on May 29, 2015.

Today, Vietnam is Russia’s key trade partner in ASEAN and the country whose exports to Russia are the most diversified. The FTA between the EAEU and Vietnam is currently the primary channel for trade and investment integration in ASEAN for Russia and the EAEU; the degree of its success to a large extent will define future negotiations with other countries of the Association. Given that Russia’s accession to any TTP reincarnation or alternative U.S.-centric mega-regional trade agreement is hardly possible and expedient, and the role of ASEAN in RCEP is hard to overestimate, creation of an FTA with ASEAN at first glance appears to be the logical next step for Russia’s integration into trade and economic cooperation in Asia.

The essence of the EAEU-Vietnam FTA agreement is to consolidate the mutual obligations of its participants to simplify the access to their commodities markets (Eurasiancommission.org, 2015). The agreement intends to reduce customs duties for the commodity items included in the turnover structure by 88%, 59% of which will be reduced immediately, and another 29% in 5–10 years. By 2025, the average level of Vietnamese imports duties for goods from the EAEU countries will decrease from 10 to 1%, and in the EAEU, it will reach 2% for Vietnamese goods. In practice, this means that initially, the terms of the Treaty will not have an immediate effect on the economies of the countries involved: real results will only be visible after a few years (Eurasiancommission.org, 2016a).

Besides trade, the agreement covers, or at least mentions, such areas of cooperation as services, mutual investment, movement of labor, and the exchange of technology, but only for Russia and Vietnam. Other countries of the EAEU, if they express willingness to join, will be able to do so in the future, while an agreement with Vietnam for the trade in goods will be mandatory for all members of the EAEU.

To date, the primary export items from Russia to Vietnam are weapons, engineering products, mineral fuel, fertilizers, and chemicals. Vietnam’s export to Russia is dominated by electronics, apparel and footwear, and food. The structure of trade with Vietnam more or less coincides with Russian trade with most partners in Asia: most of Russia’s exports to Vietnam, namely, all products of the military-industrial complex and a significant part of the mineral fuels, are supplied under state contracts and in no way depend on the FTA. That fact
contributed heavily to a relatively cooperative approach of the Russian side during EAEU negotiations.

Many other types of goods, prevailing in the trade turnover of the two countries, were listed as “sensitive.” On the Vietnamese side, these are the products of the textile and food industry, mainly coffee, tea, sugar, some types of canned vegetables, starch, and instant drinks. From the Russian side, these include steel rolling and machine sets. The current duty on the latter exceeds 70%. Also, the duty will be preserved for some types of Russian meat products and confectionery products.

Some traded goods will be subject to quotas following the agreement. In particular, it is stipulated that only 10,000 tons of Vietnamese long-grain rice per year will not be levied. The usual duty will be applied to the rice imported in excess of this volume.

According to the EAEU (Eurasiancommission.org, 2015), the abolition of customs duties could lead to an increase in the export of agricultural products from EAEU to Vietnam: meat (poultry, sausages), dairy products (cheese, butter), wheat, flour, and cereal seeds. In the industrial sector, producers of precious stones, tires, asbestos, pipes, rolled metal, ships, mechanical and electronic equipment, parts for automobiles, steel products, agricultural machinery, buses, cars, trucks, and oil products will benefit. Savings on duties for exporters of the EAEU may amount to about $40 million in the first year of the agreement’s operation and $55–60 million annually after all transitional periods. However, it is too early to draw conclusions about the effectiveness. Trade and economic cooperation with Vietnam will take several years to begin.

The agreement does not solve the issue of admission of the Vietnamese labor force to the Russian market, but at least confirms Russia’s interest in an active dialogue on this topic. The very solution of the migration issue is associated with a change in the fundamental principles of Russia’s immigration policy. The issue of public procurement is far from finalized. The parties plan to mitigate the risks through a consultation mechanism, but it makes any estimation of its future effectiveness quite vague.

For Vietnam, the agreement with the EAEU is only one in a series of many others. Vietnam is a participant in more than 15 multilateral and bilateral FTAs, some of which are already in place, and others are at the negotiation stage. In May 2015, Vietnam signed an FTA with the Republic of Korea; in December 2015, Hanoi concluded FTA negotiations with the EU, and the text was finalized at a bilateral meeting in Brussels on July 25, 2018, and is expected to enter into force in 2018. Thus, the agreement with the EAEU is not something exclusive for Vietnam; it is needed to support the producers of specific industries, and also as an additional step for the transformation of Vietnam into the most open economy of Southeast Asia (after Singapore).

For Russia, the FTA with Vietnam is a window into ASEAN and it has also been promoted as a counter-Western measure attaining diversification of trade partners. Russia is gradually discovering this market: according to Rosstat, in 2014, there was a sharp jump in exports to the countries of the Association to $10 billion, primarily because of a steep increase in the supply of mineral fuel to Singapore (3.2 times), Thailand (2.3 times), and Indonesia (almost 5 times). In 2015, against the backdrop of the fall in oil prices, Russia’s export to ASEAN fell
to just above 2008 levels of $5.3 billion, but it coincided with some strengthening of nonprimary sectors (ships, land vehicles [except for railroad cars and trams], defense products, tobacco, some types of equipment, aluminum, fertilizers, copper, rubber, and ores). As a result, growth was already visible in 2016—the exports amounted to $5.5 billion. The structure of exports did not evolve significantly. However, in the field of cooperation between public authorities, some progress has already been achieved (Fedorov, 2018).

**Open bilateral tracks**

At the beginning of 2018, the EAEU had the following open country tracks:

- Negotiations with China on an agreement on trade and economic cooperation (nonpreferential trade and economic agreement, which do not lead to the establishment of an FTA);
- Negotiations on the FTA with India;
- Negotiations on the FTA with Singapore;
- Working consultations with the Republic of Korea on the FTA;
- Negotiations with Iran on a transformation of an interim agreement to a permanent FTA;
- Negotiations with Israel and the FTA on the unification of the trade regime and the FTA with Serbia.

The formats of these negotiations differ, but all of them to some extent cover the economic dimension of the Russian policy of the Pivot to Asia. Progress on these agreements also varies considerably. Negotiations with Iran are in the final phase, and it is expected that in 2018–2019 a permanent FTA agreement will be signed. The main text of the future agreement with China is elaborated and the agreement is expected to be signed quite soon (Eurasiancommission.org, 2017b). Another working group on the FTA with Singapore was opened and since the end of 2017, negotiations have been announced on the FTA with India.

The process of decision making as to the start of trade negotiations at the Commission level has already been operationalized. As the EAEU Trade Minister Veronica Nikishina points out:

> It is important to understand: before asking our presidents to give a mandate for negotiations with a country, a joint research group necessarily studies the benefits and risks for the Union and each of the member-states. Only if the working group confirms that the benefits are greater than the risks do we go with a request for negotiations. All seven tracks are open after thorough research, which showed that all the countries of the Union would benefit from these negotiations. (Eurasiancommission.org, 2017a)

**China**

China is both a key trade and investment partner for the EAEU countries and Russia’s strategic partner, who shares common views on a wide range of international political issues. At the moment, the conceptual framework for economic
cooperation between the Union and China is a joint statement on the conjunction of the development of the EAEU and BRI, put forward by the leaders of Russia and China on May 8, 2015 (Kremlin.ru, 2015).

EEC was nominated as the chief operator from the EAEU side, and, in coordination with national agencies, it has had to fulfill the conjunction framework with real projects and initiatives. One such step should be an agreement on trade and economic cooperation.

The EAEU and China agreed on the preparation of a comprehensive trade and economic agreement as early as May 2016, and in June 2016 the Minister of Trade of the EEC Veronika Nikishina and the Minister of Commerce of China Gao Hucheng signed a joint statement on the transition to negotiations; the first round was held in mid-October 2016 (Eurasiancomission.org, 2016b). The central issue on the agenda was the discussion of the establishment of a Greater Eurasian Economic Partnership with the participation of the EAEU countries, India, China, and Pakistan, with the possibility of involvement of other countries. It is assumed that the first step of establishing this space could be an agreement on trade and economic cooperation between the EAEU and China, which was planned to be prepared within two years and in October 2017, both sides declared conclusion of negotiations on the text of an agreement. For a more detailed analysis of EAEU and China cooperation, see Lukin (2018a, 2018b) and Svetlicinii (2018).

The parties have presented a common understanding of the type of this agreement and the range of key topics that it will cover—China’s agreement with the EAEU will be a nonpreferential trade agreement (Eurasiancommission.org, 2017b). Establishing a FTZ with China is currently not planned, although in the medium term this issue may have to be reconsidered, especially given China’s persistent interest in the creation of a FTZ. The necessity to address the issue of a FTZ will also arise in the transition to the negotiations on the RCEP, where most of the participating countries are tied with a network of FTA agreements, allowing them to include more complex integration and regulatory items in the negotiation agenda on RCEP.

However, due to the lack of interest from Russia and other EAEU member states in FTA with the PRC in the short term, the regulation of tariff barriers in either this agreement or in other negotiating initiatives with China is not worthwhile. Moreover, the conducted analysis (Izotov, 2015; Likhacheva & Kalachihin, 2018) proved those tariff barriers exert an extremely limited influence on Russian exports to the PRC due to a specific export structure with a high share of raw materials and hydrocarbons. Therefore, the main directions for extended dialogue on trade between the EEC and China could be confined to nontariff barriers. The main areas that heavily depend on China’s nontariff rules include agriculture, food industry, pharmaceuticals, electronics, and mechanical goods.

Therefore, we can expect that the main “added value” of the agreement for the EAEU countries could be China’s readiness to disclose some information on the regulation of the domestic market, while for Russia a number of aspects may be of particular interest. It is also highly likely that this agreement will be only the first step in conjunction with the EAEU and BRI, so a list of specific subjects can already be drafted now:
• First, a section with prospective investment projects can be useful in this or any future agreements;

• Second, it may be appropriate to include a section on cross-border economic cooperation. This is important as an opportunity to promote a “special solution” for trade regulation in the export-oriented Far Eastern region of Russia, which is less concerned with protecting the domestic market than other players in the EAEU;

• Undoubtedly, the clarification of the information that the EAEU ask China for regulating the domestic market is also of interest. The latter will increase the awareness of the Russian exporters on the terms of access to the Chinese market.

• An important long-term priority is the inclusion of transport and logistics projects in the wider context of EAEU and BRI cooperation, and not simply listing such projects as opportunities for cooperation.

As for such an important format of cooperation as the Russian-Chinese transport corridors, these will still develop through national dialogues. The issue of transferring the power to formulate the transport agenda to the EEC in relation to foreign partners, primarily China, remains open (the infrastructural dimension of the cooperation will be discussed later in this article).

India

Officially, the start of negotiations on the FTA with India was announced on June 3, 2017, under the auspices of the Petersburg Economic Forum. However, due to the fact that India is to some extent a difficult negotiating partner and traditionally demonstrates a certain degree of slowness (Israel and India have closed negotiations after an extended study of the feasibility of the FTA; the agreement on the FTA with Australia was also slipping as of December 2017), a vibrant dynamic of the negotiation process on this track is not expected in the near future.

The primary interest for India and the common project with the countries of the EAEU is the North-South International Transport Corridor, but the issue of embedding this item in trade negotiations is still open (more detailed description of this project is provided later in this article). Said embedding is extremely important, as the regulation of access of promising goods is directly related to the effective implementation of the corridor project, filling it with not only transit, but also regional cargo from the corridor countries.

However, regardless of the dynamics of the negotiations on the FTA, today we can list a number of priorities in the negotiations with India based on the preliminary feasibility studies and analyses of existing barriers in trade with India for Russian goods and services:

• Promotion of exports of cereal products is of particular interest in this regard because, currently, Russia does very little trade with India, which levies a high duty onto cereals.

• Removal of tariffs on fish and fish products (which are now one of the largest in Asia—about 30%).
• Removal of tariffs on forest products (tariffs on the entire timber group), abolition of anti-dumping measures for a wide range of chemical products.

• Implementation of the diamond exchange project in the Far East, for which there is no need to seek tariff reduction (they are currently zero), but it is essential to obtain state guarantees for the participation of India in the diamond exchange project in the Far East.

• Speeding up the process of getting clarifications for certification, which currently takes a very long time, which in general does not contradict WTO rules and meets the interests of local producers. The key sectors that are subject to nontariff restrictions are the food industry, agriculture, the chemical industry, and related industries.

• Simplification of the procedures for determining the customs value, as well as the bureaucratic component of customs clearance.

Republic of Korea
The status of negotiations with South Korea is the least ambitious; the EEC and Seoul just conducted a feasibility study on the evaluation of possible FTZ effects. The study was launched after South Korea applied for accession to the Commission in 2017.

As for tariff barriers, in general, Korea has a particularly high level of tariff protection of agricultural products—about 50% of the import duty. These restrictions apply to all countries, and not only to Russia, due to the sensitive status of this sector of the Korean economy; thus, the EEC negotiators’ potential bet on the facilitation and removal of tariff restrictions is inexpedient and, in the long term, rather unlikely. However, even at the consultation level, it is possible to raise several issues to boost cooperation between the EAEU and the Republic (through the facilitation of nontariff barriers):

• Dissemination of information on customs clearance, certification, and admission of agricultural products to the Korean market;

• Promotion of investment projects under the EEC umbrella that could be potentially attractive for Korean investors with regard to further export to Korea and elsewhere;

• Development, in the long term, of export guarantees for products from the grain terminal in the port of Zarubino (the construction is planned for 2018–2020).

Singapore
The negotiations process on the establishment of a FTZ with Singapore is now fairly active. The next meeting of the joint working group should be held in the first half of 2018. However, it is important to take into account the fact that Singapore has zero tariffs for most of the trade items, and therefore the key importance for Russia in the negotiations is not the removal of tariff restrictions, but the profound regulation of services, which is expected to be elaborated in a future document. Therefore, these negotiations can contribute
to the implementation of such Russian priorities as promoting Russian projects and companies in the Singapore business community (in April 2018, a business forum organized by the EEC in cooperation with the Russian-Singapore Business Council took place, and two business missions are planned till the end of 2018) and establishing adequate standards for regulating the service sector in international agreements of the EAEU. Thus, the Singapore negotiations represent the first testing ground for the expansion of the plots for cooperation with the Asian partners for the EAEU.

**New Opportunities for a cooperative EAEU Agenda in Asia: infrastructure dialogues**

The analysis of the previous section proves that the EAEU external agenda has been limited mostly to trade issues. Infrastructure dialogues—particularly, such Russian projects as modernization and the promotion of the Northern Sea route, renovation of the Trans-Siberian route and transport corridors in the Far East—remain on national tracks. However, the Commission sets rather ambitious long-term goals: “It is necessary to form a ‘seamless corridor’ between Europe and Asia, the North and the South and in practice to implement the ‘single window’ principle, discussing with trade partners the harmonization of standards and requirements in the transport sector,” Tigran Sargsyan, the head of the EEC declared on December 2017, at his talk in the Federation Council of Russian Federation (Eurasiancommission.org, 2017a).

In general, the external factors that will have a considerable influence on the quality of the infrastructure dialogue between the EEC and the Asian countries are the pace of China’s economic growth; the allocation of the main center of economic activity in China itself; the prospects for China’s trade and economic cooperation with the countries of Asia, EAEU, and the United States (Mayer, 2018; Zhang, Li, & Gabuev, 2016); and, finally, the degree of trade liberalization within Asia and with other countries, including Russia (Karaganov et al., 2005). The key internal factor is the level of the EAEC’s authority to develop a common transport agenda.

Thence, the key operational obstacle to the development of such a dialogue is the lack of the necessary level of authority for the EEC to form an all-Union transport agenda with third countries. Moreover, the implementation of elements of the general transport policy within the Union is sometimes obstructed with severe disagreements between its members, primarily Russia and Kazakhstan. In the medium term, the EEC is likely to seek to build up its authority and maximize the transfer of the transport agenda to the level of supranational regulation: only these measures will allow maximizing both the transit and export potential of the member states of the Union. However, this process can take 3–5 years or even more.

In fact, the transport agenda of the EAEU has not been linked to trade and investment; these areas have not been considered comprehensively yet. The question of how the liberalization of trade regimes can help ensure the profitability of infrastructure projects has not yet been raised, although it has a direct impact on ensuring sustainable regional integration.
The EEC has not participated in raising funds for infrastructure projects from international development institutions, including the Asian Bank for Infrastructure Investments, the New Development Bank of BRICS, and the Silk Road Fund. The EEC has no representatives in these institutions; meanwhile, the implementation of some infrastructure projects in the region will *a priori* require supranational regulation and, possibly, management.

**Development of transport agendas for the Russia-EEC-Asia dialogues**

Today, the transport agenda between the EAEU and the Asian countries is limited only to the Chinese track and is mostly of descriptive character, rather than of a problem- or project-oriented one (Likhacheva, 2017). However, regarding the recent boost of infrastructure connectivity and regional integration in Asia, we can expect incorporation of the infrastructure agenda into the EEC external activities.

There is also a solid basis for infrastructure dialogue between the Commission and other countries, namely, Korea, India, and Singapore. For negotiations with India and Korea, this is a prerequisite for the comprehensive internationalization of Russian and, in particular, the Far Eastern infrastructure. Otherwise, realization of transport projects would likely lack the assessment of direct trade effects associated with their implementation. A brief scope of these projects is presented below.

South Korea has been one of the countries keenest on joining the OBOR and Silk Road projects and has launched its own Eurasian Initiative. Inaugurated on October 18, 2013, by South Korean President Park Geun-Hye, South Korea’s Eurasian Initiative seeks to bolster not only South Korea’s connectivity with Russia but also the opportunity to enhance South Korea’s trade and economic development (Lukyanov, 2013; MOFAORK, 2013). Currently, there are a variety of cross-border logistic projects underway that have strengthened South Korea-Russia ties. In September 2013, Russia and North Korea opened the railway that connects Hassan and Rajin (Expert Online, 2013).

While the Hassan-Rajin railway is part of the larger Trans-Korean Railway, political tensions between Seoul and Pyongyang have caused the project to be placed on hold indefinitely as South Korea declared it was dropping out of the project in March 2016. While unclear in the short term, it would be in the interest of South Korea for it to pursue the Trans-Korean Railway venture, as it could emerge as an important corridor connecting the country to Europe. The project is in Russia’s interests as well as it offers the opportunity to further expand and modernize the Trans-Siberian Railway by linking it with the Trans-Korean Railway. In this light, Russia has a chance to act as a mediator between North and South Korea, whereby a normalization of the political situation on the Korean peninsula represents a significant opportunity for Russia (Lee, 2017).

Finally, in the long run, the implementation of the Korean plan, implying intense involvement of the Trans-Siberian Railway could naturally bring bonus transit to the Russian side, while at the same time creating risks for the Russian export, alternative channels for which in most parts of Siberia and the Far East are nonexistent.
Another key component driving connectivity and infrastructure linkages is the Trans-Eurasian project, North-South International Transport Corridor, which seeks to develop a cargo and passenger transportation route from St. Petersburg to the Bandar Abbas Port in Iran, and, potentially, Mumbai, India. The route, with a total length between 4,500 and 7,200 km, will facilitate the movement of goods and people from India, the Middle East, and Persian Gulf states to Russia and Western Europe. The route itself has been in existence since the 1990s, as it was utilized by the Soviet Union to ship goods to Central Asia and Iran (Khusainov, 2010). EEC’s existing negotiation experience with Iran (related to a temporary agreement on a FTZ) and an open track with India on a FTZ can make the EEC a valid ground for a realization of this project.

Perspectives of and key constraints on the Asian agenda of the EAEU

Analyzing the current negotiation activity of the EEC with its Asian partners, we can conclude that the EEC at its external integration initiatives still follows the “catching up” mode of cooperation, limiting its activity either to primarily political documents (like with China) or to those focusing on bilateral FTAs (“EAEU + partner country”), limited by the trade agenda. However, several studies of FTZs in East Asia argue that since 1990, the range of aspects addressed by the FTAs have expanded considerably to include, for example, the problems of regulation of electronic commerce, intellectual property, labor, etc. (Dent, 2005; Yastreb, 2016).

Moreover, we can state that the external request for integration with the EAEU significantly exceeds the Union’s capabilities: today more than 40 applications to establish an FTA with the EAEU have been submitted, but the current seven negotiations, at this stage, are the organizational ceiling of the Commission (RIA, 2015). On the one hand, this can be explained by the systemic challenges that the Commission faces in intergovernmental interactions within the Union, while on the other hand, it also relates to operational obstacles within the EEC itself.

The first reason is the ultra-conservative trade policy of the EAEU member states. For many years, the mere idea of an FTA in any member state would immediately start a flood of accusations of undermining the domestic market (see Tarr, 2014).

Second, until the 2010s, the member states of the EAEU experienced low political and economic interest in Asian countries in comparison with the European direction: thus, practically until the introduction of anti-Russian sanctions, the consultations on the FTAs were conducted only with the EFTA and New Zealand.

Third, this ceiling can be explained by the very young age of the EAEU itself, which so far is more focused on internal integration.

Fourth, there is an objective disagreement between the member states of the EAEU, and the resulting difficulties in the formulation of a consolidated position for negotiations (it is usually quite linear: “open your markets and do not demand to open ours”). According to Article 12 of the EAEU Treaty, all decisions of the Commission are taken by consensus, which undoubtedly hinders the negotiation process (Eurasiancommission.org, 2014).
Finally, there are purely organizational reasons. Today, seven bilateral FTZs are under development, and there are simply no more human resources for the Commission to open similar new negotiations, let alone negotiate a more complex level (for instance, negotiations with RCEP, where FTA agreements already link most of the negotiating countries, and the negotiations around the RCEP involve deeper layers of regional cooperation). Thus, for example, only two EEC employees deal with all the negotiations on the FTA from Belarus at the operational level, yet the principle of consensus requires their approval for all critical issues.

The issue of building up expertise on the agenda of the Commission’s development is worthwhile, but its solution requires at least several years. The EEC Minister of Trade V. Nikishina supports this idea speaking about trade negotiations with external partners, particularly, China: “We probably have a problem associated with the slowness of identifying specific interests for which these projects should be developed, an objective human factor” (Eurasiancommission.org, 2017c).

A separate issue is the lack of authority of the Commission both in the sectoral (e.g., infrastructure or energy) and in the functional contexts, especially the lack of adequate control mechanisms.

First, when the Union was established, the spheres of customs and technical regulation were transferred to the supranational level, while investments and infrastructure remained at the national one. The fact that the investment agenda remains only at the member states level does not allow the implementation of the idea of mixed-type agreements efficiently, thus restricting formats of negotiated FTAs and negotiation assets of the EEC.

Second, there is a question of not only regulatory, but also supervisory competency that the Commission does not have. Thus, control functions remain at the national level, which limits the possibilities for creating a single legal field for entrepreneurs of all the countries of the EAEU. Joint competence of the states and the Union in the control field seems the more natural way. In addition, the EEC insists on the right to apply to the Court of the EAEU in the case when the countries of the Union violate the decisions or provisions of the Treaty of the Union. For the time being, the Commission has only the right to notify the government of a country of the need for their implementation, and its functions are limited to monitoring the common market. The expansion of the powers of the EEC will allow “firstly, to have a proper reaction mechanism in case of violation of the rules of the common market, and secondly, to take responsibility and, if necessary, to act as a ‘bad cop,’ thus freeing member-states of the Union from this role,” Tigran Sargsyan recently declared (Eurasiancommission.org, 2017a).

In the medium term, given the increase in exports to Asia from the EAEU countries, primarily, from Russia as the most significant economy of the Union, the FTA with ASEAN cannot be avoided. Although this goal has already been set (the former Minister of Economic Development, A. V. Ulyukaev, in 2015 stated that the creation of the ASEAN and EAEU FTZ is within a perspective of 2 or 3 years), in the short term the transition to this format seems impossible.¹ The reasons lie with the complexity of consensus-building within multilateral integration associations and with the severe disparity in the negotiating resources of the two associations.

ASEAN is an exceptionally complex partner, with conflicting interests within the Association and fundamentally different markets, both for importers and
exporters. Moreover, over the decades of integration in Asia, the bureaucracy responsible for ASEAN trade negotiations has developed strong competencies, having concluded agreements with such partners as China, Korea, and Japan. The EEC does not have such skills yet, and their acquisition requires not only academic training of specialists but also building relevant experience within the framework of bilateral negotiations.

Both the expert community and the staff of the Commission agree that in the perspective of 3–5 years the bilateral track will remain the main one. After the ratification of agreements on the FTZs with Singapore and, possibly, other Southeast Asian countries takes place in the future 5–7 years, it is possible to start active negotiations on the FTA between the EAEU-ASEAN. The full participation of the EAEU in mega-regional trade agreements and integration projects will take at least 7–10 years to materialize. Then the EAEU can become a full-fledged participant in the RCEP and the Great Eurasian Partnership.

If, in spite of economic and institutional considerations, a political decision is made dictating a forced accession to these initiatives, we can expect that such participation will be mostly formal. It will have a rather symbolic political significance, with emasculated content on key positions of trade liberalization, not to mention the regulation of investments, infrastructure, and services.

In a decade, however, with an increase in powers based on multiple spillovers, the Commission can become the central agent of the economic dimension of the Russian policy of the Pivot to Asia covering not only trade and custom issues, but also services, joint financial institutions, a digital agenda, logistics and infrastructure, and other promising areas for regional cooperation. This work will definitely demand many efforts from both member states, their national bureaucracies, and the EEC bureaucracy as well. In the coming years, we will probably see new institutional formats within the EEC created to promote intergovernmental dialogue, begin international negotiations, and build an environment for a more open dialogue between numerous stakeholders of the Eurasian integration states, business, and the EEC.

Without those kinds of steps, the Russian policy of the Pivot to the East will be based on political and security dialogues with unilateral efforts to boost the non-energy export by means of bilateral negotiations on discriminative nontariff barriers. Of course, some of these steps are very useful and will bring significant local positive effects. Still, Russian exporters in this case will compete with ASEAN, Australia, New Zealand, and Korea, who all have FTZs with China and thus have a greater competitive advantage.

Therefore, if we expect that the imperative of diversification of the external economic operations declared by President Putin in May 2018, and later supported by Minister of Finance Anton Siluanov and other high-ranking officials, will be put into life in a long-term prospective, it will inevitably lead to a rising role of the EEC in the regional integration process in Asia.

Note

1As the first step of the EAEU and ASEAN cooperation, they agreed in August 2016 to form a research group to study the prospects of a FTZ. However, the group has not yet been established, and the Commission itself is not ready to launch it in the coming years.


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Mega-Regional Agreements and the Struggle for Economic Order in the Asia-Pacific Region

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The U.S. withdrawal from the Trans-Pacific Partnership (TPP) project in January 2017 effectively marked the end (at least—for some time) of the period of active competition between so-called “mega-regional agreements” in the Asia-Pacific region. A flagship of the Obama administration's initiatives in Asia, the TPP spurred China to intensify work on an alternative project—its Regional Comprehensive Economic Partnership (RCEP)—and sparked an unusual wave of competition among APR institutions. Significantly, Russia joined this “partnership race” in 2016, putting forward an initiative to build a Greater Eurasian Partnership. It became something of a given that any power aspiring to regional leadership must have its own “partnership plan” to promote. At the same time, the formation and development of mega-regional partnerships is an important stage in the regionalization of the world economy and global politics and a key element of the new phenomenon of regionalization. This article examines the TPP and RCEP initiatives as attempts to form a regional international order holding some degree of autonomy from the global set of rules for the functioning of regional international systems—in this case, that of the APR.

Key words: Asia-Pacific, international order, One Belt-One Road, trade blocs, Trans-Pacific Partnership, US-China relations

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El retiro de los EE. UU. Del proyecto Acuerdo Transpacífico de Cooperación Económica (TPP) en enero de 2017 marcó efectivamente el fin (al menos, durante algún tiempo) del período de competencia activa entre los llamados "acuerdos mega-regionales" en la región de Asia-Pacífico. Como insignia de las iniciativas del gobierno de Obama en Asia, el TPP impulsó a China a intensificar el trabajo en un proyecto alternativo, su Asociación Económica Integral Regional (RCEP), y provocó una ola inusual de competencia entre las instituciones de APR. Significativamente, Rusia se unió a esta "carrera de asociación" en 2016, presentando una iniciativa para construir una Asociación Euroasiática. Quedó claro que cualquier poder que aspire al liderazgo regional debe tener su propio "plan de asociación" para promoverlo. Al mismo tiempo, la formación y el desarrollo de asociaciones mega-regionales es una etapa importante en la regionalización de la economía mundial y la política global y un elemento clave del nuevo fenómeno de la regionalización. Este artículo examina las iniciativas de los TPP y RCEP como intentos de formar un orden internacional regional con cierto grado de autonomía respecto del conjunto global de reglas para el funcionamiento de los sistemas internacionales regionales, en este caso, el de la APR.

Palabras clave: Asia-Pacifico, comercio internacional, política internacional, orden regional, política exterior de los Estados Unidos

Regional order and the development of multilateral economic initiatives in the Asia-Pacific region

C ontemporary literature shows a surge of interest in the classic concept of international order as it appears in international relations theory. In the broadest sense, it is the basis for the system of rules, agreements, and institutions regulating relations between different international players and maintaining international stability (Kissinger, 2015, pp. 1–2). Heightened interest in questions concerning the building, functioning, and collapse of international political orders primarily stems from the crisis in the liberal world order that, as many researchers have noted, arose after the end of the Cold War. Consequently, most research in this field analyzes the global picture (Deutcher & Lafont, 2017; Kissinger, 2015; Lo, 2015).

Given the processes developing within the modern international system, however, it is worth studying the phenomenon of international order at the regional level as well. The current regionalization of the global economy and the way in which, since the 1990s, political and economic processes have led to the regionalization of regulation, have given regions a degree of importance and independence compared to international systems. This gives greater theoretical significance to the formation of regional orders as an object of study within the context of the development of modern international relations as a whole.
A large number of works is devoted to the evolution of institutional order in the Asia-Pacific. In recent decades, the academic literature on the problem has paid particular attention to the phenomenon of regionalism both regarding regional economic and political processes (See for instance: Nye, 1968) and security issues (Buzan & Weaver, 2003). With reference to the problem considered in the article, the phenomenon of “constructing” regions, the formation of separate regional orders with the help of institutions, is of particular interest (Katzenstein, 2002).

The regional order that was formed in the Asia-Pacific, because of its unprecedented breadth, turned out to be extremely variegated as historically formed geographic regions of East and Southeast Asia, North America, Oceania, as well as parts of Central and South America.

Each of these regions currently has its own institutional format, which coexist with the APEC platform. This circumstance reflects both the growth of intra-regional economic ties and the growing level of political and institutional organization at the subregional level. This determines the phenomenon of the development of regionalism, in the most general sense understood as “the formation of inter-state associations and groups formed on a regional basis” (Nye, 1968, p. 7). In the APR, such international cooperation takes the form of the self-organization of regional groups of states into separate international subsystems with its own set of rules and a growing level of intra-regional ties.

This article analyzes attempts that the United States and China have made in recent years to create a new regional order in the APR. While neither country has fully succeeded nor given up trying, two distinguishing features of the process emerge. First, the absence of a developed regional economic or security architecture means the APR, as a regional international order, lacks any real autonomy from the global, primarily liberal order. Second, multilateral economic initiatives—so-called “mega-regional agreements” representing a new type of geo-economic project—served as the platform for building international order in the second half of the 2000s and the first half of the 2010s.

A number of reasons explain why leading regional powers have sought to construct regional international orders that further their own interests with the aid of economic initiatives rather than with, for example, military alliances or political forums.

One is to the distinct deficit of economic regulation in the APR. For instance, a 2011 study by the Asian Development Bank revealed a high demand for institutions that would regulate trade, financial transactions, and investment activity, in part due to negative memories of the crisis in 1997–1998 (Capanelli, 2011). The region’s rapid socioeconomic growth and changes to the model of that growth have lent particular urgency to the problem. The growing regionalization of economic ties has deepened the trend away from the “Asia working for the world” model and towards an “Asia working for Asia” paradigm (Bordachev, Xin, & Likhacheva, 2015).

The new model of regional growth has significantly increased interdependence at the regional level, thus making Asia—one of the most rapidly growing regions of the world—a leader in intra-regional and foreign trade volumes. In a trend that is characteristic of most of the world’s macro-regions, intra-regional trade in Asia long ago surpassed 50% of all trade volume and has continued to
grow, with the exception of the crisis years. Because the decline in international trade in 2015 was larger than the downturn in intra-regional trade, the share of the latter in overall trade volumes continued to grow (Figure 1).

The regionalization of global trade necessitates the regionalization of its regulation and the development of numerous formats for political and economic cooperation aimed at creating the institutional superstructure of the macroeconomic processes taking place. In the 2000s, this assumed the character of, on the one hand, the creation of numerous free trade areas—to the extent that 75 such FTA agreements exist in the APR alone, most of which are intra-regional—and on the other hand, the development of numerous initiatives often involving a large number of extra-regional participants. The result is the so-called “noodle bowl”—a multiplicity of overlapping formats for political and economic cooperation that often duplicate each other and lack clearly defined agendas.

This motley institutional landscape, however, limits economic growth. At the same time, the old multilateral formats that previously met the need for institutions in the region are now ineffective. Thus, APEC—the only platform that includes all of the economies of the APR—has been in deep crisis since the mid-2000s owing to its inability to facilitate movement towards formation of the Free Trade Area of the Asia-Pacific (FTAAP) that the so-called “Bogor Goals” called for almost 25 years ago (Sidorov, 2009). In fact, just the opposite is occurring—narrower formats are proliferating and competing agendas for the development of institutions in the APR are consequently multiplying. A paradoxical situation has arisen: the APR has become “overloaded” by various economic agreements and formats even while the demand for institutions and norms for regulating the economic life of the region goes unmet.

In addition to the clear lack of regulation of international trade and investment, the APR faces yet another major challenge to the development of its international system—the political rivalry between the United States and China, two key states of the region. As a result, first Washington, and soon afterward Beijing

![Figure 1. Dynamics of intra- and extra-regional trade in Asia, in billions of dollars. Source: Trade statistics for international business development www.trademap.org](wileyonlinelibrary.com)
each put forward their own initiatives for filling the institutional and regulatory vacuum in the APR. Thus, from the early 2010s, the problem of developing the institutional and regulatory framework for international trade within the APR went far beyond the purely technical regulation of economic life. States seeking a leadership role in the region began using initiatives intended to create a multilateral free trade area to shape the regional economic order to their own clear advantage.

As a result, two separate agendas for developing the region’s international economic order emerged in the 2010s, each of which was based on competing mega-regional economic agreements—the TPP that the United States actively promoted until recently, and the RCEP initiative that China advocates. Each has a number of distinguishing features.

On the one hand, each initiative sought to meet the regional demand for institutions while pushing agendas advantageous to the leading powers behind them. On the other hand, they reflected the shifting balance of power and the increased rivalry for leadership in the region. That process—in which the United States acted and continues to act as a weakening hegemon and China operates as a center of increasing power—largely determined both the form of the initiatives as well as the differences between them.

**The Trans-Pacific Partnership**

The administration of George W. Bush first proposed the Trans-Pacific Partnership in 2008 as a direct reaction to the regionalization of the global economy—a phenomenon that was already in full swing by that time. It sparked a further regionalization of the APR and a flurry of multilateral and bilateral cooperation between the Asian countries not already included by the United States. Responding to that trend in the mid-2000s, Washington considered stepping up efforts to establish the FTAAP as envisioned by the APEC Roadmap. When that initiative failed, the Bush administration used the APEC Summit in 2006 to put out feelers for another way to promote its agenda in the region. In place of the FTAAP, Washington proposed starting with a less ambitious association whose norms, once developed, could gradually spread to the entire region. During its final year in power, the Bush administration announced that it would base those efforts on the Trans-Pacific Strategic Economic Partnership Agreement to which Australia, New Zealand, Singapore, and Peru were signatories. It was left to the incoming Democratic administration of Barack Obama to flesh out that format.

Before withdrawing in 2017 from the TPP—that had become a flagship initiative of the Obama administration’s Asia policy—the United States sought to bring the countries of Asia into a “greater Pacific space” of sorts, a unified institutional and regulatory structure within the larger Asia-Pacific region in which Washington would play the dominant role. On the one hand, it was clear that the TPP—as a first step towards creating an APEC Free Trade Area—aimed to unify the rules for trade and economic activity while supplanting the narrower Asiatic regionalism with the broader regionalism of the APR (Capeling & Ravenhill, 2011). In theory, this should have satisfied the region’s palpable hunger for economic norms while simultaneously strengthening the position of the United States.
On the other hand, Washington viewed the TPP (especially once it evolved into the FTAAP) as a tool for enlisting new centers of power as junior powers supporting U.S. leadership in the region and therefore less likely to become potential adversaries. For a time, the Obama administration also considered China as a potential participant in the agreement (Gordon, 2011). Lastly, the TPP would have enabled the United States to strengthen its trade, economic, and institutional ties with its traditional allies in the region. The list of TPP participants established in 2013 included both key U.S. partners in the region with whom Washington had military and political alliances—Japan, Australia, and New Zealand—as well as countries with which the United States was making great efforts to deepen military and political contacts—Vietnam, Singapore, and Thailand. Implementation of the TPP would have enabled the United States to strengthen those ties through deeper economic ties.

All of this made the TPP a flagship initiative of the Obama administration and its implementation would have largely determined the final measure of his Asia policy. The plan for using the TPP to strengthen the regional economic order and Washington’s role in it was to have proceeded along three lines.

First, it aimed to increase economic interdependence between the United States and the members of the initial TPP-12 agreement. Primarily, this included Washington’s allies in the Pacific, but it also sought to include the entire region gradually. The United States hoped that a unified FTA between the participating countries would restore the central role it had held in Pacific economic ties from the end of WWII to the 1990s (Williams, 2016).

Second, Washington planned to use the TPP to protect its interests by weakening the growing economic might and influence of the developing states—China, foremost among them—through limiting capital and technology transfers, points included in the final version of the agreement. Washington wagered that by toughening the rules of international trade in the APR, it could largely stem the “overflow” of its economic resources—primarily technologies—to China and Asia and thereby slow what it saw as an unfavorable change in the balance of power in the region (Agreement, 2016).

Third, the United States intended to institutionalize its leadership by exporting norms and standards that would consolidate its central role in regional processes over the long term—even if its actual influence over the policy of the APR states was diminishing. In this way, it would cement conditions in place that were favorable to the United States. (Bishop, 2015). The Obama administration therefore sought to offer the countries of the region a comprehensive agreement covering the widest possible areas of regulation, as well as a high degree of regulation of foreign activity, and sometimes of the domestic economic life of the member states. The latter included the regulation of environmental standards and labor and anti-monopoly legislation. Thus, regulations effectively functioned as restrictions and served as a form of state intervention (Agreement, 2016).

However, the complexity of the project—that served as both an economic initiative and a tool for creating an international order—ultimately stymied its realization, at least with U.S. participation. The large number of participating countries inevitably led to serious disagreements, and the intrusiveness of the proposed measures often made it difficult to overcome those differences. Despite
an unprecedented degree of secrecy, leaks occurred which showed that, by the
time the 19th round of talks concluded in late 2013 (with the last round taking
place in Brunei in May 2013, after which the parties switched to a dialogue in
ministerial-level meetings) the countries had been unable to resolve their main
points of disagreement. For example, the United States found itself practically
alone on the question of intellectual property rights—an important issue for the
U.S. high-tech industry—with every partner country refusing to support most of
the points concerning it in the draft of that chapter. The U.S. position on identifying
the origin of goods and regulating the customs service caused disputes, and
a deep divide over environmental standards persisted, primarily between the
developing and developed countries.

Japan’s accession to the TPP in 2013 further complicated negotiations. Although
Tokyo’s participation in the project aligned with Washington’s interests, the need
to harmonize the terms of the document with such a major country’s broad spec-
trum of interests automatically meant postponing indefinitely the conclusion of
the final agreement. Thus, it seems that by the time Japan acceded in May 2013,
the United States—that had originally planned to present the finalized agree-
ment at the APEC Summit in Hong Kong in fall 2013—de facto abandoned that
course. It opted instead for a more “leisurely” approach to achieving a “high-
er-quality” project with a broader array of participants—also reflecting the fact
that Mexico and Canada had acceded to the TPP the previous year.

For all of its strategic importance, Japan’s accession only deepened the dis-
agreements between the negotiating partners. One of the main factors slow-
ing the implementation of the initiative was the intractable dispute between
Washington and Tokyo over agricultural subsidies and market access for the two
countries’ auto industries. In addition, the United States continued to disagree
with New Zealand over the regulation of dairy products, with Canada over intel-
lectual property rights, and so on (Remchukova, 2015).

Below is a table summarizing the main disagreements between the negotiat-
ing TPP member states as of 2014 (Table 1).

Thus, although the United States had originally planned to sign the agreement
in 2014, it had yet to resolve disagreements with its partners by that time on
practically every main point of contention. The greatest differences arose over
such questions as environmental standards (with developing countries strongly
opposed to the U.S. demand that environmentally friendly products have com-
plete and open access to their markets, that all participating countries adhere to
a unified set of environmental standards, and that all countries observe those
standards without fail); trade protection measures (with the United States ad-
vocating their complete elimination); the regulation of investment (with oppo-
sition arising to the U.S. initiative for creating a special body for the resolution
of investment disputes); as well as the issue of access for specific products to the
markets of a particular country. What’s more, in some cases the United States
almost unilaterally pushed through terms that were advantageous to it alone.

Economic disputes among TPP participating countries weakened the project’s
political dimension. Negotiations dragged on beyond the planned 2013 comple-
tion date, tarnishing the reputation of the United States as regional leader. China
skillfully exploited the lack of progress in those negotiations by developing insti-
tutional initiatives of its own. As a result, by 2012–2013, the prevailing view
in Beijing was that the TPP posed a threat to China’s strategic interests (despite the fact that the Chinese economy might have benefited to some degree had the country acceded to the TPP) (Devadason, 2012).

At the APEC Summit in Beijing in 2014, the United States and other participating countries were unable to demonstrate that they had achieved any significant progress. Observers concluded that this strengthened, at least ostensibly, China’s position in the region (Richards, 2014). The inability of the United States to conclude negotiations by 2013 as originally promised delivered a clear blow to its reputation. The RCEP initiative had also appeared by this time as a Chinese alternative for the transformation of the regional economic order, and this put added pressure on the TPP.

This placed Washington in a dilemma: should it insist on pushing through its own economic interests to the greatest extent possible or agree to a compromise

<table>
<thead>
<tr>
<th>Issue</th>
<th>Key differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market access for goods</td>
<td>The following countries opposed liberalizing market access for specific goods: Japan (dairy products, automobiles, rice); Canada (dairy products); Malaysia and Singapore (tobacco products); and the United States, Mexico, and Australia (sugar)</td>
</tr>
<tr>
<td>Rules of origin in the apparel and textile sector</td>
<td>The United States, Mexico, and Peru favored more stringent Rules of Origin that would require the use of materials from countries with which the United States had signed FTA agreements, while Malaysia and Vietnam—whose suppliers use materials imported from China—were opposed</td>
</tr>
<tr>
<td>Investments</td>
<td>The United States and Australia favored the creation of a body for resolving investment disputes, while Australia and New Zealand were opposed</td>
</tr>
<tr>
<td>Trade protection measures</td>
<td>The United States favored the practice of “zeroing,” while Japan, Mexico, Vietnam, Chile, and New Zealand opposed it</td>
</tr>
<tr>
<td>Protection of intellectual property rights</td>
<td>The United States advocated prolonging the period for the protection of pharmaceutical product patents and copyrights</td>
</tr>
<tr>
<td>Environment</td>
<td>The United States and Australia favored a commonly binding prohibition on the reduction of environmental standards</td>
</tr>
<tr>
<td></td>
<td>The United States favored granting environmentally friendly goods full access to markets</td>
</tr>
<tr>
<td>State procurements</td>
<td>Canada favored including local procurement agreements in the scope of activity, while the United States opposed it</td>
</tr>
<tr>
<td>SOEs</td>
<td>Australia and the United States favored a policy of “competitive neutrality” between public and private enterprises, while Singapore opposed it</td>
</tr>
</tbody>
</table>
that would consolidate its allies and bring them to the negotiation table? It was essentially a choice between two initiatives—one formally economic and aimed at stimulating the U.S. economy, and the other formally political and aimed at building an international regional order. In the interest of speed and in light of the competition between various initiatives for structuring the regional trade architecture, the Obama administration chose the second approach as the best strategy—even if it required tactical concessions resulting in some losses. Therefore, speaking at the Council on Foreign Relations in September 2014, former U.S. Trade Representative Michael Froman explained that Washington saw the slowdown in TPP negotiations as an unfavorable development, especially given that other FTA arrangements—particularly the RCEP headed by China—were gathering steam (Froman, 2014). The Obama administration was also in a hurry to conclude the agreement before its term in office ended.

Thus, Washington made a number of tactical concessions that enabled it to achieve strategic victory, officially announcing the conclusion of the agreement and publishing its finalized text in September 2015. However, this made the initiative—already controversial for its questionable benefit to the United States—even less attractive to many sectors of the U.S. economy (Agreement, 2016).

As it stood, the agreement the Obama administration hammered out could have helped individual U.S. high-tech sectors by expanding the market for their innovative technologies into the member countries of the future trade bloc. Analysis shows that the pharmaceutical industry—that lobbied hardest for the initiative—apparel and accessories manufacturers, the automobile and IT industries, and agricultural companies showed the greatest interest in the TPP (Drutman, 2014).

Export-oriented industries were to have benefited most from the agreement. The Obama administration launched its National Export Initiative in 2010 as a sort of road map of measures supporting export-oriented enterprises. That Initiative set the goal of doubling exports by 2015 as national foreign economic priority (Broadhert, 2016, pp. 72–73). Washington presented the TPP agreement as a means for “ensuring U.S. economic growth, supporting jobs, and stimulating the export of American-made products to the markets of the most dynamic and rapidly growing countries of the world” (TPP, ). Despite the fact that the frequent delays in concluding the agreement diminished the importance of the project as a means for supporting the U.S. economy during the crisis, the Obama administration’s export policy proved very successful. According to U.S. Department of Commerce data, U.S. exports doubled over the decade 2004–2014 and export-related jobs grew from 9.7 million in 2009 to 11.3 million in 2013 (Trade Overview, 2016). It was expected that the TPP agreement would generate still more export-related jobs.

In practice, however, the liberalization of tariff and non-tariff barriers in the form that the Obama administration proposed in support of exporters could have seriously damaged other sectors of the economy. The terms of the TPP were very disadvantageous for certain industries: under the agreement, the United States would have imported an additional $10 billion in automobile products by 2032, $6 billion in textile goods and other clothing, $5.2 billion in chemical industry products, and $5.3 billion in electronics (Broadhert, 2016, p. 76). Not only would those industries have faced serious competition in the event the
TPP was adopted, but there is no guarantee they would have been able to offset those losses through access to the liberalized markets of other participants to the agreement. The wood processing and coal industries would also have faced weaker export opportunities (Broadhert, 2016, p. 76).

The agreement would also have had a mixed impact on the U.S. labor market. Although the Obama administration argued that the TPP would create new jobs, the liberalization of trade would have “washed away” those jobs in non-export industries by attracting workers from the project’s other participating countries (Solis, 2016). The TPP could have led to job losses in the automobile and chemical industries, in wood processing, oil and gas production, and in light industry (the manufacture of footwear and apparel). At the same time, the boost the TPP would have given to export-oriented production might not have offset the corresponding loss of jobs in the “losing” sectors, possibly leading to the opposite result: increased unemployment among blue-collar manufacturing workers (Stamoulis, 2014, pp. 30–37). According to Nobel laureate and leading TPP critic Joseph Stiglitz, the agreement’s investment rules would “make it more attractive for American businesses to move jobs and production offshore” and give employers greater opportunity to “undercut U.S. workers’ demands for higher wages and unions” (Stiglitz, 2016). Specialized studies on the TPP’s impact on labor markets suggest that the United States could have lost up to 500,000 jobs over the next 10 years and that the other participating countries might have also seen increased unemployment (Capaldo & Izurieta, 2016, pp. 16–18).

In addition, the final version of the TPP apparently would not have increased U.S. GDP significantly. A report by the Congressional Research Service calculated only an additional 0.25% rise in GDP by 2025 resulting from the TPP (Broadbent et al., 2016). World Bank economists reached a similar conclusion (Report, 2016). According to the Center for Economic Policy, the TPP would have increased U.S. GDP by only 0.13% by 2025 while creating a number of negative consequences for the U.S. labor market and specific economic sectors (Rosnik, 2013). It is also noteworthy that in 2015 the United States had a cumulative negative trade balance of approximately $62 billion with 11 countries that participated in TPP negotiations. Thus, the promised increased in trade would have resulted primarily through a deepening negative trade balance and not from an increase in exports.

Thus, the Obama administration proposed an essentially contradictory document. On the one hand, the TPP agreement was a powerful tool for promoting a U.S.-centric economic order in the region, and one that would have enabled Washington to deepen economic ties with its partners in the project and to form an institutional platform for consolidating its allies in the Pacific. On the other hand, as a tool for maintaining regional economic order, the TPP in its final form turned out to be very costly and did more to satisfy U.S. strategic interests than it did broad U.S. economic interests. While advantageous for those transnational corporations seeking to expand the transnational character of production and the investment chain, the agreement effectively failed to satisfy the interests of small- and medium-sized businesses (Barfield, 2011). It could have had a negative effect on the labor market, and, by expanding the access of foreign producers to the U.S. market, could have infringed on the interests of a number of U.S. industries.
The agreement that Barack Obama signed in early 2015 proposed strengthening the strategic position of the United States in the APR but advanced U.S. economic interests only selectively and had only a narrow coalition of domestic political supporters that could have ratified the document in Washington. This made the TPP extremely vulnerable at a time when the 2016 presidential elections focused primarily on domestic economic issues. Now a less attractive tool for economic development, the TPP became a factor in the domestic political struggle that intensified as elections approached. As a result, the administration of newly elected President Trump withdrew U.S. participation in the project. In withdrawing, the United States was not reversing its objective to maintain leadership in the region, but rejecting the high economic price that the Obama administration had set on achieving that goal. The United States was essentially adopting the “cheaper” tactic of promoting bilateral FTA agreements that the new administration considered far more flexible and economically advantageous for Washington.

By withdrawing from the TPP, however, Trump contradicted his major foreign policy objective of containing China’s influence in the region—a task that is almost impossible to accomplish without economic leverage. Many U.S. allies in the APR find themselves increasingly dependent on Beijing economically, thus eroding U.S. leadership in the regional system of alliances.

This suggests that the United States might eventually propose a new mega-regional agreement that could include new bilateral FTA agreements that are in force by that time (Novikov, 2015). The expanded regulatory framework of such bilateral FTA agreements—that are possibly more beneficial to the U.S. economy and better at strengthening Washington’s strategic position in the region—could serve as the basis of a new multilateral project.

In fact, the TPP might be implemented on a limited scale without U.S. participation and with Japan playing the leading role. However, a scaled down version of the TPP would require changing the terms of ratification and would have much less economic and political impact on the international system of the APR.

**Comprehensive Regional Economic Partnership**

An alternative to the TPP project for transforming the rules of international trade in the APR was formed in 2013 on the basis of ASEAN—the sole integration association in the region—and developed around it in the ASEAN+ format. China has played and continues to play a key, and in many ways driving role in this process, making it largely a Chinese initiative—and one that is developing in conjunction with two other strictly Chinese projects: the Belt and Road initiative and the Asian Infrastructure Investment Bank (AIIB). However, whereas the Belt and Road and AIIB are primarily tools for increasing and managing investment, the RCEP proposes new rules of international economic activity and therefore poses a direct challenge to U.S. plans for the region’s economic order.

The RCEP differs from the TPP in a number of significant ways. With U.S. leadership in the region diminishing, the TPP aimed to establish long-term rules of the game in the region through the introduction of broad and deep regulatory measures. “Pushing through” such a “heavy” agreement would have made it possible, on the one hand, to establish the rules of the game “here and now”—an
important fact given the shift in the balance of power in the region away from
the United States and towards China. On the other hand, it would have locked
in place the agreement’s long-term impact on the international system of the
region.

The RCEP project spearheaded by China is more focused on unifying the
contractual basis and brings little new to the existing regulatory environment.
It also delineates the likely future contours of the region—its geographic and
political core as well as the direction of its further development: a focus on the
needs of developing countries and the creation of an umbrella for Chinese capi-
tal investments. This was due to China’s inability to impose its own norms and
institutions. In fact, the RCEP project was itself “borrowed” from the only entity
with such potential—ASEAN. At the same time, however, the Chinese approach
reflected another factor. Unlike the United States, that sought to establish fixed
and rigid rules that would benefit itself as a “weakening hegemon,” Beijing saw
the balance of power shifting in its favor, and therefore set out to configure the
regional economic order using a flexible structure that would serve China well
as the basis of a future institutional architecture. China’s decision to promote the
RCEP more actively was primarily a political response to U.S. policy in the APR.
Early in his presidential term, Obama offered Beijing primarily inclusive forms
of cooperation with Beijing. This was in keeping with the strategy proclaimed by
his Democratic administration to involve China in a U.S.-led global liberal order.
So, in announcing the pivot to Asia in November 2009, the U.S. leader noted that,
“the United States does not seek to contain China, nor does a deeper relationship
with China mean a weakening of our bilateral alliances. On the contrary, the rise
of a strong, prosperous China can be a source of strength for the community of
nations” (Obama, 2009).

The United States considered that approach in seeking to update the eco-
nomic order in the APR. In 2010–2011, Washington considered including China
in the TPP as one of the possible scenarios for expanding the project. Among
other things, that would have helped ease the conflict between China and Japan
(Gordon, 2011). The strategy to involve China in a U.S.-led international order
was based largely on the assumption that Beijing would continue to pursue the
foreign policy principles formulated by Deng Xiaoping—a focus on domestic
development, the non-confrontational nature of development, and active in-
tegration into the world economy and Western economic and political institu-
tions—over the long term, and that the country’s need for investment and access
to foreign markets to maintain a stable rate of development would continue to
push it towards Western integration formats.

However, Washington was surprised when the fifth generation of Chinese
leaders led by Xi Jinping adopted a more assertive policy in the APR (although, in
reality, that shift had already been noted during the rule of Hu Jintao) (Godbole,
2015, pp. 298–302). The fifth generation of Chinese leaders sought more openly
to achieve regional leadership in Asia and the adjoining waters of the East and
South China Seas. China found it necessary to take a more assertive approach
because its deepening involvement in the economic and political affairs of the
APR required that it exert the proper influence over processes unfolding in the
region. This made it inevitable that the agendas of the two leading powers in the region, China and the United States, would increasingly conflict.

China’s more proactive foreign policy also found expression through increased competition in the area of institution building. Although ASEAN formally introduced the RCEP initiative in 2013, China was the real force behind it. The initiative’s almost exclusive political focus on China essentially made it a direct competitor to the U.S. project for regional order. Two years later, in 2015, Beijing initiated the creation of the AIIB and Belt and Road project. Conceptually, both projects focused largely on the Southeast Asian countries’ need for infrastructure development and investment, thus serving as a serious counterweight to the TPP’s focus on liberalizing the trade agenda. Thus, the Asian Development Bank estimates that in the area of developing transport and logistics infrastructure, Southeast Asian countries need as much as $8 trillion United States of investment through 2025 (Morgan, Plummer, & Wignaraja, 2015). The RCEP was proclaimed as having been designed to meet the development needs of Asian countries, as opposed to the U.S. initiative that was aimed at liberalization and markets.

The Chinese initiative came as an unpleasant surprise for the United States with its TPP project. This was first because the TPP ceased to be the only initiative claiming to serve as a universal institutional framework for the entire APR. The RCEP included 16 countries—China, the ASEAN member states, Japan, South Korea, Australia, New Zealand, and India—an even more representative pool of negotiators than the 12 member countries of the TPP. Second, the RCEP proposed an alternative economic agenda that focused not on raising standards, but on developing infrastructure and deepening relationships—the building of trade relations primarily through the development of value chains, rather than a radical opening of markets. On the one hand, this strengthened the position of China—that was inexperienced in formulating and promoting standards, but that had significant capital funds for infrastructure and industrial projects. And on the other hand, it largely met the demands of the region’s developing countries and matched their understanding of a desirable regional architecture—meaning one focused on development and with lower standards for trade and institutions (Chang, 2015).

China’s ability to put forward its own plan for a regional economic architecture negated any chance that it would accede to the TPP. In 2014, one year after the RCEP initiative was introduced, the rivalry intensified for the chance to set the institutional agenda. The United States that had originally planned to conclude the TPP agreement by 2012, postponed that date until 2013 and then proved unable to finalize the negotiations even in 2014. At the APEC Summit in Beijing, the United States and 11 other TPP participating countries managed only to hold a single meeting and issue a declaration of intent to continue talks for concluding the project in the near future—making no mention of a specific timeframe (Statement, 2014).

China, on the other hand, went on the offensive by attempting to seize the initiative from the United States in determining the region’s integration agenda. This largely reflected Beijing’s justifiable distrust of the Obama administration’s policy in the region and essentially signified the failure of Washington’s policy of engaging China. During the APEC Summit in Beijing, the Chinese leader
proposed once again to use APEC as the basis for talks on creating a region-wide FTA, bypassing the “bloc” format. That is, he suggested restarting the negotiation process, but now with the participation of all 21 of the countries attending the forum (Tiezzi, 2015). Despite the fact that the Chinese initiative was effectively a direct return to the proposal put forward by the George W. Bush administration in 2006, it was perceived negatively, as largely devaluing the TPP project which, by then, had been in development for six years. Thus, U.S. Trade Representative Michael Froman said it was too early to speak of creating a region-wide FTA and said the United States intended to first complete negotiations that were already underway (Davis, 2014).

The initiatives Beijing put forward in 2013–2014 and its call for a region-wide FTA also devalued its own RCEP project to some extent, indicating that China’s real goal was to put pressure on the major U.S. institutional project in the region. Seeing that the RCEP negotiations encountered a number of difficulties in 2014 and that the talks were extended through 2015—and still not finalized by that date—Beijing tried to “raise the stakes.” It proposed that the RCEP project, like the TPP, move “incrementally” toward the formation of a wider FTA, suggesting that once the negotiations were concluded, the new association would open its doors to all other APR countries as well. However, it would have lower standards and a focus on the traditional lowering of tariff barriers between ASEAN member states and their partners in the FTA.

China continued its “institutional offensive” in the Pacific in 2015 with the creation of the AIIB whose membership included many U.S. allies, including some located outside the region. With $100 billion in registered capital, the AIIB aims to provide development assistance in areas such as energy and electricity, transport, telecommunications, infrastructure, agricultural development, water supply, urban infrastructure development, etc. Thus, China acquired an institutional umbrella to promote its projects in Southeast Asia (in addition to the RCEP), and the AIIB began competing directly with the U.S. program for assistance to the region. The largest recipients of U.S. aid in Asia are the Philippines (approximately $200 million), Indonesia ($155 million), Myanmar (approximately $80 million), and Thailand ($10 million) (Foreign Aid Statistics, 2016)—and each country, with the exception of Myanmar, is a potential participant in the TPP. Increased Chinese investment could reduce U.S. influence over these countries significantly.

Because of the fundamental change in U.S. policy towards the TPP, the RCEP agreement is now much closer to completion and implementation. The advantage of the Chinese project is that it better meets Asian countries’ demand for integration because its focus on “building interconnectedness” is more consistent with the trend away from the “Asia for the world” model and towards the “Asia for Asia” paradigm. Most of the parties to the agreement already enjoy significant mutual trade: the share of such trade reached 50% of gross imports in 2015 and continues to grow. That means the RCEP does not so much change the structure of trade flows—as the TPP would have done—as it does provide a regulatory framework for the growing trade turnover.

Whereas the TPP represented a serious change in the rules of international trade and investment, the RCEP focuses more on unifying existing rules. Most of the participating countries already have bilateral trade agreements (Table 2).
Two new bilateral agreements entered into force in 2016—concerning FTAs between China and South Korea and China and Australia. An FTA agreement between India and Australia is also nearing the final stages, but there has been no confirmation that those talks have concluded.

A number of problems, however, continue to hinder implementation of the RCEP. As with the TPP, disagreements between the participants and the great difficulty in reaching a consensus have proven the main obstacles to implementation. This is due both to the participants’ differing approaches and to the different degrees to which their institutions are involved in the overall network of agreements. At present, Japan is the least involved in the integration process within the RCEP. With the FTA between China and South Korea entering into force, the conclusion of the trilateral FTA involving those countries and Japan—whose signing was planned in recent years—has been postponed indefinitely. In addition, for the RCEP to extend free trade throughout the region, several segments are lacking—namely, India-China, Japan-New Zealand, and India-New Zealand. Negotiations have proven most difficult between these particular countries.

A meeting of the RCEP countries’ trade ministers in the Philippines on November 3–4, 2016 was to have been key to the further development of the initiative because it was there that representatives of the countries responsible for preparing the RCEP agreed to replace the three-tier structure of the initiative with a single-tier structure. The three-tier structure of the RCEP had long been a major stumbling block because it stipulated that tariffs could only be lowered within the framework of the RCEP in accordance with existing FTAs between participating countries. For example, for India, the first-level countries include ASEAN member states (in the format ASEAN+1, as for all RCEP participants); the second-level includes South Korea and Japan (with which India has FTA agreements); and the third-level includes China, Australia, and New Zealand, with whom India does not have an FTA.

With the implementation of the RCEP, third-tier countries would have reduced barriers the least. The ASEAN countries, Japan, and Australia would like to eliminate that system and adopt full liberalization within the RCEP, regardless of

### Table 2. Existing free trade agreements within the framework of the RCEP (showing the year when each entered into force)

<table>
<thead>
<tr>
<th>Country</th>
<th>Korea</th>
<th>Japan</th>
<th>China</th>
<th>India</th>
<th>Australia</th>
<th>New Zealand</th>
<th>ASEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2016</td>
<td>–</td>
<td>2016</td>
<td></td>
<td>2008</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>2010</td>
<td>2007</td>
<td>–</td>
<td></td>
<td>*</td>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Australia</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td></td>
<td>*</td>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>New Zealand</td>
<td>2015</td>
<td>–</td>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Although India and Australia have agreed in principle to conclude a free trade agreement and planned to sign one in 2016, they have not yet agreed on the final wording of the document.

Source: compiled by the authors.
any existing FTA agreements, whereas India, China, and South Korea originally proposed the three-tier structure and they would like to retain it.

The single-tier system is illustrative in this regard: although it establishes single-tier liberalized customs for all participants and gives added importance to the RCEP for the development of the region’s international economic relations, it also complicates negotiations considerably.

The principal aim of the RCEP is the further reduction of tariff and non-tariff barriers. The FTAs already in place between six ASEAN countries (Brunei, Cambodia, Malaysia, Philippines, and Singapore) aim to eliminate customs duties on 90% of all goods on average. For Indonesia, Laos, Myanmar, and Vietnam, that figure stands at less than 90% but at more than 80% (Table 3). China and South Korea have already achieved their stated goals, but the other FTA participants require more time to do so.

Implementation of the RCEP would eliminate customs duties on 95% of tariff lines. Currently, the average-weighted tariff among RCEP countries does not exceed 14%, with the lowest in Singapore (mostly zero rates) and the highest in India (13.7%). At the same time, higher than average tariffs are often imposed on key commodity groups. In India, this applies to coffee, tea, dairy products, fruits, vegetables, grains, and apparel. In Singapore, it applies to alcoholic beverages, tobacco, motor vehicles, and petroleum products. And, although the RCEP will largely act as a catalyst for the further intensification of trade among the countries of Asia, it deepens their dependence on China as well.

After the United States withdrew from the TPP in January 2017, it was expected that negotiations on signing the RCEP would accelerate, but the lack of competition had the opposite effect. Negotiations were still underway as of this writing in early 2018.

India remains the primary reason for the delay, strongly opposing the decision made during the last two rounds of negotiations—at the initiative of the ASEAN countries—to nullify tariff duties on 92% of product lines once the RCEP enters into force. New Delhi is calling for much smaller tariff reductions—on 80% of product lines for developing countries and 75% for those with more developed economies. When applied to all participating countries, such terms would limit the ability of some to increase exports, thus making the FTA less attractive for them. In addition, India is demanding greater access to the investment and services markets. In particular, India insists on the introduction of special business visas enabling businesspeople to move freely throughout all RCEP countries.

In effect, India would like to preserve the three-tier system, meaning that the reduction of tariffs within the RCEP should proceed according to the FTAs already in place among participating countries. For example, the first-tier countries in relation to India include the ASEAN countries (in the ASEAN+1 format, as it does for all RCEP participants), the second tier include South Korea and Japan (with whom India has an FTA), and the third tier include China, Australia, and New Zealand, with whom New Delhi does not have an FTA. Under the RCEP, the least reduction in tariffs would apply to third-tier countries. If India manages to obtain privileged terms, it could trigger a backlash from other countries and raise the question of a return to the three-tier system for all. That would further weaken the agreement and the economic order based on it.
Because 2017 marked its 50th anniversary, ASEAN had hoped to implement the RCEP that year. After having missed the first deadline in 2015, this further postponement could seriously undermine ASEAN’s reputation and jeopardize the role of the Association in the process of economic regionalization. Moreover, the formalization of the RCEP initiative—against the backdrop of the stalled TPP—would be a triumph of the model of interaction based on the ASEAN structures and would consolidate the Association’s status as the main engine of multilateral economic cooperation in the APR.

**Table 3.** The scope of countries’ tariff liberalization of commodity nomenclature—potential RCEP members in the ASEAN+1 FTA (% of total tariff lines)

<table>
<thead>
<tr>
<th>FTA ASEAN with</th>
<th>Australia and New Zealand</th>
<th>China</th>
<th>India</th>
<th>Japan</th>
<th>South Korea</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>99,2</td>
<td>98,3</td>
<td>85,3</td>
<td>97,7</td>
<td>99,2</td>
<td>95,9</td>
</tr>
<tr>
<td>Cambodia</td>
<td>89,1</td>
<td>89,9</td>
<td>88,4</td>
<td>85,7</td>
<td>97,1</td>
<td>90,0</td>
</tr>
<tr>
<td>Indonesia</td>
<td>93,7</td>
<td>92,3</td>
<td>48,7</td>
<td>91,2</td>
<td>91,2</td>
<td>83,4</td>
</tr>
<tr>
<td>Laos</td>
<td>91,9</td>
<td>97,6</td>
<td>80,1</td>
<td>86,9</td>
<td>90,0</td>
<td>89,3</td>
</tr>
<tr>
<td>Malaysia</td>
<td>97,4</td>
<td>93,4</td>
<td>79,8</td>
<td>94,1</td>
<td>95,5</td>
<td>92,0</td>
</tr>
<tr>
<td>Myanmar</td>
<td>88,1</td>
<td>94,5</td>
<td>76,6</td>
<td>85,2</td>
<td>92,2</td>
<td>87,3</td>
</tr>
<tr>
<td>Philippines</td>
<td>95,1</td>
<td>93,0</td>
<td>80,9</td>
<td>97,4</td>
<td>99,0</td>
<td>93,1</td>
</tr>
<tr>
<td>Singapore</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Thailand</td>
<td>98,9</td>
<td>93,5</td>
<td>78,1</td>
<td>96,8</td>
<td>95,6</td>
<td>92,6</td>
</tr>
<tr>
<td>Vietnam</td>
<td>94,8</td>
<td>–</td>
<td>79,5</td>
<td>94,4</td>
<td>89,4</td>
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<td>94,5</td>
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*Source: Fukunago, Y., & Isono, I. Taking ASEAN+1 FTAs towards the RCEP: A mapping study. Economic Research Institute for ASEAN and East Asia, 2013.*

**Conclusion**

The U.S. withdrawal from the TPP and the numerous challenges facing realization of the RCEP indicate that the creation of an institutional order is an imperfect tool for any country seeking to consolidate its leadership role. To some extent, this goes against the conventional wisdom that the building up of institutions has great potential to make those states that provide such institutions into even stronger leaders—and that it is particularly advantageous for hegemonic powers because it enables them to not only introduce the norms and rules necessary for the functioning of the international system, but also and primarily to fix in place their leadership role by the imposition of certain inflexible rules of
behavior (See: Gilpiz & Gilpin, 2001). At the same time, the institutionalization of leadership is especially important for a weakening hegemon because it provides an opportunity to exert control over the behavior of other actors without the use of force, and while experiencing diminishing resources.

The struggle for an economic order is fraught with a downside should the economic costs exceed the strategic advantages. Thus, the high economic cost attached to the tool the Obama administration proposed for achieving these goals made it unfeasible. In effect, the United States shifted to the “cheaper” tactic of promoting bilateral FTA agreements that the new administration considered more flexible and more economically advantageous for Washington. In fact, the TPP might be implemented on a limited scale without U.S. participation and with Japan leading the initiative. However, a scaled down version of the TPP would require changing the terms of ratification and would have much less economic and political impact on the international system of the APR. At the moment, 11 country-participants of the TPP came to an agreement on the creation of a “smaller” version of the project—Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). However, without the U.S. participation this agreement, although it offers modern norms and standards of trade, can hardly serve as a basis for the economic order in the region. The future of this order and its very existence at the moment is increasingly determined by China-U.S. relations.

The trade war between the United States and China almost excludes the possibility of creating a regional economic order based on cooperation between the two states in the near future. Although both RCEP and TPP/CPTPP continue to declare FTAAP as their major goal—in practice, the growth of Sino-U.S. relations in the political and economic spheres excludes the formation of a unified economic order in the region. Emergence of a unified economic order around one institution involving the two largest world economies is possible only if the fundamental contradictions between the United States and China are overcome. The possibility of overcoming them is the subject of major debates (Kissinger, 2012; Mearsheimer, 2014).

Beijing is already trying to exploit the situation by filling the void with its own projects. Despite the apparent slowdown in the RCEP negotiation process now that the TPP is in limbo, that project remains the only truly functional multilateral format for developing new regional trade rules. At the APEC Summit in Peru, China bypassed the intermediate “bloc” format and again strongly advocated the creation of a region-wide APEC-based FTA. Given the overall uncertainty in this area, the press reacted in typical fashion by hailing the proposals as sensational news. In fact, they contained nothing new: China had consistently advocated this initiative since the APEC Summit in Beijing in 2014—not to mention the fact that the initiative was a mirror image of the proposal the United States had fielded in 2006.

The fact that China has only limited ability to expand its regulatory framework works to the advantage of the United States. The low quality of institutions in the Chinese economy, the relative lack of interest by Chinese businesses and state enterprises in raising their standard of economic activity, and China’s lack of experience in implementing major international institutional projects
prompted Beijing to focus once again on providing financial injections as the basis for relations with neighbors in the region. The international institutions that China has formed—especially the newly established Asian Infrastructure Investment Bank—act as the institutional umbrella for boosting investment in the areas Beijing most needs, but they do not generate new rules. The RCEP largely focuses on the same thing: the project’s negotiations touch only minimally on non-tariff regulation, and focus instead on the reduction of tariff barriers and providing the institutional environment for large infrastructure projects in Southeast Asia. Thus, the Chinese projects might weaken the U.S. position in the APR by orienting the Asian economy even more towards China, but they are incapable of filling the regulatory and institutional vacuum in the region—much less in the world.

This leaves the Trump administration room to maneuver, to combine domestic political and economic considerations with regional objectives. In effect, Trump has already enunciated the new configuration of U.S. trade policy in Asia by announcing Washington’s withdrawal from the TPP and its return to the practice of bilateral FTA agreements in which the United States enjoys a stronger bargaining position and can push through its economic demands more easily. In this sense, the TPP could serve a useful role: within the framework of that agreement, the United States and 11 states in the APR have already coordinated their positions on trade rules, and this could serve as the basis for reaching new bilateral agreements. The fact that the TPP already contains extremely specific terms for most of the individual participants makes the task of selectively transforming the multilateral agreement into separate bilateral treaty formats that much simpler.

The Republican Trump administration prefers bilateral agreements because they offer greater flexibility, better accommodate the desired shift towards protectionism, and allow for a more determined defense of national economic interests. The Trump administration will apparently strive to shift the format of such agreements more towards updating trade regulation standards and less towards liberalization, at least of tariff barriers. That will complicate negotiations considerably, especially with Japan—the country with which it makes the most sense economically to conclude an agreement. It is even possible that Trump and Japanese Prime Minister Shinzo Abe discussed the possibility of switching from a multilateral to a bilateral format during their meeting in November 2016—prior to the announcement of the U.S. withdrawal from the TPP. Washington can also take advantage of the confusion that it was largely responsible for creating among its Asian allies by threatening to make them go it alone against China unless they agree to concessions—including purely economic concessions—with the United States.

This approach could ultimately expand the legal framework for the transition to a more or less uniform multilateral deal that would “incorporate” all existing bilateral FTA agreements (as the TPP had intended to do). That will be even easier to accomplish if the 11 remaining TPP participants still decide to form a multilateral free trade zone even without U.S. participation. It is possible that the TPP, now led by Japan—which is unlikely to admit China—will move in this direction.

The main problem is that, even in the highly unlikely event that the United States manages to conclude bilateral FTAs with each of its 11 former TPP
partners, the individual terms set for each pairing would not conduce to making uniform rules for the entire region. Thus, although broadening the reach of bilateral FTAs to include, primarily, Japan and other close U.S. allies—and possibly including non-TPP member Philippines—might contain China economically (the main long-term objective for developing the APR) the task of creating a uniform institutional environment would remain unaccomplished. Moreover, it is very possible that the policy to expand the system of bilateral agreements will fail, given the technical and political difficulty of such negotiations. If so, China’s growing influence could induce Washington to shift from economic and institutional competition to military confrontation.

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